

CIRCULAR DATED 15 MAY 2018

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by Nippecraft Limited (the “Company”). If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, financial, tax or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of the Company held through The Central Depository (Pte) Limited (“CDP”), you need not forward this Circular, the notice of Extraordinary General Meeting and the attached proxy form to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your ordinary shares in the capital of the Company by physical share certificate(s), you should immediately forward this Circular, the notice of Extraordinary General Meeting and the attached proxy form to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited (“SGX-ST”) assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular. The approval in-principle of the SGX-ST in relation to the Company’s application for the Proposed Transfer (as defined herein) shall not be taken as an indication of the merits of the Proposed Transfer, the Company, its subsidiaries or its securities.



NIPPECRAFT LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 197702861N)

CIRCULAR TO SHAREHOLDERS IN RELATION TO

- (I) THE PROPOSED TRANSFER FROM THE MAIN BOARD OF THE SGX-ST TO THE CATALIST; AND**
- (II) THE PROPOSED CATALIST SHARE ISSUE MANDATE**

IMPORTANT DATES AND TIMES :

Last date and time for lodgement of Proxy Form	: 6 June 2018 at 9.00 a.m.
Date and time of Extraordinary General Meeting	: 8 June 2018 at 9.00 a.m.
Place of Extraordinary General Meeting	: 9 Fan Yoong Road, Singapore 629787

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DEFINITIONS

The following definitions apply throughout in this Circular except where the context otherwise requires or otherwise stated:

<i>“AIP”</i>	: The approval in-principle of the SGX-ST in relation to the Company’s application for the Proposed Transfer, the details of which are set out in paragraph 2.1 of this Circular
<i>“Board”</i>	: The board of directors of the Company as at the date of this Circular
<i>“Catalist”</i>	: The Catalist Board of the SGX-ST
<i>“Catalist Rules”</i>	: Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, modified or supplemented from time to time
<i>“CDP”</i>	: The Central Depository (Pte) Limited
<i>“Circular”</i>	: This circular to Shareholders dated 15 May 2018
<i>“Companies Act”</i>	: Companies Act (Chapter 50) of Singapore, as may be amended, modified or supplemented from time to time
<i>“Company”</i>	: Nippecraft Limited
<i>“Constitution”</i>	: The constitution of the Company, as amended, modified or supplemented from time to time
<i>“Controlling Shareholder”</i>	: A person who: (a) holds directly or indirectly 15% or more of the nominal amount of all voting Shares in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or (b) in fact exercises control over the Company
<i>“CPF”</i>	: Central Provident Fund
<i>“CPFIS”</i>	: Central Provident Fund Investment Scheme
<i>“Director(s)”</i>	: The director(s) of the Company as at the date of this Circular, and from time to time, as the case may be
<i>“EGM”</i>	: The extraordinary general meeting of the Company to be convened and held at 9 Fan Yoong Road, Singapore 629787 on 8 June 2018 at 9.00 a.m., the notice of which is set out on pages N-1 to N-3 of this Circular
<i>“Existing Share Issue Mandate”</i>	: The existing share issue mandate approved by Shareholders at the annual general meeting of the Company held on 27 April 2018 empowering the Directors to issue from time to time and at any time such number of new Shares and instruments (including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares) on such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit, subject to certain limits as prescribed in the Main Board Rules
<i>“Financial Watch-List”</i>	: (a) Prior to 1 March 2016, the watch-list by the SGX-ST if the issuer records pre-tax losses for the 3 most recently completed consecutive financial years (based on audited full year consolidated accounts, excluding exceptional or non-recurrent income and extraordinary items) and has an average daily market capitalisation of less than S\$40 million over the last 120 Market Days on which trading was not suspended or halted. For the purpose of this rule, trading is deemed to be suspended

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or halted if trading is ceased for a full Market Day with a quarterly review by the SGX-ST taking place on the first Market Day of March, June, September and December of each year; and an issuer is given a 24-months cure period;

- (b) With effect from 1 March 2016, the watch-list by the SGX-ST if the issuer records pre-tax losses for the 3 most recently completed consecutive financial years (based on audited full year consolidated accounts) and has an average daily market capitalisation of less than S\$40 million over the last 6 months, with half-yearly reviews by the SGX-ST taking place on the first Market Day of June and December of each year; and an issuer is given a 36-months cure period

<i>“FY”</i>	: A financial year ended or ending 31 December
<i>“Group”</i>	: The Company and its subsidiaries, collectively
<i>“Latest Practicable Date”</i>	: 3 May 2018, being the latest practicable date prior to the printing of this Circular
<i>“Listing Manual”</i>	: The Catalist Rules or the Main Board Rules, as the case may be, as may be amended, supplemented or modified from time to time
<i>“Main Board”</i>	: The main board of the SGX-ST
<i>“Main Board Rules”</i>	: The rules of the Listing Manual applicable to issuers listed on the Main Board, as may be amended, supplemented or modified from time to time
<i>“Market Day”</i>	: A day on which the SGX-ST is open for trading in securities
<i>“MTP Requirement”</i>	: Has the meaning as ascribed to it in paragraph 2.2.1 of this Circular
<i>“MTP Watch-List”</i>	: The watch-list by the SGX-ST if the issuer is unable to record a VWAP of S\$0.20 or above and has an average daily market capitalisation of less than S\$40 million over the last 6 months, with half-yearly reviews by the SGX-ST taking place on the first Market Day of June and December of each year; and an issuer is given a 36-months cure period
<i>“Notice of EGM”</i>	: The notice of the EGM which is set out on pages N-1 to N-3 of this Circular
<i>“Proposed Catalist Share Issue Mandate”</i>	: The new general share issue mandate to be tabled during the EGM for the approval of Shareholders, to allow the Directors to allot and issue new Shares and convertible securities of the Company pursuant to Section 161 of the Companies Act and Rule 806 of the Catalist Rules
<i>“Proposed Sponsor”</i>	: SAC Capital Private Limited
<i>“Proposed Transfer”</i>	: The proposed transfer of the quotation and listing of the Shares from the Main Board of the SGX-ST to the Catalist and the admission of the Company to the Catalist
<i>“Proxy Form”</i>	: The proxy form in respect of the EGM as set out in this Circular
<i>“Register of Members”</i>	: The register of members of the Company
<i>“Revised MTP Requirement”</i>	: Has the meaning as ascribed to it in paragraph 2.2.1 of this Circular
<i>“Securities Account”</i>	: A securities account maintained by a Depositor with the CDP but does not include a securities sub-account maintained with a Depository Agent
<i>“SFA”</i>	: The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified or supplemented from time to time

