

PAPER CONVERTING COMPANY LIMITED

*(A Public Company limited by shares
registered in Mauritius under the Companies Act 2001)*

FURTHER ADMISSION DOCUMENT

**IN RESPECT OF THE BONUS ISSUE OF 5,000,000 NEW
ORDINARY SHARES IN A PROPORTION OF 1 NEW ORDINARY
SHARE FOR EVERY 1 ORDINARY SHARE HELD ON THE
DEVELOPMENT & ENTERPRISE MARKET
OF THE STOCK EXCHANGE OF MAURITIUS LIMITED**

AD NUMBER: LEC/BI/02/2023

Rule 2.3 THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Further Admission Document includes particulars given in compliance with the rules for the Development & Enterprise Market (the 'DEM') and the Securities Act 2005 and the regulations promulgated under it for the purpose of giving information with regard to the issuer.

Rule 2.1 The Directors, whose names appear on pages 13 and 14 of this Further Admission Document, collectively and individually accept full responsibility for the accuracy of the information contained in this Further Admission Document and confirm, having made all reasonable enquiries that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading. The Directors also state that the financial statements have been prepared in accordance with the Act and the International Financial Reporting Standards and collectively and individually accept responsibility for these financial statements.

Sch3 Sec (e) Application is being made for the Bonus Issue of 5,000,000 new Ordinary Shares of **Paper Converting Company Limited (PCCL)** in a proportion of one (1) new Ordinary Share for every one (1) Ordinary Share held on the Development & Enterprise Market of the Stock Exchange of Mauritius Ltd.

Sch3 Sec (c) The Further Admission Document will be available for inspection by the public at the Company's registered office at Bonne Terre, Vacoas, Mauritius and at St James Secretaries Limited, 5th Floor, C&R Court, 49 Labourdonnais Street, Port Louis, Mauritius, for at least 14 days as from the date of the Further Admission Document.

Paper Converting Company Limited

(A Company registered in Mauritius under the Mauritius Companies Act 2001)

Further Admission Document in respect of the issue and admission to listing of 5,000,000 new Ordinary Shares on the Development & Enterprise Market of the Stock Exchange of Mauritius Ltd by way of a Bonus Issue.

The distribution of this Further Admission Document and the sale or delivery of the Ordinary Shares is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Further Admission Document are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Further Admission Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

This Document should be read in its entirety before making any application for the Ordinary Shares. All questions and inquiries relating to this Document should be directed to Mr. Seedheshwar Mojee on telephone no: +230 402 0852 or Mrs Shenaz Rughoonauth of St James Secretaries Limited, 5th Floor, C&R Court, 49 Labourdonnais Street, Port Louis, Mauritius, Telephone no.: +230 213 7000.

Rule 2.2 Neither the Listing Executive Committee of The Stock Exchange of Mauritius Ltd, nor The Stock Exchange of Mauritius Ltd, nor the Financial Services Commission assumes any responsibility for the contents of this Document. The Listing Executive Committee of The Stock Exchange of Mauritius Ltd, the Stock Exchange of Mauritius Ltd and the Financial Services Commission make no representation as to the accuracy or completeness of any of the statements made or opinions expressed in this Document and expressly disclaim any liability whatsoever for any loss arising from or in reliance upon the whole or any part thereof.

The Stock Exchange of Mauritius Ltd, the Listing Executive Committee of the Stock Exchange of Mauritius Ltd and the Financial Services Commission do not vouch for the financial soundness of the Company or for the correctness of any statements made or opinions expressed with regard to it. If you are in any doubt about the contents of this Document, you may consult an independent qualified person who may advise you accordingly.

This Document has also been filed with the Financial Services Commission.

The Directors also wish to highlight that as at date of this Further Admission Document:

Rule 19.7 No material adverse change in the financial or trading position of the Company has taken place since the last audited or any later interim financial statements that have been published;

Investors in the Company are not protected by any statutory compensation arrangements in Mauritius in the event of the Company's failure.

Rule 2.1 Mr. Seedheshwar Mojee

Mr Aymeric Hermann Dookun

Date: 24 February 2023

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DEFINITIONS

The following definitions apply throughout this Document, unless the context requires otherwise:

