



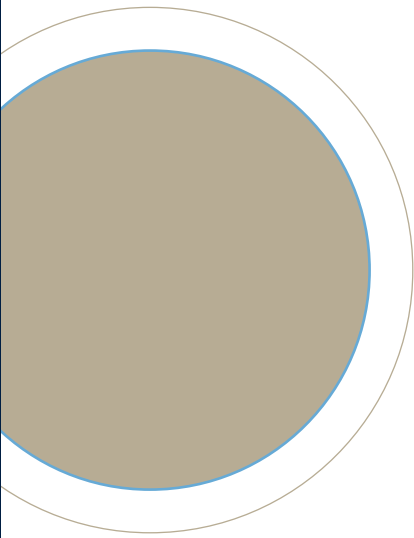
2023

ANNUAL
REPORT

NIPPECRAFT

This Annual Report has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "Sponsor").

This Annual Report has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this Annual Report, including the correctness of any of the statements or opinions made or reports contained in this Annual Report. The contact person for the Sponsor is Ms. Charmian Lim (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.



Corporate Statement

Nippcraft Limited is an established provider of high-quality business and lifestyle stationery. This includes a wide range of diaries, notebooks, organisers and other products for the office, home, and school environment.

Our core brands are Collins and Debden. Collins has a strong heritage that dates back to the early 1800's in the United Kingdom, when the founder William Collins opened a small print shop in Glasgow, Scotland. Collins is a leading stationery brand in the UK and Australia.

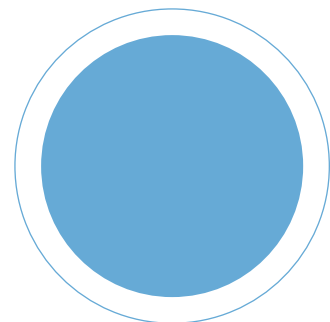
The Debden brand was launched in Australia and New Zealand in 1978. The brand is named after the old Debden Road in Singapore, which is now part of the Changi International Airport.

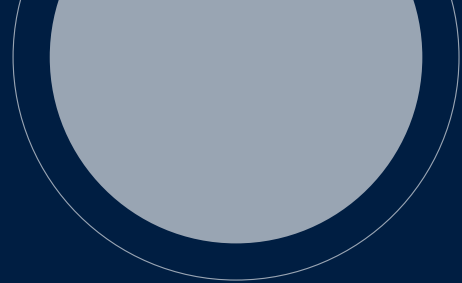
We have launched a new brand, Jumble & Co., in the year 2021 to offer lifestyle products addressing the emotional needs of customers.

We aim to transform from a traditional paper manufacturer to a global lifestyle stationery company for EVERYONE.

In addition to the stationery business, Nippcraft also has a pulp trading division which seeks to identify and respond to the supply and demand differential of pulp on a global scale.

The Company global headquarters are in Singapore, with satellite offices in the United Kingdom and Australia. We are actively expanding into other markets to extend our global reach to our customers.





CONTENTS

6	Sustainability Initiatives
7	Corporate Information
8	Marketing Activities
10	Key Financial Data
12	Chairman's Message
14	Board of Directors
18	Corporate Governance Statement
43	Additional information on Directors Seeking Re-election
48	Sustainability Report
84	Financial Report
149	Corporate Structure
150	Worldwide Offices
151	Shareholding Statistics
153	Notice of Annual General Meeting

Proxy Form



Sustainability Initiatives

Nippecraft strongly believes in sustainability. As a Company we are committed to continually improving our environmental performance and to the prevention of pollution and the minimisation of wastage.

We work closely with our key vendors to implement a sustainable sourcing and procurement program. We only use raw materials from reputable, well-established suppliers who are compliant with environmental legislation and procedures.

Pulp and paper are the key raw materials in our products today, and we are committed to responsible forestry management. The Company is both Forest Stewardship Council (“FSC”) and Programme for the Endorsement of Forest Certification (“PEFC”) certified. Our pulp trading arm, Paperich Pte. Ltd. has also obtained endorsement by PEFC in 2021. Our Stationery business is committed to increasing or maintaining the proportion of materials from sources that are certified under Chain of Custody (“CoC”) programs as well as increasing the use of renewable materials that goes into our products.

In addition to sustainable sourcing, we also adhere to high social and ethical standards along our supply chain. The Company is a member of Supplier Ethical Data Exchange (“SEDEX”), a global organisation that helps companies manage an ethical supply chain. The SEDEX Members Ethical Trade Audit (“SMETA”) is one of the most widely used audit procedures in the world. It provides a globally recognised way to assess responsible supply chain activities, including labour rights, health & safety, the environment and business ethics. Furthermore, we have been instrumental in our key vendors adoption of the SEDEX standards.



The mark of
responsible forestry



CORPORATE INFORMATION

Our Board of Directors

Independent Non-Executive Chairman	Khoo Song Koon
Executive Director and Chief Executive Officer	Raja Hayat
Executive Director and Chief Financial Officer	Chan Cheng Fei
Independent Director	Chow Wai San
Independent Director	Raymond Lam Kuo Wei
Independent Director	Eddie Foo Toon Ee (Appointed on 15 March 2024)

Audit Committee

Chairman	Khoo Song Koon
Member	Chow Wai San
Member	Raymond Lam Kuo Wei

Nominating Committee

Chairman	Raymond Lam Kuo Wei
Member	Khoo Song Koon
Member	Chow Wai San

Remuneration Committee

Chairman	Chow Wai San
Member	Khoo Song Koon
Member	Raymond Lam Kuo Wei

Auditors

Crowe Horwath First Trust LLP (Appointed on 19 September 2014) 9 Raffles Place #19-20 Republic Plaza Tower 2 Singapore 048619	Partner-in-charge: Goh Sia (Appointed on 10 August 2022)
---	--

Companies Secretaries

Chen Chuanjian, Jason
Tan Ching Ching

Registered Office

2 Venture Drive
#24-01 Vision Exchange
Singapore 608526
Tel: (65) 6262 2662
Email: Investors@nippecraft.com.sg

Share Registrar

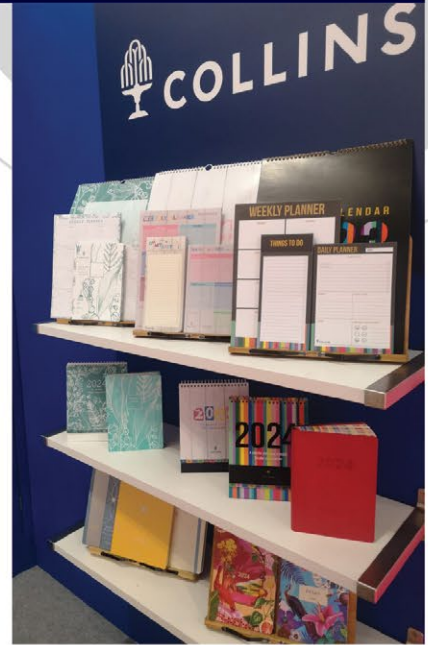
B.A.C.S. Private Limited
77 Robinson Road
#06-03 Robinson 77
Singapore 068896

Continuing Sponsor

SAC Capital Private Limited
1 Robinson Road
#21-00 AIA Tower
Singapore 048542

MARKETING ACTIVITIES

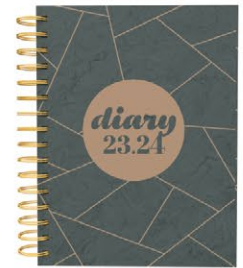
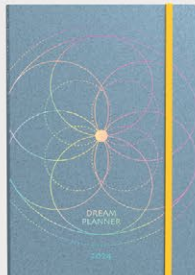
Birmingham Autumn Fair

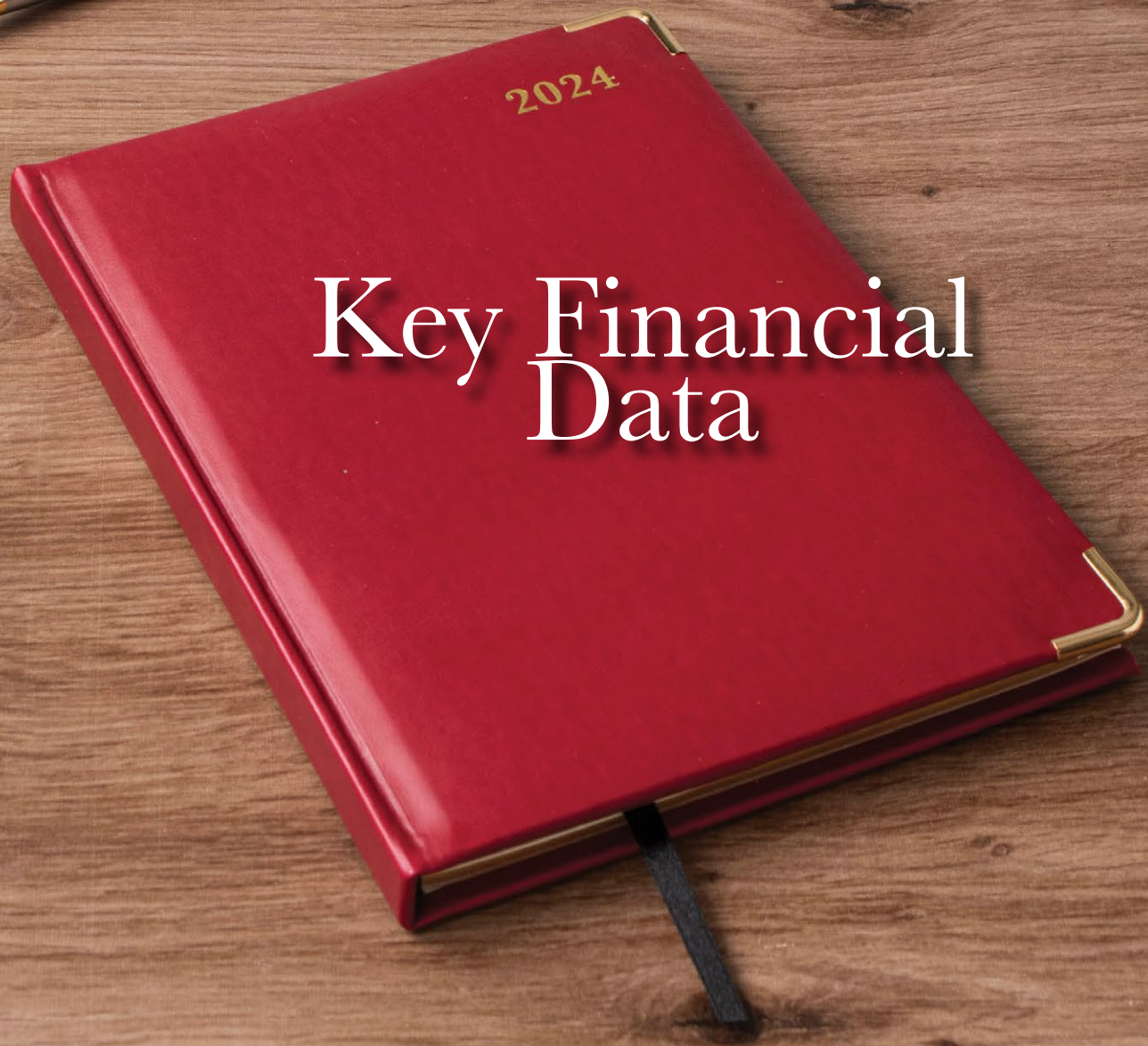


Melbourne OPIX



2024 New Product Range





Key Financial Data

Key Financial Data	FY2023	FY2022	FY2021	FY2020	FY2019
US\$'000					
Sales for the Group	111,548	129,719	140,143	143,048	120,629
Profit / (Loss) after tax	1,344	4	324	59	(864)
Profit / (Loss) before tax	1,370	(11)	300	225	(753)
Depreciation	616	493	679	645	506
Interest expense	72	302	458	444	683
EBITDA	2,058	784	1,437	1,314	436
At year-end (US\$'000)					
Shareholders' funds / Net assets	31,952	30,143	31,010	30,849	30,319
Total assets	56,421	63,846	63,398	57,687	47,663
Cash and bank balances	19,326	16,943	22,985	18,242	14,072
Per Share Data (cents)					
Net earnings / (loss) **	0.382	0.001	0.092	0.017	(0.246)
Net assets***	9.09	8.58	8.820	8.780	8.630
Financial Ratios					
Return on equity (%)#	4.33	0.01	1.05	0.19	(2.82)

* EBITDA means earnings before interest, taxes, depreciation and amortisation.

** Earning/(Loss) per share is based on the weighted average number of shares.

*** Net assets per share is based on the number of issued shares (excluding treasury share) as at year end.

Calculation of return on equity is based on the profit / (loss) after tax over the average of beginning and closing of shareholders' funds.

Chairman's message

Dear Shareholders,

On behalf of your Board, I am pleased to present the annual report of the Company for the financial year ended 31 December 2023 (“FY2023”). For FY2023, the Group continued its profit after tax growth for the fourth continuous year.

The past year has been marked by turmoil, with ongoing conflicts in both Europe and Middle East, a deepening and era-defining rivalry between the US and China, and swift monetary tightening resulting in unintended consequences, including a banking crisis in the West. These events have dominated headlines and heightened global anxiety.

The US dollar has retreated against our trading currencies in Sterling Pounds and Australian dollars while the high interest rates environment and raging inflationary pressures continued to dampen the consumer sentiments in our key markets. As a result, Group revenue decreased by 14% while operating expenses remained flat.

Despite these challenges, the Group managed to post a net profit after tax, for the fourth consecutive year (excluding gain on disposal from sale of property of US\$1.1 million).

In FY2023, both the revenues from our stationery business and trading business declined by 3% and 15% respectively. As such, the Group recorded a revenue of US\$111.5 million which is 14% lower than the previous financial year. The reduction in trading business revenue was due to absence of related party sales during the year. Excluding related party sales, sales from the trading business had actually increased by 7%.

Notwithstanding the above, the overall gross profit margin for FY2023 increased by 0.8% to 7.0% due to the change in gross profit contribution from both our stationery and trading businesses, mainly driven by improvement in gross profit margin for the stationery business which saw a 3.4% increase to 46.4% from improving sales mix.

The Group generated a profit after tax of US\$1.3 million and EBITDA improved to US\$0.9 million (excluding gain on disposal from sale of property). On a consolidated net asset basis, Nippecraft has increased its net worth to 9.09 US cents per share. The Group closed the year with a robust net cash position of US\$19.3 million.

The short-term forecasts do not indicate signs of significant improvement compared to the recent financial year. It is possible that the current interest rates will remain stagnant, potentially exacerbating issues at major financial institutions, limiting lending and increase defaults across sectors. Elevated interest rates may also disrupt commodity markets further, contributing to persistent inflation.

The Group continues on its journey to transform from a traditional paper manufacturer to a global stationery company for EVERYONE. Recognising the importance of socio-environmental impact of our business operations is essential for excelling in our field and securing long-term sustainability of our business.

The responsibility for driving the Group's policies and performance in key Economic, Environmental, Social and Governance (“EESG”) matters lies with the Board. The Board also oversees and monitors the management of these significant EESG matters. In FY2023, the Group conducted a review of these matters and made amendments to them, which will be detailed in the Sustainability Report

section of this annual report.

As we progress on our sustainability journey, the Group is dedicated to integrate sustainability further into our business decisions and assuring our stakeholders that our operations are conducted transparently and sustainably.

On behalf of my fellow directors, I welcome Eddie Foo Toon Ee (“**Eddie**”) to the Board. Eddie was appointed as an independent Director on 15 March 2024. Eddie, an accountant by profession, is the Group Chief Financial Officer at CSE Global Limited. We value the breadth of Eddie’s experience and look forward to his active participation on the Board and his new roles in the respective Board Committees which will be reconstituted and announced after the conclusion of the AGM (“**AGM**”) to be held on 30 April 2024.

Lastly, having served the full 9 years in Nippecraft and as part of the Board renewal, I am stepping down as the Independent Non-Executive Chairman upon the conclusion of the forthcoming AGM to be held on 30 April 2024. Chow Wai San (“**Wai San**”), who was appointed as independent director on 26 October 2016 will succeed me as the Non-Executive Chairman of the Board. The Company will announce the Board and Board Committees reconstitution after the conclusion of the forthcoming AGM.

Throughout my tenure with the Company, I have observed the evolution of Nippecraft as it embarked on a journey toward global success and sustainable profit growth. I was first appointed as an Independent Director on 27 February 2015, after the Company was placed on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Watchlist since 5 March 2014. Together, we have worked very hard to restructure the Group and the Company managed to exit the SGX-ST Watchlist in 2018. More recently, we have successfully navigated what may be considered our most significant challenge to-date: the COVID-19 pandemic which tested the endurance and resilience of the entire organisation. I firmly believe that it was the strong foundation that the Group has been building over these past years that has enabled us to tide through this difficult period. As we emerge from the pandemic, there will always be other macroeconomic challenges that will affect the business. However, with strong fundamentals and a good management team, I am confident that the long- term outlook will continue to be positive and vibrant.

In conclusion, I want to express my gratitude for the opportunity to serve on the Nippecraft Board. I would also like to sincerely thank all the stakeholders and especially the management team for their unyielding support and hard work. I am happy to hand over a now profitable and healthy Company to Wai San and am confident that Nippecraft will continue to thrive under his Chairmanship as the Group progresses toward its vision of becoming a global stationery company for EVERYONE.

Sincerely,

Khoo Song Koon
Independent Non-Executive Chairman
8 April 2024

BOARD OF DIRECTORS

Khoo Song Koon, 53

Independent Non-Executive Chairman

Committee(s)

Chairman, Audit Committee

Member, Nominating Committee

Member, Remuneration Committee

Date of Appointment

Director on 27 February 2015

Chairman on 1 January 2021

Last re-elected on

26 April 2022

Number of Directorships in Listed Companies (including Nippecraft Limited)

2

Professional Qualifications

- Bachelor of Accountancy,
Nanyang Technological University
- Chartered Accountant,
Institute of Singapore Chartered Accountants
- Certified Public Accountant,
CPA Australia
- Ordinary Member,
Singapore Institute of Directors

Past Experiences

Over 20 years of professional experience in various corporate advisory work, including corporate restructuring, mergers and acquisitions as well as dispute resolutions.

Raja Hayat, 52

Executive Director and Chief Executive Officer

Committee(s)

Nil

Date of Appointment

Director on 1 January 2021

Chief Executive Officer on 1 March 2022

Last re-elected on

28 April 2021

Number of Directorships in Listed Companies (including Nippecraft Limited)

1

Professional Qualifications

- Advance Level Certificate,
General Cambridge Examination
- Associate Member,
Singapore Institute of Directors

Past Experiences

Over 30 years of experience in retail management in United Kingdom and internationally.

Chan Cheng Fei, 52
Executive Director and Chief Financial Officer

Committee(s)

Nil

Date of Appointment

Director on 1 January 2021

Chief Financial Officer on 29 June 2018

Last re-elected on

24 April 2023

**Number of Directorships
in Listed Companies
(including Nippecraft Limited)**

1

Professional Qualifications

- Master of Business Administration & Bachelor of Accountancy, Nanyang Technology University
- Fellow Chartered Accountant, Institute of Singapore Chartered Accountants
- Associate Member, Singapore Institute of Directors

Past Experiences

Over 25 years in both corporate finance and operational financial management in companies listed on the Singapore Exchange.

Chow Wai San, 52
Independent Director

Committee(s)

Chairman, Remuneration Committee

Member, Audit Committee

Member, Nominating Committee

Date of Appointment

Director on 26 October 2016

Last re-elected on

26 April 2022

**Number of Directorships
in Listed Companies
(including Nippecraft Limited)**

3

Professional Qualifications

- Bachelor of Accountancy, Nanyang Technological University
- Chartered Financial Analyst, CFA Institute, USA
- Chartered Accountant, Institute of Singapore Chartered Accountants
- Certified Public Accountant, CPA Australia
- Ordinary Member, Singapore Institute of Directors

Past Experiences

Over 20 years of professional experience in various corporate advisory work, including cross-border corporate restructuring, mergers and acquisitions as well as litigation consultancy and support.

Raymond Lam Kuo Wei, 47
Independent Director

Committee(s)

Chairman, Nominating Committee
Member, Audit Committee
Member, Remuneration Committee

Date of Appointment

Director on 30 July 2021

Last re-elected on

24 April 2023

**Number of Directorships
in Listed Companies
(including Nippecraft Limited)**

3

Professional Qualifications

- Bachelor of Law (Hons),
National University of Singapore
- Advocate & Solicitor,
Supreme Court of Singapore
- Solicitor,
England and Wales
- Fellow,
Chartered Secretaries Institute of Singapore
- Notary Public & Commissioner of Oaths
- Ordinary Member,
Singapore Institute of Directors

Past Experiences

Over 20 years in legal practice and his practice areas includes corporate restructuring and insolvency, corporate advisory and corporate services.

Eddie Foo Toon Ee, 52
Independent Director

Committee(s)

Nil

Date of Appointment

Director on 15 March 2024

Last re-elected on

Not applicable

**Number of Directorships
in Listed Companies
(including Nippecraft Limited)**

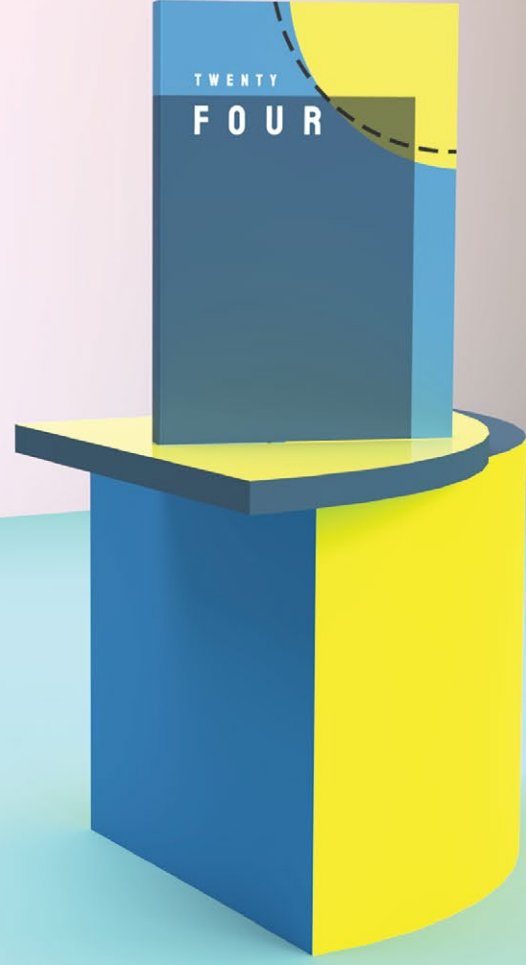
1

Professional Qualifications

- Bachelor of Accountancy,
Nanyang Technological University
- Chartered Accountant,
Institute of Singapore Chartered Accountants
- Certified Public Accountant,
CPA Australia
- Ordinary Member,
Singapore Institute of Directors

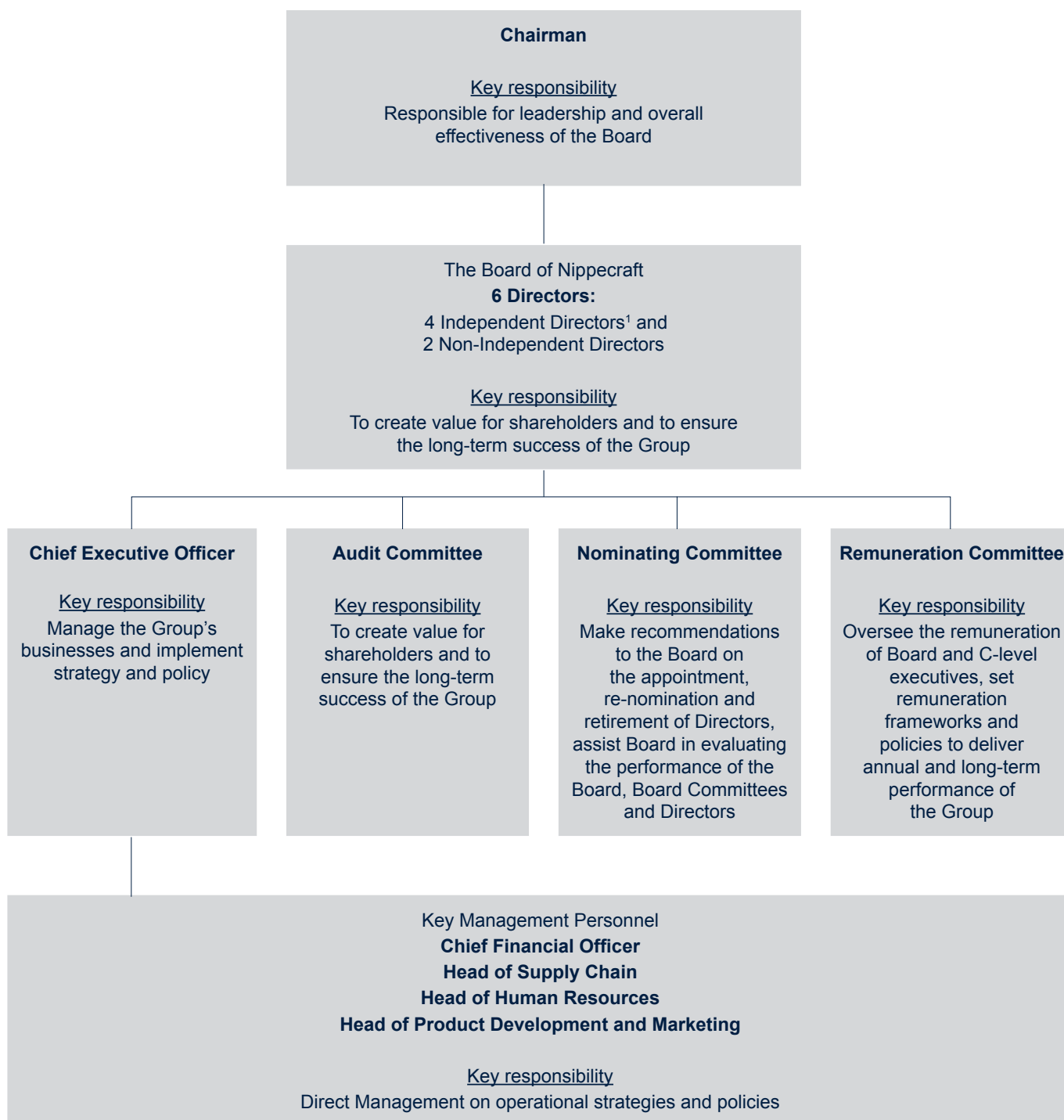
Past Experiences

Over 25 years of financial management, corporate finance, mergers and acquisitions experience in listed and multinational companies.



Corporate Governance Statement

Our Governance Framework



¹ Khoo Song Koon will be retiring at the conclusion of the annual general meeting to be held on 30 April 2024 as Independent Non-Executive Chairman.

Nippcraft Limited (“**Nippcraft**” or the “**Company**”, and together with its subsidiaries, the “**Group**”), view corporate accountability, transparency and sustainability as strategic tools for enhancing long-term shareholders’ value and are committed to observing high standards of corporate governance.

The Listing Manual - Section B: Rules of Catalist (“**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) requires an issuer to describe its corporate governance practices with specific reference to the principles and the provisions of the Code of Corporate Governance 2018 (“**2018 Code**”) in its annual report, as well as disclose any deviation from any provision of the 2018 Code and explain how the practices it had adopted are consistent with the intent of the relevant principle.

This statement outlines the policies adopted and practised by the Group for its annual report for the financial year ended 31 December 2023 (“**FY2023**”) (“**Annual Report 2023**”) with specific reference to the relevant principles and provisions of the 2018 Code. The Company has generally adopted principles and practices of corporate governance in line with the recommendations of the 2018 Code, save as highlighted and explained in this statement.

BOARD MATTERS

1. THE BOARD’S CONDUCT OF AFFAIRS

The company is headed by an effective Board which is collectively responsible and works with Management for the long term success of the company.

1.1 Directors are fiduciaries who act objectively in the best interests of the Company

As at the date of this report, the Board of Directors of the Company (the “**Board**” or the “**Directors**”) is made up of the following members:

Khoo Song Koon	Independent Non-Executive Chairman
Raja Hayat	Executive Director and Chief Executive Officer (“ CEO ”)
Chan Cheng Fei	Executive Director and Chief Financial Officer (“ CFO ”)
Chow Wai San	Independent Director
Raymond Lam Kuo Wei	Independent Director
Eddie Foo Toon Ee	Independent Director

The Board is accountable to the shareholders for overseeing the effective management of the business. The Board works closely with the management of the Company (the “**Management**”) and the Management remains accountable to the Board.

The Board exercises due diligence and independent judgment in dealing with the business affairs of the Group and are fiduciaries who are obliged to act in good faith and to take objective decisions in the best interests of the Group.

The Board is also aware of the requirements of Rules 905 and 906 of the Catalist Rules in relation to Interested Person Transactions. The Company will ensure that any Interested Person Transactions is clearly communicated to shareholders in public announcements released via SGXNet, when deemed necessary.