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“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Shareholders”	: Persons (not being Depositors) who are registered as holders of the Shares in the Register of Members of the Company and Depositors, who have Shares entered against their names in the Depository Register, except that where the registered holder is CDP, the term “Shareholders” shall, where the context admits, mean the Depositors whose Securities Accounts are credited with Shares
“Shares”	: Ordinary shares in the capital of the Company
“Substantial Shareholder(s)”	: A person who has an interest or interests in one or more voting Shares in the Company, and the votes attached to that Share, or those Shares, is not less than 5% of the total votes attached to all the voting Shares in the Company
“VWAP”	: Volume-weighted average price
“Waiver”	: Has the meaning as ascribed to it in paragraph 2.2.2 of this Circular
“S\$” and “cents”	: Singapore dollars and cents, respectively
“US\$” and “cents”	: US dollars and cents, respectively
“%”	: Per centum or percentage

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them, respectively, in Section 81SF of the SFA.

The terms “**treasury shares**” and “**subsidiary**” shall have the meanings ascribed to them in Section 4 and Section 5 of the Companies Act, respectively.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine shall, where applicable, include the feminine and neuter gender and *vice versa*. References to persons shall, where applicable, include corporations.

Any reference to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the Main Board Rules or the Catalist Rules or any statutory modification thereof and used in this Circular shall, where applicable, have the same meaning assigned to it under the Companies Act, the SFA, the Main Board Rules or the Catalist Rules or any modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any discrepancy in the tables included herein between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the current expectations, beliefs, hopes, intentions or strategies of the party making the statements regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements, and the Company undertakes no obligation to update publicly or revise any forward-looking statements.

LETTER TO SHAREHOLDERS

NIPPECRAFT LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 197702861N)

Directors:

Connie Oi Yan Chan (Executive Chairlady and Chief Executive Officer)
Khoo Song Koon (Lead Independent Director)
Lim Yu Neng Paul (Independent Director)
Chow Wai San (Independent Director)

Registered Office:

9 Fan Yoong Road
Singapore 629787

15 May 2018

To: The Shareholders of Nippecraft Limited

Dear Sir/Madam,

(A) THE PROPOSED TRANSFER FROM THE MAIN BOARD OF THE SGX-ST TO THE CATALIST; AND

(B) THE PROPOSED CATALIST SHARE ISSUE MANDATE

1. INTRODUCTION

The Board is proposing to convene an EGM to seek approval from Shareholders for (a) the Proposed Transfer, and (b) the Proposed Catalist Share Issue Mandate.

Shareholders should note that the resolution relating to the Proposed Catalist Share Issue Mandate is conditional upon the passing of the resolution relating to the Proposed Transfer. In the event that the resolution relating to the Proposed Transfer is not passed, the resolution relating to the Proposed Catalist Share Issue Mandate will also not be passed.

The purpose of this Circular is to provide Shareholders with information relating to the Proposed Transfer and the Proposed Catalist Share Issue Mandate, and to seek Shareholders' approval in respect of the same at the EGM to be held at 9 Fan Yoong Road, Singapore 629787 on 8 June 2018 at 9.00 a.m., the notice of which is set out on pages N-1 to N-3 of this Circular. This Circular has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than Shareholders) nor for any other purpose.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Circular.

2. THE PROPOSED TRANSFER FROM THE MAIN BOARD OF THE SGX-ST TO THE CATALIST

Shareholders' approval is being sought at the EGM for the Proposed Transfer by way of a special resolution.

2.1 Background

On 23 March 2018, the Company made an application to the SGX-ST for the Proposed Transfer. On 3 May 2018, the Board announced that the Company had, on 2 May 2018, obtained the approval in-principle (the "AIP") from the SGX-ST in relation to the Company's application for the Proposed Transfer. The AIP is subject to:

- (a) compliance with the SGX-ST's listing requirements;

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- (b) an immediate announcement via SGXNET of the Proposed Transfer;
- (c) Shareholders' approval being obtained for the Proposed Transfer via a special resolution under Rule 410(4) of the Catalist Rules; and
- (d) submission of:
 - (i) a written undertaking from the Company in the format set out in Appendix 4E of the Catalist Rules to comply with all of the SGX-ST's requirements and policies applicable to the issuers listed on Catalist;
 - (ii) a written undertaking by the Company that it is not aware of any material information which has not been previously announced via SGXNET which will affect the Company's suitability for the transfer to Catalist; and
 - (iii) a written confirmation from the Company that it is in compliance with all applicable Main Board Rules.

The AIP from the SGX-ST is not to be taken as an indication of the merits of the Proposed Transfer, the Company, its subsidiaries or its securities.

2.2 Rationale for the Proposed Transfer

2.2.1 Revised Minimum Trading Price Requirement and Current Performance of the Company's Shares

Revised Minimum Trading Price Requirement

The SGX-ST has introduced on 1 March 2016 a minimum trading price of S\$0.20 as a continuing listing requirement for issuers listed on the Main Board (the "**MTP Requirement**"). The MTP Requirement applies to Main Board issuers and not to Catalist issuers.

On 2 December 2016, the SGX-ST introduced an additional market capitalisation threshold to the MTP Requirement. Issuers will therefore be placed on the MTP Watch-List if their VWAP is less than S\$0.20 and their average market capitalisation is less than S\$40 million over the 6 months preceding each review date, which is to happen every half-yearly, in June and December each year (the "**Revised MTP Requirement**"). The SGX-ST also proposed that an issuer that is placed on the MTP Watch-List because it is unable to meet the Revised MTP Requirement may consider a transfer to the Catalist if it is able to engage a sponsor for its Catalist listing and comply with the Catalist listing requirements.

The Group has been placed on the MTP Watch-List with effect from 3 March 2016 pursuant to the MTP Requirement and will continue to be included on the MTP Watch-List pursuant to the Revised MTP Requirement with effect from 5 June 2017. The Company needs to take active steps to meet the requirements of Rule 1314(2) of the Main Board Rules within 36 months from 5 June 2017, failing which the SGX-ST will delist the Company or suspend trading of the Company's shares with a view to delisting the Company.

