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**PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF SHARES ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING ORDINARY SHARES**

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**1 INTRODUCTION**

The board of directors ("**Board**" or "**Directors**") of Plastoform Holdings Limited ("**Company**" and, together with its subsidiaries, "**Group**") wishes to announce that the Company proposes to undertake a renounceable non-underwritten rights issue ("**Proposed Rights Issue**") of up to 674,075,000 new ordinary shares ("**Rights Shares**") in the share capital of the Company at an issue price of S\$0.008 ("**Issue Price**") for each Rights Share, on the basis of one (1) Rights Share for every two (2) existing ordinary shares in the share capital of the Company ("**Shares**") held by Entitled Shareholders (as defined below) as at the Books Closure Date (as defined below), fractional entitlements to be disregarded.

The Rights Shares will be issued pursuant to the share issue mandate ("**Share Issue Mandate**") approved by shareholders of the Company ("**Shareholders**") at the annual general meeting held on 24 April 2014 ("**AGM**"). Pursuant to the Share Issue Mandate, the Directors are authorised to, *inter alia*, issue shares whether by way of rights, bonus or otherwise at any time and upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to such authority does not exceed 50% of the total number of issued shares (excluding treasury shares) at the date of the passing of the resolution approving the Share Issue Mandate, of which the aggregate number of shares to be issued other than on a *pro rata* basis to Shareholders shall not exceed 20% of the total number of issued shares (excluding treasury shares). The percentage of issued shares (excluding treasury shares) shall be based on the total number of issued shares of the Company (excluding treasury shares) as at the date of the passing of the resolution approving the Share Issue Mandate, after adjusting for: (i) new shares arising from the conversion or exercise of convertible securities; (ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time the resolution approving the Share Issue Mandate is passed; and (iii) any subsequent bonus issue, consolidation or subdivision of shares.

As at the date of the Share Issue Mandate, the Company's issued share capital comprised 1,346,000,000 Shares (excluding 6,000,000 treasury shares) and the Company has 2,150,000 outstanding and unexercised share options ("**Outstanding Share Options**") which were granted to its employees under its existing share option scheme known as Plastoform Employee Share Option Scheme adopted by the Shareholders on 21 August 2006. Assuming that all the Outstanding Share Options are exercised before the Books Closure Date (as defined below), the share capital base of the Company for the computation of the number of Shares which may be issued pursuant to the Share Issue Mandate will comprise 1,348,150,000 Shares (after adjustment for Outstanding Share Options). Based on this enlarged share capital, up to 674,075,000 Rights Shares may be issued pursuant to the Proposed Rights Issue if the Proposed Rights Issue is fully subscribed. Accordingly, the Company will not be seeking a specific approval from the Shareholders for the Proposed Rights Issue since the basis of the Proposed Rights Issue is within the limit of the Share Issue Mandate.

## 2 PRINCIPAL TERMS OF THE PROPOSED RIGHTS ISSUE

Subject to the relevant approvals being obtained for the Proposed Rights Issue, the principal terms of the Proposed Rights Issue and the Rights Shares are summarised below.

(i) Basis for the provisional allotment

The Proposed Rights Issue will be made on a renounceable non-underwritten basis to Entitled Shareholders on the basis of one (1) Rights Share for every two (2) existing Shares held by Entitled Shareholders as at a time and date to be determined and announced by the Board for the purpose of determining entitlements of Shareholders under the Proposed Rights Issue ("**Books Closure Date**").

Fractional entitlements to any Rights Shares will be disregarded and will, together with the provisional allotments which are not taken up or allotted for any reason, be aggregated and allocated to satisfy excess applications (if any) or disposed of or otherwise dealt with in such manner as the Board, in its absolute discretion, deems fit in the interests of the Company.

(ii) Eligibility of Shareholders to participate in the Proposed Rights Issue

The Company proposes to provisionally allot the Rights Shares to all Shareholders who are eligible to participate in the Proposed Rights Issue ("**Entitled Shareholders**"), who comprise the Entitled Depositors and the Entitled Scripholders (both as defined below).

Entitled Depositors are Shareholders with Shares standing to the credit of their Securities Accounts and whose registered addresses with The Central Depository (Pte) Limited ("**CDP**") are in Singapore as at the Books Closure Date or who have, at least three (3) market days (a "**Market Day**" being a day on which the Singapore Exchange Securities Trading Limited ("**SGX-ST**") is open for securities trading) prior to the Books Closure Date provided CDP with addresses in Singapore for the service of notices and documents ("**Entitled Depositors**").