The primary functions of the Board, apart from its statutory duties, include:

- Guide the formulation of the Group’s overall long-term strategic plans and performance objectives as well as operational initiatives;
- Oversee the evaluation of the adequacy and effectiveness of financial reporting, internal controls and risk management frameworks;
- Monitor the financial performance of the business including approval of release of the interim and annual financial reports and interested person transactions;
- Identify the key shareholders groups and recognise that their perceptions affect the Company’s reputation;
- Appointment or removal of Directors, executive officers and Company Secretary;
- Approve major proposals involving funding, investments, acquisitions and/or divestments;
- Set the Group’s approach to corporate governance, including the establishment of the Company’s ethical values and standards;

- Balance of the demands of the business with those of the Company's stakeholders and ensure obligations to material stakeholder group (including shareholders) are met; and
- Review sustainability and climate change issues.

The Board adopted a set of ethical values and standards which establishes the fundamental principles of professional and ethical conduct expected of the Directors in the performance of their duties. It includes guidelines on matters relating to conflicts of interest. When an actual, potential and perceived conflict of interest arises, the concerned Director must disclose such interest, recuse himself or herself from discussions and decisions involving the matter and abstain from voting on resolutions regarding the matter.

1.2 Directors' duties, induction, training and development

All Directors are aware of their fiduciary duties and are committed to exercising due care and diligence in making decisions and to objectively discharge their duties and responsibilities in making their decisions and to objectively discharge their duties and responsibilities in the best interest of the Company. Aside from their statutory duties, the key roles of different classes of Directors are set out below:

- The Executive Directors, who are members of the Management are involved in the day-to-day running of the Group's business operations. The Executive Directors work closely with the Independent Directors on the long-term sustainability and success of the Group. They provide insights and recommendations on the Group's operations at the Board and Board Committee meetings.
- Our Independent Directors do not participate in the Group's business operations and are deemed independent by the Board. They provide independent and objective advice and insights to the Board and the Management. They constructively challenge the Management on its decisions and contribute to the development of the Group's strategic goals and policies. They participate in the review of the Management's performance in achieving the strategic goals as well as the appointment, assessment and remuneration of the Executive Directors and the Executive Officers.

The Executive Directors are appointed by way of service agreements while the Independent Directors are appointed by way of letters of appointment. The duties and responsibilities of the Directors are clearly set out in these service agreements and letters of appointment respectively.

New Directors appointed to the Board are briefed by the Chairman, as well as Chairmen of the Board Committees on issues relevant to the Board and Board Committees. A new Director would be provided an induction pack on the Group's industry, business, organisational structure and strategic plans and objectives. Terms of reference of the Board Committees, the Enterprise Risk Management Manual and all relevant policies and procedural guidelines would also be provided.

It is a requirement under Rule 406(3)(a) of the Catalist Rules for first-time appointees on boards of public listed companies in Singapore to attend the prescribe training under Practice Note 4D of the Catalist Rules. Eddie Foo Toon Ee ("**Mr. Foo**") was appointed to the Board on 15 March 2024. As of the date of this statement, Mr. Foo has completed the necessary training on the roles and responsibilities of a director of a listed issuer as prescribed by the Singapore Exchange.

All Board members have completed the mandated sustainability training course required by the enhanced SGX sustainability reporting rules announced in December 2021.

Orientation for new Directors includes meetings with various key executives of the Management and visits to the Company's corporate office to familiarise themselves with the operations. Management will also brief the new Director on the Group's strategic direction, business activities, key business risks, governance practices, statutory and other duties and responsibilities as Director.

On an ongoing basis, Directors were provided with updates on changes in laws and regulations, including the Companies Act 1967 of Singapore ("**Companies Act**"), the Catalist Rules and the Code of Corporate Governance and the Singapore Exchange which are relevant to the Group. The external auditors regularly update the Audit Committee and the Board on the developments in the Singapore Financial Reporting Standards (International) ("**SFRS(I)**") which are applicable to the Group. Changes to regulations and accounting standards are monitored closely by the Management. In addition, the Management regularly updates and familiarises the Directors on the business activities of the Group during Board and Board Committee meetings.

Directors have also attended courses, training and development programmes organised by the following establishments:

	Khoo Song Koon	Raja Hayat	Chan Cheng Fei	Chow Wai San	Raymond Lam Kuo Wei	Eddie Foo Toon Ee
Accounting and Corporate Regulatory Authority	✓			✓	✓	
CPA Australia	✓			✓		✓
CFA Institute				✓		
Chartered Secretaries Institute of Singapore					✓	
Corporate Registers Forum					✓	
C-Engagement Convention		✓	✓			
Institute of Singapore Chartered Accountants	✓		✓		✓	
Law Society of Singapore					✓	
National University of Singapore-Centre for Governance & Sustainability	✓		✓			
Singapore Exchange Limited	✓		✓	✓	✓	
Singapore Institute of Directors	✓		✓	✓	✓	✓
Singapore International Mediation Centre					✓	
State Courts of Singapore					✓	
Winspire Solutions Pte Ltd		✓				
Wolters Kluwer					✓	
Wong Partnership	✓					

The Nominating Committee evaluates the individual Director's competencies and recommends to the Board on training and development programmes for each Director. Our Directors are also encouraged to attend relevant seminars and training programmes to enhance their skills and knowledge, the expenses of which will be borne by the Company.

1.3 Matters requiring Board's approval

Although the day-to-day management of the Company is delegated to the Executive Directors, there are matters which are required to be decided by the Board as a whole including, but not limited to, the following:

- Appointment and compensation for executive officers;
- Board committees and executive officers' succession plans;
- Changes in auditors, company secretary and legal advisor;
- Changes to capital structure or corporate structure;
- Crisis management framework;
- Dividend policy and payout (including recommendation or declaration of dividend);
- Group financial reporting, internal controls and risk management frameworks;
- Group's annual budget and plans, financial statements (interim and full year), annual reports, circulars to shareholders and announcements;
- Material acquisitions and disposals of investments;
- Material capital expenditure;
- Material Group policies;
- Group's strategic plans;
- Group's risk appetite and risk tolerance for different category of risks as well as counter measures for management of material risks;
- Interested person transactions;
- Issuance of guarantees and charge on assets;
- Issuance of new shares;
- Recommendation of Directors' fees;
- Release of the interim (half-year) and full-year financial results; and
- Sustainability and climate change issues.

Important matters are decided subject to the recommendation by the respective Board Committees. Matters which the Board considers suitable for delegation to a Board Committee are contained in the terms of reference of the respective Board Committees.

1.4 Board Committees

Board Committees, namely Audit Committee (“**AC**”), Nominating Committee (“**NC**”) and Remuneration Committee (“**RC**”) have been established to assist the Board. No Risk Committee was established as the responsibility continues to reside with the Board. Each Board Committee has its own terms of reference, setting out the composition, authorities and duties, which are approved by the Board. All Board Committees are chaired by an Independent Director. While these Board Committees are delegated with certain responsibilities, the responsibility for decisions relating to matters under the purview of the Board Committees ultimately lies with the entire Board.

The terms of reference of the respective Board Committees, which are reviewed by the Board on a regular basis, as well as other further information on the Board Committees can be found in the subsequent sections of this statement.

1.5 Attendance and participation in Board and Board Committee Meetings

Board and Board Committee meetings are held regularly, with Board and AC meetings held at least twice a year and RC and NC meetings held at least once a year. Board and Board Committee meetings and annual general meetings are scheduled in advance to facilitate the Directors’ attendance. Ad-hoc meetings will be convened when the Board’s guidance or approval is required, outside of the scheduled Board meetings.

The number of Board and Board Committees meetings held during FY2023 and the attendances of the Directors at these meetings are set out below:

Name of Directors	Board Meeting		Board Committee Meeting					
			AC		NC		RC	
	Number of meetings Held ⁽¹⁾	Number of meetings Attended ⁽¹⁾	Number of meetings Held ⁽²⁾	Number of meetings Attended ⁽²⁾	Number of meetings Held	Number of meetings Attended	Number of meetings Held	Number of meetings Attended
Khoo Song Koon	4	4	4	4	1	1	1	1
Raja Hayat	4	4	4	4 ⁽³⁾	1	1 ⁽³⁾	1	1 ⁽³⁾
Chan Cheng Fei	4	4	4	4 ⁽³⁾	1	1 ⁽³⁾	1	1 ⁽³⁾
Chow Wai San	4	4	4	4	1	1	1	1
Raymond Lam Kuo Wei	4	3	4	4	1	1	1	1
Eddie Foo Toon Ee ⁽⁴⁾	4	0	4	0	1	0	1	0

Notes:

⁽¹⁾ Includes 2 ad-hoc Board meetings

⁽²⁾ Includes 2 ad-hoc AC meetings

⁽³⁾ By invitation

⁽⁴⁾ Appointed on 15 March 2024

In accordance with the Company’s Constitution, a Director who is unable to attend a Board meeting can still participate in the meeting via telephone conference, video conference or similar communication means whereby all persons participating can hear each other. Important matters concerning the Group can also be put to the Board and Board Committees for decision by way of written resolutions.

Our Directors have made a conscious effort to make themselves available and accessible to the Management for discussion and consultation outside the framework of formal meetings. Directors contribute by providing the 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 Board Committees meetings. Attendance at formal meetings alone is not a fair reflection of the true value and substance of their invaluable contributions.

When a Director has multiple board representations, the NC also considers whether or not the Director is able to and has adequately carried out his duties as a Director of the Company, taking into consideration the Director’s number of listed company board representations and other principal commitments. In support of their candidature for directorship or

re-election, Directors are to provide the NC with details of their other commitments and an indication of the time involved.

The Board and the NC have established a guideline on the maximum number of listed company directorships and other principal commitments that each Director is allowed to hold and this guideline can be found under Section 4 of this statement.

1.6 Complete, adequate and timely information to make informed decisions

The Management recognises that relevant, complete and accurate information needs to be provided to the Directors prior to meetings and on an on-going basis to enable the Directors to make informed decisions and discharge their duties and responsibilities effectively and efficiently.

The Management provides members of the Board with periodic management accounts, as well as relevant background information relating to the matters that are discussed at the Board and Board Committees meetings. Such reports keep the Board informed of the Group's performance, financial position and prospects, and consist of the consolidated financial statements, major operational updates, background or updates on matters before the Board for decision or information. The Board is also provided with minutes of the previous Board meeting, and minutes of meetings of all Board Committees held. Detailed Board papers are sent out to the Directors at least seven (7) calendar days before the scheduled meetings so that the Directors may better understand the issues beforehand, allowing for more time at such meetings for questions that Directors may have.

Any additional materials or information requested by the Directors are promptly furnished. If necessary, employees who are able to explain and provide insights to the matters to be discussed are invited to make the appropriate presentation and answer any queries that the Directors may have.

In respect of the annual budget of the Group, material variance between budgeted results and actual results would be disclosed and explained by the Management at Board meetings.

The Management will also inform the Board of all significant events as and when they occur and circulate Board papers and supporting information on major transactions to facilitate a robust discussion before the transactions are entered into.

1.7 Separate and independent access to Management, company secretary and external advisers; Appointment and removal of the company secretary

The Board has separate and independent access to the Management, the company secretaries and external professionals, including our Sponsor, legal counsels and auditors.

The Management, together with the Company Secretary, are responsible for ensuring the Group's compliance with Board procedures and other applicable rules and regulations. The Management is responsible for day-to-day operations and administration of the Group and they are accountable to the Board.

The role of the company secretaries is clearly defined and includes:

- Attending all Board and Board Committees meetings and ensuring that meeting procedures are followed;
- Together with the Management, ensuring that the Company complies with all relevant requirements of the Companies Act and the Catalist Rules;
- Advising the Board on all corporate governance matters; and
- Assisting the Chairman of the Board and Chairman of each Board Committee in ensuring adequate and timely flow of information within the Board or the Board Committees and between the Management and the Board or the Board Committees.

The appointment and removal of the company secretaries are subject to the approval of the Board as a whole.

2. BOARD COMPOSITION AND GUIDANCE

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the company.

2.1 Director independence

2.2 Independent Directors make up a majority of the Board where the Chairman is not independent

As at the date of this statement, Khoo Song Koon, the Chairman of the Board is independent. The Board comprises a total of six (6) Directors, of whom four (4) are considered independent by the Board. The independent element on the Board is strong and this enables the Board to exercise objective independent judgement on corporate affairs and provide the Management with a diverse and objective perspective on issues.

The independence of each Director is reviewed annually by the NC. Each Independent Director is required to complete a checklist annually to confirm his independence in accordance with the guidelines on independence set out in the 2018 Code and the Catalyst Rules. An Independent Director shall immediately disclose to the NC any relationships or circumstances that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgement in the best interests of the Company. The NC and the Board have reviewed and ascertained that all Independent Directors are independent according to the 2018 Code, its Practice Guidance and Rules 406(3)(d)(i) and 406(3)(d)(ii) of the Catalyst Rules and noted that:

- (a) the Independent Directors:
 - (i) are not employed by the Company or any of its related corporations in the current or any of the past three (3) financial years;
 - (ii) do not have an immediate family member who is employed or has been employed by the Company or any of its related corporations in the current or any of the past three (3) financial years, and whose remuneration is determined by the RC; and
 - (iii) save for Mr. Khoo Song Koon (“**Mr. Khoo**”), who was appointed on 27 February 2015, none of the Independent Directors have served as a director of the Company for an aggregate period of more than nine years as at the date of this statement. Mr. Khoo has informed the Board of his intention to retire as a director immediately after the conclusion of forthcoming annual general meeting. Following the retirement of Mr. Khoo, Mr. Chow Wai San (“**Mr. Chow**”) will be appointed as Independent Non-Executive Chairman of the Company with effect from the conclusion of the forthcoming AGM.
- (b) none of the Independent Directors and their immediate family member had in the current or immediate past financial year:
 - (i) provided or received material services or significant payments to and/or from the Group when aggregated over any financial year in excess of S\$50,000 for services other than compensation for board service; or
 - (ii) was a substantial shareholder, partner, executive officer or a director of any organisation which provided or received material services or significant payments to and/or from the Group when aggregated over any financial year in excess of S\$200,000 for services rendered; and
- (c) none of the Independent Directors are directly associated with a substantial shareholder of the Company.

Mr. Raymond Lam Kuo Wei (“**Mr. Lam**”) was the Company Secretary of the Company from 23 April 2015 to 30 June 2021 during his employment as the Chief Executive Officer and Director of DrewCorp Services Pte Ltd (“**DrewCorp**”) from 1 March 2015 to 30 June 2021. Mr. Lam has also been the Company Secretary of Asia Pulp & Paper Company Ltd (“**APP**”), an indirect controlling shareholder of the Company since 2016.

From 1 July 2021 till 31 January 2022, Mr. Lam was the managing director of RL Law LLC. RL Law LLC has been dormant since 1 February 2022 to date. On 1 February 2022, Mr. Lam rejoined Drew & Napier LLC as its Head of Business Development and also took on the position of Chief Operating Officer of Drew Network Asia. Drew Network Asia is a network of law firms in Asia within Drew & Napier LLC.

Notwithstanding the above, Mr. Lam is considered independent as the NC and the Board has considered the following:

- (i) the total amount of fees paid by the Group to DrewCorp for corporate secretarial services during Mr. Lam’s employment with DrewCorp did not exceed S\$50,000 over any financial year and is therefore consistent with Practice Guidance 2 of the 2018 Code;
- (ii) while Mr. Lam continues to hold the position of Company Secretary of APP, he receives a nominal fee that is not expected to compromise his independence;

- (iii) Drew & Napier LLC has provided intellectual property registration services to APP in FY2023 and the total fees paid was S\$2,910.50. DrewCorp has also provided corporate secretarial services to APP in FY2023 and the total fees paid was S\$14,390.84;
- (iv) save as disclosed, DrewCorp and Drew & Napier LLC did not provide any other services to the Group or to APP and its group of companies in FY2023;
- (v) he does not hold any shares in both DrewCorp and Drew & Napier LLC (the immediate holding company of DrewCorp);
- (vi) Mr. Lam has an obligation to disclose any future engagement between APP and Drew & Napier LLC to the Board; and
- (vii) he will have to abstain from any deliberations and discussions in relation to the same.

2.3 Non-executive Directors make up a majority of the Board

As at the date of this statement, Non-executive Directors make up four (4) out of six (6) Board members and therefore constitute the majority.

2.4 Size and composition of the Board and Board Committees; Board diversity policy

The Board has examined the size of the Board and the Board Committees and is of the view that it is an appropriate size for effective decision-making, considering the nature and scope of the Group's operations. No individual or small group of individuals dominate the Board's decision making. The Board and Board Committees comprise 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 profiles of the Directors are set out in the "Board of Directors" section of the Annual Report 2023.

The Company recognises and embraces Board diversity as an essential element in supporting the achievement of business objectives and sustainable development in the ever-changing business environment. Together, the Directors are expected to bring with them in the context of the skills, experience, and knowledge which the Board as a whole requires to be effective. Directors must be allowed to apply their experience for the useful exchange of ideas and views. The Company believes that a diverse board will improve discussion and decision-making capability as all viewpoints will be considered before drawing a conclusion.

The benefits of Board diversity could only be harnessed if Directors adopt an independent mindset when carrying out their responsibilities. In order to gather and leverage on diverse perspectives, the Chairman of the Board strives to cultivate an inclusive environment where all Directors are able to speak up and participate in decision-making.

The Board has adopted a formal Board Diversity Policy which sets out the framework for promoting diversity on the Board. The objective of the Board Diversity Policy provides, *inter alia*, that when reviewing and assessing the composition of the Board and making recommendations to the Board for the appointment of Directors, the NC will consider all aspects of diversity in order to arrive at an optimal balanced composition of the Board. The final decision on the selection of Directors will be based on merit against objective criteria that complements and expands the skills and experience of the Board as a whole, and giving due regard to the overall balance and effectiveness of a diverse Board.

While the Board acknowledges that gender and age are aspects of boardroom diversity, the Company's priority is to ensure that the Board is made up of an effective composite of competence, skills, knowledge and experience that will carry the Group towards the next phase of growth. Hence, all Board appointments will be based on merit, and candidates will be considered against objective criteria, in consideration of the benefits of a diverse Board.

2.5 Independent Directors meet regularly without the presence of the Management

To facilitate a more effective check on the Management, the Independent Directors meet at least once a year with the internal and external auditors without the presence of the Management. The Independent Directors also communicate with each other from time to time without the presence of the Management to discuss the performance of the Management and any matters of concern 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 Directors. Feedback arising from such meetings or discussions is provided to the Board, as appropriate.

3. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

There is a clear division of responsibility between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

3.1 Chairman and CEO are separate persons

Khoo Song Koon holds the position as Independent Non-Executive Chairman of the Board while Raja Hayat holds the position of CEO. The Chairman and CEO are not related and the separation of the roles of the Chairman and the CEO ensures an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

In addition, all major proposals and decisions made by the CEO are discussed with and reviewed by the Board. His performance and continued appointment to the Board will be reviewed periodically by the NC while his remuneration package will be reviewed periodically by the RC. 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.

3.2 Division of responsibilities between Chairman and CEO

The Chairman promotes a culture of openness and debate at the Board level and ensures that corporate information is adequately disseminated to all Directors on a timely manner to facilitate discussions at meetings. In addition, he encourages constructive relations within the Board and between the Board and the Management to facilitate effective contribution of all Directors. The Chairman also ensures effective communication with shareholders and other stakeholders. The Chairman is assisted by the Board Committees in ensuring compliance with the Company's standards of corporate governance.

The CEO is responsible for the overall management of the Group and charting the corporate strategies for future growth with the support of the Management.

3.3 Lead Independent Director

No lead independent director is appointed as the Chairman of the Board is independent.

4. BOARD MEMBERSHIP

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

4.1 NC to make recommendations to the Board on relevant matters

4.2 Composition of NC

As at the date of this statement, the NC comprises three (3) Independent Directors, namely Raymond Lam Kuo Wei (Chairman), Khoo Song Koon and Chow Wai San.

The NC's responsibilities, as set out in its terms of reference, include, *inter alia*, the following:

- To develop and maintain a formal and transparent process for the appointment of new Directors and making recommendations to the Board on the appointment of new executive and non-executive Directors, including making recommendations on the composition of the Board generally and the balance between executive and non-executive Directors appointed to the Board;
- To regularly review the Board structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary, including the review of training and professional development programmes for the Board and its Directors;

- To determine the process and criteria for search, nomination, selection and appointment of new Board members and be responsible for assessing nominees or candidates for appointment or election to the Board, determining whether or not such nominee has the requisite qualifications and whether or not he/she is independent as well as to ensure that new Directors are aware of their duties and obligations and provides training where necessary;
- To review and make recommendations to the Board on relevant matters relating to the succession plans of the Board (in particular, the Chairman and CEO) and Executive Officer;
- To determine, upon appointment and subsequently on an annual basis, and as and when circumstances require, if a Director is independent;
- To ensure that all Directors must submit themselves for re-nomination and re-appointment at least once every three (3) years, and to recommend Directors who are retiring by rotation to be put forward for re-election;
- To decide whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple board representations;
- To recommend to the Board internal guidelines to address the competing time commitments faced by Directors who serve on multiple boards; and
- To be responsible for assessing the effectiveness of the Board as a whole and for assessing the effective contribution and commitment of each individual Director to the effectiveness of the Board.

4.3 Process for the selection, appointment and re-appointment of Directors

The NC conducts an annual review of 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 commitment 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 Directors to the affairs of the Company.

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, including using headhunters and/or relying on personal and professional networks. The NC will take an active role in screening and interviewing potential candidates before assessing the candidate's suitability and recommending him/her 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 Board retains the final discretion in appointing new Directors.

Regulation 154 of the Company's Constitution states that any Director so appointed by the Board shall hold office only until the next annual general meeting of the Company ("**AGM**") and shall then be eligible for re-election. Mr. Foo who was appointed on 15 March 2024 and will be eligible for re-election at the forthcoming AGM to be held on 30 April 2024.

In addition, Regulation 144 of the Company's Constitution states that at each AGM, one-third (or if their number is not three or a multiple of three, then the number nearest one-third) of the Directors for the time being, shall retire from office and that all Directors shall retire from office at least once in every three (3) years and such retiring Directors shall be eligible for re-election. Each member of the NC has abstained from voting on any resolutions in respect of the assessment of his performance or re-nomination as Director. Khoo Song Koon and Raja Hayat are eligible for re-election at the forthcoming AGM to be held on 30 April 2024. The NC noted that Khoo Song Koon who is due for retirement at the forthcoming AGM will not seek for re-election in view of Catalist Rule 406(3)(d)(iv), which states that directors who have been on the board for more than nine (9) years, will no longer be considered independent.

The NC recommended that Executive Director, Raja Hayat and Independent Director, Eddie Foo Too Ee be put forward for re-election at the forthcoming AGM. The Board accepted the recommendation and being eligible, Raja Hayat and Eddie Foo Toon Ee will be offering themselves for re-election at the forthcoming AGM.

The NC had also conducted the following reviews and assessments:

- (a) reviewed Board meeting minutes to assess questions and voting actions of Raja Hayat;
- (b) reviewed the performance assessment on Raja Hayat done by the other Directors; and
- (c) Eddie Foo Toon Ee's declaration of independence.

Following Mr. Khoo's retirement at the forthcoming AGM as Independent Non-Executive Chairman of the Board, Chairman of the AC and member of the NC and RC, Mr. Chow will be redesignated as Independent Non-Executive Chairman of the Board, Chairman of the AC and member of the NC and RC. Further details on changes to the Board and Board Composition after the forthcoming AGM can be found in the announcement to be released by the Company on 30 April 2024.

In consideration of the above, the Board has determined that there are no known factors that affect Eddie Foo Toon Ee's ability to discharge his duties as Independent and Non-Executive Director. Eddie Foo Toon Ee was not involved in the deliberation of his continued appointment with the Board.

Adopting the same metrics (other than independency), the Board has also concluded that there are no known factors that affect Raja Hayat's ability to discharge his duties as Executive Director and CEO. Raja Hayat was not involved in the deliberation of his continued appointment with the Board.

The NC and the Board has recommended that the approval of the Shareholders be sought through ordinary resolutions for the continuation of office of Raja Hayat as Executive Director, and Eddie Foo Toon Ee as Independent Non-Executive Director of the Company.

The Board is of the opinion that it is in compliance with the new Catalist Rules, due to the following reasons:

- (a) the Chairman of the Board is an Independent Director;
- (b) majority of the Board are Non-Executive Directors; and
- (c) Independent Directors comprise more than one-third of the Board.

The details of the Directors seeking for re-election as required under Rule 720(5) of the Catalist Rules are set out in the "Additional Information on Directors Seeking Re-election" section of this Annual Report.

4.4 Circumstances affecting Director's independence

As described under Board Composition and Guidance of this statement, the Company has put in place a process to ensure the continuous monitoring of the independence of the Directors. Each Independent Director is required to complete a checklist annually to confirm his independence. Further, an Independent Director shall immediately disclose to the NC any relationships or circumstances that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgement in the best interests of the Company. The NC is of the view that the Independent Directors are independent. As at the date of this statement, there is no relationship or circumstance set forth in the Director independence section of this statement which puts the independence of the Independent Directors in question save as disclosed.

4.5 Multiple listed company directorships and other principal commitments

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).

In addition to the number of listed company directorships and other principal commitments, the NC also takes into account of the results of the annual evaluation of each Director's effectiveness and the respective Directors' conduct at the Board and Board Committees meetings to determine whether the Director is able to discharge his duties diligently.

In respect of FY2023, 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 Committees meetings and ad-hoc discussions by each Director in deciding the capacity of the Directors. Currently, none of the Directors holds more than the stipulated maximum number of directorships in listed companies. Please refer to the “Board of Directors” section of the Annual Report 2023 for the listed company directorships and other principal commitments of the Directors.

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

5.0 BOARD PERFORMANCE

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

5.1 & 5.2 Assessment of effectiveness of the Board and Board Committees and assessing the contribution by each Director

The NC has established a review process and proposed objective performance criteria set out in assessment checklists which are approved by the Board.

During the financial year, all Directors were requested to complete the Board Evaluation Questionnaire, Evaluation Questionnaire for each Board Committee and Individual Director Evaluation Checklist which are designed to seek their views on the various aspects of the Board, Board Committees and individual Director performance so as to assess the overall effectiveness of the Board. The completed evaluation forms were submitted to the Company Secretary for collation and the consolidated responses were presented to the NC for review before they were submitted to the Board for review and discussion to determine areas for improvement to enhance the Board’s 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 Company did not engage an external facilitator in respect of the Board performance assessment process.

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 Committees performance in relation to discharging their responsibilities as set out in their respective terms of reference. Individual Directors’ performance takes into consideration factors such as commitment of time for meetings, level of participation and contribution at such meetings and the technical knowledge of the Directors.

Where appropriate, the Board will review and make changes to the assessment forms to align with prevailing regulations and requirements. The performance criteria shall not be changed from year to year without justification. These assessments are carried out and overseen by the NC for each financial year to evaluate the effectiveness of the Board as a whole and recommendations based on these assessments would be tabled to the Board for discussion and/or adoption. The Chairman will act on the results of the performance evaluation and the recommendation of the NC, and where appropriate, in consultation with the NC, new members may be appointed or resignation of Directors may be sought.

Each member of the NC shall abstain from deliberating and voting on any resolutions in respect of the assessment of his performance or re-nomination as Director.

REMUNERATION MATTERS

6. PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

6.1 RC to recommend remuneration framework and packages

6.2 Composition of RC

As at the date of this statement, the RC comprises three (3) Independent Directors, namely Chow Wai San (Chairman), Khoo Song Koon and Raymond Lam Kuo Wei.

The RC's responsibilities, as set out in its terms of reference, include, *inter alia*, the following:

- To develop and maintain a formal and transparent policy for the determination of the remuneration packages of individual Director and Executive Officer;
- To review and recommend to the Board a framework of remuneration and to determine the specific remuneration packages and terms of employment for Directors, CEO (or equivalent), Executive Officer and employees related to Directors or controlling shareholders of the Group;
- As part of its review, to ensure, *inter alia*, that (i) all aspects of remuneration, decisions, including Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefit-in-kind and termination payments should be covered, (ii) the remuneration packages should be comparable within the industry and comparable organisations and shall include a performance-related element coupled with appropriate and meaningful measures of assessing individual Directors' and Executive Officer's performance, and (iii) the Company's obligations arising in the event of termination of the Executive Director's and Executive Officer's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous;
- In the case of Directors with service contracts, to determine the period of employment, after which they are subject to re-election or renewal of their service contracts, whichever is earlier, and to consider what compensation commitments the Directors' service contracts, if any, would entail in the event of early termination;
- To ensure all its recommendations to the Board should first be made in consultation with the CEO (or equivalent); and
- To seek appropriate expert advice in the field of executive compensation outside the Company on remuneration matters where necessary and if external advice is obtained, to review whether the remuneration consultant has any relationship with the Company that could affect his or her independent and objectivity.

The recommendations of the RC shall be submitted for endorsement by the Board. Each RC member shall abstain from reviewing, deliberating and voting on any resolution in respect of his remuneration package or that of any employees who are related to him.

6.3 RC to consider and ensure all aspects of remuneration are fair

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 Executive Officer with an aim to be fair and to avoid rewarding poor performance, before making any recommendation to the Board. 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 decisions, including but not limited to Directors' fees, salaries, allowances, bonuses, share-based incentives and awards, benefits-in-kind, termination payments and specific remuneration package for each Director. In addition, the RC reviews the performance of the Group's Executive Officer taking into consideration the CEO's assessment and recommendation for remuneration and bonus.

Please refer to the section: "Level and Mix of Remuneration" in this statement for further details on the RC's consideration in determining the remuneration of the Directors and Executive Officers.