“Act”	the Companies Act 2001 in force in Mauritius and any subsequent amendments to it or any regulations promulgated under it;
“Board”	the Board of Directors as constituted from time to time or any duly constituted committee of the Board of Directors acting within its authority;
“Company”	Paper Converting Company Limited, a company registered under the laws of Mauritius under registration number 1564;
“Company Secretary”	St James Secretaries Limited, a company incorporated under the laws of Mauritius and having its registered office at 5 th Floor, C&R Court, 49 Labourdonnais Street, Port Louis, Mauritius;
“Constitution”	the Constitution of the Company as may be amended from time to time;
“Controlling Shareholder”	Any person who is (or in the case of a Related Party Transaction only was within the 12 months preceding the date of that transaction) entitled to exercise, or control the exercise of 20 percent or more of the voting power at general meetings of the Company or one which is in a position to control the appointment and/or removal of Directors holding a majority of voting rights at Board meetings on all or substantially all matters;
“Directors”	the Directors of the Company as at the date of this Further Admission Document, whose details are given on pages 13 and 14 of this Document;
“Expenses”	All costs, fees and expenses related to the Company’s organization and operations, to the extent permitted by law and the Constitution;
“FMCG”	Fast moving consumer goods;
“FSC”	Financial Services Commission;
“IFRS”	International Financial Reporting Standards;
“Law” other	the laws, statutes, rules, regulations, ordinances and pronouncements having the effect of law in Mauritius;
“PCCL”	Paper Converting Company Limited;
“Meeting”	a meeting of Members;

DEFINITIONS (Cont'd)

“Member”	a registered holder of shares in the Company;
“Rs”	Mauritian Rupees, the lawful currency of the Republic of Mauritius;
“Person”	an individual, a corporation, a trust, the estate of a deceased individual, a partnership or an unincorporated association of persons;
“Register”	the register of Members to be kept pursuant to the Law;
“Related Party”	in relation to a company means a director, chief executive or Controlling Shareholder of the company or any of its subsidiaries or associates of any of them;
“Related Party Transaction”	(i) a transaction (other than a transaction of a revenue nature in the ordinary course of business) between the Company, or any of its subsidiaries, and a Related Party; or (ii) any arrangements pursuant to which the Company, or any of its subsidiaries, and a Related Party each invests in, or provides finance to, another undertaking or asset;
“Secretary”	St James Secretaries Limited, a company incorporated under the laws of Mauritius and having its registered office at 5 th Floor, C&R Court, 49 Labourdonnais Street, Port Louis, Mauritius;
“SEM”	The Stock Exchange of Mauritius Ltd established under the repealed Stock Exchange Act 1988 and now governed by the Securities Act 2005;
“Special Resolution”	A resolution approved by 75% percent of the votes of those Members entitled to vote and voting on the matter which is the subject of the resolution or a written a resolution signed by Members holding not less than 75% percent of the Members who would be entitled to vote on that resolution at a Meeting who together would hold not less than 75% percent of the votes entitled to be cast on that resolution;
“Special Meeting”	Special Meeting of Shareholders

PART I

KEY INFORMATION

The following information must be read in conjunction with the information set out in the remainder of this Document, and with the Constitution of the Company. Prospective investors should read the whole of this Document, and not rely solely on the following summarised information.

1 THE COMPANY

Rule 5.1.1-5.1.5 **Paper Converting Company Limited** (the ‘Company’ or ‘PCCL’) was incorporated in Mauritius as a private company limited by shares according to the Act on 19 November 1966 with registration number 1564. The Company is domiciled in Mauritius. The Company was converted into a public company under the Act by way of a Special Resolution of its shareholders on 01 March 1985. The Company has an unlimited life. Its registered office address is Bonne Terre, Vacoas (telephone no. +230 402 0852).

Rule 6.1.1 & 20.2.1 The Company is a leading manufacturer of tissue and toilet paper in Mauritius. It produces the international prestigious brand of toilet and tissue paper “Kleenex” under license from Kimberly Clark Corporation of USA. As in almost every part of the globe, “Kleenex” products have consolidated their leadership in the Mauritian market and have established themselves as a household brand today. The Company is rightly considered in Mauritius to be the pioneer in the production of toilet tissue rolls since it started operations in October 1967. Now a wide array of paper products is being manufactured with quality ranging from basic to premium.

The Company operates under the license of Kimberly Clark and abides by the International Corporation Policy concerning quality control. Samples are thus sent regularly to USA for stringent laboratory tests. Furthermore, the Company also obtained the AFNOR Certification on 11 December 2015.

During 2018, the Company got its Forest Stewardship Council (FSC) certification. The FSC certification guarantees consumers that the Company operates in an environmentally, economically and socially responsible way. The certification constitutes a major milestone achieved in the Company’s continuous endeavours for sustainable development and is the result of the mobilisation of significant resources and cost. Being the first Mauritian FSC certified company represents an important competitive edge and brand differentiation for environmentally sensitive clients.

