PLASTOFORM HOLDINGS LIMITED

(Incorporated in Bermuda)
(Company Registration No. 34171)

ENTRY INTO COLLABORATION AGREEMENT AND LOAN AGREEMENT

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1. INTRODUCTION

The Board of Directors (the "**Board**" or the "**Directors**") of Plastoform Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the Company's announcements dated 20 January 2021, 26 January 2021 and 6 February 2021 (collectively, the "**Announcements**").

The Board wishes to announce that the Company had on 19 April 2021 entered into a collaboration agreement (the "**Collaboration Agreement**") with HTL Furniture (China) Co. Ltd. ("**HTL China**"). Concurrently with its entry into the Collaboration Agreement, the Company had on 19 April 2021 entered into a loan agreement (the "**Loan Agreement**") with New Century Investment Holdings Pte. Ltd. (the "**Investor**") in connection with the grant of a loan of up to S$2,000,000 to the Company (the "**Proposed Loan**").

Unless otherwise defined, all capitalised terms and references used herein shall bear the same meanings ascribed to them in the Announcements.

2. THE COLLABORATION AGREEMENT

2.1 Information on HTL China

The information on HTL China and the Investor in this Announcement was provided by the Investor. In respect of such information, the Company and its Directors have not independently verified the accuracy and correctness of the same and the Company's responsibility is limited to the proper extraction and reproduction herein in the context that the information is being disclosed in this Announcement.

HTL China is in the business of manufacturing retail home furniture and produces almost all of the sofa units sold by the HTL group of companies (the "**HTL Group**"), one of the world's leading manufacturers of retail home furniture with a strong presence in over 52 countries. HTL China is ultimately owned by immediate and extended family members of Ms. Phua Mei Ming ("**Ms. Phua**").

2.2 The Proposed New Business and Rationale for the Proposed New Business

As stated in the Company's announcement dated 20 January 2021, the Company believes that the Investor is a strategic choice for collaboration and had negotiated with the Investor to capitalise on potential synergies. Apart from her role in the Investor, Ms. Phua is also the Managing Director of HomesToLife Pte. Ltd., an entity in the retail furniture business. In this regard, Ms. Phua had identified that the expertise and track record of the Company in product design and Internet of Things ("**IoT**") would be complementary to the HTL Group's furniture business, in relation to the development and sales of a new generation of "connected" or "smart" furniture. The innovative products designed by the Company can be sold on a

business-to-business model to furniture industry players, customised to be embedded within next-generation furniture pieces, or designed as supplements to traditional furniture pieces to add on IoT capabilities.

As such, HTL China is desirous of commissioning the Company to provide, *inter alia*, the following products and services for a series of new audio products customised for use in, or added to, retail home furniture (the "**New Audio Products**"):

(a) *Product development as well as technical and consultancy services to HTL China:* HTL China will pay a one-off product and technology development fee of US$300,000 ("**Product and Technology Development Fee**") to the Company to design and manage the development and manufacturing of the New Audio Products. The Product and Technology Development Fee will be set aside in a designated account mutually agreed by the parties, which will be released in tranches to the Company upon the satisfaction of certain agreed milestones. The Company has negotiated for the Product and Technology Development Fee with HTL China on a willing-buyer, willing-seller basis and having regard to its own financial condition, so as to kick-start the collaboration and for it to provide design and manufacturing services to HTL China;

(b) *Sale of the New Audio Products to HTL China*: Once a New Audio Product has been developed in accordance with HTL China's requirements, the Company shall manufacture (or procure the manufacturing of) the New Audio Products, and HTL China shall purchase the New Audio Products from the Company at prices to be agreed between the parties. In this regard, the parties have agreed to certain guaranteed offtake arrangements for the New Audio Products that will be fulfilled by HTL China. For further details on these arrangements, please refer to paragraph 2.3 of this Announcement; and

(c) *After-sales support services to HTL China*: As part of the sale of New Audio Products, the Company shall provide timely after-sales support services in respect of the New Audio Products for an initial two (2) year warranty period, with an option for HTL China to extend this warranty period up to five (5) years on commercially reasonable rates to be agreed,

on and subject to the terms of the Collaboration Agreement and subsequent definitive documentation to be negotiated and entered into (the "**Proposed New Business**").

