PLASTOFORM HOLDINGS LIMITED

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

UPDATES ON THE CONDITIONAL GRANT OF EXTENSION OF TIME TO MEET THE EXIT REQUIREMENTS TO EXIT THE SGX WATCH-LIST – RESPONSE TO SGX REGCO LETTER

*Unless otherwise defined, all capitalised terms used herein shall bear the same meanings ascribed to them in the Company's announcements dated 20 October 2021, 25 October 2021, 8 November 2021, 15 November 2021, 23 November 2021 and the Company's concurrent announcement dated 30 November 2021 (the "**Previous Announcements**").*

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 Previous Announcement dated 15 November 2021 with regard to the letter from the SGX RegCo on 12 November 2021. As previously announced, the SGX RegCo required the Company to clearly substantiate and demonstrate with sufficient details how the signed agreements will allow the Company to meet the conditions for a trading resumption and to exit the SGX-ST Watch-List by 4 April 2022, in order for a consideration of whether a subsequent extension to 4 April 2022 for the Company to exit the SGX-ST Watch-List is appropriate.

The Company wishes to respond to the SGX RegCo's letter in this announcement (this "**Announcement**") and to demonstrate that the subsequent extension to 4 April 2022 for the Company to exit the SGX-ST Watch-List is appropriate.

2. GOING CONCERN OF THE COMPANY

The SGX-ST had called for the suspension of the trading of the Company's Shares with effect from 4 April 2019, pursuant to Rule 1303(3)(c) of the Listing Manual, on the basis that the Company is unable to continue as a going concern or unable to demonstrate to the Exchange and its shareholders that it is able to do so, such as when the Company is unable to reasonably assess its financial position and inform the market accordingly.

The Group currently has a net liability value of approximately S$2,724,402, based on its unaudited consolidated financial statements for its financial period ended 30 September 2021. Further, the Group has been carrying out minimal economic activity since September 2019 which is not expected to improve without recapitalisation or corporate restructuring. Based on the Group's unaudited consolidated financial statements for its financial period ended 30 September 2021, the Group generated no revenue, a pre-tax loss of approximately HK$2,042,535, and a net loss after tax of approximately HK$2,042,535. Despite the management's best efforts, the Group has not been able to find a viable recurrent business to undertake and does not have the financial capability to undertake such activity on its own.

Nevertheless, should Conversion under the Convertible Loan Agreement be completed in accordance with its terms and the Proposed New Business is carried out without impediments, the Company submits that it will be able to continue as a going concern for the foreseeable future for the following reasons:

(a) the Proposed Scheme, when completed pursuant to its terms, will restructure almost all of the debt and liabilities of the Company subsisting at a certain ascertainment date (which will likely be set at a date in the first quarter of 2022) (collectively, the "**Scheme Claims**"), such that all of such Scheme Claims will be reprofiled. This will enable the Company to clean out its balance sheet of such historical liabilities in a sustainable manner and start again on a blank slate. The Proposed Scheme will not require Shareholders' approval as it only involves a compromise of the creditors of the Company (collectively, the "**Creditors**").

As at 15 November 2021 (i.e. the date of the Convertible Loan Agreement), the debts and liabilities of the Company stood at S$2,179,667.23. Such debts and liabilities are arose from the ordinary course of business of the Group and relate to, *inter alia*, professional fees for services rendered, rental and utilities, compensation and payroll, and working capital loans. A majority of such debts and liabilities are owed to the directors, key management and controlling shareholders of the Company as well as their affiliates (including Mr. Tse Kin Man, Mr. Chiu Kwong Fai and Konkin Limited, being the substantial shareholders of the Company (collectively, the "**Majority Shareholders**")), as these debts were incurred in keeping the Company afloat for the past few years. Based on the Company's preliminary estimate, approximately 87.7% of such debts and liabilities are due to such persons, and approximately 12.3% of such debts and liabilities are specifically due to the Majority Shareholders.

The details of the Proposed Scheme have not been finalised and is subject to further amendments but will not change its effect of discharging all Scheme Claims. As at the date of this Announcement, it is intended that save for the Majority Shareholders, the other Creditors will receive full payment for their respective approved Scheme Claims over a period of four (4) years. Further as previously announced by the Company, the Majority Shareholders will be undertaking to forego and/or discharge their Scheme Claims to the extent that the aggregate of all Scheme Claims of the Company, including the professional fees incurred by the Company in relation to its FY2020 audited financial statements, exceeds S$2,000,000.00 (the "**Liabilities Threshold**"). As such, the Majority Shareholders will compromise their Scheme Claims, to the extent that the aggregate payout to the Scheme Claims will be capped at the Liabilities Threshold. The cash required to satisfy the Proposed Scheme of up to S$2,000,000.00 will be funded by a combination of the Convertible Loan and the Proposed New Business.