6.4 Expert advice on remuneration

During FY2022, the Company engaged Korn Ferry (SG) Pte. Ltd. ("**Korn Ferry**") to conduct a Directors' fees and Executive Remuneration benchmarking exercise. The independence of Korn Ferry had been reviewed prior to their engagement. The RC having reviewed the findings of the benchmarking exercise conducted by Korn Ferry in FY2022 decided to implement the findings by proposing an increase in the Directors' fees for FY2024. This increase is of a lower quantum compared to that recommended by Korn Ferry in its report issued in FY2022.

7. LEVEL AND MIX OF REMUNERATION

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

7.1 Remuneration of Executive Directors and key management personnel are appropriately structured to encourage good stewardship and promote long-term success of the Company

In determining the remuneration packages of the Executive Director and Executive Officer, the RC takes into consideration the remuneration and employment conditions within the same industry or comparable organisations as well as the Group's size and scope of operations. A significant and appropriate portion of the Executive Director's and Executive Officer's remuneration shall include a performance-related element coupled with appropriate and meaningful measures of assessing individual Executive Director's and Executive Officer's performance, including the review of the information on the relationships between remuneration, performance and value creation of the Company. 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 Executive Officer, the RC takes into account the financial and operational performance of the Group as well as the management's execution and expansion growth and strategic objective of the Company.

Executive Directors do not receive Director's fees but are remunerated as members of the management team. The remuneration packages of the Executive Directors and Executive Officers comprise 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. Service contract for Executive Director does not contain onerous removal clauses.

Having reviewed and considered the variable component of the Executive Directors and Executive Officers' remuneration, 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. The Company believes that there are alternative legal avenues to these specific contractual provisions that will enable the Company to recover financial losses arising from such exceptional events from the Executive Directors and Executive Officers.

The Company does not offer any share-based compensation scheme or any long-term scheme involving the offer of shares or options to the Executive Directors, CEO, Executive Officers and key management personnel. The RC may consider other forms of long-term incentive schemes for the Management when necessary.

7.2 Remuneration of Non-Executive Directors dependent on contribution, effort, time spent and responsibilities

The Independent Directors are paid Directors' fees which take into consideration their contribution, effort, time spent and responsibilities. They are not overly remunerated to the extent that their independence may be compromised. The Directors' fees are recommended by the RC and endorsed by the Board for approval by the shareholders of the Company at the AGM.

The Board concurred with the RC that the proposed Directors fees of S\$185,000 (equivalent to US\$138,000) for the year ending 31 December 2024 to be paid quarterly in arrears is appropriate. The 2024 Directors' fees are set out in ordinary resolution 4 of the notice of AGM for approval by shareholders of the Company. Except as disclosed in the Annual Report 2023, the Independent Directors do not receive any remuneration from the Company.

The Company does not offer any share-based compensation scheme or any long-term scheme involving the offer of shares or options to Independent Directors.

8. DISCLOSURE ON REMUNERATION

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

8.1 &

8.3 Remuneration disclosures of Directors and key management personnel; Details of employee share schemes

For FY2023, Directors' fees comprised a basic retainer fee and additional fee for appointment to Board Committees. The framework for determining the fees for Directors for FY2024 is the same as 31 December 2023 as follows:

Directors' fees structure for the FY2023 and the proposed structure for financial year ended 31 December 2024 ("FY2024")

	2023 Paid and accrued S\$ per annum	2024 Proposed S\$ per annum
Basic Retainer Fee		
Board Chairman [^]	35,000	47,000
Member	17,500	23,500
Fees for Appointment to Audit Committee		
Committee Chairman [#]	11,500	19,000
Committee member	6,500	11,000
Fees for Appointment to Nominating Committee		
Committee Chairman [#]	6,500	11,000
Committee member	4,000	7,000
Fees for Appointment to Remuneration Committee		
Committee Chairman [#]	6,500	11,000
Committee member	4,000	7,000
Directors' fees paid in FY2023		
		Directors' fees S\$
Khoo Song Koon		54,500
Chow Wai San		34,500
Raymond Lam Kuo Wei		34,500
Total		123,500

Note:

[^] The basic retainer fee of the Board Chairman includes solely the Board Chairman fee.

[#] The basic retainer fee of the Committee Chairman includes solely the Committee Chairman fee of the respective Committee.

Remuneration of executive director paid in FY2023

	Fixed Remuneration ⁽¹⁾	Variable bonus and allowances ⁽²⁾	Total ⁽³⁾
	S\$	S\$	S\$
Raja Hayat	307,953	–	307,953
Chan Cheng Fei	248,144	26,697	274,841

Notes:

- (1) Fixed remuneration includes the Central Provident Fund contributed by the Company, when applicable, paid in FY2023.
- (2) Variable Bonus comprises of Performance Bonus and the Central Provident Fund which varies according to the actual achievement against Group, business unit and individual performance objectives paid in FY2023 relating to FY2022 performance.
- (3) Total includes Fixed Remuneration, Variable Bonus and allowances.

Remuneration of other key management personnel paid in FY2023

Remuneration bands	Fixed Remuneration ⁽⁴⁾	Variable bonus and allowances ⁽⁵⁾	Total ⁽⁶⁾
Below S\$250,000			
Tony Barr	100%	0% ⁽⁷⁾	100%
Koshu Raghunandan	91%	9%	100%
Kelvin Lee	97%	3%	100%

Notes:

- (4) Fixed Remuneration includes the Central Provident Fund or Superannuation contributed by the respective business units, if applicable, paid in FY2023.
- (5) Variable Bonus comprises of Performance Bonus and the Central Provident Fund or Superannuation contributed by the respective business units which vary according to the actual achievement against Group, business unit and individual performance objectives paid in FY2023 relating to FY2022 performance.
- (6) Total includes Fixed Remuneration, Variable Bonus and allowances.
- (7) Less than 1%.

The Board is of the view that the level of disclosure is consistent with the intent of transparency on the Company's policies taking into account evolving industry trends and forces, competition for talent recruitment and retention. In addition, full disclosure in aggregate of the total remuneration paid to the above key management personnel would not be in the interest of the Company as such information is confidential and sensitive, may be exploited by competitors and the importance of maintaining the cohesion and spirit of teamwork prevailing among senior management executives of the Group. The total remuneration paid to the top 3 key management personnel of the Group (who are not Directors or the CEO of the Company) in FY2023 amounted to S\$575,000 (equivalent to approximately US\$426,000).

8.2 Remuneration disclosure of related employees

None of the Directors, key management personnel and employees were substantial shareholders of the Company in FY2023. There is no employee who is the immediate family members of a Director, the CEO or a substantial shareholder of the Company, whose remuneration exceeded S\$100,000 (equivalent to approximately US\$73,000) in FY2023.

ACCOUNTABILITY AND AUDIT

9.0 RISK MANAGEMENT AND INTERNAL CONTROLS

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

9.1 Board determines the nature and extend of significance risks

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.

The following are key components of the ERM programme of the Group:

- **Risk Management Manual**
The overall framework for risk management has been documented in a manual and disseminated to personnel responsible for oversight of risks and operations of risk countermeasures. This ERM manual includes 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 has assessed 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 Group will be assessed regularly and risk reports covering top risks to the Group will be submitted to the Board and the AC at least on a yearly basis. A set of risk registers has been developed to document the various risks faced by the Group, 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 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.

The AC, with the assistance of the internal and external auditors, annually reviews the adequacy and effectiveness of the Group’s risk management and internal control systems, including financial, operational, compliance and information technology controls. This helps to ensure that safeguards, checks and balances are put in place to prevent any conflicts of interests 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.

9.2 Assurance from CEO, CFO and other key management personnel

The internal auditor, BDO Advisory Pte Ltd, has carried out internal audit on the system of internal controls and reported the findings to the AC. The external auditor, Crowe Horwath First Trust LLP (“**CHFT**”), has also, in the course of their statutory audit, gained an understanding of the key internal accounting controls assessed to be relevant to the statutory audit. In this respect, the AC has reviewed the findings of both the internal and external auditors and will ensure that the Company follows up on the auditors’ recommendations raised during the audit processes. No material internal control weakness had been raised by our internal and external auditors in the course of their audits for FY2023.

The Board received assurance from the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances. In addition, the Board received assurance from the CEO and the CFO that the Company's risk management and internal control systems are adequate and effective.

Based on the ERM framework established, reviews carried out by the AC, work performed by the internal and external auditors and assurance from the Management referred to in the preceding paragraphs, the Board, with the concurrence of the AC, is satisfied that the system of internal controls (including financial, operational, compliance and information technology controls) and risk management systems in place are adequate and effective as at 31 December 2023.

The Board notes that no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human errors, losses, fraud or other irregularities. As such, the Company's risk management and internal controls systems are regularly evaluated and improved to ensure its relevance to the Company's operations.

10. AUDIT COMMITTEE

The Board has an Audit Committee ("AC") which discharge its duties objectively.

10.1 Duties of AC

10.2 Composition of AC

10.3 AC does not comprise former partners or directors of the Company's auditing firm

As at the date of this statement, the AC comprises three (3) Independent Directors, namely Khoo Song Koon (Chairman), Chow Wai San and Raymond Lam Kuo Wei.

All members of the AC are appropriately qualified and have relevant accounting or related financial management expertise and experience. They are not former partners or directors of the Company's auditing firm.

The AC's duties and responsibilities, as set out in its terms of reference, include, *inter alia*, the following:

- To review the audit plan of the external and internal auditors of the Company, and their reports arising from the audit;
- To ensure the adequacy of the assistance and cooperation given by the Management to the external and internal auditors;
- To review the financial statements of the Company and the consolidated financial statements of the Group;
- To review the half yearly and annual announcements of the results of the Group;
- To review at least annually the effectiveness and adequacy of the Company's internal controls in addressing the financial, operational, compliance and information technology risks;
- To review 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;
- To review the external auditors' audit report, their management letter (if any) and management's response on internal control;
- To discuss 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);
- To review and discuss with the external and internal auditors, any suspected fraud or irregularity, or suspected infringement of any Singapore law, rules and 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;
- To report to the Board on its findings from time to time on matters arising and requiring the attention of the AC;
- To review the mandated interested person transactions and mandated list of interested persons to ensure that the current procedures for monitoring of interested party transactions have been complied with;
- To review the adequacy and effectiveness of internal audit function, at least annually;
- To review the independence of the external auditors annually, making recommendation to the Board the appointment/re-appointment of the external and internal auditors, the audit fee and matters relating to the resignation or dismissal of the auditors;
- To review the assurance provided by the CEO and the CFO that the financial records have been properly maintained, and that the financial statements give a true and fair view of the Company's operations and finances;
- To review sustainability and climate change issues; and
- To undertake such other reviews and projects as may be requested by the Board.

The AC is also responsible for reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on as well as to ensuring that the Company publicly discloses, and clearly communicates to employees, the existence of a whistleblowing policy and procedures for raising such concerns. 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 function properly. The AC has full access to and cooperation of the 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. Reasonable resources were made available to the AC to enable it to discharge its functions properly.

The external and internal auditors have unrestricted access to the AC. 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 external auditor.

When there are changes to the various accounting standards that has 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 external 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.

The AC has reviewed the adequacy of and effectiveness of the Group's risk management system and key internal controls that address financial, operational, compliance and information technology risks, with the assistance of the internal and external auditors as well as the management, who provide regular reports during the financial year to the AC in addition to the briefings and updates provided at the AC meetings. The AC also conducted a review of the Group's interested person transactions.

The aggregate audit fees paid and payable to the external auditors, CHFT for FY2023 amounted approximately to S\$112,000 (equivalent to US\$84,000). Non-audit services provided by CHFT relating to tax services for FY2023 amounted to S\$11,200 (equivalent to US\$8,000). The AC, having reviewed all non-audit services provided by CHFT, is satisfied that the nature and extend 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.

CHFT is an accounting firm registered with the Accounting and Corporate Regulatory Authority. The AC is satisfied that CHFT is able to meet its audit obligation, having considered that CHFT has adequate resources and the audit engagement team (including the audit engagement partner) has the relevant experience. In this connection, the Group confirms that it is in compliance with Rules 712 and 715 of the Catalist Rules.

In recommending the re-appointment of CHFT as the external auditor for the financial year ending 31 December 2024 to the Board, the AC considered the adequacy of their resources, training and quality control, experience of the engagement team and the firm as a whole and quality of work carried out by the external auditor.

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

10.4 Primary reporting line of the internal audit function is to AC; Internal audit function has unfettered access to Company's documents, records, properties and personnel

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 of the Group.

The AC approves the hiring, removal and evaluation and compensation of the internal auditors. For FY2023, the Company has outsourced its IA function to a professional service firm, BDO Advisory Pte Ltd, which is independent of the Group's business activities. The internal auditors report primarily to the AC Chairman and report administratively to the CFO. 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 IA function has adequate resources to perform its function effectively, has appropriate standing within the Company and is independent of the activities it audits.

BDO Advisory Pte Ltd is a well-established firm with vast experience in internal audit services. The engagement partner in-charge has more than 18 years of internal audit experiences. He manages a portfolio of outsourced internal audits of various listed companies and government bodies. The engagement team comprises staff who are Accountancy, IT or Business graduates, ACCA graduates and many possess relevant professional certifications such as CA (Singapore), CPA, CIA and CISA. The AC has assessed and is satisfied that the IA function of the Group is independent, adequately resourced to perform its function effectively and is staffed by qualified and experienced professionals with the relevant experience. Accordingly, the Company is in compliance with Rule 1204(10C) of the Catalist Rules.

The internal auditors conduct their work in accordance with the BDO Global IA methodology which is consistent with the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors as a reference and guide when performing their reviews. The annual audit conducted by the internal auditors assesses the adequacy and 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 function 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 audits. In addition, the AC works closely with the relevant Management personnel responsible for the areas being reviewed. Key processes including cash management, revenue and receivables and general controls, of the Company were reviewed in FY2023. The summary of findings and recommendations by the internal auditors are discussed at the AC meetings. The related internal audit report, including the Management's responses and implementation status, have been reviewed and approved by the AC. No high risk weaknesses were identified based on the work done in FY2023.

10.5 AC meets with the auditors without the presence of Management annually

The AC met four (4) times in FY2023. In performing its functions, apart from the two (2) formal meetings and two (2) ad-hoc meetings, the AC met with the external and internal auditors once during the financial year without the presence of the Management.

SIGNIFICANT ACCOUNTING MATTERS

In the review of the financial statements for FY2023, the AC has discussed with the Management the significant accounting principles that were applied and their judgement of items that might affect the accuracy and completeness of the financial statements.

The following key audit matter, which is included in the independent auditors' report for FY2023, was discussed with the Management and the external auditor and was reviewed by the AC:

Key Audit Matter	How the matter was addressed by the AC
Completeness of pulp trading revenue recognition	<p>Revenue from pulp trading amounted to approximately US\$96.8 million accounting for 87% of the Group's total revenue for FY2023.</p> <p>Pulp trading is the largest contributor to the revenue for the Group in the recent years. As such, the completeness and accuracy of the reported pulp trading revenue will have a significant impact on the financial statements. Having consulted with the internal and external auditors in respect of, <i>inter alia</i> the applicable accounting standard and its application, the works performed by both auditors, review of the relevant controls and sample testing results in relation to the completeness of pulp trading revenue recognition as well as having discussed with Management, the AC was satisfied that correct accounting treatment has been adopted and consistently applied in the financial statements to ensure completeness and accuracy of reported pulp trading revenue and the relevant controls are deemed satisfactory. Based on the recommendations by the AC, the Board has approved the audited financial statements on 8 April 2024.</p>

WHISTLEBLOWING CHANNELS

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 alleged wrongful acts, including suspected fraud and corruption, in an objective manner. As such, the Company has put in place a whistleblowing 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 whistleblowing 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 whistleblowing policy. The Company has policies and procedures to protect an employee who reveals illegal or unethical behaviour from retaliation.

On an ongoing basis, the whistleblowing policy (including the procedures for raising concerns) is covered during the employee training and periodic communication to employee as part of the Group's efforts to promote awareness of fraud and corruption control.

The whistleblowing policy is available on the Corporate website: <https://www.nippecraft.com.sg> and is accessible to all stakeholders.

The AC Chairman can also be contacted directly via the following email address: AC_Chairman@nippecraft.com.sg.

There was no whistleblowing report received via the whistleblowing channels in FY2023.

SHAREHOLDER RIGHTS AND ENGAGEMENT

11. SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

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

11.1 Company provides shareholders with the opportunity to participate effectively and vote at general meetings

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

The Company encourages active shareholder participation at its general meetings. Notices of meetings are given to all shareholders together with explanatory notes or a circular on items of special business, at least fourteen (14) clear days (for ordinary resolutions) or at least twenty-one (21) clear days (for special resolutions) before the meeting. Reports or circulars of the general meetings are despatched to all shareholders via SGXNet.

All shareholders are entitled to vote in accordance with the established voting rules and procedures. The rules, including the voting process, will be explained by the scrutineers at such general meetings. The Company's Constitution permits a shareholder to appoint up to two (2) proxies to attend and vote in his stead at these meetings. Furthermore, the Company allows corporations which provide nominee or custodial services to appoint more than two (2) proxies to attend and vote on their behalf at general 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. The Company will employ electronic polling, if necessary.

11.2 Separate resolution on each substantially separate issue

Shareholders are invited to attend general meetings and put forth any questions by submitting questions in advance in relation to the resolutions set out in the Notices they may have on the motions to be decided upon. Resolutions at general meetings are on each substantially separate issue. All the resolutions at the general meetings are single item resolutions. The Company avoids 'bundling' resolutions unless the resolutions are interdependent and linked so as to form one significant proposal. In situations where resolutions are inter-conditional, the Company will provide clear explanations.

11.3 All Directors attend general meetings

The Board welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad-hoc basis. All the Directors, including the Chairmen of various Board Committees and Executive Directors, are normally available at the general meetings to answer those queries and receive feedback from shareholders. The external auditors are also usually present to assist the Directors in addressing any relevant queries by shareholders. All Directors attended the general meeting held on 24 April 2023.

11.4 Company's Constitution allow for absentia voting by shareholders

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.

11.5 Minutes of general meetings are published on the Company's corporate website as soon as practicable

The Company Secretary prepares minutes of general meetings which incorporate substantial comments or queries from shareholders and responses from the Board and the Management. The minutes will be made available within one (1) month from the date of the general meetings.

11.6 Dividend policy

The Company does not have a formal dividend policy. While this would mean that its practice varies from Provision 11.6 of the 2018 Code which implies that companies should have a dividend policy, the Company is of the view that the following disclosure would constitute a balanced and understandable assessment of its position on a dividend policy, and that this practice is consistent with the intent of Principle 11 of the 2018 Code.

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 be deemed appropriate.

In accordance to its Constitution and the Companies Act, the Company may, by ordinary resolution of shareholders, declare dividends out of profits at a general meeting, but may not pay dividends in excess of the amount recommended by the Directors. The declaration and payment of dividends will be determined at the sole discretion of the Directors subject to the approval of the shareholders. The Directors may also declare an interim dividend out of profits without the approval of the shareholders. No dividends have been declared for FY2023 as the Group wants to conserve financial resources in order to conserve financial resources to meet the various challenges in the foreseeable future including challenges posed by the global economic environment.

12. ENGAGEMENT WITH SHAREHOLDERS

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

12.1 Company provides avenues for communication between the Board and shareholders and discloses steps taken to solicit and understand the views of 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, comprehensive and timely manner through SGXNet. The Company does not practice 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 other general meetings;
- (d) other announcements on SGXNet; and
- (e) the Corporate website at <https://www.nippecraft.com.sg> at which shareholders can access information of the Group.

12.2

&

12.3 Company has in place an investor relations policy; Investor relations policy sets out mechanism of communication between the shareholders and the Company

In addition to general meetings, the Company uses mainly the SGXNet to disseminate information to the shareholders and investment community on a timely, accurate, fair and transparent basis.

When the opportunity arises, the Management will also meet with investors, analysts and the media as well as participate in investor relations activities to solicit and understand the views of the investment community.

Shareholders and the investment community can contact the Company by telephone at +65 6262 2662 or email us at: investors@nippecraft.com.sg to address their queries, concerns and feedback.

MANAGING STAKEHOLDERS RELATIONSHIPS

13. ENGAGEMENT WITH STAKEHOLDERS

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

13.1

&

13.2 Engagement with material stakeholder groups

The Company takes pride in meeting and exceeding the expectations of our stakeholders. Our engagement with material stakeholder groups, including key areas of focus and engagement channels, are disclosed in the latest Sustainability Report. Please refer to the “Sustainability Report” for more information.

The Group seizes opportunities to engage our stakeholders and welcomes feedback on our sustainability reports. The Company’s sustainability team can be contacted via email at: sustainability@nippecraft.com.sg.

13.3 Corporate website to engage stakeholders

Stakeholders who wish to know more about the Group and our business and governance practices can visit our Corporate website: <https://www.nippecraft.com.sg>.

DEALINGS IN SECURITIES

In line with Rule 1204(19) of the Catalist Rules, 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 1204(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:

- (a) on short-term considerations;
- (b) 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
- (c) if they are in possession of unpublished material price sensitive information.

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

INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect of any transaction with interested persons and has set out the procedures for identification, monitoring, reviewing and approving the Company's interested person transactions ("IPT") to ensure that the relevant rules in Chapter 9 of the Catalist Rules are complied with.

The Company has adopted a general mandate in respect of IPT ("**IPT Mandate**") which has been effective since 24 October 2017, and renewed at the AGM held on 24 April 2023. The Company has established procedures to ensure that all IPT are reported in a timely manner to the AC, and that the IPT are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. The Company will seek renewal of the IPT Mandate at the forthcoming AGM and further information is set out in the Appendix to the Annual Report 2023.

The aggregate value of IPT during FY2023 was as follows:

Name of interested person and nature of transactions	Nature of relationship	Aggregate value of all IPT during the financial period under review (excluding transactions less than S\$100,000)	
		Not conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules	Conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules
		US\$'000	US\$'000
PT Paramitra Gunakarya Cemerlang	APP Printing (Holding) Pte Ltd, an entity under the Asia Pulp and Paper (" APP ") Group, holds 49% of the Company's shares and is deemed to be the controlling shareholder of the Company. PT Paramitra Gunakarya Cemerlang and APP China Trading Limited are entities under the APP Group.	Nil	Nil
APP China Trading Limited	APP China Trading Limited are entities under the APP Group.	Nil	Nil

MATERIAL CONTRACTS AND LOANS

The Company and its subsidiaries did not enter into any material contract (including loan) involving the interests of the CEO, Director or controlling shareholder, which is either subsisting as at end of FY2023 or if not then subsisting, entered into since the end of the previous financial year.

SPONSORSHIP

With reference to Rule 1204(21) of the Catalist Rules, there was no non-sponsorship fees paid/payable to the Company's Sponsor, SAC Capital Private Limited, in FY2023.

Additional information on Directors Seeking Re-election

Raja Hayat and Eddie Foo Toon Ee are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 30 April 2024 (“AGM”) (collectively, the “Retiring Directors” and each a “Retiring Director”).

Pursuant to Rule 720(5) of the Catalist Rules, the information as set out in Appendix 7F to the Catalist Rules relating to the Retiring Directors is set out below and to be read in conjunction with their respective biographies under the section entitled “Board of Directors”.

Name of Director seeking Re-election	Raja Hayat	Eddie Foo Toon Ee
Date of appointment	1 January 2021	15 March 2024
Date of last re-appointment	28 April 2021	Not Applicable
Age	52	52
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	<p>The Board having considered the skills, qualifications and working experience of Mr. Raja Hayat, as well as his contribution and performance since joining the Group, has accepted the recommendation of the Nominating Committee and approved his re-appointment as an Executive Director of the Company.</p> <p>Mr. Hayat will concurrently hold the position of Chief Executive Officer of the Company.</p>	<p>The Board having considered the skills, qualifications and working experience of Mr. Eddie Foo Toon Ee, as well as his contribution and performance since his appointment, has accepted the recommendation of the Nominating Committee and approved his re-appointment as an Independent Director of the Company.</p>
Whether appointment is executive, and if so, the area of responsibility	Executive Overall management of the Company.	Non-executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director and Chief Executive Officer	Independent director
Professional qualifications	General Cambridge Examination: Advance Level	<p>Bachelor of Accountancy, Nanyang Technological University</p> <p>Chartered Accountant, Institute of Singapore Chartered Accountant; and</p> <p>Certified Public Accountant, CPA Australia</p> <p>Ordinary Member, Singapore Institute of Directors</p>

Name of Director seeking Re-election	Raja Hayat	Eddie Foo Toon Ee
Working experience and occupation(s) during the past 10 years	Mr. Hayat held the position of Chief Executive Officer since 1 March 2022 and the Managing Director of Collins Debden Limited since June 2017. His previous work experience was as follows: • March 2010 to June 2017 Divisional Director, Change Group	Mr. Foo held the position of Group Chief Financial Officer of CSE Global Ltd since April 2014. His previous work experience was as follows: • October 2003 to March 2014 Group CFO, ECS Holdings Ltd
Shareholding interest in the listed issuer and its Subsidiaries	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	None
Conflict of interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other principal commitments* including directorship		
<i>*Excludes the working experience and occupation(s) as listed in the previous section</i>		
Past (for the last 5 years)	Nil	Nil
Present	<ul style="list-style-type: none"> • Collins Debden Limited; • Debden Importing (UK) Limited; • Collins Debden USA, Inc; • Collins Debden Pty Ltd; and • Paperich Pte Ltd 	<ul style="list-style-type: none"> • CSE (Americas) Pte Ltd; • CSE Global (Americas) Pte Ltd; • CSE-Crosscom (International) Pte Ltd; • CSE Crosscom UK Limited; • CSE Crosscom USA Inc.; • CSE-IAP Pte Ltd; • CSE-EIS Pte Ltd; • CSE-ITS Pte Ltd; • CSE-Hankin (Singapore) Pte Ltd; • CSE Technologies Pte Ltd; • Grid Communications Pte Ltd; • CSE-EIS (Malaysia) Sdn Bhd; • CSE Systems & Engineering (India) Private Limited; • CSE-Hankin (Taiwan) Ltd; and • CSE W-Industries De Mexico, S. de R.L. de C.V.

Name of Director seeking Re-election	Raja Hayat	Eddie Foo Toon Ee
<p>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.</p>		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No

Name of Director seeking Re-election	Raja Hayat	Eddie Foo Toon Ee
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

Name of Director seeking Re-election	Raja Hayat	Eddie Foo Toon Ee
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No



Sustainability Report

DREAM PLANNER

2024



CONTENTS



1.0 Introduction

- 1.1 About Us
- 1.2 Our Presence
- 1.3 About this Report
- 1.4 Organisation Profile
- 1.5 Direct economic value generated and distributed
- 1.6 Financial assistance received from government

2.0 Approach to Sustainability

- 2.1 Board's Statement
- 2.2 Stakeholders' Engagement
- 2.3 Materiality Assessment

3.0 Economic

- 3.1 Economic Performance
- 3.2 Financial Misstatement Risk

4.0 Environment

- 4.1 Sustainable Raw Materials Sourcing
- 4.2 Supplier Environmental Assessment
- 4.3 Greener Products
- 4.4 Climate-related Risks

5.0 Social

- 5.1 Diversity and Equal Opportunity
- 5.2 Management
- 5.3 Code of Conduct
- 5.4 Training and Education
- 5.5 Occupational Health and Safety
- 5.6 Employee Engagement
- 5.7 Local Communities
- 5.8 Social-Economic Compliance
- 5.9 Communicable Diseases

6.0 Governance

- 6.1 Minority Representation
- 6.2 Policies and Practices
- 6.3 Enterprise Risk Management
- 6.4 Undeclared Conflict of Interest

7.0 Task-force on Climate-related Financial Disclosures

- 7.1 TCFD Pillar: Governance
- 7.2 TCFD Pillar: Strategy
- 7.3 TCFD Pillar: Risk Management
- 7.4 TCFD Pillar: Metrics & Targets

1.0 Introduction

1.1 About Us

Listed on the Catalist of the SGX-ST, Nippecraft Limited is headquartered in Singapore and was founded in 1977.

Today, Nippecraft has grown from a stationery manufacturer to becoming a leading provider of innovative lifestyle stationery solutions. The key markets of the stationery business include the United Kingdom, Australia and Singapore.

The Group has three main consumer stationery brands: Collins, Debden and Jumble and Co. Collins, Debden and Jumble & Co. are global brands, with Collins having more than 200 years of British heritage, Debden has more than 40 years of history in Australia and New Zealand while Jumble & Co. is the latest addition to the Group. We are proud of our heritage and always embrace sustainability as one of the priorities in our decision-making process for our business.

Collins, Debden and Jumble & Co. are names that are synonymous with high-quality stationery products across the world. We are passionate about everything we do and strive to make the Collins, Debden and Jumble & Co. brands the best that they can be based on our key principles:

- Quality;
- Creativity;
- Environmentally responsible;
- Innovation; and
- Investment in people.

For more information on Nippecraft, please visit our website at the following URL: <https://www.nippecraft.com.sg>.

1.2 Our Presence

Nippecraft Limited and its Subsidiaries:

- Nippecraft Limited (HQ in Singapore)
- Collins Debden Pty Limited (Australia, Sydney)
- Collins Debden Limited (United Kingdom, Glasgow)
- Collins Debden USA, Inc. (USA, San Francisco)
- Collins Office Products International Ltd (Mauritius, Port Louis) (in liquidation)



1.3 About this Report

We are pleased to present Nippecraft's Sustainability Report for FY2023. Our reporting cycle is annually from 1 January 2023 to 31 December 2023. The most recent previous report for FY2022 was issued on 5 April 2023. The Sustainability Report for FY2023 has been prepared with reference to Global Reporting Initiatives ("GRI") Standards 2021 as well as Catalist Rules 711A and 711B and Practice Note 7F of the Catalist Rules. We have chosen the GRI Standards as it is an internationally recognised reporting framework that covers a comprehensive range of sustainability disclosures and this allows for comparison with Nippecraft's peers. In addition, we have also adopted the Recommendations of the Task Force on Climate-related Financial Disclosure ("TCFD") in developing voluntary and consistent climate-related financial risk disclosures.