Substantial interests in shares and shares in public hands

The list of substantial shareholders as at 31 January 2023 was as follows:

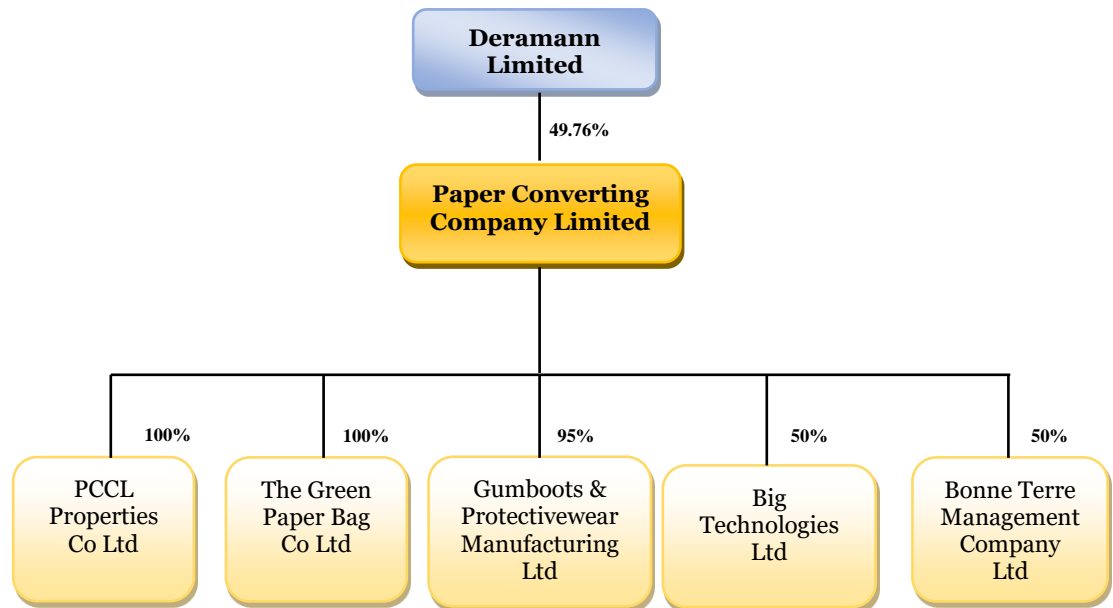
<i>Members</i>	<i>Number of Shares</i>	<i>% shareholding</i>
Controlling shareholder - Deramann Limited	2,488,135	49.76%
Mauritius Cosmetics Limited	1,483,968	29.68%
Mr Jadoo Hermann Dookun	478,118	9.56%
Public	549,779	11.00%

PART I

KEY INFORMATION (Cont'd)

1 THE COMPANY (Cont'd)

PCCL is a subsidiary of Deramann Limited, which is a property and investment holding company. The Group structure of PCCL, prior to the issue of the 5,000,000 Ordinary Shares, is provided below:



All the subsidiary companies and jointly controlled entities are incorporated in Mauritius.

Salient Features of the Bonus Issue

Items	Details
Issuer	Paper Converting Company Limited
Terms of the issue	Entitled shareholders will be allotted one (1) new Ordinary Share for each one (1) Ordinary Share held in the Company on the Record Date.
Purpose of the issue	The main purpose of the Bonus Issue is to improve the liquidity of PCCL shares on the SEM.
Rights of newly issued Ordinary Shares	The newly issued Ordinary Shares will rank pari-passu with the existing Ordinary Shares of the Company.
Key dates	Record Date: 27 April 2023 Listing Date: 08 May 2023
Fractional shares	The Company will not issue fractional Ordinary Shares. The number of shares will be rounded down to the nearest integer when fraction occurs.

PART I
KEY INFORMATION (Cont'd)

1 THE COMPANY (Cont'd)

Calendar of events

In relation to the Bonus Issue, the following timetable will apply:

Events	Dates
Issue of Cautionary Announcement by Company	12 January 2023
Approval received from relevant authorities	24 February 2023
Issue of Communiqué after receipt of approval from relevant authorities and Board of Directors approval of Bonus Issue	24 February 2023
Special meeting of shareholders	07 April 2023
First cum bonus trading session	10 April 2023
Last day to deposit existing share certificates at CDS for the first day of trading bonus shares	20 April 2023
Last cum bonus trading session	24 April 2023
Ex-Bonus Issue	25 April 2023
Close of books	27 April 2023
Direct credit of CDS accounts with bonus shares	05 May 2023
First day for trading of new bonus shares	08 May 2023
Issue of new share certificates	31 May 2023

Shareholders who have not yet deposited their shares in the Central Depository & Settlement Co Ltd (CDS) and who wish to trade in the bonus shares on the 08 May 2023 are advised to deposit their existing share certificates with CDS by 20 April 2023 at latest.

2 TERMS AND CONDITIONS OF THE BONUS ISSUE

**Rule 20.1.1
& 26.3.1**

Before the Bonus Issue, the stated capital of the Company was Rs 50,000,000 made up of 5,000,000 fully paid Ordinary Shares. The shares have no par value.

On the 07 December 2022, the Board of Directors (the 'Board') of Paper Converting Company Limited (the 'Company') has resolved to capitalise a sum of Rs 50,000,000 and used for distribution by way of a Bonus Issue of 5,000,000 Ordinary Shares of the Company ('Bonus shares'), to and among the holders of Ordinary Shares registered at close of business on the 27 April 2023.