Given that most of the debts and liabilities are owed to the directors, key management and controlling shareholders of the Company as well as their affiliates, who have expressed support for the Proposed Scheme subject to the finalisation of definitive terms, it is intended that the Proposed Scheme will be carried out as a "pre-packaged" scheme of arrangement pursuant to section 71 of the Insolvency, Restructuring and Dissolution Act 2018, under which the participating Creditors will approve the said scheme without convening a creditors' meeting. This simplified process would expedite processes and enable the Company to obtain the sanction of the Singapore Courts in a timely manner, which as previously announced, the Company hopes to obtain latest by the end of the first quarter of 2022.

In summary, with the implementation of the Proposed Scheme, the Company submits that its debts and liabilities will be completely restructured to carry out its new business on a clean slate;

(b) the Convertible Loan will provide the Group with sufficient working capital to carry out the Proposed New Business. The Group will be able to draw working capital loans, from time to time, up to the maximum amount of S$2,000,000.00. This would assist the Group in addressing any short-term cash flow issues it may have in the foreseeable future. As also announced by the Company on 30 November 2021, up to S$1,500,000.00 of such loans will be automatically capitalised as Consideration Shares upon Conversion, further strengthening the balance sheet position of the Company;

(c) the Proposed New Business will be able to provide the Group with a recurring business that will generate profits for the Group. Please refer to the paragraph below for the details on the Proposed New Business. Such profits will enable the Group to operate as a going concern in the long run; and

(d) apart from the Proposed Scheme, the Company will be undertaking further rationalisation of its existing operations, such as the disposal of its loss-making wholly-owned subsidiary, Plastoform Industries Limited, the waiver from Jetform International Limited for the rent owing to said party for FY2021, and the acceptance of a 50% reduction to the fees and salaries due to the Directors and key management staff of the Company for FY2021. These matters will be carried out in a timely manner, as part of the conditions precedent to the Conversion. As such, the reduction to the Company's ongoing cash burn will improve the Company's ability to carry on as a going concern. Please refer to the conditions precedent to Conversion as set out in the Company's Previous Announcement dated 15 November 2021 for further details.

Based on the reasons set out above, the Board is of the opinion that the Convertible Loan and the Proposed New Business are sufficient to ensure that the Group can continue as a going concern and therefore resume trading in its Shares.

3. THE PROPOSED NEW BUSINESS AS A RECURRENT PROFITABLE BUSINESS

The Group was placed on SGX-ST Watch-List on 5 June 2017 due to the minimum trading price entry criteria under Rule 1311(2) of the Listing Manual of the SGX-ST (then being in force), and on 5 June 2018 due to the financial entry criteria under Rule 1311(1) of the Listing Manual (then being in force). Rule 1314 of the Listing Manual (currently in force) states that an issuer on the SGX-ST Watch-List may apply to the SGX-ST to be removed from the SGX-ST Watch-List if it records consolidated pre-tax profit for the most recently completed financial year (based on audited full year consolidated accounts) and has an average daily market capitalisation of S$40 million or more over the last 6 months.

The Company submits that the Proposed New Business will enable the Company to generate a consolidated pre-tax profit for FY2021 and return to profitability in its following financial years. To aid Shareholders in their understanding, the forecast of the Proposed New Business is set out below. Based on said projections, the Group is projected to generate revenue of approximately HK$7,506,300.00, a pre-tax profit of approximately HK$180,999.00, and a net profit after tax of approximately HK$150,086.00 for its financial period ended 31 December 2021.

Table 1: Annual revenue and profit forecast of the Group

Annual Forecast						
('SGD)						
		FY2021	**FY2022**	**FY2023**	**FY2024**	**FY2025**
REVENUE						
Sales to JCS Greentech		1,310,000	4,584,000	4,848,000	4,848,000	4,848,000
Sales to other parties		0	750,000	1,392,000	3,000,499	5,367,069
Total Sales		1,310,000	5,334,000	6,240,000	7,848,499	10,215,069
COST OF SALES						
Cost of products		(792,500)	(3,367,080)	(3,980,160)	(5,106,109)	(6,762,708)
GROSS PROFIT		517,500	1,966,920	2,259,840	2,742,390	3,452,361
Gross Margins		*39.5%*	*36.9%*	*36.2%*	*34.9%*	*33.8%*
Admin & Ops Expenses		(485,942)	(1,195,023)	(1,472,424)	(1,928,299)	(2,256,686)
Profit Before Tax		31,558	771,897	787,416	814,090	1,195,675
Tax	17%	(5,365)	(131,222)	(133,861)	(138,395)	(203,265)
Profit After Tax		26,193	640,674	653,555	675,695	992,410
Net Margins		*2.0%*	*12.0%*	*10.5%*	*8.6%*	*9.7%*

