Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Nippecraft Limited

Stock code: N32

Meeting details:
Date: 26 April 2022
Time: 10.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. The chairman reported that the company posted a net profit for the second consecutive year lifted by the strong performance in the stationery business. This was encouraging especially given the challenges brought about by the pandemic.

Gross profit margin for the stationery business rose by 11.1% due to better sales mix and less discounts offered in FY2021. In the key markets of Australia and UK, there are further relaxation of COVID-19 rules which augurs well for the group. Management has a clear vision to build upon the strong foundation based on the Collins brand.

It will continue its effort in digitalising the stationery business by investing in technology to improve customer experience and reach out to new customers. Management's key focus will be growing the online presence of the brands in multiple markets across the world. This focus will support further sales growth for our stationery business.

For FY2021, the group generated a profit after tax of US$0.3 million and EBITDA was at US$1.4 million. The group's cash and cash equivalents strengthened to US$23.0 million.

(i) **Would the newly redesignated CEO, Mr Raja Hayat, be giving shareholders an overview of the group's growth strategy for Collins brand during the AGM? Please also post the presentation slides (and/or a transcript) on SGX for the benefit of all shareholders and potential investors.**

(ii) **What is management's familiarity with the other key market of Australia?**

(iii) **How much will the group be investing in digitalising the business?**

(iv) **What are some of Collins' (and Debden's) successes in social media?**

(v) **What are some of the targets the board has set for the group in the stationery business?**

(vi) Separately, in the pulp trading business, revenue was relatively flat at US$124.1 million (FY2020: US$128.3 million). Although the segment accounts for 89%-90% of the group's total revenue, management only stated that "gross profit margin for trading business decreased by 1.4% due to strong market competition". **Can management provide more colour on the operations and the opportunities in the trading segment?** In addition, the auditors have pointed out that manual processes are still being used by the trading segment (a key audit matter). **Would the audit committee review how it could automate the processes and systems given the voluminous sales transactions in the segment?**

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Q2. As shown on page 11 (Key financial data), the group achieved return on equity of between (2.82)% and 1.05, averaging (0.344)% over the past 5 years.

Key Financial Data	FY2021	FY2020	FY2019	FY2018	FY2017
US$'000					
Sales for the Group	**140,143**	143,048	120,629	115,037	125,810
Profit / (Loss) before tax	**300**	225	(753)	(299)	97
EBITDA*	**1,437**	1,314	436	722	981
At year-end (US$'000)					
Shareholders' funds / Net assets	**31,010**	30,849	30,319	31,050	32,287
Total assets	**63,398**	57,687	47,663	50,596	66,662
Total borrowings	**–**	–	–	–	–
Per Share Data (cents)					
Net earnings / (losses) **	**0.092**	0.017	(0.246)	(0.017)	0.005
Net assets***	**8.820**	8.780	8.630	8.840	9.190
Financial Ratios					
Return on equity (%)	**1.05**	0.19	(2.82)	(0.19)	0.05

* *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.*

(Source: company annual report)

(i) **What is the group's cost of capital?**

(ii) **Is the group able to generate a return that is reasonably higher than the cost of capital taking into account the risks involved in the group's businesses? If not, would the directors consider how it can safeguard the interest of the company and its shareholders (including return of capital or an orderly liquidation)?**