The 5,000,000 Ordinary Shares from the Bonus Issue shall be allotted and distributed in the proportion of one (1) new Ordinary Share for every one (1) Ordinary Share held in the Company on the Record Date.

The Board has also approved the application for the admission of the 5,000,000 new Ordinary Shares from the Bonus Issue on the Development & Enterprise Market ("DEM") of the Stock Exchange of Mauritius Ltd ("SEM").

In accordance with the Constitution of the Company, the Company's shareholders will be called to vote, by way of a Special Resolution at a Special Meeting of shareholders to be held on 07 April 2023, the Bonus Issue of 5,000,000 new Ordinary Shares.

PART I

KEY INFORMATION (Cont'd)

2 TERMS AND CONDITIONS OF THE BONUS ISSUE (Cont'd)

The table below summarises the impact of the Bonus Issue on the share capital and reserves of the Company:

	Total equity as at 31 December 2021 (Audited)	Bonus Issue	Total equity after Bonus Issue
	Rs	Rs	Rs
Stated capital	50,000,000	50,000,000	100,000,000
Share premium	14,900,866	-	14,900,866
Revaluation reserve	95,485,555	(50,000,000)	45,485,555
Retained earnings	170,561,623	-	170,561,623
Total	330,948,044	-	330,948,044
Number of shares	5,000,000	5,000,000	10,000,000

In compliance with Schedule 2 of the rules for the Development & Enterprise Market, the Auditors have confirmed that the Company's reserves are sufficient for the purpose of the Bonus Issue. Please refer to Appendix 1.

Rights of newly issued Ordinary Shares

The newly issued Ordinary Shares will rank pari-passu with the existing Ordinary Shares of the Company and accordingly shall have the rights set forth in the Constitution.

Impact on share price

Immediately after the Bonus Issue, the theoretical share price of the Company will be equivalent to the share price of the Company prior to the Bonus Issue multiply by 5/10. For example, using the share price of the Company of Rs 24.50 on 29 December 2022, being the last practicable date prior to the Bonus Issue, the revised theoretical share price after the Bonus Issue would be Rs 12.25.

Details	Number of shares	Price per share Rs	Market capitalization Rs
Pre-Bonus Issue	5,000,000	24.50	122,500,000
Bonus Issue (1 new Ordinary Share per 1 existing share)	5,000,000	-	-
Post-Bonus Issue	10,000,000	12.25	122,500,000

The offer will not cause any dilution in the percentage holding of existing shareholders.

PART I

KEY INFORMATION (Cont'd)

3 APPLICATION FOR LISTING

- Rule 25.1, 25.3** An application is being made for the listing of the 5,000,000 new Ordinary Shares. The new shares carry rights similar to the existing Ordinary Shares. All the shares to be issued by the Company will be in registered form. Details of the entity in charge of keeping the records are as follows: St James Secretaries Limited, 5th Floor, C&R Court, 49 Labourdonnais Street, Port Louis, Mauritius.
- Sch3 Sec (g)** The first day of listing and admission to trading of the abovementioned 5,000,000 new Ordinary Shares has been scheduled for 08 May 2023.

4 DIRECTORS, SECRETARY, REGISTERED OFFICE AND ADVISERS

- Rule 3.2** The following are officers and service providers of the Company:

Directors

- Mr Jadoo Hermann Dookun (Chairperson)
- Mr Aymeric Jadoo Hermann Dookun (Managing Director)
- Mr Uwe Hollmichel
- Dr Assish Kumar Ganshyam Singh Jugmohun
- Mr Navind Kumar Dookun
- Mr Anil Kumar Shiwpursad
- Mr Seedheshwar Mojee
- Mr Vinod Khooshiramsing Bussawah
- Mr Preetam Chuttoo

Company secretary & Registry

St James Secretaries Limited
5th Floor, C&R Court
49 Labourdonnais Street
Port Louis, Mauritius
Telephone no.: +230 213 7000
Fax no.: +230 210 7878

Registered office address

Bonne Terre
Vacoas
Mauritius
Telephone no.: +230 402 0852

Bankers

Absa Bank (Mauritius) Limited
Sir William Newton Street
Port Louis, Mauritius
Telephone no.: +230 404 1000

Bank of Baroda
6, Sir William Newton Street
Port Louis, Mauritius
Telephone no.: +230 208 1504

State Bank of Mauritius
State Bank Tower
1, Queen Elizabeth II Avenue
Port Louis, Mauritius
Telephone no.: +230 202 1111

PART I

KEY INFORMATION (Cont'd)

4 DIRECTORS, SECRETARY, REGISTERED OFFICE AND ADVISERS (Cont'd)

Rule 3.2

The following are officers and service providers of the Company (Cont'd):

Bankers

ABC Banking Corporation Ltd
WEAL HOUSE, Duke of Edinburgh Avenue
Place d'Armes, 11328
Port Louis, Mauritius
Telephone no.: +230 206 8000