We conducted a formal material assessment with internal stakeholders before the commencement of sustainability reporting, which led to the identification of sustainability matters most material to our business. These Economic, Environmental, Social and Government ("EESG") matters have been reviewed and validated by our Management in FY2023.

The reporting scope covers our corporate office and stationery operations for Singapore, Australia, the United Kingdom and the United States of America for FY2023. Where applicable, past financial year's data have been included for comparison purposes. The pulp trading business is not discussed in this report as we are not directly involved in production but in matching the demand from our customers and our suppliers.

We have engaged our internal auditors to perform an internal review of our sustainability reporting process. We have not sought external assurance on this report but will consider doing so as our reporting matures over time.

In our effort to meet the expectations of our stakeholders, we have taken steps to ensure the transparency and accountability of our global operations by the scope of our report. There is no restatement of information made from the previous reporting period.

1.4 Organisation Profile

Name of organisation	Nippecraft Limited
HQ location	2 Venture Drive, #24-01 Vision Exchange, Singapore 608526
Geography	Offices in Singapore, Australia, the United Kingdom, the United States of America
Legal form	Publicly listed on the SGX-ST since 1994
Markets served	The United Kingdom, Australia, Singapore, Indonesia, the United Arab Emirates, Hong Kong, Continental Europe and the United States of America

Organisation scale	Number of employees	: 51
	Number of key business units	: 4
	Revenue	: US\$ 111.5 million
	Total assets	: US\$ 56.4 million
	Total liabilities	: US\$ 24.5 million
	Total equity	: US\$ 32.0 million
	Cash and cash equivalents	: US\$ 19.3 million

Memberships and Associations	Chamber of Commerce (United Kingdom) Forest Stewardship Council ("FSC") Programme for the Endorsement of Forest Certification ("PEFC") GS1 Singapore, United Kingdom and Australia Singapore National Employer Federation Singapore Business Federation Supplier Ethical Data Exchange ("SEDEX") The BOSS Federation (United Kingdom)
-------------------------------------	--

1.5 Direct economic value generated and distributed

Table 1: Direct Economic value generated and distributed in USD'000 for FY2023 and FY2022.

Stationery Business	Group	
	FY2023 (US\$'000)	FY2022 (US\$'000)
Economic value generated		
Revenue, Interest income, rental income and management fees	15,391	16,010
Economic value distributed		
Operating costs		
Cost of materials, product components and other operating costs	12,169	13,111
Employee wages and benefits		
Salaries and benefits	3,072	2,983
Payment to providers of capital		
Dividend and interest paid	–	–
Payment to governments		
Net income taxes paid	–	–
Community investment		
Voluntary donations to charity	7	7
Economic value retained		
Direct economic value generated less Economic value distributed	143	(91)

1.6 Financial assistance received from government

We have received the following grants from the respective governments that we operate in:

	FY2023	FY2022
	US\$'000	US\$'000
Singapore	9	7
The United Kingdom	–	–
Australia	–	–
Total	9	7

2.0 Approach to Sustainability

2.1 Board's Statement

Please refer to the Chairman's message on Page 12 of this Annual Report.

2.2 Stakeholders' Engagement

The success that we enjoyed is built upon effective stakeholder engagement. We actively manage our relationship with stakeholders and always maintain close communication with them. Feedback received from stakeholders may greatly influence business performance. Our people engage with different stakeholder groups set out in Table 2 below. We will strive to keep up with their evolving needs and proactively respond to the opinions and requests of our stakeholders. Our key approach to stakeholder engagement is detailed in Table 2 below:

Table 2: Material Stakeholders' Engagement

Key Stakeholders	Interest and Concerns	Communication Channels	Frequency	Our Response
Customers	Stock availability	Sales team	Daily to annually	To sustain brand trust and loyalty through a unique brand experience to meet their needs and enjoyment
	Quality of products and services	Meeting and company visit		
	On time and in full delivery	Telecommunication and email		
	Convenience	Social media platform		
	Customer data and privacy protection	Marketing and labelling of products Survey, market research and focus group Whistleblowing policy	To develop innovation and strive for high quality products at competitive pricing	
Local Communities	Environmental protection	Sustainability report	Daily to annually	To contribute to the development of the communities we operate in
	Community engagement	Task Force of Climate-related Financial Disclosures		
	Corporate governance	Participation in charitable activities organised by local communities		
		Social media platform Whistleblowing policy		

Key Stakeholders	Interest and Concerns	Communication Channels	Frequency	Our Response
Employees and trade union	Career development Collective bargaining Company recreation events Equal opportunities No discrimination Remuneration and Benefits Staff appraisal Training and development Working environment Work safety Hybrid work arrangement	Performance evaluation Training and seminar Townhall and department meetings Internet email Whistleblowing policy	Monthly to annually	To strengthen the relationships with our staff through communication and participation in building our work environment
Shareholders	Corporate governance Business strategies Financial performance Compliance to listing rules and the Companies Act 1967 Investment returns	Financial result announcement and annual report Circular Announcement General meeting Corporate website Whistleblowing policy	As and when required	To improve profitability To develop new strategies and initiatives To create long-term sustainable value To create an atmosphere of trust via timely communication and provide relevant and reliable information To adhere to good corporate governance practices

Key Stakeholders	Interest and Concerns	Communication Channels	Frequency	Our Response
Government and Regulators	Compliance with local laws, regulations and listing rules Business integrity and ethics Contribute to economic and social development Corporate governance Environmental protection	Announcement and Circular Financial report Government agencies' portal Participate in webinar, training and discussion	As and when necessary to annually	To comply with the relevant statutes and regulations To support government and regulators' relevant initiatives
Suppliers and Consultants	Cost of product and service Quality of product and services Fair selection processes Long-term business relationship Payment schedule Business integrity and ethics	Email Meeting Telecommunication Service performance review Site visit Whistleblowing policy	Daily to annually	To collaborate, develop product and service quality To achieve a sustainable business relationship with our suppliers

2.3 Materiality Assessment

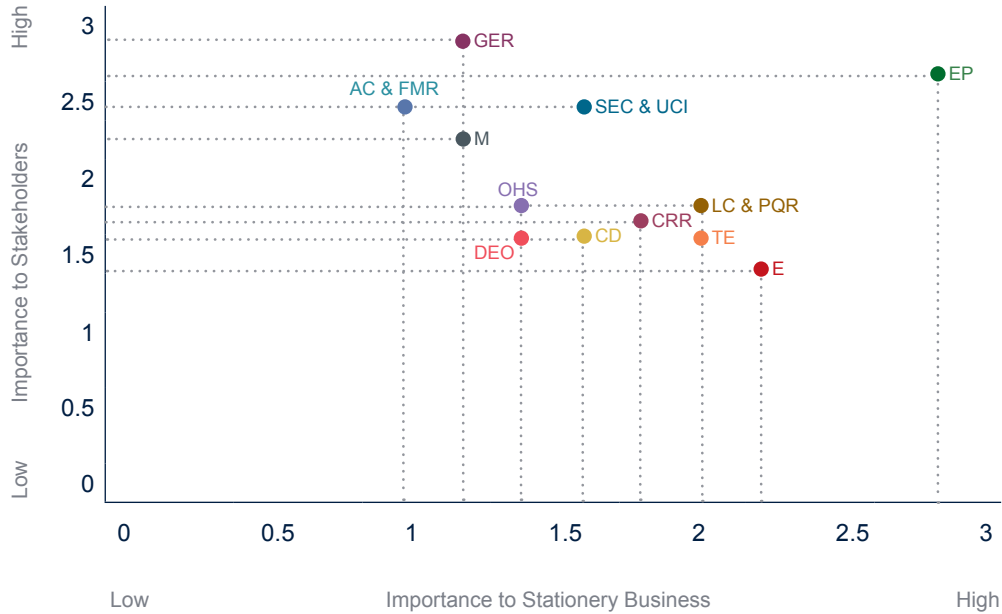
A materiality survey was conducted for FY2023 to reaffirm existing material EESG factors and at the same time, identified new material EESG factors and ranked them according to the significant impact on our business. Our management team met and discussed the material factors that may create a significant impact on our businesses. We review our material matters annually to ensure that they continue to be relevant for our future reporting periods.

Table 3: Four Steps Materiality Assessment Process

1 Identification	A list of EESG factors that are highly relevant to the Group business development strategy was consolidated through discussions with Key Management Personnel across various stationery divisions.
2 Prioritisation	The identified EESG matters were evaluated and prioritised by representatives from the various stationery divisions; taking into consideration both internal and external stakeholders' perspectives. These EESG matters were subsequently aligned at the Corporate level for consistency across the Group stationery divisions.
3 Validation	The final list of material factors for FY2023 Sustainability Report was presented to the Board of Directors for their validation and approval.
4 Review	Material matters selected for reporting in FY2022 were reassessed to ensure their continued relevance to our operations in FY2023. We will continue to review our material factors on an annual basis.

In FY2023, Nippecraft has established appropriate and effective management policies for EESG issues and internal control and the information disclosed complies with the requirements of the GRI Standard 2021. A materiality assessment exercise was conducted for FY2023 by the process described above. Incorporating inputs from our stakeholders, our material factors are ranked as follows:

Chart 1: Nippecraft's Materiality Matrix



Legend		
●	EP	Economic performance
●	GER	Governance and Enterprise Risks
●	SEC	Social-Economic Compliance
●	UCI	Undeclared Conflict of Interests
●	PQR	Product Quality Risk
●	LC	Local Communities
●	E	Employment
●	TE	Training and Education
●	CRR	Climate-Related Risks*
●	AC	Anti-corruption
●	M	Management*
●	FMR	Financial Misstatement Risks
●	OHS	Occupational Health and Safety#
●	DEO	Diversity and Equal Opportunities#
●	CD	Communicable Disease#

Note:

* This report has been updated to include Climate-related risks and Management as material factors.

No longer considered as material factors in year 2023.

Table 4: Material factors reported for FY2023 and the reasons for inclusion

Material factors reported for FY2023	Reason for inclusion
Economic Performance	Our financial performance and the positive contributions we make to the society and communities where we operate are anticipated by both internal and external stakeholders.
Governance and Enterprise Risks	Governance and Enterprise Risks play a crucial role in shaping the overall sustainability and success of our business. Effective governance will ensure sound decision-making, ethical practices, and compliance with regulations. Managing enterprise risks are essential for safeguarding our Group's reputation, protecting stakeholders' interests and maintaining long-term viability. Both governance and risk management contribute greatly by influencing strategic direction, financial performance and the ability to create sustainable value.
Social-Economic Compliance	Social-Economic compliance aligns with our stakeholders' expectations, mitigates risks, and enhances legal compliance and employees' engagement. In addition, may contribute positively to brand image and customer loyalty.
Undeclared Conflict of Interests	Incorporating undeclared conflict of interest will reflect a commitment to ethical business practices, risk mitigation, legal compliance and protect the company's reputation.
Product Quality Risks	We recognise the importance of managing product quality risks as they will have a significant impact on our customers' satisfaction, brand image, legal compliance, operational efficiency, competitive advantage and the financial performance.
Local Communities	By including the local community as one of our material factors, we acknowledge its importance in creating our social impact, reputation and overall sustainability. Having a positive relationship with the local community in the markets that we operate in aligns with responsible business practices and supports the sustainability of our operations in the long-term.
Employment	We acknowledge its significance in influencing workforce dynamics, talent acquisition, company's reputation, legal compliance, diversity, community impact and overall success of our Group. It will also align with responsible and sustainable business practices.
Training and Education	We recognise that training and education positively impact our employees' development, innovation, talent retention, compliance, operational efficiency, succession planning, Group's reputation and community engagement.
Climate-related risks (First time reporting)	Taking action on climate-related risks is a fundamental business necessity, requiring us to confront both our environmental footprint and the consequences of climate change on our operations.
Anti-corruption	It promotes legal compliance, ethical conduct, risk mitigation, integrity and responsibility in conducting our business.
Management (First time reporting)	Management plays a pivotal role in strategic decision-making, operational efficiency, talent management stakeholders' relationship, corporate governance, succession planning and financial performance. It will contribute to the overall success of the business.
Financial Misstatement Risks	We highlight the importance of maintaining the importance of financial reporting. Addressing these risks is important for sustaining investors' confidence, ensuring legal compliance, and supporting decision-making. It will enhance the overall reputation and success of our business.
Occupational Health and Safety Diversity and Equal Opportunities Communicable Disease	These factors are no longer considered as a material factor. Disclosure is for information only.

3.0 Economic

3.1 Economic Performance

The scope of this report covers our stationery business operations in Singapore, the United Kingdom (“UK”), Australia and the United States of America (“USA”), in which Nippcraft has an ownership interest of more than 50%. The pulp trading business is not discussed in this report as we are not directly involved in production but in matching the demand from our customers and our suppliers.

Our stationery business ended FY2023 with a 3% decrease in revenue to US\$14.8 million and a segment profit of US\$0.1 million (FY2022: segment loss of US\$0.3 million) due to a decrease in distribution and marketing expenses, gain on disposal of asset held-for-sale and foreign exchange gains that were offset by decreased margins, an increase in administrative expenses and a decrease in rental income earned from asset held-for-sale, during the year in review. Through proactive supply chain management, the Group was able to avoid material supply disruption during the year.

Nippcraft will continue to hold a holistic view in generating long-term profitability and shareholders’ returns with a consideration of the interests of various stakeholders identified under the stakeholders’ engagement. For example, our classic diaries and notebooks are evolving to portray the personality, lifestyle and fashion-sense of the consumers. We will continue looking into improving our consumers’ experience by engaging them to gather feedback on their experience in using our products and to comment on our work in progress to keep up with the ever-changing consumer trends.

3.2 Financial Misstatement Risk

In today’s world, financial misstatements are increasing due to decentralisation, outsourcing to third party vendors, evolving financial reporting requirements and new regulatory disclosures. In addition, we may try to do more with fewer resources.

Financial reporting consists of three major structures:

- People - those responsible for input, extraction, aggregation and analysing the financial information;
- Processes - timeline that the financial information is obtained and reported; and
- Systems - which crunch the numbers into meaningful form.

In order to mitigate the risk of financial misstatement, we ensure that following policies are in place for the three major structures:

People

- each role has a defined job description;
- close alignment of skills with responsibilities;
- focus on training in areas that may cause material financial misstatement;
- financial reporting function is adequately staffed;
- encourage two-way communications; and
- Biannually staff survey to determine morale.

Process

- standardisation of policies across the Group;
- policies are integrated and automated in the processes;
- centralisation of management reporting; and
- process documentation.

System

- identify errors in a timely manner;
- automation of manual processes;
- automated, customised, integrated; and
- accessible through a portal and/or an Application.

The reduction in financial misstatement risk is similar to other business processes within the Group. As such, we will continue to place emphasis on improving people, processes and systems to reduce financial misstatement risk and at the same time, improve the efficiency and effectiveness of the financial reporting process.

4.0 Environment

In Nippecraft, we are conscious of our environmental footprint and have been working with our suppliers to reduce them. With the growing concern of climate change, it is imperative for us to focus on our effort to use sustainably sourced and recyclable materials in our products so that we can contribute to the global force to shift the tide of climate change. In the year 2023, "Whatever we do, Nature will always win" remained as our guiding principle in conducting our businesses. To date, we have not been identified by any authorities for non-compliance with environmental laws and/or regulations.

4.1 Sustainable Raw Materials Sourcing

We have suppliers located globally. These suppliers supplied the bulk of our finished goods. We often update them about our consumers and governmental requirements so that they are prepared for the changing needs. Since 2019, we explored with our suppliers to further reduce the use of plastics for packaging. However, plastic packaging is still the most suitable for our premium product ranges such as Cosmopolitan and Legacy ranges, as there is currently no alternative in the marketplace that performs as effectively. The plastic packaging for these two ranges of products doubled up as display material to protect the products whilst they are on display on shelves in stores. However, where possible, we have used plastic packaging which contains a minimum 30% of recycled material which is better for the environment. We will continue to use paper packaging whenever we can and have adopted this for a majority of our products, which include the Associate, Rural Management, Student, Elite and Classic ranges. Moving forward, we will consciously attempt to minimise the use of plastic on our new products.

Pulp and paper are the key raw materials in our finished products. As we continue to embrace sustainable sourcing, we are committed to responsible forestry management. Nippecraft is both FSC and PEFC certified, we are committed to increasing the proportion of materials that are certified under the Chain-of-Custody programmes. In addition, most of our cover materials are either sourced from FSC or Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH") accredited suppliers. We have also proactively introduced more products into our ranges which use 100% recycled paper.

In addition to sustainable sourcing, we also adhere to high social and ethical standards along with our supply chain. Nippecraft is a member of SEDEX, a global organisation that helps companies manage an ethical supply chain. The SEDEX Members Ethical Trade Audit is one of the most widely used audit procedures in the world. It provides a globally-recognised way to assess responsible supply chain activities, including labour rights, health and safety, the environment and business ethics. Furthermore, we have been instrumental in our key vendors adopting the SEDEX standards. Together with our key vendors, who are also SEDEX members, we are continuously committed to ethical sourcing & management of our supply chain.

Our materials have passed stringent checks by the customs of the importing markets and we perform ongoing reviews to ensure that we comply with respective market customs regulations. We also review the commodity codes on an ongoing basis to ensure we are using the correct codes and therefore pay the correct level of duty. Commodity codes are used to classify goods for import and export within the European Union ("EU") or outside the EU. The classification aims to pay the right tax and duty and follow the respective regulations. We also continued to perform quality checks on our materials to ensure that there were no hazardous elements. For example, we ensure that our materials are non-hazardous through the use of materials that are REACH certified in particular, the materials used for our book covers. We practice ethical sourcing by using materials only from well-established suppliers who are compliant with environmental legislation and procedures.

The target tonnage set for FY2023 was based on different product mixes and volume ordered. Certain orders were secured on price using Non FSC paper which was sustainably sourced but is not formally certified and therefore counted as non-renewable or non-certified material.

During the year, 1,504 (FY2022: 1,487) metric tonnes of materials were used to produce and pack our books sold.

Performance and Targets

Material Aspect	Target for FY2023	Performance for FY2023	Short-term Target FY2024	Mid-term Target FY2030	Long-term Target FY2050 and beyond
Material from sustainable sources (Raw materials that are FSC and PEFC certified)	80%	80%	80%	90%	100%#
Renewable material (Tonnage)	1,072	1,203	1,083	1,633	4,814
Non-renewable material (Tonnage)	268	301	271	181	0

Note:

We expect material from non-sustainable sources will either be depleted and or join the ranks of sustainable through intervention by the respective governments.

4.2 Supplier Environmental Assessment

Our Quality Control team performs regular site visits to our suppliers and checks that they are indeed using sustainable materials. For all new suppliers, we perform rigorous due diligence checks before appointing them. The following reports will also be obtained from them:

- 4.2.1 ISO9001 Quality Management;
- 4.2.2 ISO14001 Environmental Management Certification;
- 4.2.3 FSC or PEFC;
- 4.2.4 SEDEX; and
- 4.2.5 Social Accountability (SA8000) or Occupational Health and Safety Assessment Series (OHSAS 18001).

Any existing or potential vendors who are unwilling or unable to provide the abovementioned reports will not be re-appointed or appointed as our vendor.

We conducted on-site product quality inspections and audits. Customers may also request for the SEDEX audit reports which we will promptly provide to them for them to understand how our supply chains are performing.

If the vendor does not perform to our requirements, the vendor will need to take the necessary corrective action to meet our requirements. We will verify that the correction actions are taken before we continue to place orders vendor with the vendor.

4.3 Greener Products

During the year, we have developed five product ranges that use recycled materials that will be launched in FY2024. The five product ranges include the Essentials, Dream planners, Scandi, Veridian and Maximalism. For more details of the product range, please visit our online store.

Performance and Targets

Material Aspect	Target for FY2023	Performance for FY2023	Short-term Target FY2024	Mid-term Target FY2030	Long-term Target FY2050 and beyond
Product ranges using recycled materials	5	5	10	80% of product ranges	100% of product ranges

Material Aspect	Target for FY2023	Performance for FY2023	Short-term Target FY2024	Mid-term Target FY2030	Long-term Target FY2050 and beyond
Percentage of recycled materials used in the finished products	70%	95%	95%	95%	95%

4.4 Climate-related Risks

Please refer to section 7 of this report on page 70.

5.0 Social

In FY2023, we saw a 6% decrease in headcount to 51 employees. This was mainly due to the decrease of 15 full-time employees due to resignation and restructuring offset by the employment of 12 full-time employees. Short-term casual and contract workers were not included in our reporting as they were employed to cover duties only when our employees were on parental or personal leave. The employee turnover rate has decreased from 32% to 29% (refer to Table 8).

**Table 5: Total employees
As at 31 December**

	Male		Female		Total	
	2023	2022	2023	2022	2023	2022
Full-Time	18	20	32	33	50	53
Part-Time	–	–	1	1	1	1
Total	18	20	33	34	51	54

**Table 6: Total employees by region
As at 31 December**

	Australia	Singapore	United Kingdom	2023	2022
Full-Time	12	25	13	50	53
Part-Time	–	–	1	1	1
Total	12	25	14	51	54

Note: Operations in the USA are supported by employees in United Kingdom.

While our headcount decreased from 54 in FY2022 to 51 in FY2023, there were 12 new hires in FY2023 replacing those who have resigned within the Group, as illustrated below:

**Table 7: New employees by Countries
As at 31 December**

By Countries	By Gender		2023	2022
	Male	Female	Total	Total
Australia	–	2	2	7
Singapore	–	2	2	2
United Kingdom	4	4	8	3
Total	4 (33%)	8 (67%)	12	12

**Table 8: Employee Turnover
As at 31 December**

By Countries	By Gender		2023	2022
	Male	Female	Total	Total
Australia	3	5	8	10
Singapore	–	2	2	2
Singapore (Restructuring)	1	1	2	–
United Kingdom	1	2	3	6
Total	5 (33%)	10 (67%)	15	18
Employee Turnover rate			29%	32%
Employee Turnover rate (Excludes employee affected by Restructuring)			25%	32%

As we are operating within both fast-moving consumer goods and commodity industries, people are our greatest asset and serve as an important point of contact between our customers and Nippecraft. It is a priority for us to equip them with the required skill sets so that they can be always at their best. This includes functions like customer service, sales, procurement, warehousing, quality assurance, product development, human resources, administration and finance. We hope to continue to improve their skills to meet the changing demands of the industries that we are operating in.

Nippecraft continues to commit to fair employment, elimination of discrimination and encouraging diversity amongst our workforce.

Table 9: Age profiles of new hires

FY2023 Age Profile of new hires	<30	30 to 50	>50
Number	4	7	1
In percentage	33%	59%	8%

FY2022 Age Profile of new hires	<30	30 to 50	>50
Number	4	7	1
In percentage	33%	59%	8%

We continue to believe that Group's operations require a strong talent pool to make a positive impact. In FY2023, we believed that we had recruited the right candidates in catering to the needs of the Company.

Performance and Targets

Material Aspect	Target for FY2023	Performance for FY2023	Target for FY2024	Mid-term to Long-term Target FY2030 to FY2050 and beyond
Recruiting and matching the right candidates for the job (successfully completed probation)	100%	100%	90%	94%

5.1 Diversity and Equal Opportunity

We embrace diversity, and at the same time expect employees to be aligned with the Group's vision and strategic initiatives. The age of our employees ranges from the 20s to the 60s. Our employees consist of people from different nationalities and academic qualifications but we strive for fair treatment. We are committed to providing competitive remuneration and benefits to our employees.

The employees in our Group comprise union and non-unionised members. In Singapore, a collective bargaining agreement between the Company and the Building Construction and Timber Industries Employees' Union ("BATU") covers all our locally engaged employees other than employees holding managerial and confidential positions. Our employees in the UK and Australia are not unionised.

Employee Profile of the Group as at 31 December 2023 and 31 December 2022 are as follows:

Table 10: Age profile of all employees

FY2023 Age Profile of all employees	<30	30 to 50	>50
Number	6	25	20
In percentage	12%	49%	39%
FY2022 Age Profile of all employees			
Number	5	31	18
In percentage	9%	58%	33%

Table 11: Academic profile of all employees

FY2023 Academic Profile of all employees	Below diploma	Diploma	Degree and above
Number	12	10	29
In percentage	23%	20%	57%
FY2022 Academic Profile of all employees			
Number	12	12	30
In percentage	22%	22%	56%

Table 12: Nationality profile of all employees

FY2023 Nationality Profile	Australia	British	Chinese	Malaysian	Singaporean	Others
Number	8	17*	3	5	16	2
In percentage	16%	33%	6%	10%	31%	4%
FY2022 Nationality Profile						
Number	8	18**	3	7	16	2
In percentage	15%	33%	5%	13%	30%	4%

Note:

* Includes 1 part-time employees

** Includes 5 part-time employees

All eligible male and female employees were entitled to parental leave in 2023. One female employee took parental leave and returned to work in the same year. This represents a return-to-work rate of 100%. The female employee who took parental leave returned to work in November 2023 and remained employed as of the date of this report. The retention rate for FY2023 was 100%.

Diversity and equal opportunity are no longer considered as a material factor in FY2023. The above disclosures are for information only.

5.2 Management

While the Board sets the general direction towards sustainability practices, it delegates the day-to-day task of managing the impact of sustainability practices to the Management. Management plays a pivotal role in strategic decision-making, operational efficiency, talent management stakeholders' relationship, corporate governance, succession planning and financial performance. With due consideration on being sustainable, Management will contribute to the overall success of the business.

In FY2023, there were 6 senior management team members of which 2 were females. All senior management team members are more than 50 years of age. Among the six members, there were 3 British and Singapore citizens each.

The Board continues to believe that with existing gender equality in the senior management team, the Group can continue to expect diversity of ideas and innovative breakthroughs. Nippecraft will continue to ensure that gender equality is always our consideration on the boards of all our subsidiaries as well as the senior management team.

The gender profile of the Management is as follows:

Table 13: Gender Profile of Management

FY2023 Management team	Senior Manager	Manager	Total
Female	2	11	13
Male	4	10	14
Total	6	21	27

5.3 Code of Conduct

The Group sets out the expected code of conduct in its employee handbook. During the year, the Group has circulated the business ethics guidelines that are required to be adhered to in dealings with both customers and vendors. Nippecraft ensures compliance with labour and employment laws, including working hours. The Group does not discriminate against anyone because of age, gender, national origin, disability, religion, sexual orientation, marital or maternity status, union membership or political opinion, among others. An Equality and Diversity Policy has been established within the Group to show our commitment to promoting equality and diversity and to ensure that individuals are treated fairly and valued as member of a team. The Company recognises that it has clear obligations toward all employees to ensure they are treated fairly. There are channels to report any non-compliance about discrimination through our whistleblowing system.

Nippecraft's Grievance Policy encourages employees to freely communicate with their immediate supervisor or human resource personnel. This is to ensure that problems are aired and resolved as quickly as possible. If the issue cannot be resolved at the operational level, it will be escalated to the next level of the organisational hierarchy. Code of conduct is not identified as a material factor in our materiality exercise, as it is considered a norm in all the geographical regions that we operate in.

In both years 2023 and 2022, there was no known instance of discrimination or reported discrimination received.

Performance and Targets

Material Aspect	Target for FY2023	Performance for FY2023	Target for FY2024	Mid-term to Long-term Target FY2030 to FY2050 and beyond
Instance of discrimination	Zero tolerance of discrimination	Zero tolerance of discrimination	Zero tolerance of discrimination	Zero tolerance of discrimination

5.4 Training and Education

Training in Nippecraft begins at the induction stage of our new hires. Our employees go through a host of internal coaching programmes including selling, customer service, procurement, inventory control, human resources and finance.

Nippecraft understands that employee training and development pave the way for the Group to progress into the future. One of our initiatives is to re-deploy our employees to assume new roles while leveraging on their expertise amidst the evolving business model that we operate in. Employees are encouraged to go for courses and seminars to upgrade themselves and improve their skills. We set off into FY2023 with a training target of no less than 150 hours. At the end of FY2023, 260 (FY2022: 181 hours) training hours were provided to our employees across all functions.

Performance and Targets

Material Aspect	Target for FY2023	Performance for FY2023	Target for FY2024	Mid-term Target FY2030	Long-term Target FY2050 and beyond
Training and Education	150 hours	260 hours	150 hours	357 hours	1,020 hours
Average training and education per employee	2.8 hours	5.1 hours	2.9 hours*	7 hours*	20 hours*

* Assume the number of employees is 51.

Table 14: Employees training hours

FY2023 Employee Type	Number of Employees	Total Training Hours	Average Training Hours per Employee
Female	33	142.5	4.3
Male	18	117.5	6.5
Manager	27	172.5	6.4
Non-Manager	24	87.5	3.6

5.5 Occupational Health and Safety

The well-being and safety of our employees are paramount to us. We are committed to safeguarding our employees' health and safety against any potential occupational hazards. All employees are encouraged to feedback immediately to the responsible departments should they come across or identify any potential occupational hazards.