The Proposed New Business is part of the Company's ordinary course of business, being the business of original equipment manufacturing and original design manufacturing of audio products. In view of, *inter alia*, the financial condition of the Company, access to the resources and network of the HTL Group and the terms of the Collaboration Agreement, the Board believes that the Proposed New Business will facilitate the Company's attempts to build a profitable recurrent business and operate as a going concern in the long term to exit the SGX-ST Watch-List.

2.3 **Guaranteed Offtake Arrangements**

In order to support the Proposed New Business, HTL China has agreed to the following guaranteed offtakes (subject to its confirmation of pre-production samples of the New Audio Products that will be developed by the Company):

(a) HTL China agrees to place orders for a minimum of 16,000 units of the New Audio Products in the first year of the Collaboration Agreement (i.e. 2021). Delivery of the New Audio Products shall take place by September 2021; and

(b) HTL China commits to purchase a minimum of 80,000 units of the New Audio Products in each subsequent year for the ensuing three (3) years (i.e. 2022, 2023 and 2024), on terms to be detailed in an offtake or supply agreement.

2.4 **Intellectual Property Rights**

As is typical in original equipment manufacturing arrangements, HTL China will own the intellectual property rights in respect of the New Audio Products.

For the avoidance of doubt, as the Company retains ownership of its pre-existing intellectual property rights, the Company is not precluded from using such pre-existing intellectual property rights for its ordinary and usual business activities, including accepting engagements to design, develop and/or manufacture another series of new audio products for other customers in the furniture industry.

2.5 **Other Salient Terms**

After the launch of the New Audio Products, the Company shall use its best efforts to expand and diversify its customer base, and the parties agree to use their respective best efforts to explore further areas of collaboration with and/or sales to third parties in the furniture supply chain who may be interested in products similar to the New Audio Products for mutual benefit.

Each party has given representations and warranties customary for an agreement of such nature. In addition, the Company has warranted that the New Audio Products will conform with its product specifications in all material respects, that they will meet industry standards and be of satisfactory quality and fit for any purpose held out by HTL China, and will be free from defects in design, material and workmanship and will remain so for the two (2) year warranty period after delivery.

In addition to the customary rights of termination of each party (including without limitation, material breaches or warranties or other terms, and/or the winding up of the other party), the Collaboration Agreement shall terminate if the first purchase order for the New Audio Products is not placed and accepted by 30 June 2021. All future rights and obligations of the parties shall cease under the Collaboration Agreement upon its termination. Termination shall not affect any accrued right, remedy or liability of each party that arise prior to termination.

3. THE LOAN AGREEMENT

3.1 **Rationale for the Proposed Loan**

Concurrently with the Collaboration Agreement, the Investor had agreed to provide financial support to the Company pursuant to an unsecured working capital term loan, upon the terms and conditions of the Loan Agreement. For further details on the Investor, please refer to the Company's Announcements dated 20 January 2021 and 26 January 2021.

The Board believes that the Loan Agreement is beneficial as the Company will be able to use the Proposed Loan for working capital purposes, to ensure that the Company has sufficient

working capital to operate as a going concern, to operate the Proposed New Business and to support the Company in exiting the SGX-ST Watch-List.

3.2 **Details of the Proposed Loan**

The salient terms of the Loan Agreement are set out below:

(a)	**Lender**	The Investor.
(b)	**Borrower**	The Company.
(c)	**Principal Amount**	Up to S$2,000,000.
(d)	**Term**	The Loan Agreement shall only take effect on and from the Completion Date. The term of the loan shall be from the Completion Date to the date falling two (2) years after the Completion Date (the "**Maturity Date**") (the "**Availability Period**"), unless extended or amended upon request by the Company and written agreement by the Investor. The Maturity Date may be extended by unanimous agreement of the parties (such agreement not to be unreasonably withheld or delayed) with a view to maintaining the Company as a going concern and having regard to its financial condition and working capital requirements at the relevant time.
(e)	**Purpose**	The Proposed Loan may only be used by the Company for working capital purposes.
(f)	**Drawdown**	The Proposed Loan may be drawn down by the Company from time to time during the Availability Period. The Proposed Loan can be drawn down in such number of tranches and such amounts as may be requested by the Company, which shall not exceed the balance amount of the Proposed Loan available for draw down as at the date of the relevant request. Any sums repaid or prepaid may not be re-borrowed by the Company.
(g)	**Interest**	The Proposed Loan shall be interest free prior to the Maturity Date.
(h)	**Payment, Repayment and Prepayment**	Unless agreed otherwise in writing, all payments to be made under the Loan Agreement shall be made in Singapore Dollars and in immediately available funds.