The Mauritius Commercial Bank Ltd
9-15, Sir William Newton Street
Port Louis, Mauritius
Telephone no.: 202 5000

AfrAsia Bank Limited
Bowen Square
10, Dr. Ferrière Street,
Port Louis, Mauritius
Telephone no.: +230 208 5500

Investment dealer

Axys Stockbroking Ltd
Bowen Square
10, Dr. Ferrière Street
Port Louis, Mauritius
Telephone no.: +230 213 3475

Rule 3.1

Auditors

The auditors and Mauritius tax advisors are as at date:

Moore Mauritius
Chartered Accountants
Level 6, Newton Tower
Sir William Newton Street
Port Louis, Mauritius
Telephone no.: +230 207 0600

PART I

KEY INFORMATION (Cont'd)

Rule 14.1 4.1 BOARD OF DIRECTORS

The Board of Directors of the Company consists of nine members and is committed to achieving success of the Company by building a sustainable business for the long term and generating the highest return on shareholders' investment.

The Board of Directors is the ultimate governing body and has full powers over the affairs of the Company. The Board is made up of 3 Executive Directors (including 1 Managing Director) and 6 Non-Executive Directors, of which 3 are Independent Directors.

Directors' Profiles

Mr Jadoo Hermann Dookun (60 years)

Born in 1962, Jadoo Dookun terminated his secondary education at Lycée La Bourdonnais before leaving for the United States where he studied International Business. He joined the Deramann Group of companies in early 1984 and has over the years acquired substantial experience in various sectors ranging from manufacturing to the distribution of consumer goods. He was appointed as Managing Director of the Group since 2007 after the demise of his brother Deo Rajah Dookun. He is currently the Chairperson of the Group.

Mr Aymeric Jadoo Hermann Dookun (29 years)

After completing his high school education in Australia, Aymeric Dookun attended Schiller International University in Heidelberg where he studied International Business and Marketing. On his return to Mauritius, he was nominated as Chief Marketing Officer for the Deramann Group and was appointed to the Board of Directors in 2014. He is currently the Managing Director of the Group.

Mr Uwe Hollmichel (65 years)

Uwe holds a degree from the Heidelberg Economic School. He started his career at Deutsche Bank AG Germany in 1974 and is a Branch Manager and Director for over 25 years. One of his main concerns in both professional and personal field is Corporate Social Responsibility and the Sustainable use of Nature and Human beings. He is the President of one of the major sport clubs in Heidelberg, advisor, independent consultant and Board Member of several companies, non-governmental, cultural, and social organisations in the city of Heidelberg and in the Metropolitan region Rhein-Neckar, Germany.

Dr Assish Kumar Ghanshyamsingh JUGMOHUN (51 years)

Dr Assish Kumar Jugmohun is a holder of a Doctorate in Business Administration (DBA) (Mauritius), MBA (General Management) from South Africa. In addition, he also has an MSc (Human Resources Management) (Mauritius) and a BSc (Mathematics and Statistics) (South Africa). He is presently continuing his post-doctoral research in the field of Performance Management System, Reward and Training. He has been shouldering responsibilities at managerial level in the sugar and financial sector in Mauritius.

PART I

KEY INFORMATION (Cont'd)

Rule 14.1 4.1 BOARD OF DIRECTORS (Cont'd)

Mr Navind Kumar Dookun (62 years)

Mr Navind Kumar Dookun has a vast experience of over 25 years in the cultivation of sugarcane and other crops and is an elected member of Managing Committee of The Mauritius Sugarcane Planters' Association. Mr Dookun manages a filling station, and he is a member of The Petroleum Retails Association. Apart from being a member of the Board of PCCL, he is also involved in various social and cultural activities.

Mr Anil Kumar Shiwpursad (63 years)

Mr Anil Kumar Shiwpursad was born in 1958. After completing his secondary education, he did some courses in leadership and management and also courses in shipping line. He joined the Deramann Group of companies in 1976 where he has occupied various positions such as shipping manager, procurement manager and assistant managing director. He was appointed as Director of PCCL in 2013.

Mr Seedheshwar Mojee (46 years)

Mr Seedheshwar Mojee is a graduate of the Association of Chartered Certified Accountants. He started his working career in the audit field where he worked in various audit firms for 8 years. He also worked as accountant for nearly 3 years before joining the Deramann Group of companies in 2007 as financial controller. He was appointed as Director of PCCL in 2013.

Mr Vinod Khooshiramsing Bussawah (62 years)

Mr Bussawah is a finance professional with over 25 years' experience at senior management level with reputed organisations in Mauritius and the region. He was the Officer in Charge - Finance and Administration at The Mauritius Chamber of Agriculture for 12 years, following which he was appointed as Country Manager for ACCA Mauritius where he spent nine years in making ACCA the most sought-after professional qualification in the field of finance. He was also the General Manager of LCA Mauritius for more than three years. Vinod has gained his experience in the manufacturing sector by working as General Manager of Crestanks Ltd, a leading water tank manufacturer in Uganda. He is an FCCA (Fellow Chartered Certified Accountant) and also holds an MBA Finance and a Diploma in Corporate Governance. Mr Bussawah is a member of Mauritius Institute of Directors (MIOD) and a registered professional accountant with Mauritius Institute of Public Accountants (MIPA).