Current Performance of the Company's Shares

The highest and lowest share price of the Company over the 6 months period preceding the Latest Practicable Date is S\$0.058 and S\$0.031 respectively. The last transacted price per Share on 2 May 2018 (being the last full Market Day on which Shares were traded prior to the Latest Practicable Date) was S\$0.041. The highest and lowest market capitalisation of the Company over the 6 months period preceding the Latest Practicable Date is approximately S\$20.4 million and S\$10.9 million respectively. The Company's market capitalisation based on the above mentioned last transacted price per Share of S\$0.041 multiplied by the total number of shares of the Company (excluding treasury shares and subsidiary holdings) amounting to 351,398,000 Shares was approximately S\$14.4 million. Based on the foregoing, the Company expects that it would have to carry out substantive corporate actions (including without limitation share consolidation and business acquisitions) to raise its share price and market capitalisation to meet the Revised MTP Requirement if it remains on the Main Board.

Shareholders are advised that the trading performance of the Shares is subject to, *inter alia*, the performance and prospects of the Company, prevailing economic conditions, economic outlook, stock market conditions and sentiments. There is no certainty that the share price would move even if the aforementioned corporate actions were to be carried out.

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2.2.2 Current Circumstances of the Group

The Group is principally engaged in the business of designing, manufacturing, outsourcing and distribution of planners, organisers, business accessories and general stationery related products. The Group is also engaged in the business of trading of pulp and paper, waste papers, semi-finished paper products and paper bags.

The Group has also diversified into the business of global brand management, product development as well as outsourcing services in 2016. The Group intends to leverage on its key brand and product competencies that include knowledge of personal and business enrichment tools along its market position in Australia, the United Kingdom and Asia Regions.

From 5 March 2014, following 3 years of consecutive net losses and an average market capitalisation of less than S\$40.0 million, the Group has been placed on the Financial Watch-List. The Company is required to submit an application to the SGX-ST for its removal from the Financial Watch-List within 24 months of the date on which it was placed on the Financial Watch-List, failing which the SGX-ST may either remove the Company from the Official List of the SGX-ST or suspend trading of the listed securities of the Company (without agreement of the Company) with a view to removing the Company from the Official List of the SGX-ST.

On 24 February 2016, the Company submitted an application to the SGX-ST for an extension of time for its removal from the Financial Watch-List (the **"First Application"**) on the basis that, *inter alia*, the Company is likely to satisfy the pre-tax profit requirement set out in Rule 1314(1) of the Main Board Rules as the Company reported a profit before tax of approximately US\$718,000 for FY2015 based on the audited consolidated accounts of the Group for FY2015. On 1 April 2016, the SGX-ST has granted an extension of time up to 12 months to 1 March 2017, subject to certain conditions, for the Company to fulfil the exit criteria pursuant to Rule 1314(1) of the Main Board Rules to exit the Financial Watch-List.

On 27 February 2017, the Company submitted an application to the SGX-ST for a further extension of time for its removal from the Financial Watch-List (the **"Second Application"**) on the basis that, *inter alia*, (i) the Company has implemented various measures to lower costs and improve the profitability of the Group, and more time is required for the Group's cost-cutting measures and business plans to be fully realised and for the Group to turn profitable; and (ii) the Company believes in the underlying prospects and viability of the Group, and that it would be in the interests of the Company and its shareholders for the shares in the Company to continue to be publicly listed and traded on the Main Board. However, the Second Application was not granted by the SGX-ST on 10 April 2017. The Company continued with discussions with the SGX-ST with the aim of obtaining the extension of time. Please refer to the announcement dated 18 April 2017 for further information.

Subsequent to further discussions with the SGX-ST, on 1 June 2017, the SGX-ST granted a further extension of time up to 12 months to 1 March 2018, subject to certain conditions, for the Company to fulfil the exit criteria pursuant to Rule 1314(1) of the Main Board Rules to exit the Financial Watch-List. In the event that the Company: (a) does not meet the requirements of Rule 1314 of the Main Board Rules to exit the Financial Watch-List on or prior to 1 March 2018 and is required by the SGX-ST to be removed from the Official List under Rule 1315 of the Main Board Rules; or (b) is profitable for FY2017, but is unable to meet the market capitalisation requirements to exit the Financial Watch-List and does not transfer its listing from the Main Board to the Catalist, the Company undertakes to make a reasonable exit offer to the Company's minority shareholders in compliance with Rule 1309 of the Main Board Rules.

The SGX-ST, on 4 January 2016, released a Regulator's Column regulatory guidance titled *"Transfers from Mainboard to Catalist – what to expect of companies and sponsor"*. Pursuant to which, the SGX-ST expects an issuer on the Financial Watch-List which is profitable, but does not meet the market capitalisation requirement, to consider appointing a sponsor and consult the SGX-ST in respect of a transfer from the Main Board to Catalist. According to the Company's audited consolidated financial statements in the Company's annual report for FY2017, the Group recorded a pre-tax profit of US\$97,000 for FY2017, but does not meet the market capitalisation requirement to exit the Financial Watch-List.

Accordingly, on 27 February 2018, the Company announced its intention to undertake the Proposed Transfer to allow the Company to exit the Financial Watch-List and accordingly submitted an application to the SGX-ST for a further extension of time to exit the Financial Watch-List (the **"Third Application"**). The Board is also of the view that the Proposed Transfer is part of the Group's longer-term business strategy to ride out its current transition period and to achieve recurring profitability. On 3 May 2018, the Board announced that the SGX-ST had on 2 May 2018 notified the Company that it has no objection to granting an extension of time up to 4 months to meet the requirements by 1 July 2018 for the removal from the Financial Watch-List (**"Waiver"**), subject to:

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- (a) the Company announcing the Waiver granted, the reasons for seeking the Waiver and the conditions as required under Rule 107 of the Main Board Rules;
- (b) the Company announcing that (i) the SGX-ST had reviewed the Proposed Transfer and has no objections to the same and (ii) the Waiver is granted to facilitate the Proposed Transfer; and
- (c) the submission of a written undertaking from the Company that the Waiver does not contravene any laws and regulations governing the Company and the Constitution.