Entitled Scripholders are Shareholders whose share certificates are not deposited with CDP and who have tendered to the Company's share transfer agent in Singapore, B.A.C.S. Private Limited ("**Share Transfer Agent**") valid transfers of their Shares and the certificates relating thereto for registration up to the Books Closure Date and whose registered addresses with the Company are in Singapore as at the Books Closure Date or who have, at least three (3) Market Days prior to the Books Closure Date provided the Share Transfer Agent with addresses in Singapore for the service of notices and documents ("**Entitled Scripholders**").

(iii) Acceptance, excess application and payment procedures

Entitled Shareholders will be at liberty to accept (in part or in full), decline, renounce or transfer their provisional allotments of Rights Shares and are eligible to apply for additional Rights Shares in excess of their provisional allotments under the Proposed Rights Issue.

In the allotment of excess Rights Shares, preference will be given to the rounding of odd lots, and Directors and substantial shareholders of the Company who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Proposed Rights Issue or have representation (direct or indirect through a nominee) on the

Board will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares.

The procedures for acceptance, excess application and payment by Entitled Shareholders will be set out in the Offer Information Statement (as defined below).

(iv) Issue size

(a) Assuming that the Outstanding Share Options are exercised and converted into Shares and no other shares are issued, the existing issued share capital of the Company of 1,346,000,000 Shares ("**Existing Share Capital**") will increase to 1,348,150,000 Shares ("**Maximum Base Scenario**"). Based on the Maximum Base Scenario and assuming that the Proposed Rights Issue is fully subscribed ("**Maximum Subscription Scenario**"), up to 674,075,000 Rights Shares will be issued. Upon the allotment and issuance of the Rights Shares, the Company will have an enlarged issued share capital comprising 2,022,225,000 Shares. The Rights Shares would represent approximately 50.1% of the Existing Share Capital and approximately 33.3% of the enlarged issued share capital of the Company after the Proposed Rights Issue.

(b) Assuming that none of the Outstanding Share Options is exercised and converted into Shares and no other shares are issued, the Existing Share Capital of the Company will remain ("**Minimum Base Scenario**"). Based on the Minimum Base Scenario and the Maximum Subscription Scenario, up to 673,000,000 Rights Shares will be issued. Upon the allotment and issuance of the Rights Shares, the Company will have an enlarged issued share capital comprising 2,019,000,000 Shares. The Rights Shares would represent approximately 50.0% of the Existing Share Capital and approximately 33.3% of the enlarged issued share capital of the Company after the Proposed Rights Issue.

(c) Assuming the Minimum Base Scenario and that each of Konkin Limited, Chiu Kwong Fai, Tse Kin Man, subscribes for their respective Undertaking Shares (as defined below) pursuant to the Irrevocable Undertaking (as defined below), and none of the other Shareholders subscribes for its/his entitlement to the Rights Shares ("**Minimum Subscription Scenario**"), up to 22,113,244 Rights Shares will be issued. The Rights Shares would represent approximately 1.64% of the Existing Share Capital and approximately 1.62% of the enlarged issued share capital of the Company after the Proposed Rights Issue.

(d) Assuming the Maximum Base Scenario and the Minimum Subscription Scenario, up to 23,887,916 Rights Shares will be issued. Upon the allotment and issuance of the Rights Shares, the Company will have an enlarged issued share capital comprising 1,372,037,916 Shares. The Rights Shares would represent approximately 1.77% of the Existing Share Capital and approximately 1.74% of the enlarged issued share capital of the Company after the Proposed Rights Issue.

(v) Issue price

The issue price is S\$0.008 per Rights Share, which represents a discount of approximately 50.0% to the closing price of S\$0.016 per Share on the Official List of the SGX-ST on 30 June 2014, being the last full Market Day on which

the Shares were traded on the Official List of the SGX-ST immediately preceding this Announcement.

(vi) Status of the Rights Shares

The Rights Shares will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the record date for which precedes the date of issue of the Rights Shares. For this purpose, “record date” means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Share Transfer Agent of the Company in Singapore or with CDP, as the case may be, in order to participate in such dividends, rights, allotments or other distributions.

(vii) Listing and trading

Upon the listing of and quotation for the Rights Shares on the Official List of the SGX-ST, the Rights Shares will be traded under the book entry (scripless) settlement system. For the purposes of trading on the Official List of the SGX-ST, each board lot of Rights Shares will comprise 1,000 Shares.