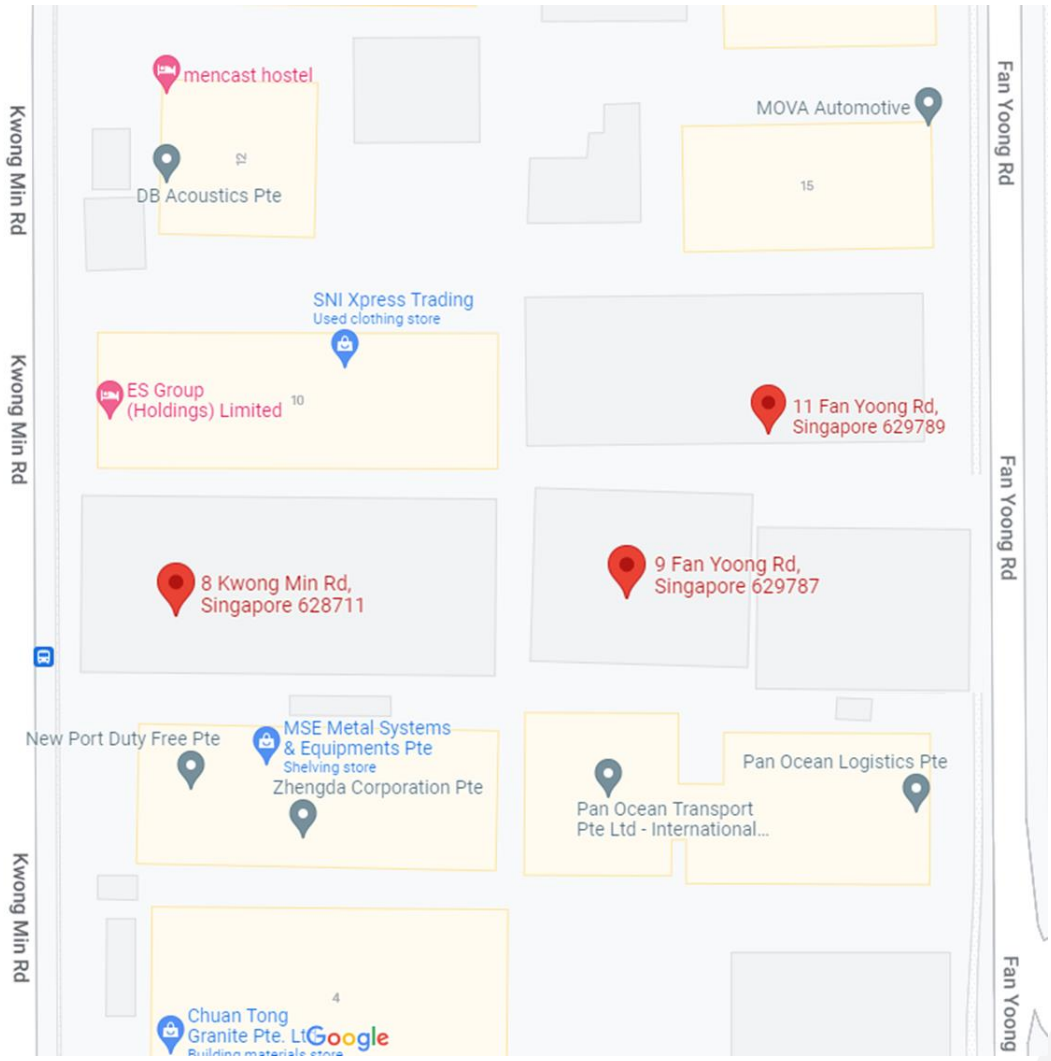
Q3. The company announced on 22 October 2021 that it had granted an option to purchase to Pan Ocean International Pte Ltd for the sale of its property located at 9 Fan Yoong Road, Singapore 629787 for a cash consideration of $2.68 million.

The option was exercised on 25 October 2021.

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(i) **Is the sale still on track? Has management been in contact with Jurong Town Corporation to understand why it has not issued its consent on the sale?**

(ii) **In addition, can the board help shareholders understand the efforts by the group in the past year to crystallise and unlock the value in its remaining properties, i.e. 11 Fan Yoong Road and 8 Kwong Min Road?**



(Source: Google maps)

(iii) **With the sale of 9 Fan Yoong Road, does it mean that the group will not be able to amalgamate the sites so as to extract greater value from the group's properties?**

(iv) **What were the level of discussions with Pan Ocean, the purchaser of 9 Fan Yoong Road, to acquire all three assets?**

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^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

Join our mailing list here to receive latest news and upcoming events.

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^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)