For the avoidance of doubt, the Proposed Transfer, if approved and effected, will allow the Company to exit both the Financial Watch-List and the MTP Watch-List.

2.2.3 Company's Position of Continued Listing on SGX-ST

The Company believes that a continued listing in Singapore provides the Group with a robust platform to access the capital markets, and that in the event the Company continues trading on the Catalist, the Company would be able to create long term shareholders' value.

The Company recognises the fact that it is easier to carry out acquisitions or disposals or to issue Shares and raise capital from Catalist as compared to the Main Board, due to the higher thresholds for Shareholders' approvals and the wider mandate to issue new Shares. Some of the key differences between the Main Board Rules and the Catalist Rules are summarised in the table in paragraph 2.4 of this Circular. As at the Latest Practicable Date, the Company is not considering any acquisitions and fundraising in the near future as it is set to streamline costs and improve operational efficiencies, revitalise its Collin and Debden brands and launch new products that are more design and lifestyle oriented. Nevertheless, should the Company encounter suitable business opportunities, the Company may explore various fundraising avenues which include share issuance to raise funds for the purposes of capitalising on such business opportunities.

The Board is of the view that the Proposed Transfer and the listing on the Catalist will position the Company appropriately and better allow the Company to attract investors in the future. In addition, the Board believes that the market capitalisation of the Group better resemble that of the companies listed on the Catalist.

2.3 **Requirements for the Proposed Transfer**

A transfer of listing from the Main Board to Catalist is governed by Rule 410 of the Catalist Rules. As set out below, the Company has met all the requirements for a transfer to the Catalist, save for the requirement for Shareholders' approval for the Proposed Transfer, which is the subject of this Circular.

2.3.1 Rule 410(1) – Compliance with Rules 406(1), (2)(b), (3), and 407(2) and (3)

Pursuant to Rule 406(1) of the Catalist Rules, an issuer listed on the Catalist is required to have, *inter alia*, (i) a public float of at least 15%; and (ii) at least 200 public Shareholders. Based on the shareholding statistics available to the Company as at 24 April 2018, approximately 36.3% of the Shares shall be considered as public shareholdings, and the number of public Shareholders is more than 5,600. The overall distribution of shareholdings is expected to provide an orderly secondary market in the securities when trading commences on the Catalist, and is unlikely to lead to a corner situation in the Company's Shares. Accordingly, Rule 406(1) of the Catalist Rules has been complied with.

Pursuant to Rule 406(2)(b) of the Catalist Rules, save for the requirements set out in the SGX-ST letters relating to the AIP and the Waiver, the SGX-ST has not published specific additional or other quantitative criteria for the Proposed Transfer as at the Latest Practicable Date.

The Company has complied with Rule 406(3) of the Catalist Rules as:

- (a) the Directors and executive officer of the Company have the appropriate experience and expertise to manage the Group's business;

LETTER TO SHAREHOLDERS

- (b) the Company has at least 2 non-executive Directors who are independent and free of any material business or financial connection with the Company; and
- (c) nothing materially adverse has come to the attention of the Proposed Sponsor to suggest that the Directors, executive officer and controlling shareholders of the Company do not have the character and integrity expected of a listed issuer.

According to the Company's audited consolidated financial statements in the Company's annual report for FY2017, the Group (i) was in a net cash position of US\$11.6 million with no loans and borrowings as at 31 December 2017; (ii) was in a net current assets position of US\$28.6 million as at 31 December 2017; and (iii) recorded a pre-tax profit of US\$97,000 for FY2017. Furthermore, as at the Latest Practicable Date, the Group does not have any material contingent liabilities.

In the reasonable opinion of the Board, barring any unforeseen circumstances and after taking into consideration the Group's internal resources and operating cash flow, the working capital available to the Group is sufficient for its present requirements and for at least 12 months after the effective date of the Proposed Transfer.

In the reasonable opinion of the Proposed Sponsor, barring any unforeseen circumstances and after taking into consideration the Group's internal resources and operating cash flow, the working capital available to the Group is sufficient for its present requirements and for at least 12 months after the effective date of the Proposed Transfer.

Accordingly, Rule 410(1) of the Catalist Rules has been complied with.

2.3.2 Rule 410(2) – The Company is sponsored and the Proposed Sponsor provides the SGX-ST with a completed Appendix 4D (Transfer Confirmation by Sponsor)

The Board proposes to appoint SAC Capital Private Limited as the Company's continuing sponsor, subject to the Proposed Transfer taking effect. SAC Capital Private Limited has provided the SGX-ST with the completed Appendix 4D (Transfer Confirmation by Sponsor) of the Catalist Rules.

Accordingly, Rule 410(2) of the Catalist Rules has been complied with.

2.3.3 Rule 410(3) – The Company provides the SGX-ST with a completed Appendix 4E (Applicant's Listing Agreement)

The Company, has in its application to the SGX-ST for the Proposed Transfer, provided SGX-ST with the completed Appendix 4E (Applicant's Listing Agreement) of the Catalist Rules.

Accordingly, Rule 410(3) of the Catalist Rules has been complied with.

2.3.4 Rule 410(4) – The Company's Shareholders have approved the Proposed Transfer by special resolution

The Proposed Transfer is subject to the approval of the Shareholders by way of a special resolution at the EGM, the notice of which is set out on pages N-1 to N-3 of this Circular.

Accordingly, subject to the approval of the Shareholders for the Proposed Transfer at the EGM, Rule 410(4) of the Catalist Rules will be complied with.

2.3.5 Rule 410(5) – The Company is in compliance with all applicable Main Board Rules

The Company has confirmed to the SGX-ST that the Company is in compliance with all applicable Main Board Rules.

Accordingly, Rule 410(5) of the Catalist Rules has been complied with.