### 3 SHAREHOLDERS’ COMMITMENT TO THE PROPOSED RIGHTS ISSUE

To demonstrate their commitment to the Company:

Konkin Limited, Chiu Kwong Fai and Tse Kin Man (the “**Undertaking Shareholders**”), holding an aggregate of 596,525,000 Shares (representing 44.32% of the Existing Share Capital) as at the date of this announcement, have given an irrevocable undertaking to the Company (“**Irrevocable Undertaking**”):

- (a) to subscribe and pay for, and/or procure the subscription of and payment for, their respective *pro rata* entitlement to the Rights Shares under the Proposed Rights Issue (“**Undertaking Shares**”) provided that their aggregate shareholding in the Company following the completion of the Proposed Rights Issue shall not exceed 45.22% of the enlarged share capital of the Company and they will not be placed in a position of incurring a mandatory general offer obligation under Rule 14 of the Singapore Code on Take-overs and Mergers (“**Code**”) as a result of the increase in its aggregate interest in the share capital of the Company by more than 1.00% in any period of six (6) months due to other Shareholders not taking up their Rights Shares entitlement fully; and
- (b) as at the Books Closure Date, the Undertaking Shareholders’ registered shareholdings in the Company shall not be less than the shareholding required for the Undertaking Shareholders’ subscription of the Undertaking Shares.

The Undertaking Shareholders have extended interest-free advances of an aggregate sum of HK\$15 million or approximately S\$2.41 million (“**Advances**”) to the Company and they have agreed that the subscription monies payable by them for the Undertaking Shares will be fully offset against the Advances.

As the subscription monies payable by the Undertaking Shareholders for their entitlement of Rights Shares will be fully offset against the Advances, the Undertaking Shareholders will not be required to provide any letter of confirmation of financial resources to pay for such subscription monies.

Depending on the level of subscription for the Rights Shares, the Company will, if necessary, scale down the subscription for the Rights Shares and/or excess

applications for the excess Rights Shares by any shareholder to avoid placing the relevant shareholder in the position of incurring a mandatory general offer obligation under the Code as a result of other Shareholders not taking up their Rights Shares entitlement fully.

The Irrevocable Undertaking is subject to and conditional upon the Company's receipt of an in-principle approval from the SGX-ST (and such notice not having been withdrawn or revoked on or prior to the closing date of the offer of the Rights Shares under the Proposed Rights Issue) for the listing and quotation of the Rights Shares on the Official List of the SGX-ST and, if such notice is granted subject to conditions, such conditions being acceptable to the Company, and the lodgement of the Offer Information Statement with the Monetary Authority of Singapore.

#### **4 USE OF PROCEEDS AND RATIONALE OF THE PROPOSED RIGHTS ISSUE**

The Company is proposing to undertake the Proposed Rights Issue to strengthen its working capital. With an improved working capital position, the Company would be better poised to expand its distribution sales in the United States and Europe.

Under the Maximum Base Scenario and the Maximum Subscription Scenario, the estimated net proceeds from the Proposed Rights Issue, after deducting the estimated professional fees and related expenses of the Proposed Rights Issue, will amount to approximately S\$5.20 million.

Under the Minimum Base Scenario and the Maximum Subscription Scenario, the estimated net proceeds from the Proposed Rights Issue, after deducting the estimated professional fees and related expenses of the Proposed Rights Issue, will amount to approximately S\$5.19 million.

Under the Maximum Base Scenario and the Minimum Subscription Scenario, the gross proceeds from the subscription of the Rights Shares pursuant to the Proposed Rights Issue will amount to S\$0.19 million and the gross proceeds will be applied towards the professional fees and related expenses of the Proposed Rights Issue of S\$0.19 million.

Under the Minimum Base Scenario and Minimum Subscription Scenario, the gross proceeds from the subscription of the Rights Shares pursuant to the Proposed Rights Issue will amount to S\$0.18 million and the gross proceeds will be applied towards the professional fees and related expenses of the Proposed Rights Issue of S\$0.19 million.

The Company intends to use the net proceeds from the Proposed Rights Issue for general working capital purpose in the following manner:

- (i) 90% of the net proceeds to be used to develop products, build up inventories and finance trade receivables for distribution sales in the United States and Europe; and
- (ii) 10% of the net proceeds to be used for general expenses for offices in the United States.

Pending deployment of the net proceeds from the Proposed Rights Issue for the purposes stated, the net proceeds will be held on deposit or used for other purposes on a short-term basis as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

The Directors are of the reasonable opinion that, barring unforeseen circumstances:

- (i) after taking into consideration the Company's present bank facilities, the working capital available to the Company and its subsidiaries is sufficient to

meet their present requirements and the reasons for proposing to undertake the Proposed Rights Issue are to increase the Company's capital base and strengthen its balance sheet and enhance the financial flexibility of the Company to capitalise on potential growth opportunities; and

- (ii) after taking into consideration the Company's internal resources, operating cash flow, present bank facilities and the gross proceeds from the Rights Issue based on the Minimum Base Scenario and Minimum Subscription Scenario, the working capital available to the Company and its subsidiaries will be sufficient to meet their present funding requirements.

