

PLASTOFORM HOLDINGS LIMITED

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

NON-BINDING TERM SHEET IN RELATION TO THE PROPOSED CONVERTIBLE LOAN – RESPONSE TO SGX REGCO QUERIES

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 announcement dated 20 October 2021 and 25 October 2021 (the “**Previous Announcements**”) in relation to the Company’s entry into a non-binding term sheet for a proposed convertible loan (the “**Proposed Convertible Loan**”) with JCS INVK Pte. Ltd. (the “**Investor**”) and the Company’s responses to queries raised by the Singapore Exchange Regulation Pte. Ltd. (“**SGX RegCo**”) respectively. The Board wishes to inform shareholders of the Company (the “**Shareholders**”) that the SGX RegCo had on 3 November 2021 raised queries regarding the Previous Announcements, and the Company would like to provide its responses herein.

Unless otherwise defined, all capitalised terms shall bear the same meaning as set out in the Previous Announcements.

SGX RegCo Query 1

We refer to Plastoform Holdings Limited’s announcement on (i) the entry into the non-binding term sheet on 20 October 2021 and (ii) the Company’s responses to SGX’s queries on 25 October 2021. The Company had stated that in its 25 October 2021 announcement that “the Company is currently negotiating with the Investor and JCS Greentech for its order book in the coming months” and that the Company “intends to expedite the negotiation process with the Investor so that the Definitive Agreements can be entered into as soon as practicable, and is targeting to finalise the Definitive Agreements by 15 November 2021.” Please provide an update on the negotiations of the Proposed New Business and the progress of the signing of the Definitive Agreements.

Company’s Response

The Company is currently in the final stages of negotiations with the Investor and JCS Greentech in relation to confirmations for its order book pertaining to the Proposed New Business and entry into the Definitive Agreements. The Company expects to conclude negotiations and enter into the Definitive Agreements before 15 November 2021. Upon execution of the Definitive Agreements, the Company will announce the finalised details.

SGX RegCo Query 2

Please provide specific details on the Proposed New Business, which will include trading of and manufacturing of electronic devices and other technology products referred to under the non-binding term sheet, to substantiate and explain how the entry into the agreements will allow the Company to meet the requirements to exit the financial watchlist as set out in Listing Rule 1314. Please also disclose how entering into a newly set up JV with JCS Group Pte. Ltd. where the Company will hold only 51% of the JV will allow the Company to implement its Scheme of Arrangement and meet the requirements to exit the watchlist by 4 April 2022.

Company's Response

Subject to the aforementioned negotiations, it is envisaged that the Proposed New Business will involve a collaboration between the Company and JCS Greentech, under which JCS Greentech will engage the Company's original equipment manufacturing ("OEM") and original design manufacturing ("ODM") services via its subsidiary company, JPS Advance Technology Pte. Ltd. ("JPS").

JCS Greentech's core strength lies in formulating innovative industrial designs and building complex equipment for use across diverse industries (please refer to the Company's response to query 4 below for further details on JCS Greentech). It intends to sub-contract the OEM mass production of critical sub-components to a reliable party, while retaining the final integration, assembly and quality control of the end-product. In this regard, the Company is a strategic choice for collaboration as it has over 30 years' experience in delivering premium quality OEM and ODM services, providing Electronics Manufacturing Services to the world's most renowned brands and have earned repeated industry accolades for its dedication to innovation and excellence.

To facilitate this collaboration, the Company will cooperate with JGPL to invest in JPS, to build a local team in Singapore and provide OEM services in electronic semi-finished products/modules, including without limitation to controller boards and human-machine interfaces. The Company will share its expertise in OEM processes, quality assurance and quality control standard operating procedures. It will also provide its suppliers and sub-contractors lists to JPS to better optimize cost efficiencies and market the services provided by JPS to its existing list of customers. Please refer to the Company's response to query 3 below on the details of the specific products to be manufactured under the Proposed New Business.

JCS Greentech believes that this collaboration with the Company will allow it to focus on its core strength in innovating, designing and building complex equipment and products, while securing a reliable supply of critical sub-components from JPS to build the end-product. It aims that this collaboration will bring about a more secure and cost-effective source to manufacture at scale.

In light of the foregoing, the Board is of the view that it is able to meet the requirements to exit the financial watchlist as set out in Rule 1314 of the Listing Manual of the SGX-ST. Having secured JCS Greentech as its first customer, it is projected that JPS will have a consistent order book of more than S\$4 million annually derived solely from JCS Greentech. The predictable and consistent profits generated by JPS is an additional stream of income revenue for the Company, which will facilitate the Company's attempts to build a profitable recurrent business and operate as a going concern in the long term. The financial stability gained from the Proposed New Business conducted via JPS will enable the Company to market and secure new customers for future growth. Crucially, the Proposed New Business coupled with the Proposed Convertible Loan presents a good opportunity for the Company to record a consolidated pre-tax profit for its financial year ending 31 December 2021.