		The Company shall repay the outstanding amount of the Proposed Loan on the Maturity Date. The Company shall be entitled to prepay the Proposed Loan at any time prior to the Maturity Date without premium or penalty.
(i)	**Security**	Unsecured.
(j)	**Representations and Warranties**	The Company has given customary representations and warranties for a loan of such nature.
(k)	**Events**	The Proposed Loan is subject to customary events of default for a loan of such nature, and also including the following: (i) if the Company fails to pay any sum payable by it when due under the Loan Agreement in the currency in which it is expressed to be payable; (ii) a breach by the Company of any terms of the Collaboration Agreement which (if capable of being remedied) is not remedied within 10 business days of written notice given to the Company to do so; (iii) any material provision of the Loan Agreement is or becomes for any reason illegal, invalid and/or unenforceable; or (iv) any of the prescribed insolvency events occurs in respect of the Company. On and at any time after the occurrence of an event of default, the Investor may by notice to the Company cancel the loan and declare all or part of the loan advances, together with accrued interest (if any) and all other amounts accrued or outstanding, to be immediately due and payable to the Investor at which time they shall become immediately due and payable and the Investor may exercise any of its rights, remedies, powers or discretions under the Loan Agreement.
(l)	**Governing law**	Singapore law.

4. CHAPTER 9 OF THE LISTING MANUAL

As stated in the Company's announcement dated 26 January 2021, Ms. Phua is the ultimate majority owner of the Investor. Further as stated in paragraph 2.1 of this Announcement, Ms. Phua and her immediate family together have an interest of 30% or more in the equity interests of HTL China. Upon Completion of the Proposed Subscription under the Subscription Agreement, the Investor, Ms. Phua and HTL China will be deemed as interested persons or their associates vis-à-vis the Company, pursuant to Chapter 9 of the Listing Manual of the

SGX-ST (the "**Listing Manual**"). As such, transactions under the Collaboration Agreement and the Loan Agreement will constitute "interested person transactions" as defined under Rule 904(5) of the Listing Manual after Completion.

For illustration purposes, based on the unaudited consolidated financial statements of the Group for the financial year ended 31 December 2020 and after the Completion of the Proposed Transactions, the unaudited consolidated net tangible assets of the Group was approximately HK$4,562,765.37. Accordingly for the purposes of Chapter 9 of the Listing Manual, based on the unaudited consolidated financial statements of the Group for the financial year ended 31 December 2020 and after the Completion of the Proposed Transactions, 5% of the latest unaudited consolidated NTA of the Group would be HK$228,138.27.

Save for the Subscription Agreement, there are no transactions entered into by the Group with the Investor and HTL China as well as their respective associates for the current financial year commencing 1 January 2021 up to the date of this Announcement.

To facilitate the interested person transactions that will take place after Completion, the Company intends to obtain a general mandate for the interested person transactions under the Proposed New Business at the EGM to be convened in respect of the Proposed Transactions. The Company will be appointing an independent financial adviser to provide an opinion on whether the foregoing transactions are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders (the "**IFA Opinion**"). The Audit Committee of the Board will be obtaining the IFA Opinion before forming its view on the foregoing transactions, which will be announced in due course.

5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial Shareholders of the Company or their respective associates has any interest, whether direct or indirect, in the Collaboration Agreement and the Loan Agreement, save for their interests (if any) arising by way of their shareholding and/or directorships, as the case may be, in the Company.

6. FURTHER ANNOUNCEMENTS

The Company will continue to make further announcements, in compliance with the requirements of the Listing Manual of the SGX-ST, as and when there are material developments in respect of the matters set out herein.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Collaboration Agreement, the Loan Agreement and the Group, and the Directors are not aware of any facts, the omission of which would make any statement in this Announcement misleading.

Where information in this Announcement 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 Announcement in its proper form and context.

8. CAUTIONARY STATEMENT

Shareholders are reminded that the trading suspension of the Company's Shares will only be lifted upon, *inter alia*, the SGX RegCo indicating that it has no objections to the Resumption Proposal, the fulfilment of various conditions required by the SGX RegCo and the completion of the Resumption Proposal.

Shareholders of the Company are advised to read the Announcements and any further announcements by the Company carefully and should exercise caution when dealing in the Company's securities. Stakeholders and potential investors who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisors.

BY ORDER OF THE BOARD
Plastoform Holdings Limited

Tse Kin Man
Non-Executive Chairman and Director

19 April 2021