The Company will make periodic announcements on the utilisation of such proceeds of the Proposed Rights Issue as and when they are materially disbursed and provide a status report on the use of such proceeds in the Company's annual report.

## 5 NON-UNDERWRITTEN

In the opinion of the Directors, there is no minimum amount that must be raised from the Proposed Rights Issue, taking into consideration the Irrevocable Undertaking and intended use of proceeds as disclosed above. Further, by not appointing an underwriter for the Proposed Rights Issue, the Company will not incur the additional costs of engaging an underwriter and having to pay a commission to such underwriter. Accordingly, the Company has decided to proceed with the Proposed Rights Issue on a non-underwritten basis.

## 6 FOREIGN SHAREHOLDERS

For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the Rights Shares will **NOT** be offered to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) Market Days prior to the Books Closure Date, provided CDP or the Company c/o the Share Transfer Agent (as the case may be) with addresses in Singapore for the service of notices and documents ("**Foreign Shareholders**"). The Offer Information Statement in relation to and for the purposes of the Proposed Rights Issue and the accompanying documents to be issued by the Company will not be mailed outside Singapore.

If it is practicable to do so, the Company may, at its absolute discretion, arrange for the provisional allotments of Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders (as defined below) to be sold "nil-paid" on the SGX-ST as soon as practicable after dealings in the provisional allotments of Rights Shares commence. The net proceeds arising from such sales after deducting all expenses will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings as at the Books Closure Date, save that no payment will be made of amounts of less than S\$10.00 to a single Foreign Shareholder, and such amount shall be dealt with as the Directors in their absolute discretion deem fit in the interests of the Company and no Foreign Shareholders shall have any claim against the Company or CDP in connection therewith. Further details on provisional allotments of Rights Shares, which would otherwise be provisionally allotted to Foreign Shareholders, will be set out in the Offer Information Statement.

To this end, Shareholders with registered addresses outside Singapore are encouraged to provide a registered address in Singapore to CDP or the Company c/o the Share Transfer Agent (as the case may be), at least three (3) Market Days prior to the Books Closure Date, in order to receive the provisional allotment of Rights Shares under the Proposed Rights Issue.

## 7 GENERAL

The terms and conditions of the Proposed Rights Issue are subject to such changes as the Board may deem fit. The final terms and conditions of the Proposed Rights Issue will be contained in the Offer Information Statement to be dispatched by the Company to Entitled Shareholders in due course.

**SHAREHOLDERS AND/OR INVESTORS WHO WISH TO TRADE AND/OR INVEST IN THE SHARES OF THE COMPANY SHOULD EXERCISE DUE CAUTION AND NOTE THAT THERE IS NO ASSURANCE THAT THE PROPOSED RIGHTS ISSUE WILL PROCEED AS THEY ARE SUBJECT TO A NUMBER OF CONDITIONS TO BE FULFILLED. THE COMPANY WILL MAKE FURTHER ANNOUNCEMENT(S) ON THE PROPOSED RIGHTS ISSUE WHERE APPLICABLE.**

## 8 APPROVALS

The Proposed Rights Issue is subject to the receipt of an approval in-principle of the SGX-ST for the listing of and quotation for the Rights Shares on the Official List of the SGX-ST. An application will be made by the Company to obtain the SGX-ST's approval for the listing of and quotation for the Rights Shares. An appropriate announcement on the outcome of the application will be made in due course.

In addition to the approval of the SGX-ST, the Proposed Rights Issue is subject to *inter alia*, the lodgement by the Company of an offer information statement ("**Offer Information Statement**") together with all other accompanying documents (if applicable) with the Monetary Authority of Singapore.

## 9 ADJUSTMENTS TO OPTIONS

Pursuant to Rule 10.1 of the rules of the Plastoform Employee Share Option Scheme, the Remuneration Committee has the option to adjust the exercise price and/or number of the unexercised share option in the event of a variation in the issued share capital of the Company by way of a rights issue. Rule 10.2 provides, *inter alia*, that no adjustment shall be made unless the Remuneration Committee after considering all relevant circumstances considers it equitable to do so. If, as a consequence of the Proposed Rights Issue, adjustments will be made to the exercise price and/or number of the unexercised share option, such adjustments will be announced accordingly.

## 10 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

Save as disclosed in this announcement, none of the Directors or substantial shareholders of the Company have any interests, direct or indirect, in the Proposed Rights Issue (other than through their respective shareholdings in the Company).

## 11 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of the preparation of this announcement) 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 Proposed Rights issue, the Company and its subsidiaries, 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.

**BY ORDER OF THE BOARD**

Tse Kin Man  
Executive Chairman  
30 June 2014