In the year 2023, there were 3 fire drills conducted in our Singapore corporate office and warehouses. Two employees who are members of our Company Emergency Response Team have undergone training and achieved proficiency in Cardiopulmonary resuscitation (“CPR”) and the use of an Automated External Defibrillator (“AED”).

With the support of BATU, we have an engagement session in March 2023 to gather feedback from our union employees on various matters. Moving forward, we will work together with BATU to have more frequent engagement with our employees.

In addition to occupational health and safety initiatives, we encouraged our employees to seek medical advise as early as possible to seek treatment before the condition worsens. All our employees have access to non-occupational medical and healthcare services, such as outpatient, specialist and hospitalisation services. In Singapore, all our employees are covered under the Company's health insurance for hospitalisation and medical reimbursement for outpatient services. In the United Kingdom and Australia, all employees are covered under the National Health Services and Medicare systems respectively.

Performance and Targets

Material Aspect	Target for FY2023	Performance for FY2023	Short-term Target FY2024	Mid-term to Long-term Target FY2030 to FY2050 and beyond
Work-related injuries	Zero reported incident	Zero reported incident	Zero reported incident	Zero reported incident
Work-related ill health	Zero reported incident	Zero reported incident	Zero reported incident	Zero reported incident

Occupational health and safety are not considered as material factor in FY2023. The disclosure is for information only.

5.6 Employee Engagement

The Company recognised that employee engagement is the key to driving performance. When the employees are engaged, they will be passionately committed to achieving the best results or even outperforming expectations. The Board and Management engaged our employees on an ad-hoc basis to demonstrate our appreciation for their performance. Feedback on work processes, regardless of whether constructive or not constructive is welcome. This provides a starting point for management to review the existing processes so that we can further improve our work processes to achieve higher productivity and better work-life balance. Over the years, we have recognised the contribution of our employees who have dedicated a major part of their work lives to our Group.

All employees other than contract employees received periodic performance and career development reviews. Key performance indicators are set so that performance can be benchmarked against the targets set at the end of the financial year. However, should there be any indication of underperformance, the immediate supervisor will conduct an informal review with the employee to take remedial action to improve his or her performance. Employee engagement is not identified as a material factor in our EESG material factors identification exercise. We are providing this disclosure for general information only.

Table 15: Employees (other than contract employees) whom have received periodic performance and career development reviews

FY2023 By Employee Category	By Gender	
	Male	Female
Manager	100%	100%
Non-manager	100%	100%

Performance and Targets

Material Aspect	Target for FY2023	Performance for FY2023	Short-term Target FY2024	Mid-term to Long-term Target FY2030 to FY2050 and beyond
Percentage of total employee who received a regular performance and career development review	100%	100%	100%	100%

5.7 Local Communities

The UK office continued to make yearly donations to the British Heart Foundation to support research in heart diseases. In addition, our UK office has also donated to the local schools. In FY2023, the Group has achieved its target set out in the Sustainability Report for FY2022.

Performance and Targets

Material Aspect	Target for FY2023	Performance for FY2023	Short-term Target FY2024	Mid-term to Long-term Target FY2030 to FY2050 and beyond
Supporting local community charities and not-for-profit activities	Supports at least two charities and/or not-for-profit events	Supports at least two charities and/or not-for-profit events	Supports at least two charities and/or not-for-profit events	Supports at least six charities and/or not-for-profit events

5.8 Socio-Economic Compliance

We pride ourselves in having good corporate governance and observing compliance with applicable laws and regulations. The Group is committed to conducting business with integrity and safeguarding the interest of all our stakeholders, both internal and external.

Similar to FY2022, we have achieved zero incidents of non-compliance in FY2023.

Performance and Targets

Material Aspect	Target for FY2023	Performance for FY2023	Short-term Target FY2024	Mid-term to Long-term Target FY2030 to FY2050 and beyond
Socio-economic Compliance	Zero tolerance of non-compliance	Zero tolerance of non-compliance	Zero tolerance of non-compliance	Zero tolerance of non-compliance

5.9 Communicable Diseases

While we continue to focus on sustaining our businesses during this challenging period, our employees' health and safety remain our top priorities. Since April 2020, we have adopted the necessary measures in response to COVID-19 for all our global operations.

All key geographical regions that we operate in have declared COVID-19 safe. However, we will continue to be vigilant in preventing the spread of any communicable diseases by adopting the necessary measures when required. In FY2023, communicable diseases are no longer considered as a material factor. Our disclosures are for information only.

6.0 Governance

Our ability to integrate sustainable initiatives and processes remained the critical factor for our business continuity. Our Board is overall responsible for the sustainability and integration of EESG factors in the formulation of our business strategy. Management will then set the sustainability direction for our business operations. This includes the target setting and execution of initiatives. Management will report the sustainability performance to the Board on an annual basis.

6.1 Minority Representation

As of the date of this report, our Board consists of six members of which four are independent directors. This will ensure that the interests of the minority shareholders are protected and that their voices will be heard.

6.2 Policies and Practices

Strong corporate governance and good business ethics provide foundation support for many successful organisations in the world. Nippecraft aligns itself with the industry's best practices and strives to meet stakeholders' expectations. As part of our corporate governance framework, a set of policies, such as the Code of Conduct (refer to 5.3 Code of Conduct) and Whistleblowing Policy, has been formulated to direct us on the right way to conduct business responsibly.

We strive to maintain the highest standard of accountability, fairness and integrity. Our employees are informed of their expected conduct during onboarding. We also encouraged them to raise any complaints or feedback regarding questionable accounting, audit matters, internal controls or any matter that breaches the Group policy, corruption and employee misconduct by our Whistleblowing Policy. Please refer to the Corporate Governance section for further information.

6.3 Enterprise Risk Management

Our Board recognised 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 a structured Enterprise Risk Management ("ERM") programme to Nippecraft and its subsidiaries, management reviews of key transactions, and the assistance of independent consultants such as external and internal auditors to review financial statements and internal controls covering key risk areas.

By identifying and managing risks through the ERM programme, we should be able to make more informed and collective decisions and benefit from a better balance between risk and reward. As part of the programme, Management will also have more structured review processes as new risks emerge to be aware of the potential impact of such new risks and to undertake meaningful measures to address them.

More information on our Corporate Governance can be found in the Corporate Governance Statement section.

Performance and Targets

Material Aspect	Target for FY2023	Performance for FY2023	Short-term Target FY2024	Mid-term to Long-term Target FY2030 to FY2050 and beyond
Perform risk assessment, compliance with Catalyst Rules, Code of Corporate Governance and the governing Statutes of the countries that we operated in.	Zero tolerance of non-compliance	Zero tolerance of non-compliance	Zero tolerance of non-compliance	Zero tolerance of non-compliance

Performance and Targets

Material Aspect	Target for FY2023	Performance for FY2023	Short-term Target FY2024	Mid-term to Long-term Target FY2030 to FY2050 and beyond
Compliance of Code of Conduct	Maintain a high standard of ethical conduct and adopts a zero-tolerance approach to fraud and zero incident of corruption or similar misconduct	No known ethical misconduct, fraud, or corruption or money laundering or anti-competitive practices or similar misconduct reported	Maintain a high standard of ethical conduct and adopts a zero-tolerance approach to fraud and zero incident of corruption or money laundering or anti-competitive practices or similar misconduct	Maintain a high standard of ethical conduct and adopts a zero-tolerance approach to fraud and zero incident of corruption or money laundering or anti-competitive practices or similar misconduct

6.4 Undeclared conflict of interest

In Nippecraft, we acknowledged that everyone has financial and personal relationships outside of their employment. Conflict of interest arises when one personal interest and employment duty overlap which result in an actual or perceived lack of independence in dealing with the stakeholder that involved the Group's assets.

To mitigate the risk of undeclared conflict of interest, we have the following policies in place:

- All directors and employees were informed during induction that the person should not place himself or herself in positions where their interests could conflict with those of the Company or any of the Company's customers. If a conflict-of-interest situation exists, whether in fact or in apparent, the person concerned should disclose it to their immediate superior and escalate to the higher management for clarification; and
- The Group Chief Financial Officer (or equivalent person) will obtain signed letters of confirmation from Key Management Personnel, Controlling Shareholders and the Directors periodically (of not more than half a year) concerning to their interest in any transactions with the Group.

When a declared conflict of interest situation arises, it may be managed as follows:

- Engage an independent employee to oversee the relevant activity;
- Cease the involvement of the employee, who maybe in a conflict of interest position, in the matter;
- Surrender private interest that created the conflict of interest to the Company; or
- The person shall resign or transfer from the position if there is no solution to the conflict.

The existence of a conflict of interest may not necessarily imply that the employee or the group of employees have acted or implied wrong-doing. Conflict of interest itself is not a criminal act. However, if the conflict of interest relationship remains unchecked and not properly managed it may lead to other acts as other premeditated acts such concealment of relationships, financial gains, and falsification of documents, which may be criminal. Therefore, we need to adopt the best practices to avoid and manage them to reduce the consequences of not managing them properly.

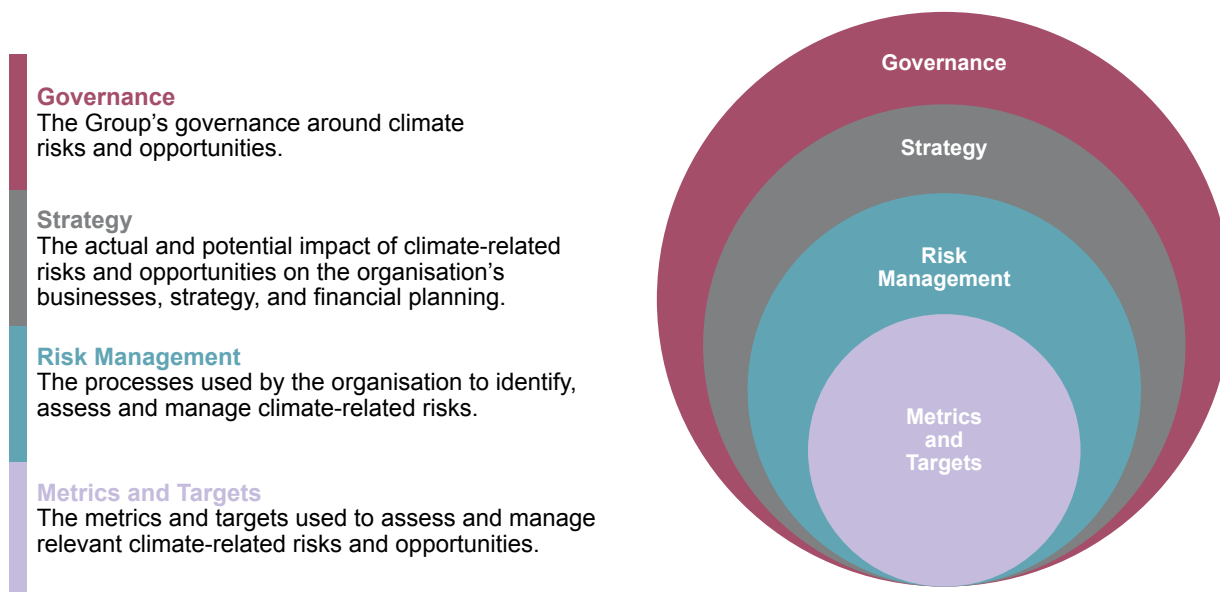
7.0 Task-force on Climate-related Financial Disclosures

On 15 December 2021, the Singapore Exchange Regulation (the “**SGX RegCo**”) announced that all issuers must provide climate reporting on a “comply or explain” basis in their sustainability reports from FY2022 onwards. For the agriculture, food and forest products sector, climate reporting based on the recommendations of the Task Force on Climate-related Financial Disclosures (“**TCFD**”) framework will become mandatory from FY2023 onwards.

To address the international concerns on climate change, we have adopted the Recommendations of the TCFD. The Recommendations of the TCFD aimed to develop consistent climate-related financial risk disclosures.

This report follows the TCFD structure which is presented in the following diagram:

Chart 2: Core Elements of Recommended Climate-Related Financial Disclosures



Source: Final Report on the Recommendations of the Task Force on Climate-related Financial Disclosures.

Key pillars of TCFD and our progress

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organisation’s governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation’s businesses, strategy, financial planning where such information is material.	Disclose how the organization identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Recommended Disclosures

Governance	Strategy	Risk Management	Metrics and Targets
Describe Nippecraft Group Board's oversight of climate-related risks and opportunities	Describe the climate-related risks and opportunities Nippecraft Group has identified over the short, medium and long term	Describe the Nippecraft Group's processes for identifying and assessing climate-related risks	Disclose the metrics used by Nippecraft Group to assess climate-related risks and opportunities in line with its strategy and risk management process
Status: In compliance	Status: In compliance	Status: In compliance	Status: In compliance
Describe Nippecraft Group Management's oversight of climate-related risks and opportunities	Describe the impact of climate-related risks and opportunities on Nippecraft Group's businesses, strategy and financial planning	Describe Nippecraft Group's processes for managing climate-related risks	Disclose Scope 1, Scope 2 and if appropriate Scope 3 greenhouse gas ("GHG") emissions and the related risks
Status: In compliance	Status: In compliance	Status: In compliance	Status: In compliance
	Describe the resilience of Nippecraft Group's strategy taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into Nippecraft Group's overall risk management	Describe the targets used by Nippecraft Group to manage climate-related risks and opportunities and performance against targets
	Status: In compliance	Status: In compliance	Status: In compliance

7.1 TCFD Pillar: Governance

7.1.1 Board's oversight of climate-related risks and opportunities

With effect from the financial year 2022, the Board set the general direction of the Group's sustainability and climate-related strategy, and the decision-making process. It meets at least once a year to discuss sustainability and climate-related issues that affect the Group's operations, review the progress and performance of the Group's climate commitments and strategy and approve the disclosures in the Annual Report, Sustainability and Climate-related disclosures and metrics. The Board is supported by the audit Committee ("AC") which is tasked to ensure compliance with the sustainability and climate-related aspects and government laws and regulations. The Eco Project Committee (the "EPC") comprises the Executive Directors and Key management personnel, including representatives from our overseas subsidiaries was set up in the year 2022. The EPC reports to the AC. The Group recognise the importance of setting short-term, medium-term and long-term targets for sustainability and climate-related targets. When sustainability and climate-related goals are set, EPC will ensure that all business activities and processes are aligned with the sustainability goals. The EPC is tasked to identify, assess, monitor, and report on climate-related issues and strategies to the AC.

Currently, climate-linked objectives form part of the key performance indicators of the Executive Directors. However, Executive remuneration is not linked to climate-linked objectives.

The Board members, *inter alia*, are selected from a variety range of industries, geographies and expertise and skills. This criterion discounted the risk of "Groupthink" and ensured that we have a rounded view of issues such as climate-related risks and opportunities which is crucial to our business.

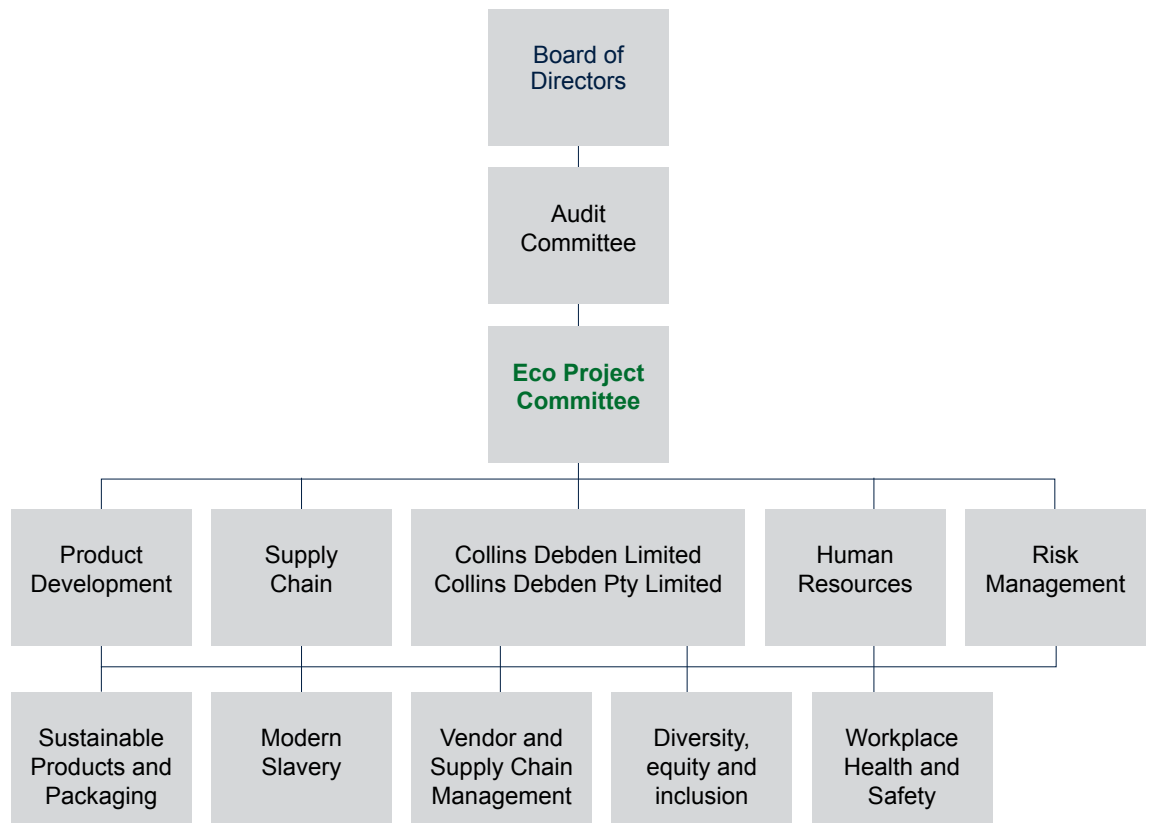
All Board members have attended formal training in sustainability organised by accredited parties by the Singapore Exchange. The composition and experience of the Board can be found on pages 14 to 16 of this report.

7.1.2 Management’s role in assessing and managing climate-related risks and opportunities

The EPC comprises all C-level executives and functional heads, who plan, review and approve Nippecraft’s Sustainability and Climate-related strategy and other EESG decisions across Singapore, Australia and United Kingdom operations. All C-level executives and functional heads (who are also members of EPC) have attended the same formal training in sustainability attended by our Board members.

The EPC reviews key climate risks that include emerging risks, mitigation plans and progress against targets and makes recommendations to the Board through the AC. The EPC also reviews the Group’s progress to ensure that it is aligned with the TCFD framework and disclosures.

Chart 3: Eco Project Committee



A summary of sustainability and climate-related governance is detailed in Table 16 which described the roles, responsibilities and meeting frequency for each governance and management structure.

Table 16: Sustainability and climate-related governance

Governance/ Management Structure	Climate-related roles and responsibilities	Meeting and reporting frequency
Board of Directors	Set the general direction of the Group’s sustainability and climate-related strategy, and the decision-making process.	Once to twice a year
Audit Committee	Review key climate risks, mitigation plans and progress against targets and recommendation from EPC.	Participate in meetings with AC, Board and EPC.
Chief Executive Officer	CEO, a Board member, and Chairperson of the Eco Project Committee, is responsible for making climate-specific recommendations to the Board, related to disclosures, performance, risks and strategy.	Participate in meetings with AC, Board and EPC.
Eco Project Committee	<p>EPC, comprises of C-level executives and Functional Heads.</p> <p>Its roles and responsibilities include:</p> <ul style="list-style-type: none"> • Formulate the visions, strategies and policies on sustainability; • Addressing EESG issues of the Group; • Identify, assess, monitor and report on climate-related issues; • Prepare Sustainability Report, including alignment with the TCFD framework; • Review effectiveness of policies and measures by monitoring targets set; • Report to the Board through AC at least once a year on latest issues within its scope and power. 	Monthly to quarterly or when required

7.2 TCFD Pillar: Strategy

Nippecraft aims to create long-term sustainable value for all our stakeholders. Our key objectives are to attract, develop and retain our employees. We want to connect, enrich and satisfy our customers and the local community that we serve through innovative sustainable products that creates a positive impact on our Earth.

7.2.1 Climate-related risks and opportunities the organisation has identified over the short, medium, and long-term

Climate change is a medium to long-term risk for which it is difficult to quantify the impact on Nippecraft's activities. We understand the important role that we act upon in minimising the environmental footprint of our operations and sustainable production through the efficient use of resources. As one of the oldest heritage brands, Collins, together with Nippecraft, aims to create sustainable value for all our stakeholders. Our objective is to attract, develop, and keep our people. In addition, through innovation, connect and improve the lives of our customers and community. Ultimately, creating a positive impact on our environment.

We are committed to minimise our carbon footprint in our business operations to meet our carbon reduction targets. Our products mainly consist of Pulp and Paper. Pulp and Paper are renewable and recyclable and are the most recycled materials globally. On the packaging of our stationery products, plastic remains the preferred material. Nevertheless, we will continue exploring opportunities to reduce the use of plastic.

Climate-related risks identified include material transition risks including new laws and regulations, market adaption and technology adoption. Physical risks (chronic) include increasing temperature and rising sea levels. We have also identified an increase in the frequency of extreme weather events on the surface across years in 2024 (short term), 2030 (medium term) and 2050 and beyond (long term).

On the other hand, it presented us opportunities, such as sustained improvements, to reconsider the need to use plastic as a preferred material to package our stationery products or that we can do away with packaging altogether; drive towards eco-friendly stationery items; offer ranges of seasonal products to harness solar power as a solution for our electricity needs for our Singapore warehouses; and a resilient stationery and pulp trader during extreme weather events.

7.2.2 Impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning

We reviewed the possible impact over the short term (year 2024), medium term (year 2030) and long-term (year 2050 and beyond) horizons. The outcome of the scenario mapping has been summarised as climate-related risks and opportunities.

The wide swing in temperature will also gear towards an increase in energy consumption and other related costs associated with our business which inevitably drive up our business costs. Over the years, the Group has mitigated higher energy consumption and adopted energy-saving measures such as downsizing our corporate and overseas offices and outsourcing our overseas warehousing and transportation/delivery needs to third party logistic service providers to reap economies of scale. In Singapore, we have also used LED lights, which consume less energy, in our warehouse. This strategy has enabled the Group to reduce our carbon footprint over the years.

On the opportunity front, we realised that there is a shift in our customer bases in gearing toward buying stationery products that are produced using recycled materials. In the year 2023, we continue to produce 5 product ranges that are made up of recycled materials to meet the demand of this group of customers (Please refer to section 4.3 Greener Products). The Group will continue to incorporate sustainable elements into our business when the opportunities arise. In addition, in the geographical regions that we operate in, the local governments have pledged to be carbon neutral before year 2050. We anticipate that sustainability-related stationery products are growing and are expected to grow at a faster pace than in the last ten years.

Material risks and opportunities

Nippecraft Group has a comprehensive and proactive manner road map to anticipate and manage climate change impacts on our business, which includes building climate resilience into the core of our corporate strategy and business operations. We make use of climate risk assessments, which include scenario modeling, to identify events that can be a business opportunity or may potentially affect our business operations. The following are our climate-related risk view, the impacts, and our response and opportunities to those risks identified:

Table 17: Identified Climate-related Risks and Opportunities

Risk Type	Description of Potential Impacts	Impacts	Our Response and Opportunities
Transition	Policy and regulation	<p>Regulators in various jurisdictions where we operate may enforce additional requirements related to utilities and stricter environmental policies. The oversight of emissions and adoption of carbon pricing measures may raise operating expenses.</p> <p>Non-compliance may expose us to potential litigation risks.</p>	<p>Resource Optimisation</p> <p>Sustained improvements and innovation design, along with alternative more environmentally friendly raw materials, aim to enhance resource efficiency, achieve a reduced carbon footprint, and cut long-term operating expenses.</p>
	Market	<p>Adapting to changing customer preferences for sustainable products (such as more environmentally friendly plastic) might pose a challenge if we cannot fulfill their demands.</p>	
	Technology	<p>Moving toward a low-carbon economy may necessitate the adoption of new technologies to improve resource efficiency across our global operations. Falling behind in technology adoption may result in a loss of competitiveness. In addition, there may be a need to phase out older equipment to remain relevant.</p>	

Risk Type	Description of Potential Impacts	Impacts	Our Response and Opportunities
Physical (Chronic)	Increase in temperature	<p>Increase in temperature might contribute to drought conditions, affecting the health of the forests and quality of pulpwood. It may influence the overall eco-system, potentially impacting the availability of pulpwood resources.</p> <p>Potential challenges may include disruption in raw material (primarily paper), increased production costs, and the need for sustainable practices to address environmental concerns.</p>	<p>Diversification of supply-chain</p> <p>We will diversify our supply chain by sourcing and producing across different suppliers across different countries and regions. This will mitigate risks that may cause disruptions, such as geopolitical tensions and natural disasters. With diversification, it will enhance our resilience toward unforeseen challenges and ensuring a more reliable supply-chain. The opportunities include fostering greater innovation as suppliers explore for greater diversity marketplace and technologies; and may lead to higher cost efficiency and improve responsiveness, which will lead to longer term sustainability and competitiveness of our supply chain.</p>
	Rising sea levels	<p>Raw materials that are sourced from coastal areas, rising sea levels may disrupt the supply chain, affecting the cost of paper and other materials.</p> <p>Mitigating the effects of rising sea levels may disrupt the supply chain, leading to increased operational costs.</p> <p>Changing climate patterns may influence consumer preferences and behaviours which may impact the demand for certain types of paper stationery products. For example, increased awareness of environmental issues may drive a demand for eco-friendly and sustainable products.</p>	<p>Innovation in Product Design</p> <p>The need for climate-adapted and sustainable products may drive innovation in the design and production of eco-friendly stationery items that align with environmentally conscious consumer preferences.</p> <p>Seasonal Products</p> <p>With changing temperature patterns, there may be opportunities to diversify product lines, offering seasonal products or weather-specific stationery items that cater to different consumer needs throughout the year. For example, umbrellas and water bottles.</p>

Risk Type	Description of Potential Impacts	Impacts	Our Response and Opportunities
Physical (Acute)	Increase in the frequency in extreme weather events	<p>More frequent and intense extreme weather events, such as storms with strong winds, that have the potential to damage our warehouses and inventory.</p> <p>This may require increased capital expenditure for repairs or the installation of climate-resilient roofing on our warehouses. In addition, damaged inventory may adversely affect our import, domestic and export business operations.</p>	<p>Resilience measures</p> <p>To complement our ongoing research and development of innovative product design, we have proactively assessed and addressed the potential impacts by incorporating sustainable practices into our business strategies, such as harnessing solar energy for our energy needs and at the same time offsetting our GHG emissions.</p>

7.2.3 Resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including 2° Celsius or lower scenario

We believe that scenario analysis is important and useful for creating a strategic plan to reduce climate-related risk. The following is a list of climate-related scenarios and our strategy in neutralising the impact on our business:

Climate-related Scenarios	Our strategy/counter measures
Damage to assets	Sufficient insurance coverage on our assets.
Increase in temperature & rise in sea levels	Warehouse and offices are not located near forested and/or costal area to avoid bushfire and flooding.
Increase in environmental regulations	Comply with all environmental regulations and ensure supplies are purchased from sustainable sources, wherever possible.
Increase in carbon taxes	Use more energy efficient equipment and lighting to reduce GHG emissions and carbon taxes.

7.3 TCFD Pillar: Risk Management

7.3.1 Describe the organisation’s process for identifying and assessing climate-related risks

7.3.2 Describe the organisation’s processes for managing climate-related risks

We systematically recognise, evaluate and control risks to minimise uncertainties linked to implementing our business strategies, thereby lessening potential adverse effects on our operations. At the enterprise level, we have implemented a thorough risk management framework outlining our governance structure, risk appetite, tolerance levels, management approach, and key risk factors. Through stakeholder engagement and material assessments, we scrutinise EESG risks across our value chain, addressing them through corporate sustainability initiatives. Additionally, we conduct climate scenario analyses to identify and manage climate-related risks.

7.3.3 Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management

We have incorporated climate-related risks into our risk register. Along with other global companies, we will face various strategic and operational challenges due to climate change, encompassing financial risks from both transitional and physical (Chronic and acute) risks, which will impact the sustainability of our businesses. Our strategy involves each strategic business unit (“SBU”) in identifying, assessing and managing risks within its enterprise, integrating these actions into the annual business planning and budgeting process.

Stages of the risk management process	Status	The approach to manage climate risks
<p>Establishing the environment</p> <p>Describe the SBU commercial landscape which undertakes the risk assessment operations, providing the environment for the assessment and the criteria against the risks that will be assessed later in the process.</p>	Completed	Refer to 7.2.3
<p>Identification of Risk</p> <p>By getting inputs from key management personnel and internal information sources</p>	Completed	The various risk owners and stakeholders are involved in the risk assessment process within the Group.
<p>Assessment of risk</p> <p>To comprehend the root cause of the risk and the likelihood of the risk may occur and cause impact on financial and non-financial impact for the SBU.</p>	Completed	The Group has assessed risks and has also implemented its risk mitigating strategy.
<p>Mitigation of Risk</p> <p>Determine the risk mitigating strategy that can be identified to mitigate risks that have been identified.</p>	Carried out	
<p>Mitigation of Risk</p> <p>Monitor those identified risks and ensure that they remain within acceptable levels.</p>	Carried out	The Group incorporated climate risks into the current risk surveillance system.
<p>Response to the Risk</p> <p>Evaluate the effectiveness of the mitigating strategy to the identified risks and update the mitigating strategy, if necessary.</p>	Carried out	The Group evaluated the effectiveness of the mitigating strategy to the realised risks and updated the response when necessary.
<p>Communicate, Collaborate, Review and update</p> <p>Consolidate key information and share with the appropriate management level and/or to the Board</p>	On-going	Periodic update on the progress of the above steps and update the risk management plan to keep the plan up to date and effective.

