

---

**RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”) ON THE UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

---

The Board of Directors (the “**Board**”) of PLASTOFORM HOLDINGS LIMITED (the “**Company**”) refers to the following queries raised by the SGX-ST on 7 March 2019 and would like to provide additional information in relation to the Company’s announcement dated 27 February 2019 regarding Responses to Queries raised by SGX-ST on 22 February 2019 (the “**Company’s responses**”), as follows:

**SGX-ST’s Query 1:**

We refer to Plastoform Holdings Limited’s / the Company’s announcement dated 27 February 2019 regarding its Responses to Queries raised by SGX-ST on 22 February 2019 (the “**Company’s responses**”). We note, in particular, the Company’s responses to Queries 5 and 6, on the Company’s negative equity position and the ability of the Company to operate as a going concern. Please address the following matters:

**The Company’s Cash Flow Projection**

- a. In the Company’s latest audited financial results in FY2017, Foo Kon Tan LLP, the Independent Auditor (“**Auditors**”), had included a Disclaimer of Opinion, on the appropriateness of the Company’s going concern assumption. The Auditors had noted that the 12-month cash flow projection in FY2017 was “dependent on numerous parameters and assumptions made by management, which includes forecast revenue, gross profit margin, forecast operating expenses and forecast changes in working capital, **as well as a revised repayment plan amounting to HK\$7.3million due from a major customer, to be proposed to the Group.**” [emphasis added] Please provide an update on the outcome of the revised repayment plan amounting to HK\$7.3 million in FY2017 and whether the sum has since been repaid.

**Company’s response:**

Subsequent to the date of auditor’s report, the Company received HK\$3.8 million in April, 2018. In November, 2018, the Company entered into a settlement agreement with that major customer, in which half of outstanding amount will be offset against the licensing royalty and the remaining outstanding balance will be repaid by instalments, starting from January, 2019. A further HK\$0.2 million was collected since January, 2019.

- b. The Auditors had also opined in FY2017 that **“the Group has significant concentration of credit risk as approximately 76% of the Group’s trade receivables are from the Group’s two largest customers”** and **“any delay in repayments by the two largest customers and the possible loss of these two customers will further impact the Group’s profit and cash flow forecast used to assess the appropriateness of going concern assumption.”** Furthermore, we note that in its latest unaudited FY2018 results on 18 February 2019, the Company had stated on page 9 of the FY2018 results that **“its turnover decreased by 90% from HK\$27.9million in 4Q2017 to HK\$2.8million in 4Q2018 due to the loss of 2 major customers.”** [emphasis added] Please confirm whether the loss of these 2 major customers refers to any of the ‘major customers’ mentioned in the Disclaimer of Opinion in the Auditors’ FY2017 report.

#### Company’s response:

One of the two largest customers referred in the FY2017 Auditors report was the same customer as referred in the unaudited 4Q2018 results announcement. The other largest customer was the major customer of the discontinued operation in FY2018.

#### The Company’s fund raising proposals

- c. On 18 February 2019, the Company had stated that the Monster licence business will **“require much more working capital urgently as [the Company] establish[es] itself with various new players... Our capital structure has weakened significantly. Our negative working capital requires us to address our going concern issue. As such, we need to explore various funds raising avenues immediately.”** In the Company’s responses, the Board had further opined that the Company can operate as a going concern based on “the latest cash flow projection” and “expected fund raising exercise from rights issue”. The Company elaborated that the Board “has been in discussion on the fund raising option(s) (including rights issue exercise) to obtain additional funding for working capital needs”. However, between December 2017 and till to date, the Company has not announced and/or proposed any fund-raising exercises to increase its working capital. Please confirm whether the Company has been successful in raising the funds that will be able address the Auditors’ doubts about the Company’s ability to operate as a going concern.

#### Company’s response:

The Company will undertake a renounceable rights issue (“Proposed Rights Issue”), to strengthen the Group’s financial position by augmenting the Group’s balance sheet and capital base, and reducing the net gearing of the Group. The details of the Proposed Rights Issue will be released via a separate announcement at a later date. The funds raised from the Proposed Rights Issue will be used towards improving the Group’s working capital position, which will address the Auditors’ concern on the Company’s ability to operate as a going concern.

**SGX-ST's Query 2:**

Noting the Company's negative equity position of HK\$ 0.89 million, negative working capital of HK\$ 1.35 million as at 31 December 2018, the Company's net cash out flow from operating activities of HK\$ 1.87 million, the matters raised by the Auditors per paragraph 1 a. to c. above, we draw your attention to Listing Rule 1303(3)(c). If 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, the Exchange reserves its rights to suspend trading in the Company's securities at any time. For the purpose of determining if Rule 1303(3)(c) should apply, please provide the following information:

- a. the Board's opinion if the Company's operations will be able to continue as going concern and basis for the Board's view. Please provide the Board's views on how the Company is able to finance its operational needs and short term obligations as and when they fall due in the next 12 months and substantiate with data, and the basis for the Board's views; and

**Company's response:**

With the funds to be raised through the Proposed Rights Issue and trade finance (if needed), and the new licensed business model (which does not require manufacturing facility) will provide the Group a better cash flow position. Moreover, the new business model could offer the Group the opportunity to connect with distribution network and retailers. In coming future, the Group can leverage this distribution network to introduce more product types and brands to the market. With direct interface with channels, the Group is in a better position to lower its margin in order to improve its competitive advantages to get more market shares. The Board is of the opinion that the Company will be able to operate as a going concern.

- b. the Board's confirmation that all material disclosures have been provided for trading of the Company's shares to continue.

**Company's response:**

The Board confirms that all material disclosures have been provided for the trading of the Company's shares to continue.

BY ORDER OF THE BOARD

Tan Tien Hin Winston  
Non-Executive Chairman and Director

8 March 2019