



**NIPPECRAFT LIMITED**

**Extraordinary General Meeting  
Tuesday, 24 October 2017  
Interested Person Transaction Presentation**

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# Abbreviations Used

- APP Asia Pulp and Paper
- BDO BDO LLP
- CHFT Crowe Horwath First Trust LLP
- IPT Interested Party Transactions
- Nippecraft Nippecraft Ltd



# Core Businesses of Nippecraft

- **Stationery Business**

- Principally engaged in the business of designing, manufacturing, outsourcing and distribution of planners, organisers, business accessories and general stationery related products.

- **Trading Business**

- Engaged in the business of trading of pulp and paper, waste papers, semi finished paper products and paper bags.

- Both businesses are independent of each other.



# Rationale of the IPT Mandate

- Implementation of the IPT Mandate to enable Company, its subsidiaries and associated companies to enter into the mandated transaction in the ordinary course of the Group businesses. IPT will be carried out on normal commercial terms and will not be prejudicial to the Company and its minority Shareholder.
  - Facilitate entry into the mandated transactions with the interested person in the ordinary course of the Group's businesses.
  - Adoption of the IPT Mandate will reduce substantially the administrative time, inconvenience and costs associated with the convening of separate general meeting to seek shareholders' approval.
  - Enabling the Group to maintain the overall competitiveness and not be placed at a disadvantage to other parties that do not require shareholders' approval to be obtained for entering into such transactions.

# Past IPT with Nippecraft

- Trading business has high volume but low margin (Gross Profit margin ranges from 1% to 3%). Total transaction with Interested Party Transactions

|        | Total Trading Revenue | Total IPT Revenue | % of Total Trading Revenue |
|--------|-----------------------|-------------------|----------------------------|
|        | USD'000               | USD'000           | %                          |
| FY2015 | 211,586               | 167,627           | 79%                        |
| FY2016 | 90,180                | 50,797            | 56%                        |
| 1H2017 | 42,834                | 22,392            | 52%                        |

The decline in revenue was due to slow down in demand from the Indonesia Markets

*FY: financial year ended 31 December*

*1H 2017: refers to period ended 30 June 2017*

- For stationery business, the transactions with Interested Parties are low. We purchased photocopier papers and notebooks. Total transaction value in FY2016 :less than USD35,000.

# **Past Interested Party Transactions with Nippecraft (continued)**

- Transactions with Interested Parties are at arms length. Pulp transaction prices are benchmarked against market prices data. For stationery business, 3<sup>rd</sup> party quotes are obtained to compare against IPT transactions.
- Both our External auditors (CHFT) and Internal auditors (BDO) have reviewed the IPT transactions as part of their audit work.
- IPT mandate was not renewed on 27 April 2017.
- We are seeking a new IPT mandate at this meeting.

# **Interested persons whom Nippecraft Transact with within the APP group**

1. PT. Ekamas Fortuna
  2. PT. Indah Kiat Pulp & Paper Tbk
  3. PT. Lontar Papyrus Pulp & Paper Industry
  4. PT. Pabrik Kertas Tjiwi Kimia Tbk
  5. PT. Paramitra Gunakarya Cemerlang
  6. PT. Pindo Deli Pulp & Paper Mills
  7. PT. The Univenus
  8. Toprint Computer Suppliers Pte Ltd
- The above are disclosed in our Annual Report and Results Announcement



# Thank You

# Q&A Session