7.4 TCFD Pillar: Metrics & Targets

7.4.1 Metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risks management process. Globally and locally, more businesses are pivoting towards sustainable practices as greater demand grows from customers, investors and other

stakeholders. In September 2022, Singapore announced new ambitions to reach net-zero emissions by 2050, and during Budget 2022, to raise the carbon tax from \$5 per tonne of emissions to between \$50 and \$80 by 2030.

- 7.4.2 Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (“GHG”) emissions, and related risks
- 7.4.3 Targets used by the organisation to manage climate-related risks and opportunities and performance against targets

Nippcraft has started measuring GHG emissions (scope 1, 2 and 3) in accordance with GHG Protocol. The GHG emissions summary for the last three years are as follows:

Performance and Targets

Environmental - GHG emissions	Unit	2021 Actual	2022 Actual	2023 Actual	2024 Target
Direct GHG emissions (Scope 1) - Petrol consumption ¹	tCO ₂ e	17	10	8	8
Energy indirect GHG emissions (Scope 2) - Electricity consumption ²	tCO ₂ e	41	41	9 ⁴	4 ⁴
Other indirect GHG emissions (Scope 3) - Business trips ³	tCO ₂ e	9	24	72	72
Total	tCO ₂ e	67	75	89	84
GHG emission intensity	tCO ₂ e/ Revenue (US\$'000)	0.004	0.005	0.006	

Note:

- ¹ Petrol consumption refers to petrol consumed for business purposes which are paid or reimbursed by the Group.
- ² Electricity consumption refers to electricity consumed by the Group only. It excludes electricity consumption by tenants, vendors and third-party warehouses.
- ³ Business trips refers to business trips taken by the Group employees and vendors that are reimbursed by the Group.
- ⁴ Due to the disposal of factory cum warehouse on 8 March 2023.

A target of 56% reduction in Scope 2 of the GHG emissions by the financial year ended 31 December 2024, compared to 31 December 2023 is set. As for Scope 1 and Scope 3, we have targets but are mindful to communicate using telecommunication channels with our stakeholders, where possible rather than visiting them by road, by rail or by air to their offices for meetings.

8. Contact Us

Your input will contribute to the ongoing enhancement of our EESG efforts and overall performance. Should you have any inquiries or suggestions about this sustainability report or our EESG initiatives, kindly reach out to us via email at sustainability@nippecraft.com.sg.

Universal Standard Disclosure		Reference / Page
GRI 3: Material Topics 2021		
1.	The organization and its reporting practices	
2-1	Organisational details	1.1 - 1.4 / 50
2-2	Entities included in the organisation's sustainability reporting	1.3 / 51
2-3	Reporting period, frequency and contact point	1.3 / 51
2-4	Restatements of information	None
2-5	External assurance	No external assurance obtained
2.	Activities and workers	
2-6	Activities, value chain and other business relationships	5.0 / 61
2-7	Employees	5.0 / 61
2-8	Workers who are not employees	5.0 / 61
3.	Governance	
2-9	Governance and Structure and composition	CG framework & 7.1 / 18 & 71
2-10	Nomination and selection of the highest governance body	CG framework / 18
2-11	Chair of the highest governance body	CG framework / 18
2-12	Role of the highest governance body in overseeing the management impacts	CG framework / 18
2-13	Delegation of responsibility for managing impact	7.1.2 & 5.2/ 72 & 64
2-14	Role of the highest governance body in sustainability reporting	7.1.2 / 72
2-15	Conflicts of interest	6.4 / 69
2-16	Communication of critical concerns	Whistleblowing Channels / 38 Managing Stakeholders Relationships / 41
2-17	Collective knowledge of the highest governance body	Directors' duties, induction, training and development / 20
2-18	Evaluation of the performance of the highest governance body	Board Performance / 29
2-19	Remuneration policies	Procedures for developing for developing remuneration policies / 29
2-20	Process to determine remuneration	RC to consider and ensure all aspects of remuneration are fair / 30
2-21	Annual total compensation ratio	5:1 (CEO total compensation to median annual total compensation for Nippecraft Group, excluding CEO)
4.	Strategy, policies and practices	
2-22	Statement on sustainability development strategy	Chairman's message / 12
2-23	Policy commitments	1.1 / 50
2-24	Embedding policy commitments	4.0, 5.0, 6.0 & 7.0 / 59, 61, 68 & 70

Universal Standard Disclosure		Reference / Page
2-25	Processes to remediate negative impacts	Engagement with shareholders / 40 Whistleblowing Channels / 38
2-26	Mechanisms for seeking advice and raising concerns	Engagement with shareholders / 40
2-27	Compliance with laws and regulations	6.0 / 68
2-28	Membership associations	1.4 / 51
5. Stakeholder Engagement		
2-29	Approach to stakeholder engagement	2.2 / 53
2-30	Collective bargaining agreements	5.1 / 63
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	2.3 / 55
3-2	List of material topics	2.3 / 55
3-3	Management of material topics	2.3, 3.0 - 7.0 / 55, 58 - 70
GRI 201: Economic Performance		
201-1	Direct economic value generated and distributed	1.5 / 52
201-3	Defined benefit plan obligations and other retirement plans	1.5 / 52
201-4	Financial assistance received from government	1.6 / 52
Category: Environmental		
GRI 301: Materials		
301-1	Material used by weight or volume	4.1 / 59
301-2	Recycled input materials used	4.1 / 59
GRI 302: Energy		
302-1	Energy consumption within the organization	7.4.2 / 79
302-4	Reduction of energy consumption	7.4.3 / 79
GRI 308: Supplier Environmental Assessment		
308-1	New suppliers that were screened using environmental criteria	4.2 / 60
308-2	Negative environmental impacts in the supply chain and actions taken	4.2 / 60
GRI 401: Employment		
401-1	New employee hires and employee turnover	5.0 / 61
401-3	Parental leave	5.1 / 63
GRI 403: Occupational Health and Safety		
403-6	Promotion of worker health	5.5 / 66
403-9	Work-related injuries	5.5 / 66
403-10	Work-related ill health	5.5 / 66

Universal Standard Disclosure		Reference / Page
GRI 404: Training and Education		
404-1	Average hours of training per year per employee	5.4 / 65
404-2	Programs for upgrading employee skills and transition assistance programs	5.4 / 65
404-3	Percentage of employees receiving regular performance and career Development reviews	5.6 / 66
GRI 413: Local Communities		
414-1	Operations with local community engagement, impact assessments, and development programs	5.7 / 67
GRI 419: Socio-Economic Compliance		
419-1	Non-compliance with laws and regulations in the social and economic area	5.8 / 67
MATERIAL TOPICS		
GRI 205: Anti-corruption 2016		
205-1	Operations assessed for risks related to corruption	6.3 & Whistle-blowing channels / 68 & 38
205-2	Communication and training about anti-corruption policies and procedures	5.4 / 65
205-3	Confirmed incident of corruption and actions taken	6.3 / 68
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	5.1 / 63

The TCFD recommendations on Climate-related Financial Disclosures

		Recommended disclosures		Reference / page
Governance	Disclose the organisation's governance around climate-related risks and opportunities	(a)	Describe the board's oversight of climate-related risks and opportunities.	7.0 / 70
		(b)	Describe the board's oversight of climate-related risks and opportunities.	7.1 / 71
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	(a)	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	7.2.1 / 74
		(b)	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	7.2.2 / 74
Risk Management	Disclose how the organization identifies, assesses, and manage climate-related risks.	(a)	Describe the organisational's processes for identifying and assessing climate-related risks.	7.3.1 / 77
		(b)	Describe the organisational's processes for managing climate-related risks.	7.3.2 / 77
		(c)	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	7.3.3 / 78
Metrics and Targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	(a)	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	7.4.1 / 78
		(b)	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	7.4.2 / 79
		(c)	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	7.4.3 / 79



CONTENTS

Directors' Statement	86
Independent Auditor's Report	89
Statements of Financial Position	94
Consolidated Statement of Profit or Loss and Other Comprehensive Income	96
Consolidated Statement of Changes in Equity	97
Consolidated Statement of Cash Flows	98
Notes to the Financial Statements	100

DIRECTORS' STATEMENT

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 2023 and the statement of financial position of the Company as at 31 December 2023.

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 94 to 148 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 2023 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:

Khoo Song Koon	Independent Non-Executive Chairman
Raja Hayat	Executive Director and Chief Executive Officer
Chan Cheng Fei	Executive Director and Chief Financial Officer
Chow Wai San	Independent Director
Raymond Lam Kuo Wei	Independent Director
Eddie Foo Toon Ee	Independent Director (Appointed on 15 March 2024)

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 1967, none of the other directors and chief executive officers 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 2024, except as follows:

	Direct interests		
	At 1 January 2023	At 31 December 2023	At 21 January 2024
Company			
<i>Ordinary shares</i>			
Chan Cheng Fei	20,000	20,000	20,000

DIRECTORS' STATEMENT (Continued)**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 (the "AC") at the end of the financial year are as follows:

Khoo Song Koon	Chairman of Audit Committee, Independent Non-Executive Chairman
Chow Wai San	Independent Director
Raymond Lam Kuo Wei	Independent Director

The AC carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act 1967, the Listing Manual of the Singapore Exchange Securities Trading Limited and the Code of Corporate Governance.

The AC has held two meetings since the last directors' statement. In performing its functions, the AC 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 AC:

- to review the audit plan of the external and internal auditors of the Company, and their reports arising from the audit;
- to ensure the adequacy of the assistance and cooperation given by the Management to the external and internal auditors;
- to review the financial statements of the Company and the consolidated financial statements of the Group before submission to the Board for approval;
- to review the half yearly and annual announcements of the results of the Group before submission to the Board for approval;
- to review at least annually the effectiveness and adequacy of the Company's internal controls in addressing the financial, operational, compliance and information technology risks;
- to review 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;
- to review the external auditors' audit report, their management letter (if any) and management's response on internal control;
- to discuss 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);
- to review and discuss with the external and internal auditors, any suspected fraud or irregularity, or suspected infringement of any Singapore law, rules and 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;

DIRECTORS' STATEMENT (Continued)**Audit committee (Continued)**

- to report to the Board on its findings from time to time on matters arising and requiring the attention of the AC;
- to review the interested person transactions to ensure that the current procedures for monitoring of interested party transactions have been complied with;
- to review adequacy and effectiveness of internal audit function, at least annually;
- to review the independence of the external auditors annually, making recommendation to the Board the appointment/re-appointment of the external and internal auditors, the audit fee and matters relating to the resignation or dismissal of the auditors;
- to review the assurance provided by the CEO and the CFO that the financial records have been properly maintained, and that the financial statements give a true and fair view of the Company's operations and finances; and
- to undertake such other reviews and projects as may be requested by the Board.

The AC 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 AC 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 AC 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**RAJA HAYAT**

Director

CHAN CHENG FEI

Director

8 April 2024

INDEPENDENT AUDITOR'S 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 its subsidiaries (the "Group") set out on pages 94 to 148, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of material 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 1967 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023 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 year. 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 AUDITOR'S REPORT TO THE MEMBERS OF
NIPPECRAFT LIMITED (Continued)**

Key Audit Matters (Continued)

Completeness of revenue – Pulp Trading	
<p>Refer to the following notes to the financial statements Note 2 "Material accounting policy – revenue from contracts with customers" Note 15 "Revenue from contracts with customers"</p>	
The key audit matter	How the matter was addressed in our audit
<p>The Group's pulp trading forms a significant portion 87% (2022: 88%) of the Group's revenue, amounting to US\$96,798,000 (2022: US\$114,508,000). As the sales transactions of pulp trading are voluminous with some individually material transactions, errors in the recording of sales in the correct financial period represents a significant risk of misstatement. Manual, rather than automated process, also increases the risk that transactions might not be captured in the financial statements in a complete manner.</p> <p>Reviews are undertaken by management to ensure that internal controls are operating effectively and proper revenue recognition policies are complied with.</p>	<p>Our audit of revenue focused on whether the Group's revenue recognition policies complied with SFRS(I) 15 <i>Revenue from Contracts with Customers</i> and in addressing the completeness of the recorded revenue.</p> <p>Our procedures applied include:</p> <ul style="list-style-type: none"> - Assess whether the Group's revenue recognition policies complied with SFRS(I) 15 and test the implementation of these policies; - Obtain sales confirmations to ensure the completeness of the recorded revenue; - Perform test of controls on the back-to-back trading arrangement and ensure that the transactions are supported with documents and proper approval; and - Perform revenue cut off testing to ensure that revenue was recognised based on the transfer of the controls of ownership to the customers 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 financial reporting date.

INDEPENDENT AUDITOR'S 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 auditor's report thereon.

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

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.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
NIPPECRAFT LIMITED (Continued)**

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

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

Report on Other Legal and Regulatory Requirements

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

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

Crowe Horwath First Trust LLP

Public Accountants and
Chartered Accountants
Singapore

8 April 2024

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

(Amounts in United States dollars)

	Note	Group		Company	
		2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	3,385	3,198	2,951	2,830
Intangible assets	4	–	–	–	–
Investment in subsidiaries	5	–	–	16,512	16,512
Deferred tax assets	11	21	15	19	14
		3,406	3,213	19,482	19,356
Current assets					
Inventories	6	2,894	2,359	149	261
Trade and other receivables	7	30,649	40,017	4,870	3,156
Prepayments		146	298	32	161
Cash and bank balances	8	19,326	16,943	1,955	2,494
		53,015	59,617	7,006	6,072
Asset held-for-sale	3	–	1,016	–	1,016
		53,015	60,633	7,006	7,088
TOTAL ASSETS		56,421	63,846	26,488	26,444
LIABILITIES					
Current liabilities					
Trade and other payables	9	22,726	32,083	886	2,382
Lease liabilities	10	479	248	347	135
Income tax payable		31	–	–	–
		23,236	32,331	1,233	2,517
Non-current liabilities					
Lease liabilities	10	1,224	1,355	1,097	1,292
Provision for long service leave		9	17	–	–
		1,233	1,372	1,097	1,292
TOTAL LIABILITIES		24,469	33,703	2,330	3,809
NET ASSETS		31,952	30,143	24,158	22,635

STATEMENTS OF FINANCIAL POSITION (CONTINUED) AS AT 31 DECEMBER 2023

(Amounts in United States dollars)

	Note	Group		Company	
		2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	12	36,817	36,817	36,817	36,817
Asset revaluation reserve	13	496	748	496	748
Foreign currency translation reverse	13	287	(178)	–	–
Accumulated losses	14	(5,648)	(7,244)	(13,155)	(14,930)
TOTAL EQUITY		31,952	30,143	24,158	22,635

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	2023 US\$'000	2022 US\$'000
Revenue from contracts with customers	15	111,548	129,719
Cost of sales		(103,725)	(121,685)
Gross profit		7,823	8,034
Distribution and marketing expenses		(4,543)	(4,876)
Administrative expenses		(3,524)	(3,248)
(Allowance for) / reversal of expected credit losses	24(iii) (a)	(4)	1
Other income, net	16	1,578	357
Finance income / (expense), net	17	40	(279)
Profit / (loss) before tax	18	1,370	(11)
Tax (expense) / credit	19	(26)	15
Profit for the year		1,344	4
Other comprehensive income / (loss):			
<u>Item that may be reclassified subsequently to profit or loss</u>			
- Foreign currency translation differences for foreign operations		465	(871)
Other comprehensive income / (loss) for the year, net of tax		465	(871)
Total comprehensive income / (loss) for the year		1,809	(867)
Earnings per share (cents)			
Basic and diluted	21	0.382	0.001

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2023

(Amounts in United States dollars)

	Attributable to equity holders of the Company				
	Share capital	Asset revaluation reserve	Foreign currency translation reserve	Accumulated losses	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 January 2023	36,817	748	(178)	(7,244)	30,143
Transfer upon disposal of asset held-for-sale	–	(252)	–	252	–
Profit for the year	–	–	–	1,344	1,344
Other comprehensive income, net of tax - Currency translation differences	–	–	465	–	465
Total comprehensive income for the year	–	–	465	1,344	1,809
Balance as at 31 December 2023	36,817	496	287	(5,648)	31,952
Balance as at 1 January 2022	36,817	748	693	(7,248)	31,010
Profit for the year	–	–	–	4	4
Other comprehensive loss, net of tax - Currency translation differences	–	–	(871)	–	(871)
Total comprehensive (loss) / income for the year	–	–	(871)	4	(867)
Balance as at 31 December 2022	36,817	748	(178)	(7,244)	30,143

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

CONSOLIDATED STATEMENT OF CASH FLOWS

(Amounts in United States dollars)

	Note	2023 US\$'000	2022 US\$'000
Cash flows from operating activities			
Profit / (loss) before tax		1,370	(11)
Adjustments:			
Depreciation of property, plant and equipment	3	616	493
Loss on disposal of property, plant and equipment	18	9	–
Gain on disposal of asset held-for-sale	16	(1,129)	–
Allowance for / (reversal of) expected credit losses	24(iii)(a)	4	(1)
Interest income	17	(112)	(23)
Interest expense	17	72	302
Write-down of inventories	18	686	713
Operating profit before working capital changes		1,516	1,473
Inventories		(1,087)	(1,047)
Trade and other receivables		9,777	(7,154)
Trade and other payables		(9,589)	2,011
Deposit pledged		–	(400)
Cash generated from / (used in) operations, representing net cash from / (used in) operating activities		617	(5,117)
Cash flows from investing activities			
Acquisition of property, plant and equipment	A	(135)	(129)
Interest received		112	23
Proceeds from sale of asset held-for-sale		2,145	–
Net cash from / (used in) investing activities		2,122	(106)
Cash flows from financing activities			
Interest paid for trade financing	17	–	(231)
Payment of principal portion of lease liabilities	10	(613)	(314)
Interest paid on lease liabilities	17	(72)	(71)
Net cash used in financing activities		(685)	(616)
Net increase / (decrease) in cash and cash equivalents		2,054	(5,839)
Cash and cash equivalents at beginning of year		13,043	19,458
Effects of exchange rate changes on cash and cash equivalents		329	(576)
Cash and cash equivalents, representing cash at bank balances at end of year	8	15,426	13,043

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(Amounts in United States dollars)

	Note	2023 US\$'000	2022 US\$'000
Note A:			
Addition of property, plant and equipment	3	804	249
Less: Addition of right-of-use assets	3	(669)	(120)
Acquisition of property, plant and equipment		135	129

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

NOTES TO THE FINANCIAL STATEMENTS

(Amounts in United States dollars unless otherwise stated)

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 2 Venture Drive #24-01 Vision Exchange Singapore 608526.

APP Printing (Holding) Pte Ltd (“APP Printing”), a company incorporated in Singapore, holds 49% (2022: 49%) of the share capital of the Company and is deemed to be the controlling shareholder of the Company. APP Printing is a wholly-owned subsidiary of PT Andalan Prapanca Pertiwi (“PT APP”), and Asia Pulp & Paper Company Ltd (“APP”) owns 92.45% (2022: 92.45%) 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 66.33% (2022: 66.33%) 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 principal activities of the subsidiaries are listed in note 5.

The financial statements for the financial year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 8 April 2024.

2. MATERIAL 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 (International) (“SFRS(I)"). 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 SFRS(I) 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**2. MATERIAL ACCOUNTING POLICIES (Continued)****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 to, or has right 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.

Subsidiaries

Investments 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. MATERIAL ACCOUNTING POLICIES (Continued)

Currency translation (Continued)

(iii) Translation of the Group's financial statements

The assets and liabilities of foreign operations are translated into Singapore 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.

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 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 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 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 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:

NOTES TO THE FINANCIAL STATEMENTS (Continued)**2. MATERIAL ACCOUNTING POLICIES (Continued)****Property, plant and equipment (Continued)**

	Useful lives (Years)
Leasehold buildings	Over the terms of the lease which range from 40 to 60 years
Factory equipment	10 to 25 years
Office equipment	2 to 10 years
Furniture and fittings	1 to 25 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 assets, if any, is transferred directly to retained earnings.

Non-current assets held for sale

Non-current assets classified as held for sale are measured at lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

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, 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 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. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**2. MATERIAL ACCOUNTING POLICIES (Continued)****Impairment of non-financial assets (Continued)**

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 five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth years.

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 and liabilities**(i) Initial recognition and measurement**

Trade receivables are initially recognised when they are originated. Other financial assets and financial liabilities 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.

Trade receivables without financing component is initially measured at the transaction price in accordance with SFRS(I) 15. Other financial assets or financial liabilities are initially recognised at fair value plus, in the case of financial assets or liabilities not at fair value through profit or loss, directly attributable transaction costs.

(ii) Classification and subsequent measurementFinancial assets

Financial assets are classified and subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, at the following categories:

- Amortised costs
- Fair value through Other Comprehensive Income (FVOCI) – Debt investments
- FVOCI – Equity investments
- Fair value through profit or loss (FVPL)

Financial assets are not reclassified after initial recognition unless the Group changes its business model for managing financial assets, in which case such reclassification will be applied prospectively from the reclassification date.

These assets, mainly trade and other receivables including amounts due from related companies and subsidiaries, and cash and bank balances, are subsequently measured at amortised costs using the effective interest rate method, which is reduced by

NOTES TO THE FINANCIAL STATEMENTS (Continued)**2. MATERIAL ACCOUNTING POLICIES (Continued)****Financial assets and liabilities (Continued)****(ii) Classification and subsequent measurement (Continued)**

impairment losses. Interest income, foreign exchange differences, and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The Group does not have financial assets at other categories.

Financial liabilities

Financial liabilities are subsequently measured at amortised costs unless it is held for trading (including derivative liabilities), or designated as financial liabilities at FVPL on initial recognition to significantly reduce accounting mismatch or when a group of financial liabilities are managed whose performance is evaluated on a fair value basis.

Financial liabilities at amortised costs are subsequently measured at amortised costs using the effective interest rate method. Interest expense and foreign exchange differences are recognised in profit or loss. These financial liabilities mainly comprise trade and other payables including amounts due to related companies and subsidiaries, and lease liabilities.

(iii) DerecognitionFinancial assets

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 or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial assets. On derecognition of a financial asset in its entirety, the difference between the carrying amount measured at the derecognition date and the sum of the consideration received 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.

Financial liabilities

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires. The Group also derecognise a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount of the financial liabilities extinguished, or transferred and the consideration paid (including non-cash transferred or liabilities assumed) is recognised in profit or loss.

Impairment of financial assets

The Group applies impairment model in SFRS(I) 9 to measure the Expected Credit Losses (ECL) of the financial assets at amortised costs.

ECLs are probability-weighted estimates of credit losses, which are measured at the present value of all cash shortfalls (difference between the cash flows due to the Group in accordance with the contracts and the cash flows that the Group expects to receive), discounted at effective interest rate of the financial asset. The expected cash flows include cash flows from the sale of collaterals held, if any, or other credit enhancements that are integral to the contractual terms.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**2. MATERIAL ACCOUNTING POLICIES (Continued)****Financial assets and liabilities (Continued)****Impairment of financial assets (Continued)***Simplified approach*

The Group applies simplified approach to all trade receivables. Impairment loss allowance is measured at life time ECL, which represents ECLs that result from all possible default events over the expected life of a financial instrument ('life-time ECL'). The Group has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to those customers and the economic environment.

General approach

The Group applies general approach on all other financial instruments and recognise a 12-month ECL on initial recognition. 12-months ECL are ECLs that result from possible default events within 12 months after the reporting date or up to the expected life of the instrument, if shorter.

Impairment loss allowance or reversals are recognised in profit or loss. Loss allowance on financial assets at amortised cost are deducted from the gross carrying amount of those asset.

Significant increase in credit risk (Stage 2)

For credit exposures for which there has been a significant increase in credit risk since initial recognition, impairment loss allowance is measured at life-time ECL. When a financial asset is determined to have a low credit risk at reporting date, the Group assumes that there has been no significant increase in credit risk since initial recognition. For other cases, the Group uses reasonable and supportable forward-looking information available without undue cost or effort to determine, at each reporting date, whether there is significant increase in credit risk since initial recognition. In assessing whether there has been significant increase in credit risks, the Group takes into account factors such as:

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

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

If credit risk has not increased significantly since initial recognition or if the credit quality improves such that there is no longer significant increase in credit risk since initial recognition, loss allowance is measured at 12-month ECL.

Definition of default

The Group considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligation in full, without recourse by the Group; or
- The financial asset is more than 90 days past due.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**2. MATERIAL ACCOUNTING POLICIES (Continued)****Impairment of financial assets (Continued)**Credit-impaired (Stage 3)

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off the gross carrying amount of a financial assets to the extent that there is no realistic prospect of recovery, for example when the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the Group.

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.

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.

Leases

The Group assess whether a contract is or contains a lease, at inception of the contract. A contract contains a lease if the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

As lessee

At the lease commencement date, the Group recognises a Right-of-Use (ROU) asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases and low-value leases as described below.

ROU asset

ROU assets are initially measured at cost, which comprise initial amount of lease liability, any lease payment made at or before commencement date, plus initial direct costs incurred, less lease incentives received. Initial direct costs are costs that would not have been incurred if the lease had not been obtained.

ROU assets are subsequently measured at cost less accumulated depreciation and impairment losses. ROU assets are depreciated from commencement date to the earlier of end of lease terms and useful life of the ROU assets.

ROU assets are presented within 'Property, Plant and Equipment' in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**2. MATERIAL ACCOUNTING POLICIES (Continued)****Leases (Continued)**Lease liability

Lease liability is initially measured at the present value of lease payments discounted using interest rate implicit in the lease, or if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the incremental borrowing rate as the discount rate, which is estimated by reference to interests rates from various external financing sources for similar terms such as lease terms, type of assets leases and economic environment.

Lease liability is measured at amortised cost using effective interest method. The lease payments included in the lease liabilities are fixed payments.

Exemption / exclusion

The Group has elected not to recognise ROU assets and lease liabilities for short term leases (defined as leases with a lease term of 12 months or less). For such leases, the Group recognises the lease payments in profit or loss as an operating expense on a straight-line basis over the lease term.

Sub-leasing

The Company acts as intermediate lessor and sublet part of its leasehold property as allowed by the lessor, JTC Corporation.

In classifying a sub-lease, the Group as an intermediate lessor classifies the sub-lease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sub-lease is assessed as an operating lease, the Group recognise lease income from sub-lease in profit or loss within "Other income". The right-of-use asset relating to the head lease is not derecognised.

For contract which contains lease and non-lease components, the Group allocates the consideration based on a relative stand-alone selling price basis.

Revenue from contract with customers

The Group 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, at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Unless otherwise mentioned, the Group concludes that it is acting as a principal in the provision of goods or services in its contracts with customers.

Revenue from sale of goods is recognised upon transfer of control to the customers, indicated by the transfer of risks and rewards at the point in time when the goods have been delivered to customers warehouse; however, for some international shipments, transfer occurs upon loading of the goods onto the relevant carrier at the port in accordance with international trade term.

Employees' benefits**(i) 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 if the Company 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**2. MATERIAL ACCOUNTING POLICIES (Continued)****Employees' benefits (Continued)****(ii) 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.

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**2. MATERIAL ACCOUNTING POLICIES (Continued)****Earnings per share**

The Group presents basic and diluted earnings or loss 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.

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.

Critical accounting estimates and assumptions

Estimates and assumptions 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.

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 financial assets

Impairment allowance for financial assets measured at amortised costs are applied using the ECL model, which requires assumptions of risk of default and expected loss rates. The Group uses judgement in making these assumptions and determining key inputs to the impairment calculation, taking into account the Group's past history, existing market conditions as well as forward-looking information relating to industry, market development and macroeconomic factors. For trade receivables, the Group applied the practical expedient of provision matrix based on ageing profile of the customers. Expected loss rate is based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The cumulative allowance made, key assumptions and inputs used are disclosed in Note 24(iii)(a).

NOTES TO THE FINANCIAL STATEMENTS (Continued)**2. MATERIAL ACCOUNTING POLICIES (Continued)****Change in accounting policy**

On 1 January 2023, the Group adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") 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 SFRS(I) and INT SFRS(I). The adoption of these new or amended SFRS(I) and INT SFRS(I) 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:

(i) Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group previously accounted for deferred tax on leases by applying the 'integrally linked' approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of SFRS(I) 1-12. There was also no impact on the opening retained earnings as at 1 January 2022 as result of the change. The key impact for the Group relates to disclosure of the deferred tax assets and liabilities recognised (see Note 11).