Based on the forecast set out above, the Company is expected to generate an annual revenue of more than S$4 million due to the 5-year JCS Greentech Contract. The Company will continue the expand JPS's operations in Singapore and its local team so as to secure more customers for its OEM services. The JCS Greentech Contract and the Convertible Loan will provide the necessary cash injections to ensure stable business operations, thereby allowing the Company to build up its capabilities and diversify its customer base.

As the Company is seeking to build a profitable recurrent business by 4 April 2022, the Company has provided a monthly forecasting of its revenue and profit up to December 2022. The following forecast is a monthly forecast in the Company's expected baseline scenario.

[This Announcement continues on the next page]

Table 2: Monthly revenue and profit projections of the Group (Baseline Scenario)

Monthly Forecast (Baseline Scenario)

('SGD)

	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
REVENUE														
Sales to JCS Greentech	950,000[a]	360,000[b]	360,000	360,000	360,000	360,000	360,000	360,000	404,000[c]	404,000	404,000	404,000	404,000	404,000
Sales to other parties	0	0	0	0	0	50,000[d]	50,000	50,000	100,000	100,000	100,000	100,000	100,000	100,000
Total Sales	950,000	360,000	360,000	360,000	360,000	410,000	410,000	410,000	504,000	504,000	504,000	504,000	504,000	504,000
COST OF SALES														
Cost of products	(522,500)	(270,000)[e]	(223,200)	(223,200)	(223,200)	(258,200)	(258,200)	(258,200)	(320,480)	(320,480)	(320,480)	(320,480)	(320,480)	(320,480)
GROSS PROFIT	427,500	90,000	136,800	136,800	136,800	151,800	151,800	151,800	183,520	183,520	183,520	183,520	183,520	183,520
Gross Margins	*45.0%*	*25.0%*	*38.0%*	*38.0%*	*38.0%*	*37.0%*	*37.0%*	*37.0%*	*36.4%*	*36.4%*	*36.4%*	*36.4%*	*36.4%*	*36.4%*
Admin & Ops Expenses	(45,041)	(45,041)	(83,654)	(83,654)	(83,654)	(96,816)	(96,816)	(96,816)	(98,696)	(98,696)	(98,696)	(119,175)	(119,175)	(119,175)
Profit Before Tax	382,459	44,959	53,146	53,146	53,146	54,984	54,984	54,984	84,824	84,824	84,824	64,345	64,345	64,345

[a] Arising from the Tooling Production required for the mass production of Modules for JCS Greentech's proprietary disinfection devices. The tools and machinery to be delivered under the Tooling Production consist of horizontal alignment station, vertical alignment station, quality control station and assembly stations. The contracted price for the Tooling Production is a one-time fee of S$950,000, payable upon completion and delivery. This is governed by the JCS Greentech Contract, under which completion, delivery and issuance of the invoice shall take place on 30 November 2021.

[b] Arising from the delivery of Modules Batches to JCS Greentech per month. The contracted price per Module Batch is S$360,000 per month, payable upon delivery. This is governed by the JCS Greentech Contract.

[c] The Company is in discussion with JCS Greentech to produce Modules for another model of the proprietary disinfection device. It is estimated to generate an additional S$44,000 in sales per month in 2H2022.

[d] While the JCS Greentech Contract provides a profitable recurrent business, the Company intends to diversify its revenue streams and reduce reliance on sales to JCS Greentech over time by diversifying its customer base in 2022.

[e] Assumes higher initial cost and wastages for the first production run before the machine settings and process flow are optimised.

The Company's expected worse-case scenario for revenue and profit projections are set out below, under which no new sales are secured other than the existing JCS Greentech Contract. Under this scenario, the Company will be able to generate close to a S$500,000 profit before tax in FY2022.

