

PLASTOFORM HOLDINGS LIMITED

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

ENTRY INTO SHARE SUBSCRIPTION AGREEMENT

1. INTRODUCTION

The Board of Directors (the “**Board**” or the “**Directors**”) of Plastoform Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce (this “**Announcement**”) that the Company had on 20 January 2021 entered into a share subscription agreement (the “**Subscription Agreement**”) with New Century Investment Holdings Pte. Ltd. (the “**Investor**”).

Pursuant to the Subscription Agreement, the Company has agreed to allot and issue an aggregate of 141,776,937 new ordinary shares (the “**Shares**”) in the capital of the Company (the “**Subscription Shares**”) to the Investor, and the Investor has agreed to subscribe for the Subscription Shares, at the issue price of S\$0.02116 per Subscription Share (the “**Issue Price**”), for an aggregate consideration of S\$3 million (the “**Consideration**”) (the “**Proposed Subscription**”).

2. INFORMATION ON THE INVESTOR AND THE INTRODUCER

The information on the Investor and the Introducer (as defined below) in this paragraph was provided by the Investor and the Introducer respectively. 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.

The Investor is a Singapore incorporated investment company, whose ultimate majority owner, Ms. Phua Mei Ming, is a Singaporean businesswoman with diverse investment interests.

The Investor is not related to the Company, the Directors or substantial shareholders of the Company (the “**Shareholders**”), and their respective associates. None of the Subscription Shares will be placed to any of the persons set out as restricted persons under Rule 812 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). Prior to the Subscription Agreement, the Investor, including its ultimate beneficial owners, have had no previous business, commercial, trade dealings or any other connection with the Group, the Directors or the substantial Shareholders of the Company.

As at the date of this Announcement, the Investor does not hold any Shares of the Company, whether directly or indirectly. The Investor is investing in the Company, at arm’s length as a strategic investor, to recapitalise and reorganise the Company and its liabilities, with a view to lifting the current trading suspension and for the Company to resume its trading business and return to profitability.

The Company did not appoint any placement agent for the purposes of the Proposed Subscription. The Investor was introduced to the Company by One Investment and Consultancy Limited, a company incorporated in the British Virgin Islands in the business of providing investment and consultancy services (the “**Introducer**”). Under the Subscription Agreement, the Company is obliged to pay the following fees:

- (a) an introduction fee of S\$300,000 (the “**Introducer Fee**”) to be paid to the Introducer for its introduction of the Company to the Investor, to be satisfied by the allotment and issuance of new Shares to the Introducer (the “**Introducer Shares**”) at the Issue Price on or prior to completion of the Proposed Subscription (“**Completion**”), being 14,177,693 Introducer Shares; and
- (b) the Introducer shall subscribe for 6,068,052 new Shares (the “**Additional Shares**”) at the Issue Price for an aggregate consideration of approximately S\$128,400.

The Introducer does not currently hold any Shares, directly or indirectly, in the Company, and does not have any connections (including business and commercial relationships) with the Company, its Directors and substantial Shareholders. The Introducer is not a restricted person as set out under Rule 812 of the Listing Manual of the SGX-ST, and is not acting in concert with any Director or substantial Shareholder of the Company or the Investor, co-operating pursuant to an agreement or understanding, to obtain or consolidate effective control of the Company (as contemplated in the Singapore Code on Take-overs and Mergers).

Save for the Introducer Fee and the Additional Shares, no other commission, fee or other selling or promotional expenses is payable or incurred by the Company in connection with the Proposed Subscription, other than those incurred for administrative or professional services.

The Proposed Subscription will be undertaken pursuant to the private placement exemption under Section 272B of the Securities and Futures Act (Chapter 289) of Singapore. As such, no prospectus or offer information statement will be lodged with the Monetary Authority of Singapore in connection with the Proposed Subscription.

3. SALIENT TERMS OF THE SUBSCRIPTION AGREEMENT

3.1 The Proposed Subscription

Under the Subscription Agreement, the Investor will invest in the Company by subscribing for an aggregate of 141,776,937 Subscription Shares at the Issue Price of S\$0.02116 per Subscription Share for an aggregate consideration of S\$3 million, representing an aggregate of at least seventy per cent. (70%) of the enlarged issued share capital of the Company on a fully diluted basis (the “**Enlarged Share Capital**”). The Enlarged Share Capital assumes that (a) all securities convertible into or exercisable for Shares of the Company are exercised and converted to the fullest extent of their terms, (b) all securities issuable pursuant to contractual or other obligations of the Company existing at Completion are issued, including the Introducer Shares and Additional Shares set out in paragraph 2 of this Announcement, and (c) all Shares of the Company reserved for issuance to employees, consultants or Directors of the Company are issued and exercised in full.