The profits derived from the Proposed New Business and the loans pursuant to the Proposed Convertible Loan will provide funds to the Company to reorganise its liabilities and debts under the Proposed Scheme, thereby placing the Group into a significantly stronger financial position and capital base. For the avoidance of doubt, the Company's intended shareholding of 51% in its subsidiary company, JPS, remains subject to the Definitive Agreements, of which negotiations with the Investor are still ongoing.

SGX RegCo Query 3

Please provide specific details on the Proposed New Business, including but not limited to the specific products to be produced by the Company, the quantity to be produced, and the timeline

of production, to substantiate and elaborate on how the Proposed New Business will allow the Company to meet the requirements to exit the financial watchlist and for the Company's shares to resume trading.

Company's Response

The Proposed New Business will build on the Company's expertise in electronic manufacturing to mass produce electronic modules. As mentioned in the Company's response to query 2 above, the first customer of JPS, being JCS Greentech, intends to sub-contract the OEM mass production of critical sub-components. Specifically, JCS Greentech intends to sub-contract the manufacturing of critical control modules to JPS for one of the disinfecting devices which it has designed and developed. The disinfecting device turns a proprietary disinfecting solution into dry mist and distributes the mist through the air for aerial disinfecting. There is a high demand for the disinfecting device due to the current COVID-19 pandemic. The high-end version of the disinfecting device, of which the electronic modules are a necessary component, is being used in hospitals located in numerous countries including Malaysia, Brunei, Bahrain, Abu Dhabi, Kuwait and Saudi Arabia. This high demand gives JCS Greentech the impetus to sub-contract the mass production of electronic modules to JPS.



Figure 1: An example of a disinfecting device (bottom right corner) in an operation theatre.

Based on the current discussion between the Company and JCS Greentech, it is intended for JPS to be the sub-contracted manufacturer for the electronic modules. It is envisaged that the Proposed New Business will commence soon after the execution of the Definitive Agreement, with the construction of the tooling and machinery/lines required to mass produce the electronic modules being done in November 2021, and the first batch of electronic modules being delivered before the end of December 2021. The Company is in discussions with JCS Greentech to secure a book order for more than S\$4 million annually, whereby electronic modules will be delivered monthly for JCS Greentech to build between 80 to 100 high-end disinfecting units per month.

The business model for JPS is illustrated in the figure below.

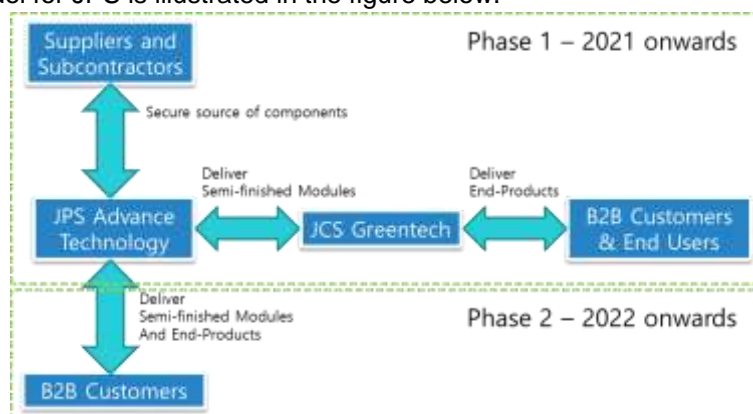


Figure 2: JPS Business Model

In order to support the growth of the Proposed New Business, the plan to build and develop a local team in JPS over the next few years is set out below.

	Total number of staff in each quarter ⁽¹⁾															
	2022				2023				2024				2025			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Admin & HR	1	2	2	2	2	2	2	2	2	3	3	3	3	3	3	3
Technician	1	2	2	5	5	6	6	7	7	7	7	7	8	8	8	8
Engineer	1	2	2	3	3	3	4	4	4	4	4	4	5	5	5	5
CFO	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
CTO	-	-	-	-	-	-	-	-	1	1	1	1	1	1	1	1
D.CEO/CEO	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1

Note:

(1) The projections are based on best efforts estimates and subject to changes.

The Company estimates that the profit margins from the Proposed New Business will be substantial. Concurrently, the Company will also seek to control and minimise other corporate expenses. The Company is optimistic 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, thereby allowing it to meet the requirements to exit the financial watchlist and for the Company's shares to resume trading.