Table 3: Monthly revenue and profit projections of the Group (Worst-case Scenario)

Monthly Forecast (Worst-case Scenario)														
('SGD)														
	Nov-21	**Dec-21**	**Jan-22**	**Feb-22**	**Mar-22**	**Apr-22**	**May-22**	**Jun-22**	**Jul-22**	**Aug-22**	**Sep-22**	**Oct-22**	**Nov-22**	**Dec-22**
REVENUE														
Sales to JCS Greentech[a]	950,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000
Sales to other parties[b]	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Sales	950,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000
COST OF SALES														
Cost of products	(522,500)	(270,000)	(223,200)	(223,200)	(223,200)	(223,200)	(223,200)	(223,200)	(223,200)	(223,200)	(223,200)	(223,200)	(223,200)	(223,200)
GROSS PROFIT	427,500	90,000	136,800	136,800	136,800	136,800	136,800	136,800	136,800	136,800	136,800	136,800	136,800	136,800
Gross Margins	*45.0%*	*25.0%*	*38.0%*	*38.0%*	*38.0%*	*38.0%*	*38.0%*	*38.0%*	*38.0%*	*38.0%*	*38.0%*	*38.0%*	*38.0%*	*38.0%*
Admin & Ops Expenses[c]	(45,041)	(45,041)	(83,654)	(83,654)	(83,654)	(95,816)	(95,816)	(95,816)	(95,816)	(95,816)	(95,816)	(116,295)	(116,295)	(116,295)
Profit Before Tax	382,459	44,959	53,146	53,146	53,146	40,984	40,984	40,984	40,984	40,984	40,984	20,505	20,505	20,505

[a] Assuming the Company's sales are only contributed by the JCS Greentech Contract and that no new contracts with other JCS Greentech are secured.
[b] Assuming the Company does not manage to secure sales with other customers.
[c] Assuming the Company continues to ramp up the local team and capabilities as planned in the baseline scenario in hope of securing new customers.

In view of the above and on a balance, the Board is of the opinion that the Proposed New Business will enable the Company to generate a consolidated pre-tax profit for FY2021 and return to profitability in its following financial years, so as to enable the Company to exit the SGX Watch-List.

Shareholders are to note that the projections above are only predictions to the best of the Company's knowledge, which involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company, the Group and/or the Proposed New Business to be materially different from any future results, performance or achievements expected, expressed or implied by such projections. As such, no warranty is made to Shareholders that the actual future results, performance or achievements of the Company, the Group and/or the Proposed New Business will be as discussed in those projections.

4. TIMELINES AND MILESTONES

Should the SGX RegCo's approval be granted for the extension of time to exit the SGX Watch-List to 4 April 2022, the Company expects to achieve the following key milestones under the Convertible Loan and the Proposed New Business as follows:

Key Milestones	Expected Dates
Completion and delivery of Tooling Production under the JCS Greentech Contract	On or about 30 November 2021
End of the Group's financial year on 31 December 2021	On 31 December 2021
Announcement of the unaudited Group's consolidated financial results for FY2021	Latest by 28 February 2022
Dissemination of the audited Group's consolidated financial results for FY2021, demonstrating consolidated pre-tax profit	Latest by 31 March 2022
Sanction of Singapore Courts for the Proposed Scheme	Targeted date by 31 January 2022 Latest by 31 March 2022
Submission of circular to Shareholders in respect of the transactions requiring Shareholder approval under the Convertible Loan Agreement (the "**Circular**") and the additional listing application	On or about 28 February 2022
Receipt of approval of the Circular and listing and quotation notice for the Conversion Shares and the Introducer Shares from the SGX-ST	On or about 31 March 2022
Lodgement and despatch of the Circular to Shareholders	On or about 8 April 2022

Extraordinary General Meeting convened	On or about 2 May 2022
Exercise of the Conversion Rights and automatic Conversion of the Convertible Loan	On or about 16 May 2022

Shareholders are to note that the milestones set out above are only the Company's estimates at the date of this Announcement and may be subject to further changes. There is no assurance that any of the milestones will be met and/or achieved on the stipulated dates, and no warranty is made to Shareholders that the milestones above will reflect actual events.

5. FOLLOW UP ANNOUNCEMENTS AND CAUTIONARY STATEMENT

The Board will update Shareholders from time to time on any material developments on the Convertible Loan, the Proposed New Business and the other transactions contemplated under the Convertible Loan Agreement.

Shareholders and potential investors are advised to exercise caution when trading in the Shares of the Company. There is no assurance or certainty that the Convertible Loan, having been entered into and being subject to certain conditions, will be completed. In the event of any doubt as to the action they should take, Shareholders and potential investors should consult their stock brokers, bank managers, solicitors or other professional advisors.

BY ORDER OF THE BOARD
Plastoform Holdings Limited

Tse Kin Man
Non-Executive Chairman and Director

30 November 2021