LETTER TO SHAREHOLDERS

2.4 Key Differences between Issuers listed on the Main Board and Issuers listed on Catalist

In order to allow Shareholders to make an informed decision whether or not to approve the special resolution for the Proposed Transfer, the table below summarises some of the key differences between issuers listed on the Main Board and issuers listed on the Catalist:

	Main Board	Catalist
Supervision	The SGX-ST supervises the compliance of issuers with their continuing listing obligations under the Main Board Rules.	Sponsors supervise the compliance of issuers with their continuing listing obligations under the Catalist Rules.
Changes in capital	An issuer can obtain the mandate of shareholders to issue up to 50% of the issuer's share capital excluding treasury shares and subsidiary holdings (of which shares issued on a non <i>pro rata</i> basis must not exceed 20%).	An issuer can obtain the mandate of shareholders to issue up to 100% of the issuer's share capital excluding treasury shares and subsidiary holdings (of which shares issued on a non <i>pro rata</i> basis must not exceed 50%). If shareholders approve such mandate by special resolution, the 50% limit can be increased to 100%.
Acquisitions and Realisations	Acquisitions or disposals of assets of more than 20% of the relevant bases set out in the Main Board Rules (i.e. group net assets, profits, market capitalisation or equity securities issued, as the case may be) will require the approval of shareholders. In addition, acquisitions of assets of 100% or more of the relevant bases set out in the Main Board Rules will require the approval of both the shareholders and the SGX-ST.	Acquisitions of assets of more than 75% but less than 100% of the relevant bases set out in the Catalist Rules (i.e. profits, market capitalisation or equity securities issued, as the case may be) will require the approval of shareholders. In addition, acquisitions of assets of 100% or more of the relevant bases set out in the Catalist Rules will require the appointment of full sponsor and the approval of both the shareholders and the SGX-ST. Disposals of assets of more than 50% of the relevant bases set out in the Catalist Rules (i.e. group net assets, profits, market capitalisation or equity securities issued, as the case may be) will require the approval of shareholders.
Minimum Trading Price	There is a minimum trading price of S\$0.20.	There is no minimum trading price.
Watch-list criteria	The SGX-ST will place an issuer on the watch-list under either of the following: (i) Financial Entry Criterion Records pre-tax losses for the 3 most recently completed consecutive financial years (based on the audited full year consolidated accounts), and an average daily market capitalisation of less than S\$40 million over the last 6 months. (ii) MTP Requirement Records a VWAP of less than S\$0.20 and an average daily market capitalisation of less than S\$40 million over the last 6 months.	There is no watch-list.

LETTER TO SHAREHOLDERS

2.5 Use of CPF Savings Under the CPF Investment Scheme to Purchase Shares

CPF savings cannot be used to purchase shares that are listed on the Catalist, except for companies that were migrated from SESDAQ to the Catalist on 17 December 2007. If Shareholders approve the Proposed Transfer at the EGM and the Company transfers its listing to the Catalist, CPF account savings can no longer be used to purchase Shares under the CPFIS.

Shareholders who have purchased Shares using their account savings under CPFIS can choose to hold or sell their Shares or participate in corporate actions, subject to prevailing CPFIS rules and limits for such Shares.

Shareholders should also note that CPF members would not be able to purchase shares of companies that are placed on the watch-list of the SGX-ST. Accordingly, if Shareholders' approval for the Proposed Transfer is not obtained and the Company remains listed on the Main Board and remains on the watch-list of the SGX-ST, Shareholders would not be able to purchase the Shares under the CPFIS.

2.6 Recent Financial Highlights of the Group

A summary of the Group's audited consolidated financial statements for FY2017 and FY2016 are reproduced below from the Company's annual report for FY2017.

(a) Consolidated Statement of Comprehensive Income

	Group		
	FY2017 US\$'000	FY2016 US\$'000	Change %
Revenue from sales of goods	125,810	114,569	10
Cost of sales	(116,279)	(104,805)	(11)
Gross profit	9,531	9,764	(2)
Distribution and marketing expenses	(4,995)	(6,140)	19
Administrative expenses	(4,251)	(4,039)	(5)
Other income / (expenses), net	252	(1,256)	120
Finance expense, net	(440)	(382)	(15)
Profit / (loss) before tax	97	(2,053)	105
Tax (expense) / credit	(81)	89	(191)
Profit / (loss) for the year	16	(1,964)	101
	Group		
	FY2017 US\$'000	FY2016 US\$'000	Change %
Profit / (loss) for the year	16	(1,964)	101
<u>Item that may be reclassified subsequently to profit or loss</u>			
Foreign currency translation differences for foreign operations	1,049	(1,289)	181
Other comprehensive income / (loss) for the year, net of tax	1,049	(1,289)	181
Total comprehensive income / (loss) for the year	1,065	(3,253)	133

LETTER TO SHAREHOLDERS

The Group recorded an increase in revenue of US\$11.2 million in FY2017 against FY2016 attributable mainly to the trading business. The trading business increased by US\$13.7 million, due to increase in sales orders from third party customers in the fourth quarter of the financial year. The increase in revenue was partially offset by a decrease in stationery business revenue of US\$2.5 million in FY2017 against FY2016 due to, amongst others, weak fourth quarter general demand resulting in slower replenishments and the Group shifting away from customers that contribute low margin to the stationery business.

The Group's gross profit declined by US\$0.2 million or 2.4% in FY2017 mainly due to lower contributions from the stationery business. There is a slight improvement in gross profit margin in the stationery business from 29.6% in FY2016 to 30.9% in FY2017.

Distribution and marketing expenses decreased by US\$1.1 million as there were no significant air freight costs incurred during FY2017 due to on time delivery of products by outsourcing vendors, lower warehouse costs as well as better control on marketing spent and headcount. Administrative expenses increased by US\$0.2 million due to reclassification of costs, as well as additional legal costs pertaining to the extension of financial watch lists and holding extraordinary meeting to approve the interested person transactions and share buy mandates.

The Group recorded other income of US\$0.3 million in FY2017 as compared to other expenses of US\$1.3 million in FY2016 due mainly to a decrease in redundancy payout in FY2016 relating mostly to the downsizing of the Singapore and Australia entities as a result of the restructuring exercise. The Group also recorded an exchange gain of US\$0.3 million in FY2017 compared to an exchange loss of US\$0.3 million in FY2016.