(ii) Material accounting policy information

The Group also adopted Disclosure of Accounting Policies (Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2). Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in this note.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land ^(a)	Leasehold buildings ^(b)	Office equipment	Furniture and fittings	Factory equipment	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Cost						
As at 1 January 2022	1,351	5,930	1,361	1,060	589	10,291
Additions	–	148	88	13	–	249
Written off	–	(409)	(988)	(960)	(589)	(2,946)
Currency translation differences	–	148	(31)	(5)	–	112
As at 31 December 2022	1,351	5,817	430	108	–	7,706
As at 1 January 2023	1,351	5,817	430	108	–	7,706
Additions	–	669	85	50	–	804
Written off	–	(1,135)	(14)	–	–	(1,149)
Disposal	–	–	–	(40)	–	(40)
Currency translation differences	–	(194)	15	1	–	(178)
As at 31 December 2023	1,351	5,157	516	119	–	7,143

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group	Leasehold land ^(a)	Leasehold buildings ^(b)	Office equipment	Furniture and fittings	Factory equipment	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Accumulated depreciation and impairment losses						
As at 1 January 2022	236	3,837	1,120	1,031	589	6,813
Charge for the year	59	324	93	17	–	493
Written off	–	(409)	(988)	(960)	(589)	(2,946)
Currency translation differences	–	168	(15)	(5)	–	148
As at 31 December 2022	295	3,920	210	83	–	4,508
As at 1 January 2023	295	3,920	210	83	–	4,508
Charge for the year	59	450	100	7	–	616
Written off	–	(1,135)	(14)	–	–	(1,149)
Disposal	–	–	–	(31)	–	(31)
Currency translation differences	–	(194)	9	(1)	–	(186)
As at 31 December 2023	354	3,041	305	58	–	3,758
Net carrying amount						
As at 31 December 2023	997	2,116	211	61	–	3,385
As at 31 December 2022	1,056	1,897	220	25	–	3,198

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company	Leasehold land ^(a)	Leasehold buildings ^(b)	Office equipment	Furniture and fittings	Factory equipment	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Cost						
As at 1 January 2022	1,351	5,275	1,026	998	589	9,239
Additions	–	29	7	12	–	48
Written off	–	–	(933)	(956)	(589)	(2,478)
As at 31 December 2022	1,351	5,304	100	54	–	6,809
As at 1 January 2023	1,351	5,304	100	54	–	6,809
Additions	–	419	27	49	–	495
Written off	–	(938)	(14)	–	–	(952)
Disposal	–	–	–	(34)	–	(34)
As at 31 December 2023	1,351	4,785	113	69	–	6,318

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company	Leasehold land ^(a) US\$'000	Leasehold buildings ^(b) US\$'000	Office equipment US\$'000	Furniture and fittings US\$'000	Factory equipment US\$'000	Total US\$'000
Accumulated depreciation and impairment losses						
As at 1 January 2022	236	3,405	989	978	589	6,197
Charge for the year	59	176	19	6	–	260
Written off	–	–	(933)	(956)	(589)	(2,478)
As at 31 December 2022	295	3,581	75	28	–	3,979
As at 1 January 2023	295	3,581	75	28	–	3,979
Charge for the year	59	279	21	6	–	365
Written off	–	(938)	(14)	–	–	(952)
Disposal	–	–	–	(25)	–	(25)
As at 31 December 2023	354	2,922	82	9	–	3,367
Net carrying amount						
As at 31 December 2023	997	1,863	31	60	–	2,951
As at 31 December 2022	1,056	1,723	25	26	–	2,830

NOTES TO THE FINANCIAL STATEMENTS (Continued)**3. PROPERTY, PLANT AND EQUIPMENT (Continued)**

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 3 (a) and 3 (b).

- (a) The Group has lease agreement for land with Jurong Town Corporation (“JTC”). The average lease term is 55 - 60 years (2022: 55 – 60 years). With JTC’s approval, the Group acts as an intermediate lessor under arrangement in which it sub-leases out partial of its leasehold land to third parties for monthly lease payments. The sub-lease periods do not form a major part of the remaining leases terms under the head leases and accordingly, the sub-leases are classified as an operating lease.

Income from sub-leasing the leasehold buildings in Singapore and office space in Australia as disclosed in Note 16 recognised during the financial year was US\$447,000 (2022: US\$570,000) as operating lease.

- (b) The Group has entered into the new lease agreements for office premises in the current financial year and the average lease term is 3 years. Except for restriction on sub-leasing, there are no restrictions or covenants imposed by the lease contracts.

The total cash outflow for leases for the current financial year amounted to US\$685,000 (2022: US\$385,000), which includes leases expenses not included in lease liabilities, as disclosed in Note 18.

Potential exposure of future cash flows that are not included in lease liabilities as at 31 December 2023 are the lease payments for leasehold buildings under extension options not included in lease term as the Group has determined at commencement date, that it is not reasonably certain to be exercised. If the Group were to extend those leases, additional potential future cash outflows are US\$738,000 (2022: US\$441,200).

Right-of-use assets are included in the following categories:

	Leasehold buildings	Leasehold land	Office equipment	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Group				
Carrying amounts as at 1 January 2023	224	1,056	–	1,280
Additions for the year	669	–	–	669
Depreciation for the year	(358)	(59)	–	(417)
Currency translation differences	(1)	–	–	(1)
Carrying amounts as at 31 December 2023	534	997	–	1,531
Carrying amounts as at 1 January 2022	351	1,115	8	1,474
Additions for the year	120	–	–	120
Depreciation for the year	(235)	(59)	(4)	(298)
Currency translation differences	(12)	–	(4)	(16)
Carrying amounts as at 31 December 2022	224	1,056	–	1,280

NOTES TO THE FINANCIAL STATEMENTS (Continued)**3. PROPERTY, PLANT AND EQUIPMENT (Continued)**

Right-of-use assets are included in the following categories (Continued)

	Leasehold buildings	Leasehold land	Office equipment	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Company				
Carrying amounts as at 1 January 2023	51	1,056	–	1,107
Additions for the year	419	–	–	419
Depreciation for the year	(185)	(59)	–	(244)
Carrying amounts as at 31 December 2023	285	997	–	1,282
Carrying amounts as at 1 January 2022	136	1,115	4	1,255
Depreciation for the year	(85)	(59)	(4)	(148)
Carrying amounts as at 31 December 2022	51	1,056	–	1,107

(c) The Group's major properties as at 31 December 2023 and 2022 are as follows:

Type of Property	Location	Approximate land area (in square metres)	Tenure
Property, Plant and Equipment			
Single-storey factory building	11 Fan Yoong Road Singapore 629789	4,499.3	Lease of 60 years 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
Asset held-for-sale (Note 3 (d))			
Four storey factory and office building	9 Fan Yoong Road Singapore 629787	4,622.4	Lease of 60-year from 1 November 1967

The above leasehold 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 SFRS(I)1-16 *Property, Plant and Equipment* was adopted to continue with its existing policy of stating leasehold buildings at cost. Subsequent leasehold buildings are carried at cost less accumulated depreciation.

If the leasehold buildings stated at valuation had been included in the financial statements at cost less accumulated depreciation, their net book values would have been US\$735,000 (2022: US\$1,319,000). The net book value of US\$735,000 excludes the value for 9 Fan Yoong Road, Singapore 629787 which was sold on 8 March 2023.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**3. PROPERTY, PLANT AND EQUIPMENT (Continued)**

- (d) Asset held-for-sale - 9 Fan Yoong Road, Singapore 629787 (the “**Property**”)

Based on the independent valuation report by Knight Frank Pte Ltd on the Property dated 8 September 2021, the open market value of the Property was S\$2,800,000. The valuation was primarily derived by taking into consideration the present property market conditions, the balance of the tenure of about 6.1 years and other relevant factors.

- (i) On 22 October 2021, the Company had granted an option to purchase to Pan Ocean International Pte Ltd (“Pan Ocean”) for the sale of the Property for a consideration of S\$2,680,000. On 25 October 2021, the Purchaser exercised the Option. Consequently, as at 31 December 2021, the property with carrying value of US\$1,016,000 was reclassified to asset held-for-sale.
- (ii) On 25 April 2022, Pan Ocean rescinded the option to purchase as it was unable to obtain consent from Jurong Town Corporation for it to complete the sale.
- (iii) On 5 July 2022, the Company had granted an option to purchase (“Option”) to Fire Armour Pte Ltd (the “Purchaser”), for the sale of the property for a cash consideration of S\$2,800,000. On 29 July 2022, the Purchaser exercised the Option.
- (iv) On 23 December 2022, the Company has received written consent from Jurong Town Corporation to complete the sale of the Property.
- (v) The sale of the Property was completed on 8 March 2023.

4. INTANGIBLE ASSETS

	Group	
	2023	2022
	US\$'000	US\$'000
Cost		
As at 1 January	11,926	13,339
Currency translation differences	780	(1,413)
As at 31 December	12,706	11,926
Accumulated amortisation		
As at 1 January	11,926	13,339
Currency translation differences	780	(1,413)
As at 31 December	12,706	11,926
Net carrying amount		
As at 31 December	–	–

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. INVESTMENT IN SUBSIDIARIES

	Company	
	2023 US\$'000	2022 US\$'000
Unquoted equity investments, at cost		
At beginning and end of the year	26,038	26,038
Less: Impairment losses		
At beginning and 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	
		2023 %	2022 %
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
Collins Debden USA, Inc ⁽⁵⁾	To carry on the business of promoting the global marketing services of the Group's stationery business / United States	100	100

⁽¹⁾ Audited by Crowe Horwath First Trust LLP, Singapore.

⁽²⁾ Audited by Crowe U.K. LLP, a member firm of Crowe Global in United Kingdom.

⁽³⁾ Audited by Crowe Australasia Sydney, a member firm of Crowe Global in Australia.

⁽⁴⁾ Not required to be audited or not significant subsidiary (undergoing liquidation).

⁽⁵⁾ Not required to be audited or not significant subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**6. INVENTORIES**

	Group		Company	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Finished goods	2,893	2,103	149	261
Goods in transit	1	256	–	–
	2,894	2,359	149	261

The cost of inventories recognised as an expense and included in “cost of sales” amounted US\$14,561,000 (2022: US\$14,592,000). The Group’s inventories are stated at net realisable value after the write-down of inventories of US\$686,000 (2022: US\$713,000) respectively during the year (Note 18).

7. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Trade receivables				
- Subsidiaries ⁽¹⁾	–	–	2,774	1,320
- Related companies ⁽¹⁾	–	1,045	–	–
- Third parties	28,155	36,581	133	88
	28,155	37,626	2,907	1,408
Less: Impairment losses (Note 24(iii)(a))				
- Third parties	(10)	(8)	–	–
	(10)	(8)	–	–
Net trade receivables	28,145	37,618	2,907	1,408
Deposits ⁽²⁾	2,269	2,224	43	29
Other receivables				
- Third parties	235	175	116	143
- Subsidiaries ⁽³⁾	–	–	1,804	1,576
	30,649	40,017	4,870	3,156

⁽¹⁾ Trade receivables due from subsidiaries and related companies are unsecured, interest-free and with credit term of 30 to 165 days (2022: 30 to 165 days).

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

⁽³⁾ Amount due from subsidiaries are non-trade in nature, unsecured, repayable on demand and interest-free.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**8. CASH AND BANK BALANCES**

	Group		Company	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Bank balances and cash in hand	10,299	12,933	1,955	2,494
Fixed deposits ⁽ⁱ⁾	9,027	4,010	–	–
Cash and bank balances as per statements of financial position	19,326	16,943	1,955	2,494
Bank deposits pledged ⁽ⁱⁱ⁾	(3,900)	(3,900)		
Cash and cash equivalents per consolidated statement of cash flows	15,426	13,043		

⁽ⁱ⁾ Fixed deposits at the reporting date had maturity between 4 days to 12 months (2022: 1 month) from the end of the financial year, with interest rate ranging from 0.50% to 3.75% (2022: 0.2% to 2.20%) Fixed deposits with maturity dates more than 3 months can be withdrawn anytime before the maturity dates without penalty. However, any interest receivable will be forfeited upon pre-mature withdrawal. As the principal value of the deposits is readily convertible to cash, they form part of the cash and cash equivalents in the consolidated statements of cash flows.

⁽ⁱⁱ⁾ Bank deposits are pledged to banks as security by the Group to obtain trade finance facilities.

9. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Trade payables				
- Third parties	19,744	28,761	40	364
- Subsidiaries	–	–	–	13
- Related companies	280	239	264	235
Rental deposits received	66	150	66	150
Advances from a subsidiary ⁽¹⁾	–	–	4	1,169
Accrued operating expenses	2,433	2,742	480	261
Other payables	203	191	32	190
	22,726	32,083	886	2,382

⁽¹⁾ The advances from a subsidiary is unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. LEASE LIABILITIES

	Group		Company	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Current	479	248	347	135
Non-current	1,224	1,355	1,097	1,292
	1,703	1,603	1,444	1,427

Reconciliation of liabilities arising from financing activities

Group	Non-cash changes					
	At beginning of the year US\$'000	Financing cash flows US\$'000	New lease (Note 3(b)) US\$'000	Currency translation differences US\$'000	Accretion of interests (Note 17) US\$'000	At end of the year US\$'000
2023	1,603	(685)	669	44	72	1,703
2022	1,816	(385)	120	(19)	71	1,603
Company						
2023	1,427	(497)	419	35	60	1,444
2022	1,590	(222)	–	(3)	62	1,427

Maturity analysis:

	Effective interest rate	Group		Company	
		Lease liabilities US\$'000	Contractual undiscounted cash flows US\$'000	Lease liabilities US\$'000	Contractual undiscounted cash flows US\$'000
2023					
Not later than 1 year		479	498	347	319
Later than 1 year and not later than 5 years		422	565	295	471
Later than 5 years		802	1,160	802	1,160
	0.81% - 7.35%	1,703	2,223	1,444	1,950

NOTES TO THE FINANCIAL STATEMENTS (Continued)**10. LEASE LIABILITIES (Continued)**

	Effective interest rate	Group		Company	
		Lease liabilities	Contractual undiscounted cash flows	Lease liabilities	Contractual undiscounted cash flows
		US\$'000	US\$'000	US\$'000	US\$'000
2022					
Not later than 1 year		248	323	135	195
Later than 1 year and not later than 5 years		430	634	367	565
Later than 5 years		925	1,227	925	1,227
	0.81% - 7.35%	1,603	2,184	1,427	1,987

11. DEFERRED TAX ASSETS

The Group has recognised deferred tax asset of US\$21,000 (2022: US\$15,000) arising from temporary differences which the Group expect to utilise in subsequent years.

	Group		Company	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
At beginning of year	15	–	14	–
Recognised in the:				
- Profit or loss (Note 19)	6	15	5	14
At end of year	21	15	19	14
Presented after appropriate offsetting as follows:				
Deferred tax assets	312	306	250	219
Deferred tax liabilities	(291)	(291)	(231)	(205)
	21	15	19	14

11. DEFERRED TAX ASSETS (Continued)

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

	Group	Company
	US\$'000	US\$'000
Deferred tax liabilities - Lease assets		
2023		
At beginning of year	291	205
Acquisition of lease assets	118	72
Written off of lease assets	(72)	(16)
Recognised in the:		
- Profit or loss	(46)	(30)
At end of year	291	231
2022		
At beginning of year [as restate - Note 2]	292	221
Recognised in the:		
- Profit or loss	(49)	(64)
Exchange differences	48	48
At end of year	291	205
Deferred tax assets - Lease liabilities		
2023		
At beginning of year	306	219
Acquisition of lease assets	118	72
Written off of lease assets	(72)	(16)
Recognised in the:		
- Profit or loss	(40)	(25)
At end of year	312	250
2022		
At beginning of year [as restate - Note 2]	311	239
Recognised in the:		
- Profit or loss	(34)	(50)
Exchange differences	29	30
At end of year	306	219

11. DEFERRED TAX ASSETS (Continued)**Unrecognised deferred tax assets**

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

	Group		Company	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
Tax losses	7,481	7,362	486	984

The unutilised tax losses do not expire under current tax legislation of Singapore, Australia and United Kingdom. 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			
	2023		2022	
	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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**13. RESERVES****Asset revaluation reserve**

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

	Company	
	2023	2022
	US\$'000	US\$'000
At the beginning of the year	748	748
Transfer from asset revaluation reserve (Note 3(c))	(252)	–
At the end of the year	496	748

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	
	2023	2022
	US\$'000	US\$'000
At the beginning of the year	14,930	15,153
Transfer from asset revaluation reserve (Note 3(c))	(252)	–
Profit for the year	(1,523)	(223)
At the end of the year	13,155	14,930

NOTES TO THE FINANCIAL STATEMENTS (Continued)**15. REVENUE FROM CONTRACTS WITH CUSTOMERS**

(a) Disaggregation of revenue

The Group derives revenue from the transfer of goods at a point in time and disaggregation by type of products and geographical location based on location of customers.

	Group	
	2023	2022
	US\$'000	US\$'000
Sales of goods		
- Stationery products	14,750	15,211
- Pulp and related trading products	96,798	114,508
	111,548	129,719

	Group	
	2023	2022
	US\$'000	US\$'000
<u>Geographical markets</u>		
Asia Pacific	88,099	122,131
Europe and United Kingdom	22,934	7,186
Others	515	402
	111,548	129,719

NOTES TO THE FINANCIAL STATEMENTS (Continued)**16. OTHER INCOME, NET**

	Group	
	2023	2022
	US\$'000	US\$'000
<u>Other income</u>		
Government grant income	9	7
Rental income from sublet of premise (Note A)	447	570
Foreign exchange gain	62	–
Gain on disposal of asset held-for-sale	1,129	–
Others	2	56
	1,649	633
<u>Other expenses</u>		
Foreign exchange loss	–	(276)
Termination benefits (Note 20)	(71)	–
	(71)	(276)
Other income, net	1,578	357

Note A

Undiscounted lease payments from the operating leases (Note 3(a)) to be received after the reporting date are as follows:

	Group	
	2023	2022
	US\$'000	US\$'000
Less than one year	522	381
One to two years	–	160
Total undiscounted lease payment	522	541

NOTES TO THE FINANCIAL STATEMENTS (Continued)**17. FINANCE INCOME / (EXPENSE), NET**

	Group	
	2023 US\$'000	2022 US\$'000
Interest income	112	23
Interest expense for trade financing	–	(231)
Interest expense on lease liabilities	(72)	(71)
	(72)	(302)
	40	(279)

18. PROFIT / (LOSS) BEFORE TAX

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

	Note	Group	
		2023 US\$'000	2022 US\$'000
Depreciation of property, plant and equipment	3	616	493
Audit fees payable to:			
- auditors of the Company		84	78
- other auditors		67	63
Directors' fees paid and payable to:			
- directors of the Company	22	92	89
Non-audit fees payable to:			
- auditors of the Company		8	8
- other auditors		20	20
Lease expenses not included in lease liabilities			
- short term lease		7	9
Personnel expenses	20	3,825	3,453
Write-down of inventories	6	686	713
Loss on disposal on property, plant and equipment		9	–
Allowance for / (reversal of) expected credit losses		4	(1)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. TAX EXPENSE / (CREDIT)

	Group	
	2023 US\$'000	2022 US\$'000
Current tax		
Current year	32	–
Income tax expense	32	–
Deferred tax		
Current year (Note 11)	(6)	(15)
Income tax expense / (credit)	26	(15)

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

	Group	
	2023 US\$'000	2022 US\$'000
Profit / (loss) before tax	1,370	(11)
Tax using the Singapore tax rate of 17% (2022: 17%)	233	(2)
Effect of different tax rates in foreign jurisdictions	(6)	(13)
Income not subject to tax	(261)	(92)
Non-deductible expenses	87	69
Deferred tax assets on tax losses not recognised	153	280
Utilisation of previously unrecognised deferred tax assets	(159)	(249)
Tax exemptions	(13)	–
Others	(8)	(8)
Tax expense / (credit)	26	(15)

NOTES TO THE FINANCIAL STATEMENTS (Continued)**19. TAX EXPENSE / (CREDIT) (Continued)**The Company and its Singapore subsidiary

The Company and its Singapore incorporated subsidiary are subject to an applicable tax rate of 17% (2022: 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 25% (2022: 19%).

Australia subsidiary

This subsidiary is subject to an applicable tax rate of 30% (2022: 30%).

20. PERSONNEL EXPENSES

	Group	
	2023	2022
	US\$'000	US\$'000
Wages, salaries and bonuses *	3,367	3,070
Defined contribution plans *	294	287
Termination benefits (Note 16)	71	–
Others	93	96
	3,825	3,453

* This includes directors' remuneration as disclosed in Notes 18 and 22.

Out of the above personnel expenses, an amount US\$530,000 (2022: US\$546,000) is included as cost of sales for the current financial year.

21. EARNINGS PER SHARE (CENTS)

	Group	
	2023	2022
	US\$'000	US\$'000
Net profit attributable to the equity holders of the Company	1,344	4
	Number of shares ('000)	Number of shares ('000)
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share	351,398	351,398
Basic and diluted earnings per share (cents)	0.382	0.001

NOTES TO THE FINANCIAL STATEMENTS (Continued)**21. EARNINGS PER SHARE (CENTS) (Continued)**

As at 31 December 2023 and 2022, there is no dilutive or anti-dilutive instrument outstanding. The diluted earnings per share is the same as the basic earnings per share.

22. RELATED PARTY INFORMATION**Related party transactions**

Some of the arrangements with related parties 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	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Sale of goods to related companies	–	23,905	–	–
Purchase of goods from related companies	32	31	32	31
Rental income from related company	–	4	–	–

Related companies are entities under the APP Group (which comprises of Asia Pulp & Paper Company Ltd, its subsidiaries and associated companies).

Key management personnel compensation

Compensation payable to key management personnel comprise:

	Group	
	2023 US\$'000	2022 US\$'000
Short-term employee benefits	831	1,018
Defined contribution plans	32	32
Directors' fees	92	89
	955	1,139

Included in the above was total compensation to directors of the Company amounting to US\$527,000 (2022: US\$504,000).

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)**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.

Inter-segment pricing is determined on mutually agreed terms. Segment assets consist of primarily of property, plant and equipment, cash and bank balances, inventories, trade and other receivables and prepayments.

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

Segment liabilities consist primarily of trade and other payables and lease liabilities. Capital expenditure consists of additions to property, plant and equipment (excluding right-of-use assets).

The segment results, assets and liabilities of the above reportable segments are 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**23. OPERATING SEGMENTS (Continued)**

Group	Stationery US\$'000	Trading US\$'000	Unallocated US\$'000	Total US\$'000
2023				
Segment revenue	23,256	96,798	–	120,054
Intra-segment revenue	(8,506)	–	–	(8,506)
External revenue	14,750	96,798	–	111,548
Segment profit	141	60	1,129	1,330
Finance income				112
Finance expense				(72)
Profit before tax				1,370
Tax expense				(26)
Consolidated profit for the year				1,344
Segment assets	21,380	35,041	–	56,421
Segment liabilities	5,129	19,340	–	24,469
Other segment information:				
Capital expenditure	135	–	–	135
Depreciation of property, plant and equipment	571	45	–	616
Gain on disposal of asset held-for-sale	–	–	(1,129)	(1,129)
Write-down of inventories	686	–	–	686
Allowance for expected credit losses	4	–	–	4

NOTES TO THE FINANCIAL STATEMENTS (Continued)**23. OPERATING SEGMENTS (Continued)****(ii) Trading business (Continued)**

Group	Stationery US\$'000	Trading US\$'000	Total US\$'000
2022			
Segment revenue	23,484	114,508	137,992
Intra-segment revenue	(8,273)	–	(8,273)
<hr/>			
External revenue	15,211	114,508	129,719
<hr/>			
Segment (loss) / profit	(346)	614	268
Finance income			23
Finance expense			(302)
<hr/>			
Loss before tax			(11)
Tax credit			15
<hr/>			
Consolidated profit for the year			4
<hr/>			
Segment assets	21,434*	42,412	63,846
Segment liabilities	5,622	28,081	33,703
<hr/>			
Other segment information:			
Capital expenditure	129	–	129
Depreciation of property, plant and equipment	491	2	493
Write-down of inventories	713	–	713
Reversal of expected credit losses	(1)	–	(1)

* Included asset held-for-sale of US\$1,016,000.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**23. OPERATING SEGMENTS (Continued)****(ii) Trading business (Continued)****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 non-current assets (excluding deferred tax asset) are based on location of those assets.

	Group	
	2023	2022
	US\$'000	US\$'000
External revenue		
Hong Kong	63,345	59,790
Malaysia	17,181	30,250
Continental Europe	16,167	131
Australia	7,189	7,412
United Kingdom	6,767	7,055
Singapore	282	935
Indonesia	102	23,744
United States of America	91	26
Others	424	376
	111,548	129,719
Non-current assets		
Singapore	3,019	2,847
United Kingdom	274	206
Australia	113	160
	3,406	3,213

NOTES TO THE FINANCIAL STATEMENTS (Continued)**23. OPERATING SEGMENTS (Continued)****(ii) Trading business (Continued)****Geographical information (Continued)**Major customers for trading segment

Revenue derived from sales to related companies as disclosed in Note 22 amounted to US\$Nil (2022: US\$23,905,000).

Revenue of approximately US\$55,148,000 and US\$17,181,000 (2022: US\$42,797,000 and US\$30,254,000) are derived from 2 major third party customers operating from Hong Kong and Malaysia respectively.

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 riskForeign exchange risk

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)**24. FINANCIAL INSTRUMENTS (Continued)****Financial risk management objectives and policies (Continued)****(i) Market risk (Continued)**Foreign exchange risk (Continued)

Group	Singapore dollars	United States dollars	Australian dollars	Great Britain pound	Euro	Japanese yen	Total
2023	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<u>Financial assets</u>							
Trade and other receivables	57	21,730	3,681	2,832	–	–	28,300
Cash and bank balances	545	12,946	3,070	2,765	–	–	19,326
Intragroup receivables	117	4,244	220	–	–	–	4,581
	719	38,920	6,971	5,597	–	–	52,207
<u>Financial liabilities</u>							
Trade and other payables	(532)	(19,397)	(1,532)	(1,079)	–	–	(22,540)
Lease liabilities	(1,494)	–	(65)	(144)	–	–	(1,703)
Intragroup payables	(117)	(4,244)	(220)	–	–	–	(4,581)
	(2,143)	(23,641)	(1,817)	(1,223)	–	–	(28,824)
Net financial (liabilities) / assets	(1,424)	15,279	5,154	4,374	–	–	23,383
Less: Net financial assets denominated in the respective entities' functional currencies	–	(19,030)	(5,109)	(4,325)	–	–	(28,464)
Foreign currency exposure	(1,424)	(3,751)	45	49	–	–	(5,081)

NOTES TO THE FINANCIAL STATEMENTS (Continued)**24. FINANCIAL INSTRUMENTS (Continued)****Financial risk management objectives and policies (Continued)****(i) Market risk (Continued)**Foreign exchange risk (Continued)

Group	Singapore dollars	United States dollars	Australian dollars	Great Britain pound	Euro	Japanese yen	Total
2022	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<u>Financial assets</u>							
Trade and other receivables	43	31,479	3,172	2,910	–	69	37,673
Cash and bank balances	305	10,875	2,699	3,062	2	–	16,943
Intragroup receivables	114	2,606	215	14	–	–	2,949
	462	44,960	6,086	5,986	2	69	57,565
<u>Financial liabilities</u>							
Trade and other payables	(570)	(28,530)	(1,394)	(1,407)	(15)	(8)	(31,924)
Lease liabilities	(1,427)	–	(102)	(74)	–	–	(1,603)
Intragroup payables	(114)	(2,606)	(215)	(14)	–	–	(2,949)
	(2,111)	(31,136)	(1,711)	(1,495)	(15)	(8)	(36,476)
Net financial (liabilities) / assets	(1,649)	13,824	4,375	4,491	(13)	61	21,089
Less: Net financial assets denominated in the respective entities' functional currencies	–	(15,243)	(4,381)	(4,459)	–	–	(24,083)
Foreign currency exposure	(1,649)	(1,419)	(6)	32	(13)	61	(2,994)

NOTES TO THE FINANCIAL STATEMENTS (Continued)**24. FINANCIAL INSTRUMENTS (Continued)****Financial risk management objectives and policies (Continued)****(i) Market risk (Continued)**Foreign exchange risk (Continued)

Company	Singapore dollars	United States dollars	Australian dollars	Great Britain pound	Euro	Japanese yen	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
2023							
Financial assets							
Trade and other receivables	174	4,360	220	–	–	–	4,754
Cash and bank balances	487	1,441	–	27	–	–	1,955
	661	5,801	220	27	–	–	6,709
Financial liabilities							
Trade and other payables	(504)	(171)	(196)	–	–	–	(871)
Lease liabilities	(1,444)	–	–	–	–	–	(1,444)
	(1,948)	(171)	(196)	–	–	–	(2,315)
Net financial (liabilities) / assets	(1,287)	5,630	24	27	–	–	4,394
Less: Net financial assets denominated in the functional currency of the Company	–	(5,630)	–	–	–	–	(5,630)
Foreign currency exposure	(1,287)	–	24	27	–	–	(1,236)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

Foreign exchange risk (Continued)

Company	Singapore dollars	United States dollars	Australian dollars	Great Britain pound	Euro	Japanese yen	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
2022							
Financial assets							
Trade and other receivables	157	2,611	176	–	–	69	3,013
Cash and bank balances	296	2,171	–	27	–	–	2,494
	453	4,782	176	27	–	69	5,507
Financial liabilities							
Trade and other payables	(562)	(1,625)	(159)	(14)	(15)	(7)	(2,382)
Lease liabilities	(1,427)	–	–	–	–	–	(1,427)
	(1,989)	(1,625)	(159)	(14)	(15)	(7)	(3,809)
Net financial (liabilities) / assets	(1,536)	3,157	17	13	(15)	62	1,698
Less: Net financial assets denominated in the functional currency of the Company	–	(3,157)	–	–	–	–	(3,157)
Foreign currency exposure	(1,536)	–	17	13	(15)	62	(1,459)

NOTES TO THE FINANCIAL STATEMENTS (Continued)**24. FINANCIAL INSTRUMENTS (Continued)****Financial risk management objectives and policies (Continued)****(i) Market risk (Continued)**Foreign exchange risk (Continued)*Foreign exchange risk sensitivity*

If the respective entity's functional currencies strengthen by 10% (2022: 10%) against relevant foreign currencies, assumes that all other variables, in particular interest rates, remain constant, the profit / (loss) for the year will increase / (decrease) by:

	Singapore dollars	United States dollars	Australian dollars	Great Britain pound	Euro	Japanese yen
Group	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
2023						
Increase / (decrease) in profit before tax	142	375	(5)	(5)	–	–
2022						
Increase / (decrease) in loss before tax	(165)	(142)	(1)	3	(1)	6
Company						
2023						
Increase / (decrease) in profit before tax	129	–	(3)	(3)	–	–
2022						
Increase / (decrease) in profit before tax	154	–	(2)	(1)	2	(6)

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)**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 bank balances 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.