SGX RegCo Query 4

It was stated in the Company's 25 October 2021 announcement that JCS Greentech "is a Singapore-based complex equipment, products design and manufacturing company that designs and builds various equipment and products for the medical field, the renewable energy industry such as the solar energy industry, and in certain technology-specialised areas of the agricultural industry". Please provide details on the size of JCS Greentech, what type of complex equipment it supplies, its projects undertaken for the medical field, the renewable energy industry and the agricultural industry and its reputation and track record in these areas.

a. Please elaborate whether and how the Company, which is in the industry of manufacturing of audio products, have the expertise required to design and manufacture the electronic products and devices to the requirements of JCS Greentech or whether the Company's proposed investment in such JV will only be a passive investment. To provide details of such experience and track record in the Company.

Company's Response

As mentioned in the Company's announcement dated 25 October 2021, JCS Greentech employs more than 20 technicians and engineers in Singapore, and serves customers in Singapore, Southeast Asia, the United Kingdom, Europe, Latin America and the People's Republic of China. It has generated a revenue of more than S\$23 million in its financial year of 2020 and is expected to generate approximately the same revenue for 2021, with the disinfecting devices and power plant segments accounting for the bulk of its total revenue.

A summary of the audited financial statement of JCS Greentech for its financial year of 2019 and unaudited financial statement for its financial year of 2020 is set out below.

Statement of Profit or Loss and Other Comprehensive Income

	Audited FY2019 (S\$)	Unaudited FY2020 (S\$)
Revenue	11,723,884	23,357,010
Cost of sales	(6,885,413)	(14,692,644)
Gross profit	4,838,471	8,664,366
Other comprehensive income	954	129,554
Selling and distributions expenses	(124)	(62)
Administrative expenses	(635,214)	(891,861)
Finance costs	(11,365)	(10,914)
Other operating expenses	(164,048)	(127,843)
Profit before income tax	4,028,673	7,763,240
Taxation	(453,817)	(1,288,987)
Profit for the year	3,574,856	6,474,262
Other comprehensive income	-	-
Total comprehensive income for the period	3,574,856	6,474,262

In addition to designing and building disinfecting devices for the medical field (as mentioned in the Company's response to query 3 above), other complex equipment supplied by JCS Greentech and projects undertaken for the renewable energy industry and the agricultural industry includes without limitation to the following:

- (a) providing design and technical advice on renewable energy projects such as the biogas facility and the combined cycle gas turbine power plant;
 - (b) manufacturing of diamond wire (i.e. deposited with fine diamond powder) for use in the slicing process of silicon wafers to minimise wastages in cutting silicon wafers, which are used in solar cells;
 - (c) in relation to the Open Bath Immersion cooling system, the ownership of a patent pending design that can reduce the over energy consumption of an average computer server system by up to 80%; and
 - (d) designing and constructing Modular Containers Systems for application to, for example, a fully automated robot activated cold room storage area.
- a. The Company has been involved in consumer electronics and audio related business since 1982. With close to 4 decades of experience, the Company has acquired cutting edge knowledge on product design, manufacturing, quality control, supply chain management and OEM capabilities in electronic products. Indeed, as explained in the Company's response to query 3 above, the Company has the expertise required to design and manufacture the products contemplated under the Proposed New Business to satisfy the requirements of JCS Greentech.

The Company's proposed investment in its subsidiary company, JPS, is not a passive investment. In addition to manufacturing the products contemplated under the Proposed New Business, the Company has cultivated a wide-ranged customer base from leading consumer electronics brands, audio brands and professional brands which will compliment and be beneficial to JPS for future business expansion. The Company also holds a number of patents on consumer electronics, signal processing and audio related design, manufacturing and user interfaces which JPS can leverage on for future business growth.

SGX RegCo Query 5

The Company stated in its 25 October 2021 announcement that “the parties currently intend to engage a scheme manager to kick-start the formal procedures for the Proposed Scheme by 1 November 2021”. Please provide an update on the Proposed Scheme and whether a scheme manager has been appointed to initiate the formal procedures for the Proposed Scheme. If not, please explain the reasons for the delay and the basis why the Company is confident that it will be able to reorganise its liabilities and debts under the Proposed Scheme for the resumption of trading of shares in the Company and elaborate how the Board will be able to meet its own commitment and announced target to obtain the Court order for the Proposed Scheme by 31 January 2022.

Company’s Response

The Company has appointed AAG Corporate Advisory Pte Ltd as the financial adviser to assist in the implementation of the Proposed Scheme to resolve its indebtedness. Prior to this, the Company had engaged its creditors in discussions with positive outcomes. The Company will continue engaging its creditors, the Investor and the financial adviser, in discussions in the upcoming weeks and is confident of an expedited process to obtain the approval from its creditors and the Order of the Court sanctioning the Scheme in line with the 31 January 2022 deadline.

Cautionary Statement

Shareholders and potential investors are advised to exercise caution when trading in the shares of the Company as the Term Sheet is non-binding in nature. There is no assurance or certainty that any Definitive Agreements will be eventually entered into on the same terms set out herein and/or that such agreements, 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

8 November 2021