(b) Statement of Financial Position

	Group	
	31 December 2017 US\$'000	31 December 2016 US\$'000
Non-Current Assets		
Property, plant and equipment	3,882	4,232
Intangible assets	-	-
Subsidiaries	-	-
	3,882	4,232
Current Assets		
Inventories	4,537	4,174
Trade and other receivables	45,955	27,185
Prepayments	654	292
Cash and bank balances	11,634	16,401
	62,780	48,052
Current Liabilities		
Trade and other payables	34,021	20,624
Borrowings	-	43
Income tax payable	144	185
	34,165	20,852
NET CURRENT ASSETS	28,615	27,200
Net Current Liabilities		
Deferred tax liabilities	210	210
	210	210
NET ASSETS	32,287	31,222
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital	36,817	36,817
Reserves	(5,646)	(6,695)
Retained earnings	1,116	1,100
	32,287	31,222

LETTER TO SHAREHOLDERS

The Group's fixed assets declined due to depreciation charges incurred. Current assets increased by US\$14.7 million mainly due to timing of billing and receipts from trading customers, which resulted in the decline in cash from operating activities as at 31 December 2017. The Group's current liabilities decreased by US\$13.3 million in FY2017 primarily due to timing of payments to third party trading suppliers.

(c) Statement of Cash Flows

	Group	
	FY2017 US\$'000	FY2016 US\$'000
Cash flows from operating activities		
Profit / (loss) before tax	97	(2,053)
Adjustments:		
Depreciation of property, plant and equipment	436	525
(Gain) / loss on disposal of property, plant and equipment	(79)	2
Gain arising on liquidation and strike off of subsidiaries	-	(10)
Impairment loss / (write back) on trade receivables	25	(8)
Interest income	(8)	(13)
Interest expense	448	395
Write-down of inventories	1,680	924
Operating profit / (loss) before working capital changes	2,599	(238)
Inventories	(1,747)	242
Trade and other receivables	(18,243)	9,269
Trade and other payables	12,489	(8,618)
Cash (used in) / generated from operations	(4,902)	655
Income tax paid, net of tax refund	(79)	(115)
Net cash (used in) / from operating activities	(4,981)	540
Cash flows from investing activities		
Acquisition of property, plant and equipment	(154)	(73)
Interest received	8	13
Proceeds from disposal of property, plant and equipment	151	23
Net cash from / (used in) investing activities	5	(37)
Cash flows from financing activities		
Deposits pledged	(77)	(44)
Interest paid	(448)	(395)
Proceeds from bills payable	-	43
Repayment of bills payable	(43)	(13)
Net cash used in financing activities	(568)	(409)
Net (decrease) / increase in cash and cash equivalents	(5,544)	94
Cash and cash equivalents at beginning of the year	14,378	15,515
Effects of exchange rate changes on cash and cash equivalents	700	(1,231)
Cash and cash equivalents at end of the year	9,534	14,378
Cash and cash equivalents at end of the year comprises of:		
Cash at bank and in hand	11,567	15,858
Short term bank deposits	67	543
Cash and bank balances	11,634	16,401
Deposits pledged	(2,100)	(2,023)
Cash and cash equivalents in the statement of cash flows	9,534	14,378

LETTER TO SHAREHOLDERS

The Group reported a net decrease in cash and bank balances of US\$4.8 million from US\$16.4 million as at 31 December 2016 to US\$11.6 million as at 31 December 2017. This was due to timing of receivables collection as evident in the increase in trade receivables balance by US\$13.2 million during the financial year.

For more information on the Group's financial situation for FY2017, please refer to the Company's annual report for FY2017 and results announcement released via SGXNET on 23 February 2018.

3. THE PROPOSED CATALIST SHARE ISSUE MANDATE

3.1 Rationale for the Proposed Catalyst Share Issue Mandate

After the Proposed Transfer, the Company will no longer be subject to the Main Board Rules and will be subject to the Catalyst Rules instead. The Company is therefore seeking the approval of the Shareholders at the EGM for the grant of a new general share issue mandate for the allotment and issue of new Shares pursuant to Section 161 of the Companies Act and Rule 806 of the Catalyst Rules (the "**Proposed Catalyst Share Issue Mandate**") by way of an ordinary resolution.

3.2 Key Differences between the Main Board Rules and Catalyst Rules in relation to General Share Issue Mandates

In order to allow Shareholders to make an informed decision whether or not to approve the ordinary resolution for the Proposed Catalyst Share Issue Mandate, the table below summarises some of the key differences between the Main Board Rules and the Catalyst Rules relating to the general share issue mandate:

	Main Board	Catalist
Pro Rata Limits	The limit of the general share issue mandate set out in Rule 806(2) of the Main Board Rules is 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time of the passing of the resolution approving the mandate.	The limit of the general share issue mandate set out in Rule 806(2)(a) of the Catalyst Rules is 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time of the passing of the resolution approving the mandate.
Non Pro Rata Limits (ordinary resolution)	Pursuant to Rule 806(2) of the Main Board Rules, issuers can only issue up to 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time of the passing of the resolution approving the mandate on a non <i>pro rata</i> basis.	Pursuant to Rule 806(2)(a) of the Catalyst Rules, issuers can only issue up to 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time of the passing of the resolution approving the mandate on a non <i>pro rata</i> basis if Shareholders approve this by way of an ordinary resolution.
Non Pro Rata Limits (special resolution)	None.	Pursuant to Rule 806(2)(b) of the Catalyst Rules, issuers can issue up to 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time of the passing of the resolution approving the mandate on a non <i>pro rata</i> basis if Shareholders approve this by way of a special resolution.

3.3 The Proposed Catalyst Share Issue Mandate

At the annual general meeting of the Company for FY2017 held on 27 April 2018, Shareholders had approved the Existing Share Issue Mandate. 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 annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier. As at the Latest Practicable Date, the Company has not issued any Shares under the Existing Share Issue Mandate.

LETTER TO SHAREHOLDERS

The Company will be seeking Shareholders' approval at the EGM by way of an ordinary resolution to adopt the Proposed Catalyst Share Issue Mandate. The aggregate number of Shares and convertible securities that may be issued pursuant to the Proposed Catalyst Share Issue Mandate is up to 100% of the total number of the Company's issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the EGM ("**Issued Shares**"), of which the aggregate number of Shares and convertible securities that may be issued other than on a *pro rata* basis is up to 50% of the total number of Issued Shares. The Proposed Catalyst Share Issue Mandate falls within the limits set out in Rule 806(2)(a) of the Catalyst Rules.

The Proposed Catalyst Share Issue Mandate is also conditional upon the Shareholders voting in favour of the Proposed Transfer.