The Subscription Shares shall be issued free from all claims, charges, liens and other encumbrances and shall rank *pari passu* with all other outstanding issued Shares of the Company in respect of all rights, dividends, entitlements and advantages as of and including the Completion Date (as defined below) of the Proposed Subscription.

The SGX-ST had called for the suspension of the trading of the Company's Shares with effect from 4 April 2019. The Issue Price of S\$0.02116 for each Subscription Share represents a premium of approximately 62.8% to the volume weighted average price of S\$0.013 per Share for trades done on the Main Board of the SGX-ST on 3 April 2019, being the last full market day on which the Company's Shares were traded prior to the execution of the Subscription Agreement.

Immediately after Completion and assuming that no further Shares are issued prior thereto, the Company's issued and paid-up share capital will increase to 202,068,875 Shares (excluding treasury Shares). The Subscription Shares represent approximately 70.2% of the Enlarged Share Capital.

3.2 **The Proposed Scheme of Arrangement**

Concurrently with the Proposed Subscription, the Company intends to propose a scheme of arrangement (the "**Proposed Scheme**") with all of its creditors (the "**Creditors**") to reorganise the existing indebtedness of the Company.

The Proposed Scheme is envisaged to result in the settlement in cash and discharge of the indebtedness of the Company owing to eligible Creditors under the Proposed Scheme.

Under the Subscription Agreement, up to S\$2 million of the Consideration received will be utilised to pay and/or discharge the scheme claims of eligible Creditors under the Proposed Scheme. The remainder of the outstanding liabilities, if any, will be assumed and settled by certain Shareholders of the Company. To give effect to this arrangement, the Company will be obtaining the Irrevocable Undertakings (as defined below) in due course.

As of the date of this Announcement, the Proposed Scheme and its terms are still being finalised. The Company will make the necessary announcements when there are further developments on the Proposed Scheme.

3.3 **Conditions Precedent**

Completion is conditional upon the following conditions precedent having been fulfilled (or waived in accordance with the terms of the Subscription Agreement):

- (a) the Investor having undertaken and completed legal and financial due diligence investigations on the Group and the results of such legal and financial due diligence investigations being satisfactory to the Investor in its sole and absolute discretion;
- (b) the delivery by the Investor to the Company of proof of funds amounting to at least S\$3 million, of which the delivery of a bank account statement or bank confirmation evidencing cash deposits of such amount shall be sufficient to constitute proof of funds;
- (c) the delivery by the Company to the Investor of the following financial statements of the Company:
 - (i) the draft audited accounts of the Company and the draft audited consolidated accounts for the Group for the financial period ended on 30 December 2019 as prepared by the Company's auditors, Foo Kon Tan LLP;
 - (ii) the unaudited management accounts, together with the working papers, of the Company for the period commencing on the day after 30 December 2019 and ending on 30 October 2020 as prepared by the management of the Company; and
 - (iii) a detailed forecast of the expenses of the Company for the period up to the Completion Date, in form and substance reasonably acceptable to the Investor;

