



September 26, 2018

Japan Pulp & Paper Co., Ltd.

Acquisition of Spicers Group Companies in Southeast Asia

Japan Pulp & Paper Co., Ltd. (“the Company”) announces the adoption of a resolution at today’s Board of Directors meeting formally approving the acquisition of all outstanding shares of Spicers Paper (Singapore) Pte Ltd (“Spicers SG”) and Spicers Paper (Malaysia) Sdn Bhd (“Spicers ML”) from Spicers Holdings (Asia) Pte Ltd, and authorizing conclusion of a share transfer agreement that will make both Spicers SG and Spicers ML into wholly owned subsidiaries of the Company.

1. Purpose of the Share Acquisition

In the Group Medium-term Business Plan 2019, a three-year plan begun in fiscal 2017 under the theme, “Paper, and beyond,” the emphasis is on boosting the sectors of Non-Japan Wholesaling, Paper Manufacturing & Processing, Resources & Environment, and Real Estate Leasing, around the core business sector of Japan Wholesaling.

Regarding Non-Japan Wholesaling, the Company has focused on expanding the scale of its business in this sector. To this end, in 2010 the Company acquired Gould Paper Corporation, a major independent paper trading company in the US, along with its European paper distribution business. In 2012, the company invested in KCT Trading with its sales network throughout India. Then in 2017, a 51% share of the Ball & Doggett Group, the largest paper trading company in Oceania, was also acquired.

Currently the Japan Pulp & Paper Group has 87 overseas sites in 22 countries, having built up one of the world’s top paper and paperboard distribution networks. By carrying out global corporate activities locally rooted in each country, the company will endeavor to raise earning power in the Non-Japan Wholesaling sector, and will continue taking on new challenges toward becoming the “world’s best paper distribution company.”

In Singapore and Malaysia, the home countries of Spicers SG and Spicers ML the two companies slated to become subsidiaries, the ratio of domestic production is relatively low. As such, this region is highly dependent on importing, a role historically played by paper distributors. While demand for printing paper and communication paper has been on the decline in recent years, the gradual economic growth in both countries has driven demand in the packaging and digital printing fields. In Singapore, in addition to the company’s wholly owned subsidiary JPP Far East with its strength in printing and communication paper, making a subsidiary of Spicers SG, which is strong in the packaging and digital printing fields, will result in a well-balanced sales structure leveraging a rich product lineup. Moreover, by integrating the assets of the

two companies for more efficient management, customer service will be improved, as the company aims to become the leading company in the paper distribution industry. In Malaysia, making Spicers ML into a subsidiary along with our Japan Pulp & Paper (M) subsidiary will expand the range of products that the company handles, improve customer service, and enable a strengthening of the operations base, contributing to the further advancement of the paper market in Malaysia.

Through the acquisition of these new subsidiaries, the company will greatly raise its presence in the paper distribution industry in both countries. At the same time, these moves will promote further strengthening and utilization of the Japan Pulp & Paper Group's global network, and enable the pursuit of greater synergies from cross-supply of the many and varied products handled by the Group and by Spicers SG and Spicers ML.

2. Target Company Profiles

A. Spicers Paper (Singapore) Pte Ltd

(1)	Name	Spicers Paper (Singapore) Pte Ltd	
(2)	Address	3 Gul Crescent, Singapore, 629519, Singapore	
(3)	Representative	Genevieve Chua Kwee Huay, Managing Director	
(4)	Main business operations	Wholesaling of paper and packaging materials	
(5)	Capital	JPY1,228 million	
(6)	Established	October 17, 1984	
(7)	Relationship between the target company and Japan Pulp & Paper	Capital relationships	There are no capital relationships to be stated.
		Personal relationships	There are no personal relationships to be stated.
		Business relationships	There are no business relationships to be stated.

B. Spicers Paper (Malaysia) Sdn Bhd

(1) Name	Spicers Paper (Malaysia) Sdn Bhd	
(2) Address	LOT 36545 Jalan TS 6/5, Taman Perindustrian Subang, 47510 Subang Jaya, Selangor	
(3) Representative	Susan Chiang Wai Leng, General Manager	
(4) Main business operations	Wholesaling of paper and packaging materials	
(5) Capital	JPY163 million	
(6) Established	March 24, 1959	
(7) Relationship between the target company and Japan Pulp & Paper	Capital relationships	There are no capital relationships to be stated.
	Personal relationships	There are no personal relationships to be stated.
	Business relationships	There are no business relationships to be stated.

Note: 1. Foreign exchange rates of 1SGD = JPY83.0 and 1MYR = JPY25.0 are used for conversion.

2. The consolidated operating results and consolidated financial status have been withheld at the request of the target companies.

3. Profile of Spicers Holdings (Asia) Pte Ltd

(1) Name	Spicers Holdings (Asia) Pte Ltd	
(2) Address	3 Gul Crescent, Singapore, 629519, Singapore	
(3) Major Shareholders & Shareholding Ratio	Paper Associates Pty Ltd 100%	
(4) Relationship between the company and Japan Pulp & Paper	Capital relationships	There are no capital relationships to be stated.
	Personal relationships	There are no personal relationships to be stated.
	Business relationships	There are no business relationships to be stated.

4. Acquisition Costs

The cost of the acquisition has been withheld at the request of the seller, however the price may be considered fair and just and was calculated based on appropriately conducted due diligence proceedings

5. Schedule

The schedule for completing the transactions is as shown in the table below. The share transfers are expected to be executed after approvals have been obtained from authorities in the countries involved.

(1)	Date of resolution by Board of Directors	September 26, 2018
(2)	Date of agreement	September 26, 2018
(3)	Date of share transfers	November 2018 (planned)

6. Future Outlook

The effect of this share acquisition on the Company's consolidated results for the period ending March 31 2019 are considered insignificant.

Enquiries

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