3.4 Validity Period of the Proposed Catalyst Share Issue Mandate

The Proposed Catalyst Share Issue Mandate, if approved by Shareholders at the EGM, will supersede and replace the Existing Share Issue Mandate, to the extent that the Existing Share Issue Mandate has not yet been utilised, and shall take force and effect from the date of the EGM, and the Existing Share Issue Mandate, to the extent that the Existing Share Issue Mandate has not yet been utilised, shall correspondingly be deemed revoked with effect from the date of the EGM.

The Proposed Catalyst Share Issue Mandate shall continue in force until the earliest of the following:

- (a) the conclusion of the next annual general meeting;
- (b) the expiration of the period within which the next annual general meeting is required to be held pursuant to the Constitution or any applicable laws of Singapore;
- (c) it is carried out to the full extent mandated; or
- (d) it is revoked or varied by ordinary resolution of the Shareholders in a general meeting.

Subject to its continued relevance to the Company, the Proposed Catalyst Share Issue Mandate will be put to Shareholders for renewal at subsequent general meetings of the Company.

4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, none of the Directors have any interests in the Shares of the Company and the interests of the Substantial Shareholders in the Shares are as set out below:

	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Substantial Shareholders				
APP Printing (Holding) Pte Ltd (" APP Printing ") ⁽²⁾	223,804,666	63.69	-	-
PT Andalan Prapanca Pertiwi (" PT APP ")	-	-	223,804,666	63.69 ⁽³⁾
Asia Pulp & Paper Company Ltd (" APP ")	-	-	223,804,666	63.69 ⁽³⁾
APP Golden Limited (" APP Golden ")	-	-	223,804,666	63.69 ⁽³⁾

Notes:

- (1) The percentage is computed based on the total of 351,398,000 Shares in issue as at the Latest Practicable Date.
- (2) APP Printing is the immediate holding company of the Company.
- (3) APP and APP Golden are deemed to have an interest of 223,804,666 ordinary shares in the Company as APP Printing is a wholly-owned subsidiary of PT APP and APP has 89.9% shares in PT APP whereas APP Golden controls approximately 63.32% of the voting power of APP.

LETTER TO SHAREHOLDERS

None of the Directors or Substantial Shareholders, or their respective associates, has any interests, direct or indirect, in the Proposed Transfer and the Proposed Catalist Share Issue Mandate, other than through their respective shareholding interests in the Company (if any).

5. DIRECTORS' RECOMMENDATIONS

5.1 Proposed Transfer

Having considered, amongst other things, the rationale for the Proposed Transfer, the Directors are of the view that the Proposed Transfer is in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of the Proposed Transfer at the EGM.

5.2 Proposed Catalist Share Issue Mandate

Having reviewed, among other things, the rationale for the Proposed Catalist Share Issue Mandate, the Directors are of the view that the Proposed Catalist Share Issue Mandate is in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of the Proposed Catalist Share Issue Mandate at the EGM.

Shareholders should note that the resolution relating to the Proposed Catalist Share Issue Mandate is conditional upon the passing of the resolution relating to the Proposed Transfer. In the event that the resolution relating to the Proposed Transfer is not passed, the resolution relating to the Proposed Catalist Share Issue Mandate will also not be passed.

6. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-3 of this Circular, will be held at 9 Fan Yoong Road, Singapore 629787 on 8 June 2018 at 9.00 a.m. for the purpose of considering and, if thought fit, passing with or without modification the resolutions set out in the Notice of EGM.

7. ACTIONS TO BE TAKEN BY SHAREHOLDERS

7.1 Appointment of Proxies

If a Shareholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 9 Fan Yoong Road, Singapore 629787, not later than 48 hours before the time appointed for the EGM. Completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting at the EGM if he so wishes. An appointment of a proxy or proxies shall be deemed to be revoked if a Shareholder attends the EGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the EGM.

7.2 When a Depositor is regarded as a Shareholder

A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register, as certified by CDP at least 72 hours before the time appointed for the EGM.

Shareholders and other investors are reminded to exercise caution when dealing in the Shares. In the event that Shareholders and other investors are in doubt about the actions they should take, they should consult their stockbrokers, bank managers, solicitors, accountants, financial, tax or other professional advisers.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transfer, the Proposed Catalist Share Issue Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

LETTER TO SHAREHOLDERS

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 9 Fan Yoong Road, Singapore 629787 during normal business hours from the date of this Circular up to and including the time and date of the EGM:

- (a) the Constitution of the Company; and
- (b) the Annual Report of the Company for FY2017.

Yours faithfully
For and on behalf of the Board of
NIPPECRAFT LIMITED

Connie Oi Yan Chan
Executive Chairlady and Chief Executive Officer

NOTICE OF EXTRAORDINARY GENERAL MEETING

NIPPECRAFT LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 197702861N)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of the shareholders (the “**Shareholders**”) of Nippecraft Limited (the “**Company**”) will be held at 9 Fan Yoong Road, Singapore 629787 on 8 June 2018 at 9.00 a.m. for the purposes of considering and, if thought fit, passing (with or without modifications) the following resolutions:

SPECIAL RESOLUTION 1: THE PROPOSED TRANSFER FROM THE MAIN BOARD OF THE SGX-ST TO THE CATALIST

That:

- (a) approval be and is hereby given for the Company to transfer its listing from the Main Board of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) to the Catalist (the “**Proposed Transfer**”); and
- (b) the Directors of the Company and each of them be and are hereby authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be advisable, necessary or expedient for the purposes of giving effect to the Proposed Transfer, with full power to assent to any condition, amendment, alteration, modification or variation as may be required by the relevant authorities or as such Directors or any of them may deem fit or expedient or to give effect to this resolution or the transactions contemplated pursuant to or in connection with the Proposed Transfer.

ORDINARY RESOLUTION 2: THE PROPOSED CATALIST SHARE ISSUE MANDATE IN ACCORDANCE WITH SECTION 161 OF THE COMPANIES ACT, CHAPTER 50 AND RULE 806(2) OF SECTION B: RULES OF CATALIST OF THE LISTING MANUAL

Shareholders should note that the resolution relating to the Proposed Catalist Share Issue Mandate is conditional upon the passing of the resolution relating to the Proposed Transfer. In the event that the resolution relating to the Proposed Transfer is not passed, the resolution relating to the Proposed Catalist Share Issue Mandate will also not be passed.