The maturity analysis of the contractual undiscounted cash flows of lease liabilities are disclosed in Note 10. All the other financial liabilities of the Group as at 31 December 2023 and 2022 are repayable on demand or due within 1 year from the reporting date.

(iii) Credit riskExpected Credit Losses

The Group manages credit loss based on Expected Credit Losses (ECL) model.

The management assess that there are no material ECL on cash and bank balances and other receivables.

(a) Trade receivables - Group

The Group's exposure to credit risk from trade receivables are linked to the individual characteristics of each customer, and also influenced by the default risk specific to the industry or country brought about by the general economic condition.

The Group's exposure to credit losses can be analysed by the segments:

Group	Trade receivables – gross carrying amount (Note 7)	
	2023	2022
	US\$'000	US\$'000
Stationery	6,594	6,153
Trading		
- Not past due	20,328	29,732
- Past due 1 to 60 days	1,233	1,741
	21,561	31,473
	28,155	37,626

NOTES TO THE FINANCIAL STATEMENTS (Continued)**24. FINANCIAL INSTRUMENTS (Continued)****Financial risk management objectives and policies (Continued)****(iii) Credit risk (Continued)**Expected Credit Losses (Continued)**(a) Trade receivables - Group (Continued)**Trading

Credit risks from Group's trading business normally are very low, as the Group deals only with a few companies with established relationship with the related companies, and trades on letter of credit payment terms for certain material transactions. Such customers have a good payment record with the Group. Past due but not impaired balances have been fully recovered subsequent to reporting date. Credit term granted for trading business is from 30 to 170 days (2022: 30 to 165 days). Based on historical default rates and analysis of the profiles, the Group believes that no ECL allowance is necessary in respect of trading business.

Stationery

Customers from stationery business represents retailers (both online and physical stores) and individual customers. Retailers are granted with credit term ranging from 30 to 90 days (2022: 30 to 90 days) and individual customers are settled with cash on delivery basis. Based on the past experience, the Group has very low historical loss experience from the past track records.

The Group has established a provision matrix for trade receivables for stationery business which is based on historical credit loss experience, adjusted for forward-looking factors specific to those customers and the economic environment, as disclosed below:

Group	Not past due	Past due 1 to 60 days	Past due 61 to 90 days	Total
As at 31 December 2023				
Expected loss rate	0%	0.3%	7%	
Gross carrying amount (US\$'000)	4,574	1,622	398	6,594
ECL assessed (US\$'000)	–	5	28	33
ECL allowance (US\$'000)	–	*	*	*
Individually impaired (US\$'000)	–	–	10	10
As at 31 December 2022				
Expected loss rate	0%	0.4%	8%	
Gross carrying amount (US\$'000)	4,318	1,509	326	6,153
ECL assessed (US\$'000)	–	6	26	32
ECL allowance (US\$'000)	–	*	*	*
Individually impaired (US\$'000)	–	–	8	8

* No loss allowance was provided as the relevant ECL assessed were noted to be insignificant. After taking into account forward looking information regarding economic environment in United Kingdom and Australia, the Group does not expect significant credit losses beyond the amounts provided above.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**24. FINANCIAL INSTRUMENTS (Continued)****Financial risk management objectives and policies (Continued)****(iii) Credit risk (Continued)**Expected Credit Losses (Continued)**(a) Trade receivables - Group (Continued)**

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in SFRS(I) 9:

Group	Credit-impaired US\$'000
Balance as at 1 January 2023	8
Impairment loss recognised during the year	4
Written off	(1)
Currency translation differences	(1)
Balance as at 31 December 2023	10
Balance as at 1 January 2022	9
Reversal of impairment loss recognised during the year	(1)
Balance as at 31 December 2022	8

NOTES TO THE FINANCIAL STATEMENTS (Continued)**24. FINANCIAL INSTRUMENTS (Continued)****Financial risk management objectives and policies (Continued)****(iii) Credit risk (Continued)**Expected Credit Losses (Continued)**(a) Trade receivables – Group (Continued)**

The maximum exposure to credit risk for trade receivables (net of ECL allowance) at the reporting date by geographical areas (location of customers) and by type of counterparty is as follows:

	Group		Company	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
<u>By geographical areas</u>				
- Asia Pacific	10,878	34,708	2,907	1,406
- Europe	17,267	2,910	–	2
	28,145	37,618	2,907	1,408
	Group		Company	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
<u>By types of customers</u>				
Related companies	–	1,045	–	–
Subsidiaries	–	–	2,774	1,320
Non-related parties *	28,145	36,573	133	88
	28,145	37,618	2,907	1,408

* Amount in stationery business includes balances owing from the office supplies wholesaler and retailers in Australia and United Kingdom totalling US\$6,451,000 (2022: US\$6,057,000), out of which total amount of US\$3,018,000 (2022: US\$3,146,000) was owing from two customers.

The top 2 balance in trading business was a customer from Europe amounted to US\$14,436,000 (2022: US\$Nil); and a customer from Hong Kong with balance of US\$7,119,000 (2022: US\$20,345,000).

Other than these debtors, there are no other concentration of credit risks from non-related parties of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**24. FINANCIAL INSTRUMENTS (Continued)****Financial risk management objectives and policies (Continued)****(iii) Credit risk (Continued)**Expected Credit Losses (Continued)**(b) Trade and other receivables – Company level**

The credit exposure of the Company mainly arise from trade and non-trade balances due from subsidiaries, totalling US\$4,578,000 (2022: US\$2,896,000). Trade balance are with 60-90 days credit term. Non-trade balances are repayable on demand; however the Company did not demand such payments until there are cash flows needs. Based on the liquidity position of these subsidiaries, including the amount of liquid assets, the Company assessed that the credit risk is low on these subsidiaries, and the amount of 12-month ECL is insignificant.

(c) Cash and bank balances

The Group and the Company held cash and bank balances of US\$19,326,000 and US\$1,955,000 (2022: US\$16,943,000 and US\$2,494,000) under reputable financial institutions. The cash and bank balances are mainly held in 2 financial institutions (2022: 2) that individually represented 34% and 18% (2022: 35% and 28% respectively) of cash and bank balances as at the reporting date.

Impairment on cash and bank balances has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and bank balances have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and bank balances was negligible.

(iv) Financial instruments by category

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

	Group		Company	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Financial assets at amortised cost	47,626	54,616	6,709	5,507
Financial liabilities at amortised cost	24,243	33,527	2,315	3,809

NOTES TO THE FINANCIAL STATEMENTS (Continued)**24. FINANCIAL INSTRUMENTS (Continued)****Capital risk management policies and objectives**

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group had maintained its strategy in maintaining debts capital to a minimum.

The capital structure of the Group consists of equity attributable to equity holders of the Company, comprising issued capital and statutory reserves as disclosed in Notes 12 and 13.

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. 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.

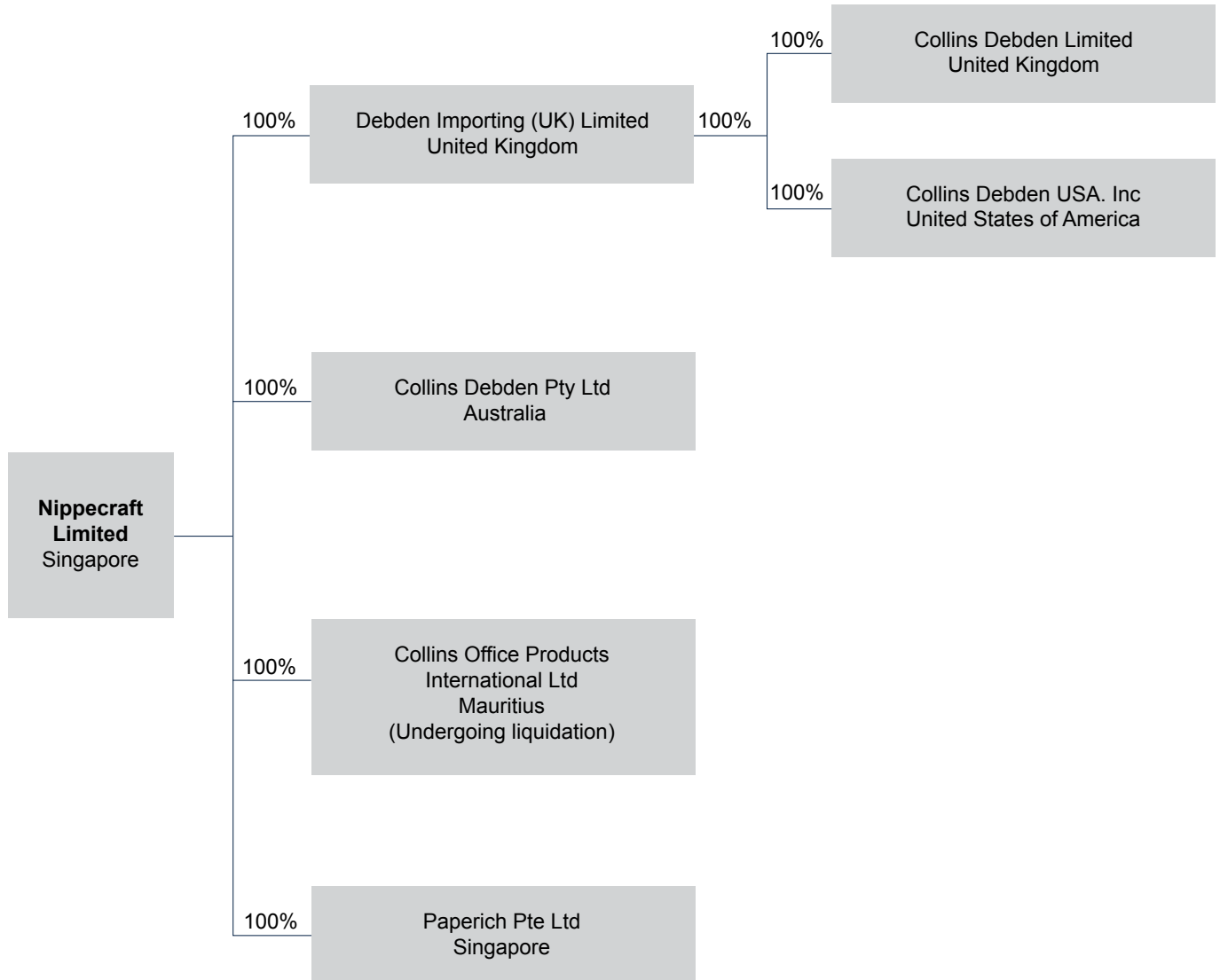
25. FAIR VALUE DISCLOSURES

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.

CORPORATE STRUCTURE

For the financial year ended 31 December 2023

As at 20 March 2024



Head Office

Singapore

Nippecraft Limited
 2 Venture Drive
 #24-01, Vision Exchange
 Singapore 608526
 Tel: +65 6262 2662
 Website: <https://www.nippecraft.com.sg/>

Subsidiaries

Australia

Collins Debden Pty Ltd
 Unit 429-431, 14 Lexington Drive
 Bella Vista
 New South Wales 2153
 Tel: +61 2 8833 2900
 Website: <https://www.collinsdebden.com.au/>

Mauritius

Collins Office Products International Ltd
 St James Court – Suite 308
 St Denis Street
 Port Louis
 Tel: +23 0 211 6242

United Kingdom

Collins Debden Limited
 Suite 4D
 The Centrum Business Centre
 38 Queen Street,
 Glasgow G1 3DX
 Tel: +44 141 300 8500
 Website: <https://uk.collinsdebden.com/>

United States of America

Collins Debden USA, Inc
 60 Cragmont Ave
 San Francisco
 CA 94116
 Tel: +1 415 255 8843
 Website: <https://collinsdebden.us/>

Singapore

Paperich Pte Ltd
 2 Venture Drive
 #24-01, Vision Exchange
 Singapore 608526
 Tel: +65 6262 2662

SHAREHOLDING STATISTICS AS AT 20 MARCH 2024

For the financial year ended 31 December 2023

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 20 March 2024, approximately 36.3% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Catalist Rules is complied with.

Analysis of Shareholdings

Range of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 - 99	7	0.14	256	0.00
100 - 1,000	1,490	29.51	1,477,550	0.42
1,001 – 10,000	2,635	52.19	14,153,351	4.03
10,001 – 1,000,000	896	17.75	61,339,207	17.45
1,000,001 and above	21	0.41	274,427,636	78.10
Total	5,049	100.00	351,398,000	100.00

TOP 20 SHAREHOLDERS

No.	Name of Shareholders	No. of Shares Held	%
1	APP PRINTING (HOLDING) PTE LTD	172,185,020	49.00
2	UPWOOD INVESTMENTS LIMITED	51,619,646	14.69
3	DBS NOMINEES PTE LTD	9,493,000	2.70
4	OCBC SECURITIES PRIVATE LTD	6,323,220	1.80
5	UOB KAY HIAN PTE LTD	6,115,100	1.74
6	LIM POH CHOON	4,922,700	1.40
7	OCBC NOMINEES SINGAPORE PTE LTD	2,368,500	0.67
8	LYE MENG LEONG	2,203,400	0.63
9	PHILLIP SECURITIES PTE LTD	1,993,800	0.57
10	TEOH HAI THOW	1,963,800	0.56
11	IFAST FINANCIAL PTE LTD	1,770,400	0.50
12	MERRILL LYNCH (SINGAPORE) PTE LTD	1,744,800	0.50
13	CITIBANK NOMINEES SINGAPORE PTE LTD	1,601,200	0.46
14	LEE AH SIAN @ LEE SIT SENG	1,400,000	0.40
15	CHEW KIA GUAN (ZHOU JIAYUAN)	1,345,000	0.38
16	RAFFLES NOMINEES (PTE) LIMITED	1,325,500	0.38
17	KGI SECURITIES (SINGAPORE) PTE. LTD	1,280,300	0.36
18	THIAN YIAN CHIEW	1,243,000	0.35
19	KWOK TOI LENG	1,189,000	0.34
20	UNITED OVERSEAS BANK NOMINEES PRIVATE LIMITED	1,181,750	0.34
		273,269,136	77.77

Substantial Shareholders as at 20 March 2024

(as shown in the Company's Register of substantial shareholders)

Name of Shareholders	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
APP Printing (Holding) Pte Ltd (“ APP Printing ”)	172,185,020	49.00	–	–
PT Andalan Prapanca Pertiwi (“ PT APP ”)	–	–	172,185,020	49.00
Asia Pulp & Paper Company Ltd (“ APP ”)	–	–	172,185,020	49.00
APP Golden Limited (“ APP Golden ”)	–	–	172,185,020	49.00
Upwood Investments Limited	51,619,646	14.69	–	–

PT APP, APP and APP Golden are deemed to have an interest of 172,185,020 shares in Nippecraft Limited as APP Printing is a wholly-owned subsidiary of PT APP and APP has 92.45% shares in PT APP whereas APP Golden controls approximately 66.33% of the voting power of APP.

NOTICE OF ANNUAL GENERAL MEETING

For the financial year ended 31 December 2023

NOTICE IS HEREBY GIVEN that an Annual General Meeting (“**AGM**”) of Nippecraft Limited (“**Company**”) will be held at Function Room 3-1, Level 3, ISCA House, 60 Cecil Street, Singapore 049709, on Tuesday, 30 April 2024 at 10:00 a.m. 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 2023, together with the Auditor’s Report thereon. **(Resolution 1)**
2. To note the retirement of Mr Khoo Song Koon who is retiring by rotation under regulation 144 of the Company’s Constitution, Rules 720(4) and 406(3)(d)(iv) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited and will not be seeking re-election as a director of the Company.
3. To re-elect and re-appoint Mr Raja Hayat, retiring under regulation 144 of the Company’s Constitution and Rule 720(4) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited. **(Resolution 2)**
4. To re-elect and re-appoint Mr Eddie Foo Toon Ee under regulation 154 of the Company’s Constitution and Rule 720(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited. **(Resolution 3)**
5. To approve Directors’ fees of S\$185,000 (equivalent to approximately US\$138,000) for the financial year ending 31 December 2024, payable quarterly by the Company in arrears (2023: S\$123,500, equivalent to approximately US\$92,000). **(Resolution 4)**
6. To re-appoint Crowe Horwath First Trust LLP as auditors of the Company for the financial year ending 31 December 2024 and to authorize the Directors of the Company to fix their remuneration. **(Resolution 5)**
7. To transact any other ordinary business that may properly be transaction at an AGM.

As Special Business

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

8. Authority To Allot And Issue Shares

“THAT, pursuant to section 161 of the Companies Act 1967 (“**Companies Act**”) and Rule 806 of the Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), authority be and is hereby given to the Directors of the Company to:

- (a) (i) allot and 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 100% 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 50% of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (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 percentage 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, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
 - (c) any subsequent bonus issue, consolidation or subdivision of Shares.

Adjustments in accordance with sub-paragraph (2)(a) or sub-paragraph (2)(b) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution.

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all legal requirements under the Companies Act 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 AGM of the Company or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in general meeting, whichever is the earlier."

(See Explanatory Notes)

(Resolution 6)

9. 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 Catalist Rules 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 8 April 2024 ("**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 AGM 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)

10. Renewal Of The Share Purchase Mandate

“THAT:

- (a) for the purposes of the Companies Act, the authority conferred on the Directors to exercise all the powers of the Company to purchase or otherwise acquire from time to time the Shares (excluding treasury shares and subsidiary holdings, if any) 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 Catalist Rules 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 Catalist Rules, for any corporate action that occurs during the relevant five-day period and the day on which the purchases are made;

“**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 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 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 and subsidiary holdings, if any, 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

**CHEN CHUANJIAN, JASON
TAN CHING CHING**
Company Secretaries
Singapore

8 April 2024

Explanatory Notes:

Resolution 2

If re-appointed, Mr Raja Hayat will remain as an Executive Director and Chief Executive Officer of the Company. Key information on Mr Hayat can be found on pages 43 to 47 of the Annual Report 2023 of the Company.

Resolution 3

If re-appointed, Mr Eddie Foo Toon Ee will remain as an independent non-executive director of the Company. He is considered an independent director for the purpose of Rule 704(7) of the Catalist Rules. Key information on Mr Foo can be found on pages 43 to 47 of the FY2023 Annual Report of the Company.

Resolution 6

The proposed Resolution 6, if passed, will empower the Directors, from the date of the AGM until the next AGM of the Company, to issue Shares and/or Instruments up to an aggregate number not exceeding 100% of the total number of issued Shares excluding treasury shares and subsidiary holdings if any, with a sub-limit of 50% 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 first approved at the Extraordinary General Meeting held on 24 October 2017 and last renewed at the AGM of the Company held on 24 April 2023) to facilitate the Company, its subsidiaries and associated companies which are entities at risk as defined in Chapter 9 of the Catalist Rules, to enter into interested person transactions, the details of which are set out in the Appendix. 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 AGM of the Company, or the date by which the next AGM 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 or the date on which the purchases and acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extend mandated, whichever is the earlier.

Notes:

1. A member of the Company entitled to attend and vote at the AGM may appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
2. Pursuant to section 181 of the Companies Act, a member who is a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint more than two proxies to attend and vote at the AGM, 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 one proxy, 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 1970 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 2001 of Singapore and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 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.
3. The instrument appointing a proxy(ies) must be submitted to the Company no later than 10:00 a.m. on 27 April 2024 (being 72 hours before the appointed time for the AGM).
 4. An investor who hold shares through relevant intermediaries, including an investor who buys shares using CPF monies (“**CPF Investor**”) or SRS monies (“**SRS Investor**”), and who wish to appoint the Chairman of the AGM to act as their proxy should approach their respective relevant intermediaries, including CPF Agent Banks or SRS Operators, to submit their votes at least seven (7) working days before the AGM and in any case, no later than 5:00 p.m. on 19 April 2024.
 5. A Depositor’s name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time appointed for holding the AGM in order for the Depositor to be entitled to attend and vote at the AGM.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents or service providers) for the following purposes:

- (i) processing and administration by the Company (or its agents or service providers) of proxy(ies) appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service provider) to comply with any applicable law, listing rules, take-over rules, regulations and/or guidelines (collectively, the “**Purposes**”);
- (ii) warrants that where the member discloses the member’s personal data by the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) for the collection, use and disclosure by the Company (or its agent or service providers) of the personal data of such proxy(ies) for the Purposes above; and
- (iii) agrees to provide the Company with written evidence of such prior consent upon reasonable request.

IMPORTANT AGM NOTICE:

1. The members of the Company are invited to **attend physically** at the AGM. There will be no option for the members to participate virtually. Printed copies of this Notice of AGM, Proxy Form and the Request Form for members to request for a printed copy of the Annual Report (the “**Request Form**”) will be sent to members. Copies of the Annual Report are available to members by electronic means via publication on the Company’s corporate website at the URL <https://www.nippecraft.com.sg> and will also be made available on the SGXNet at the URL <https://www.sgx.com/securities/company-announcements>. Members who wish to request for printed copies of the Annual Report will need to complete and return the Request Form, by sending it back to the Company by post to the address stated on the Request Form and to reach by 16 April 2024.
2. Alternative arrangements relating to the attendance at the AGM by members, including CPF and SRS Investors, submitting questions to the Chairman of the AGM by members, including CPF and SRS Investors, in advance of, or at, the AGM, addressing of substantial and relevant questions in advance of, or at, the AGM, and voting at the AGM by the members, CPF and SRS Investors, or (where applicable) duly appointed proxy(ies) are set out in the Notice of the AGM.
 - (a) Members are encouraged to submit any questions related to the resolutions to be tabled for approval at the AGM at no later than 10:00 a.m. on 16 April 2024, so that the Company can address Shareholders’ questions no later than 10:00 a.m. on 25 April 2024, being 48 hours prior to the deadline of the proxy voting.
 - (b) Persons who hold shares of the Company through relevant intermediaries (as defined in Section 181 of the Companies Act 1967), including CPF and SRS Investors, can also submit their questions relate to the resolutions to be tabled for approval at the AGM based on the abovementioned instructions.
 - (c) The Company will endeavour to provide its answers and responses to the substantial and relevant questions received from members relating to the resolutions to be tabled for approval prior to or at the AGM via publication on (i) the SGXNet at <https://www.sgx.com/securities/company-announcements> and (ii) the Company’s corporate website at <https://www.nippecraft.com.sg>; or at the AGM.
 - (d) The minutes of the AGM, will thereafter be published on (i) the SGXNet at <https://www.sgx.com/securities/company-announcements>; and (ii) the Company’s corporate website at <https://www.nippecraft.com.sg> within (1) one month after the date of the AGM.
3.
 - (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies. Where such member’s instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument.
 - (b) A member who is a relevant intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member’s instrument appointing a proxy(ies) appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument.

“Relevant intermediary” has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.
4. A proxy need not be a member of the Company.
5. For investors who hold shares of the Company through relevant intermediaries (as defined in Section 181 of the Companies Act 1967), including CPF and SRS Investors, should contact their relevant intermediaries (which would include, in the case of CPF and SRS Investors, their respective CPF Agent Banks and SRS Operator(s) through which they hold such shares as soon as possible in order to submit their votes at least (7) seven working days before the AGM. CPF/SRS Investors should contact their respective CPF Agent Banks or SRS Operator(s) for any queries they may have with regard to the appointment of proxy for the AGM.

6. The instrument appointing a proxy(ies), must be submitted to the Company in the following manner:

(a) if submitted by post, be deposited at the registered office of the Company's Share Registrar at

B.A.C.S Private Limited
77 Robinson Road
#06-03 Robinson 77
Singapore 068896;

or

(b) if submitted electronically, be submitted via email to the Company's Share Registrar at main@zicoholdings.com.

in either case, not less than 72 hours before the time appointed for holding the AGM, i.e. no later than 10:00 a.m. on 27 April 2024.

A member who wishes to submit an instrument appointing a proxy(ies) by post or via email must first download a copy of the proxy form from the Company's website or the SGX website, and complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

7. The Company shall be entitled to reject the instrument appointing a proxy(ies) if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (such as in the case where the appointor submits more than one instrument of proxy).

This Notice has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "Sponsor"). This Notice has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this Notice, including the correctness of any of the statements or opinions made, or reports contained in this Notice.

The contact person for the Sponsor is Ms Charmian Lim (+65 6232 3210) at 1 Robinson Road #21-00 AIA Tower, Singapore 048542.

This page has been intentionally left blank

NIPPECRAFT LIMITED

(Company Registration Number: 197702861N)
(Incorporated in the Republic of Singapore on 29 December 1977)

ANNUAL GENERAL MEETING PROXY FORM

IMPORTANT

1. A relevant intermediary (as defined in section 181 of the Companies Act 1967) may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by Central Provident Fund (CPF) and Supplementary Retirement Scheme (SRS) investors who hold the Company's shares through CPF Agent Banks/SRS Operators). CPF/SRS investors who wish to vote should approach their respective CPF Agent Bank/SRS Operators to submit their instructions at least seven (7) working days before the date of the AGM.
3. **PLEASE READ THE NOTES TO THE PROXY FORM.**

*I/We, _____ (Name), _____ *NRIC/Passport number/Company registration number of _____ (address) being *a member/members of NIPPECRAFT LIMITED (the "Company"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of shares	%
and/or (delete as appropriate)				

or failing *him/her/them, the Chairman of the annual general meeting (the "AGM") of the Company, as *my/our *proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the AGM of the Company, to be held at Function Room 3-1, Level 3, ISCA House, 60 Cecil Street, Singapore 049709 on Tuesday, 30 April 2024 at 10:00 a.m. 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/her/their discretion, as *he/she/they will on any other matter arising at the AGM and at any adjournment thereof.

* Delete Accordingly

No.	Resolutions	No. of votes for ⁽¹⁾	No. of votes against ⁽¹⁾	Abstain from voting ⁽¹⁾
Ordinary Business				
1.	To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2023, together with the Auditors' Report thereon.			
2.	To re-elect and re-appoint Mr Raja Hayat, who is retiring by rotation under regulation 144 of the Company's Constitution and Rule 720(4) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.			
3.	To re-elect and re-appoint Mr Eddie Foo Toon Ee under regulation 154 of the Company's Constitution and Rule 720(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.			
4.	To approve Directors' fees for the financial year ending 31 December 2024, payable quarterly in arrears.			
5.	To re-appoint Crowe Horwath First Trust LLP as auditors of the Company for the financial year ending 31 December 2024 and to authorise the Directors of the Company to fix their remuneration.			
Special Business				
6.	To authorise the Directors to issue and allot shares and/or instruments pursuant to Section 161 of the Companies Act 1967.			
7.	To renew the Shareholders' Mandate for Interested Person Transactions.			
8.	To renew the Share Purchase Mandate.			

Notes:

- (1) If you wish to exercise all your votes "For" or "Against" or "Abstain", please indicate with a tick within the box provided. Alternatively, please indicate the number of votes as appropriate.
- (2) In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.

Dated this _____ day of _____ 2024.

Signature(s) of Member(s)/Common seal	Total number of shares in:	Number of shares
	(a) CDP Register	
	(b) Register of Members	
	Total	

IMPORTANT: PLEASE READ NOTES OVERLEAF.

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies. Where such member's instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument.

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

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.

3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy(ies), together with the power of attorney or other authority, if any, under which the instrument of proxy is signed or duly certified copy of that power of attorney or other authority (failing previous registration with the Company), must be submitted to the Company in the following manner:

- (a) if submitted by post, be deposited at the office of the Company's Share Registrar at

B.A.C.S Private Limited
77 Robinson Road
#06-03 Robinson 77
Singapore 068896;

or

- (b) if submitted electronically, be submitted via email to the Company's Share Registrar at main@zicoholdings.com.

in either case, not less than 72 hours before the time appointed for holding the AGM, i.e. no later than 10:00 a.m. on 27 April 2024.

5. Completion and submission of the instrument appointing a proxy(ies) does not preclude a member from attending and voting at the AGM. The appointment of a proxy(ies) for the AGM will be deemed to be revoked if the member attends the AGM in person and in such event, the Company reserves the right to refuse to admit any persons appointed under the relevant instrument appointing a proxy(ies) to attend the AGM.
6. The instrument appointing a proxy(ies) must, if submitted by post or electronically via email, be signed under the hand of the appointor or of his/her attorney duly authorized in writing. Where the instrument appointing a proxy(ies) is executed by a corporation, it must, if submitted by post or electronically via email, be executed either under the common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy(ies) is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company), if the instrument is submitted by post, be lodged with the instrument or, if the instrument is submitted electronically via email, be emailed with the instrument, failing which the instrument may be treated as invalid.

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

8. A Depositor shall not be regarded as a member of the Company entitled to attend the AGM and to vote thereat unless his name appears on the Depository Register as at 72 hours before the time appointed for holding the AGM.
9. The Company shall be entitled to reject the instrument appointing a proxy(ies) which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy(ies) if the member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 8 April 2024.