Mr Preetam Chuttoo (49 years)

Mr Preetam Chuttoo is the holder of an LLB (Hons) 1st Class 2nd Division from the University of London. He was awarded the best external student of the University of London for the years 2004 and 2005. In 1993, he started his career in the Judiciary and he practised as Attorney-at-Law since 2008. He served in various Courts including District Court of Grand Port, Intermediate Court and Supreme Court of Mauritius. He has the right of audience before District Courts, the Industrial Court, the Bankruptcy Division of the Supreme Court and the Master's Court. He has considerable experience at local and international level including the Judicial Committee of the Privy Council.

PART I

KEY INFORMATION (Cont'd)

4.2 SECRETARY

Details of the company secretary are as follows: St James Secretaries Limited, a company incorporated under the laws of Mauritius and having its registered office at 5th Floor, C&R Court, 49 Labourdonnais Street, Port Louis, Mauritius.

5. COSTS

The estimated admission cost amounts to Rs 300,000, which represents the application fee of Rs 120,000 to be paid to the SEM, professional fees of Rs 120,000 and publication costs of Rs 60,000.

PART II

Rule 4

RISK FACTORS

The table below provides details of the risk factors facing the Company and the corresponding measures to mitigate the consequences:

<i>Risks</i>	<i>Mitigation</i>
<p><i>Quality standards</i></p> <p>The Company works with international brands and needs to maintain quality standards to retain these licenses.</p>	<p>Regular quality checks are carried out and the international brands perform regular audits to assess quality. The Company is ISO and AFNOR compliant and Forest Stewardship Council certified.</p>
<p><i>Financial risk</i></p> <p>Financial risk is the risk that the Company will not have adequate cash flow to meet financial obligations. The Company is faced with two main types of financial risks, namely Credit risk and Liquidity risk.</p> <p>(i) <i>Credit risks</i></p> <p>Credit risk represents the potential loss that the Company would incur if counter parties fail to perform pursuant to the terms of their obligations to the Company. The carrying amount of financial assets represents the maximum credit exposure. Credit risk consists of cash deposit with banks, investment in securities and receivables.</p> <p>(ii) <i>Liquidity risks</i></p> <p>Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.</p>	<p>The Company only deposits cash with major banks with high quality credit standing and limits exposure to anyone counterparty. Company invests exclusively in low risk financial instruments in order to mitigate any potential default risk. The exposure to credit risk on receivables is monitored on an ongoing basis by management and these are considered recoverable.</p> <p>The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.</p>
<p><i>Operational risk</i></p> <p>Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.</p>	<p>These risks are monitored through the establishment of proper planning and control procedures to ensure that the risk of loss from inadequate or failed processes, people and from external events are mitigated. Besides, the Company has policies in place to continuously maintain operating equipment in good running conditions.</p>

PART II

Rule 4

RISK FACTORS (Cont'd)

<i>Risks</i>	<i>Mitigation</i>
<p><i>Compliance risk</i></p> <p>Compliance risk is the current and prospective risk arising from violations of, or nonconformance with, applicable laws, rules, regulations, internal policies and procedures. This risk exposes the Company to fines, civil money penalties, payment of damages, and the voiding of contracts. Compliance risk can lead to diminished reputation, reduced franchise value, limited business opportunities, reduced expansion potential, and an inability to enforce contracts.</p>	<p>The Company has established effective controls and procedures to ensure segregation of duties at all levels.</p> <p>The Board has put in place an effective ‘whistle blowing’ mechanism to facilitate and encourage the reporting of any lack, or breach of internal controls and any unethical or irregular behaviour.</p>
<p><i>Information Technology risk</i></p> <p>It is the risk of potential loss that the Company would incur subsequent to its information system vulnerabilities because of unauthorized (malicious or accidental) disclosure, modification, or destruction of information; unintentional errors and omissions; IT disruptions due to natural or man-made disasters; and failure to exercise due care and diligence in the implementation and operation of the IT system.</p>	<p>The Company has implemented effective controls and procedures to ensure segregation of duties and logical access rights at all levels and minimise the technological risk through the establishment of an appropriate back up and continuity of systems, internal audit and protection of data.</p>
<p><i>Reputational risk</i></p> <p>This risk arises as a result of the Company being unable to meet its professional obligation towards its stakeholders due to unintentional or negligent action.</p>	<p>The risk is mitigated by communicating regularly with its stakeholders and constantly striving to build strong business relationships.</p>
<p><i>Procurement risk</i></p> <p>It is a risk that insufficient or poor quality raw materials are supplied to the Company by external suppliers.</p>	<p>The Company mitigates this risk by maintaining a buffer stock of raw materials. It also purchases from different suppliers.</p>

PART III
ADDITIONAL INFORMATION

Rule 20.2.1 **1. CONSTITUTION**

Stated capital

The stated capital of the Company shall comprise of Ordinary Shares and/or of such classes of shares as the Company may determine in accordance with the provisions of the Constitution with such preferred or deferred qualified or other special rights or restrictions whether in regard to voting, dividend or otherwise.