That subject to the passing of the Special Resolution 1 above, and pursuant to Section 161 of the Companies Act, Chapter 50 (the “**Companies Act**”) and Rule 806(2) of the Listing Manual Section B: Rules of the Catalist of the SGX-ST (the “**Catalist Rules**”), authority be and is hereby given to the Directors of the Company to:

- (a) allot and issue shares in the capital of the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or
- (b) 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, convertible securities or other instructions convertible into Shares;

at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit and, notwithstanding the authority conferred by this ordinary resolution, issue Shares in pursuance of any Instruments made or granted by the Directors of the Company while this ordinary resolution was in force, provided that:

- (c) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this ordinary resolution) to be issued pursuant to this ordinary resolution shall not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (d) below) (“**Issued Shares**”), of which the aggregate number of Shares to be issued other than on a *pro rata* basis shall not exceed 50% of the total number of Issued Shares;
- (d) subject to such calculation as may be prescribed by the SGX-ST, for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (c) above, the total number of Issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of Issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this ordinary resolution, after adjusting for:
 - (i) new Shares arising from the conversion or exercise of any convertible securities;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (ii) new Shares arising from exercising of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this ordinary resolution; and
- (iii) any subsequent bonus issue, consolidation or subdivision of Shares;
- (e) in exercising the authority conferred by this ordinary resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and 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 Consitution of the Company; and
- (f) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting 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 earlier.

(See Explanatory Note)

BY ORDER OF THE BOARD
NIPPECRAFT LIMITED

RAYMOND LAM KUO WEI /
LEE LIH FENG
Company Secretaries
Singapore
15 May 2018

NOTICE OF EXTRAORDINARY GENERAL MEETING

Explanatory Note:

Ordinary Resolution 2, if passed, will empower the Directors of the Company, effective until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting 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, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which the aggregate number of Shares to be issued other than on a *pro rata* basis shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company.

Notes:

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, every member entitled to attend and vote at the EGM is entitled to appoint not more than 2 proxies to attend and vote on his behalf. A proxy need not be a member of the Company and where there is more than 1 proxy, the proportion (expressed as a percentage of the whole) of his shareholding to be represented by each proxy must be stated.
2. Pursuant to Section 181 of the Companies Act, a member who is a Relevant Intermediary is entitled to appoint more than 2 proxies to attend, speak and vote at the EGM, but each 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 2 proxies, 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) banking corporation licensed under the Banking Act, Chapter 19 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, Chapter 289 of Singapore and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 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 proxy or proxies must be deposited at the registered office of the Company at 9 Fan Yoong Road, Singapore 629787, not less than 48 hours before the time set for the EGM.

PERSONAL DATA PRIVACY

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

PROXY FORM

NIPPECRAFT LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 197702861N)

PROXY FORM EXTRAORDINARY GENERAL MEETING

IMPORTANT

1. A Relevant Intermediary (as defined herein) may appoint more than 2 proxies to attend the EGM and vote.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. PLEASE READ THE NOTES TO THE PROXY FORM.

*I/We, _____ (NRIC/Passport No.) _____

of (Address) _____

being a member/members of **NIPPECRAFT LIMITED** (the “Company”) hereby appoint:

Name	Address	NRIC / Passport No.	Proportion of shareholding to be represented by proxy (%)

and / or (delete as appropriate)

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or failing him/them, the Chairman of the Extraordinary General Meeting (“EGM”) as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the EGM of the Company to be held at 9 Fan Yoong Road, Singapore 629787 on 8 June 2018 at 9.00 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 EGM as indicated hereunder.

If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the EGM and at any adjournment thereof.

(Note: Voting on all resolutions will be conducted by poll. If you wish to exercise all your votes “For” or “Against” a resolution, please indicate with a tick “√” within the box provided. Alternatively, please indicate the number of votes “For” or “Against” each resolution.)

No.		For	Against
1.	SPECIAL RESOLUTION The Proposed Transfer from Main Board of the SGX-ST to Catalist		
2.	ORDINARY RESOLUTION The Proposed Catalist Share Issue Mandate		

Signed this _____ day of _____ 2018.

Signature(s) of Member(s)/Common Seal

Total No. of Shares	No. of Shares
CDP Register	
Register of Members	
Total	

IMPORTANT: PLEASE READ NOTES OVERLEAF

PROXY FORM

Notes:

1. A member should insert the total number of ordinary shares in the capital of the Company ("**Shares**") held. If the member has Shares entered against his name in the Depository Register, he should insert that number of Shares. If the member has Shares registered in his name in the Register of Members, he should insert that number of Shares. If a member has Shares entered against his name in the Depository Register and Shares registered in his name in the Register of Members, he should insert the aggregate number of Shares entered against his name in the Depository Register and registered in his name in the Register of Members. If no number is inserted, this instrument appointing a proxy or proxies will be deemed to relate to all Shares held by the member.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than 2 proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
3. Where a member appoints more than 1 proxy, he shall specify the proportion (expressed as a percentage of the whole) of his shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.
4. Pursuant to Section 181 of the Companies Act, Chapter 50, a member who is a relevant intermediary is entitled to appoint more than 2 proxies to attend, speak and vote at the EGM, but each 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 2 proxies, 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) banking corporation licensed under the Banking Act, Chapter 19 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, Chapter 289 of Singapore and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 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.
5. This instrument appointing a proxy or proxies (together with the power of attorney or other authority, if any, under which the instrument of proxy is signed or a duly certified copy of that power of attorney or other authority (failing previous registration with the Company)) must be deposited at the registered office of the Company at 9 Fan Yoong Road, Singapore 629787 not less than 48 hours before the time appointed for the EGM.
 6. The instrument appointing a proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of its attorney duly authorised.
 7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act, Chapter 50.
 8. The Company shall be entitled to reject this instrument of proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in this instrument of proxy. In addition, in the case of members whose shares are entered in the Depository Register, the Company shall be entitled to reject any instrument of proxy lodged if the member, being the appointer, is not shown to have any shares entered against his name in the Depository Register as at 72 hours before the time set for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy: By submitting an instrument appointing a proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 15 May 2018.

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