The issued share capital as at the date of this Further Admission Document is Rs 50,000,000, divided into 5,000,000 Ordinary Shares.

Issue of new shares

The Board may issue Shares at any time, to any person and in any number it thinks fit without the prior approval of the Shareholders. Subject to paragraph 6.4 (Variation of Rights) of the Constitution, the Board may issue different Classes of Shares on such terms and conditions as the Board may in its absolute discretion decide. The Board may, if approved by Ordinary Resolution and in compliance with the requirements of Section 114 of the Companies Act 2001, issue Shares that rank (as to voting, Distribution or otherwise) equally with or in priority to, or in subordination to the existing Shares.

Purchase or other acquisition of own shares

(a) Authority to acquire own Shares: For the purposes of section 68 of the Companies Act 2001, the Company shall be expressly authorised to purchase or otherwise acquire Shares issued by it.

(b) Authority to hold own Shares: Subject to any restrictions or conditions imposed by law, the Company shall be expressly authorised to hold Shares acquired by it pursuant to sections 68 or 110 of the Companies Act 2001.

(c) Authority to re-issue and transfer own Shares: For the purposes of section 74 of the Companies Act 2001, the Company shall be expressly authorised to transfer Shares that it holds in itself.

(d) Authority to issue redeemable Shares: For the purposes of section 76 of the Companies Act 2001, the Company may issue redeemable Shares.

Reduction of stated capital

The Company may, to the extent provided by the provisions of section 62 of the Companies Act 2001, and subject to the passing of a Special Resolution, reduce its stated capital to such amount as it thinks fit.

Fractional shares

The Company may issue fractions of Shares which shall have corresponding fractional liabilities, limitations, preferences, privileges, qualifications, restrictions, rights and other attributes as those which relate to the whole share of the same Class or series of Shares.

PART III

ADDITIONAL INFORMATION (Cont'd)

Rule 20.2.1 1. CONSTITUTION (Cont'd)

Annual meeting and special meeting of shareholders

The Board shall call an Annual Meeting of Shareholders to be held each year within six (6) months of the end of the preceding financial year of the Company at the Company's registered office or at such other venue as shall be designated by the Board.

A Special Meeting may be called at any time by the Board and shall be so called on the written request of any Shareholders holding Shares carrying together not less than five per cent (5%) of the voting rights entitled to be exercised on the issue.

Directors

The Company shall be managed by a Board consisting of at least 4 but no more than 10 Directors. The Company may by Ordinary Resolution increase or reduce the number of Directors.

The Board may comprise two (2) Independent Directors who shall be appointed by the Shareholders.

There shall be at least one woman on the Board.

Authority to remunerate Directors

The Shareholders shall by Ordinary Resolution at the Annual Meeting of Shareholders approve the remuneration of the Directors and any benefit payable to the Directors, including any compensation for loss of employment of a Director or former Director provided that such remuneration is reasonable and provided for in the approved annual budget of the Company.

The Board may determine the terms of any service contract with a Managing Director or other executive Director of the Company.

Directors may be paid all travelling, hotel and other expenses properly incurred by them in attending any meetings of the Board or in connection with the business of the Company.

Directors' Interests

The Company shall cause to be kept an interests register and each Director must declare to the Board any interest that he may have in relation to a proposed resolution.

Voting

Every Director has one vote. The Chairman shall not have a casting vote. A resolution of the Board is passed if it is agreed to by all Directors present without dissent or if a majority of the votes cast on it are in favour of it.

A Director present at a meeting of the Board is presumed to have agreed to, and to have voted in favour of, a resolution of the Board unless he expressly dissents from or votes against the resolution at the meeting.

PART III

ADDITIONAL INFORMATION (Cont'd)

Rule 25.5 2. RIGHTS ATTACHED TO THE SHARES

Each Ordinary Share will confer upon its holder:

- (a) the right to one vote on a poll at a meeting of the Company on any resolution;*
- (b) the right to an equal share in Dividends authorised by the Board; and*
- (c) the right to an equal share in the distribution of surplus assets of the Company.*

Dividends

All Dividends unclaimed for one year after having been authorised may be invested or otherwise made use of by the Board for the benefit of the Company until claimed, and all Dividends unclaimed for five years after having been declared may be forfeited by the Board for the benefit of the Company. The Board may, however, annul any such forfeiture and agree to pay a claimant who produces evidence of entitlement to the Board's satisfaction of the amount of its Dividends forfeited unless in the opinion of the Board such payment would embarrass the Company.

Rule 25.5 2 **Voting rights**

Save for matters which shall require a Special Resolution or the unanimous approval of Shareholders entitled to vote, all other decisions shall require, and irrespective of the method used for voting (i.e., whether by voice, by show of hands, by poll or other), a simple majority of the votes of those Shareholders entitled to vote and voting on the matter which is the subject of the resolution.

Votes shall be counted according to the votes attached to the Shares of each Shareholder present in person or by proxy and voting. The Chairman shall not be entitled to a casting vote.

Rights to share in any surplus in the event of liquidation

Subject to paragraphs 31.3 and 31.4 of the Constitution and to the terms of issue of any Shares in the Company, upon the winding up of the Company, the assets, if any, remaining after payment of the debts and liabilities of the Company and the costs of winding up (the surplus assets), shall be distributed among the shareholders in proportion to their shareholding.

3. LITIGATION

Rule 19.6

The Company is not involved in any governmental, legal or arbitration proceedings and, so far as the Directors are aware, there are no governmental, legal or arbitration proceedings pending or threatened against them, or being brought by the Company since the date of incorporation of the Company which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Company.

APPENDIX 1

**REPORT OF THE INDEPENDENT AUDITORS ON SUFFICIENCY OF RESERVES
UNAUDITED INTERIM STATEMENTS OF FINANCIAL POSITION
UNAUDITED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

REPORT OF THE INDEPENDENT AUDITORS ON SUFFICIENCY OF RESERVES



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12 January 2023

The Directors
Paper Converting Company Limited
Bonne Terre
Vacoas

Dear Sirs

Re. Auditors' Report – Proposed Bonus Issue

We have inquired into Paper Converting Company Limited (“the Company”) state of affairs and confirm that the company has sufficient reserves to proceed with the proposed bonus issue of 5,000,000 new ordinary shares in a proportion of one new ordinary shares for every one held as at that date, on the basis of the following:

- i) Audited financial statement of the company for the year ended December 31, 2021 and
- ii) Management representation to the effect that there has been no matter which has negatively affected the Company’s reserves available for the proposed bonus issue from December 31, 2021 to date.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'A. Moore', written over a dotted line.

MOORE
Chartered Accountants

Date: **10 FEB 2023**

An independent member firm of
Moore Global Network Limited

UNAUDITED INTERIM STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2022 & 31 DECEMBER 2021

	THE COMPANY	
	Unaudited 30 September 2022	Audited 30 September 2021
Assets	Rs	Rs
Non-current assets	<u>363,498,454</u>	<u>367,105,255</u>
Current assets	<u>248,927,919</u>	<u>235,497,136</u>
Total assets	Rs <u><u>612,426,373</u></u>	<u><u>602,602,391</u></u>
 Equity and liabilities		
Total equity	<u>339,913,681</u>	<u>330,948,044</u>
Non-current liabilities	<u>79,990,823</u>	<u>83,959,926</u>
Current liabilities	<u>192,521,869</u>	<u>187,694,421</u>
Total liabilities	<u>272,512,692</u>	<u>271,654,347</u>
Total equity and liabilities	Rs <u><u>612,426,373</u></u>	<u><u>602,602,391</u></u>

UNAUDITED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE 9 MONTHS' PERIOD ENDED 30 SEPTEMBER 2022 & 2021

	Unaudited			
	3 months to 30 September 2022	3 months to 30 September 2021	9 months to 30 September 2022	9 months to 30 September 2021
	Rs	Rs	Rs	Rs
Revenue	<u>74,708,546</u>	<u>61,789,877</u>	<u>197,531,369</u>	<u>147,612,889</u>
Profit from operations	5,916,464	6,342,374	15,592,694	13,075,735
Impairment loss	-	-	-	-
Finance costs	<u>(2,137,775)</u>	<u>(1,689,922)</u>	<u>(6,627,057)</u>	<u>(5,044,820)</u>
Profit before tax	3,778,689	4,652,452	8,965,637	8,030,915
Taxation	-	-	-	-
Profit after tax	<u>3,778,689</u>	<u>4,652,452</u>	<u>8,965,637</u>	<u>8,030,915</u>
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	<u>3,778,689</u>	<u>4,652,452</u>	<u>8,965,637</u>	<u>8,030,915</u>
Attributable to:		-		-
-Equity holders of the company	3,778,689	4,652,452	8,965,637	8,030,915
-Non-controlling interest	-	-	-	-
Rs	<u>3,778,689</u>	<u>4,652,452</u>	<u>8,965,637</u>	<u>8,030,915</u>
Earnings per share	Cts <u>0.76</u>	<u>0.93</u>	<u>1.79</u>	<u>1.61</u>

Note:

Earnings per share for the 9 months' period ended 30 September 2022 and 30 September 2021 have been derived on the basis of 5,000,000 ordinary shares issued and outstanding as at that date.