- (d) the delivery by the Company to the Investor of deed(s), in form and substance reasonably acceptable to the Investor, duly executed by certain Shareholders (collectively, the “**Irrevocable Undertakings**”):
- (i) confirming that their shareholdings represent at least fifty-one per cent. (51%) of the entire issued share capital of the Company and undertaking to, *inter alia*, vote in favour of the resolutions proposed in connection with the Proposed Subscription and the transactions contemplated under the Subscription Agreement;
 - (ii) confirming that, excluding professional fees payable by the Investor, the aggregate indebtedness and/or other liabilities due from the Company to them does not exceed S\$2 million (the “**Liabilities Threshold**”), and undertaking to, *inter alia*, release and/or discharge the Company from any and all liabilities exceeding the Liabilities Threshold; and
 - (iii) undertaking to assume and fully settle the aggregate amount of liabilities which exceed the Liabilities Threshold, save for professional fees payable by the Investor;
- (e) the Company having undertaken and completed a consultation with the SGX-ST in connection with the Proposed Subscription and the transactions contemplated in the Subscription Agreement, as part of its proposal to resume trading in its Shares, with the outcome satisfactory to the Investor;
- (f) approval in-principle being obtained by the Company from the SGX-ST for the following matters:
- (i) listing and quotation of, *inter alia*, the Subscription Shares, the Introducer Shares and the Additional Shares on the Main Board of the SGX-ST;
 - (ii) resumption of trading of Shares upon the Completion of the Proposed Subscription; and
 - (iii) reorganisation of the share capital of the Company to reduce the par value of each Share from HK\$0.50 to HK\$0.05 to permit the issuance of the Subscription Shares by the Company to the Investor for an amount no less than the par value of such Shares (the “**Proposed Capital Reorganisation**”),
- and each such approval in-principle being valid and in full force and effect as at the Completion Date, and to the extent that such approval is subject to conditions, such conditions are normally imposed by the SGX-ST for a transaction of a similar nature, are reasonably acceptable to Investor, and have been fully complied with as at the Completion Date;
- (g) Shareholders' approval being obtained by the Company for all resolutions required to approve, implement and/or effect the Proposed Subscription and the transactions contemplated in the Subscription Agreement, including in respect of:
- (i) the allotment and issue of, *inter alia*, the Subscription Shares, the Introducer Shares and the Additional Shares (in each case on the terms set out in the Subscription Agreement) (the “**Proposed Share Issuance**”);
 - (ii) the Proposed Capital Reorganisation;

- (iii) the transfer of controlling interest in the Company to the Investor arising from the Proposed Subscription (the “**Proposed Transfer of Controlling Interest**”);
- (iv) the proposed ordinary resolution of the Company which if passed by the independent Shareholders of the Company would result in a waiver by the independent Shareholders of their right to receive a mandatory general offer from the Investor and/or parties acting in concert with the Investor in connection with the Proposed Subscription (the “**Proposed Whitewash Resolution**”);
- (v) the appointment of two (2) individuals nominated by the Investor to serve as Directors of the Company (the “**Proposed Appointment of Directors**”); and
- (vi) if required, the diversification and expansion of the business activities of the Company to include furniture trading and/or manufacturing related business activities referred by the Investor, and to the extent required, a general mandate for continuing or recurrent interested-party transactions in relation to the above thereto,

(the proposed transactions set out in this sub-paragraph 3.3(g) of this Announcement above collectively, the “**Proposed Transactions**”);

- (h) the Proposed Scheme being proposed and implemented by the Company, the grant of an Order of Court sanctioning the Proposed Scheme, such grant being valid and in full force and effect as at the Completion Date, and to the extent that such grant is subject to conditions, such conditions are reasonably acceptable to the Investor, and have been fully complied with as at the Completion Date;
- (i) a waiver being obtained by the Investor and parties acting in concert from the Securities Industry Council of Singapore in respect of the obligation to make a mandatory general offer arising from the Proposed Subscription, and such waiver being valid and in full force and effect as at the Completion Date, and to the extent that such waiver is subject to conditions, such conditions are as set out in Appendix 1 of the Singapore Code on Take-overs and Mergers, are normally imposed by the Securities Industry Council of Singapore for a transaction of a similar nature, are reasonably acceptable to Investor, and have been fully complied with as at the Completion Date;
- (j) the securities account of the Investor is notified by the Investor to the Company no later than five (5) market days prior to the Completion Date;
- (k) all other approvals, licences, registrations, waivers, consents and authorisations as may be necessary or required to implement and/or effect the Proposed Subscription and the transactions contemplated in the Subscription Agreement being obtained, each such approvals, licences, registrations, waivers, consents and authorisations being valid and in full force and effect as at the Completion Date, and to the extent that any such approvals, licences, registrations, waivers, consents and authorisations is subject to conditions, such conditions are reasonably acceptable to the Investor, and have been fully complied with as at the Completion Date;
- (l) the Proposed Subscription and the transactions contemplated in the Subscription Agreement not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Subscription Agreement by any legislative, executive or regulatory body or authority, whether of Singapore or elsewhere;

- (m) all legal steps and actions as may be necessary or required to implement and/or effect the Proposed Subscription and the transactions contemplated in the Subscription Agreement being completed, including but not limited to the completion of the Proposed Capital Reorganisation;
- (n) as at the Completion Date, there being no material adverse change to the business, affairs, financial, condition, assets, properties, operations, prospects or results of operations to the Group between the date hereof to the Completion Date;
- (o) the representations and warranties of the Company in the Subscription Agreement being true, accurate and correct in all material respects as if made on the Completion Date, with reference to the then existing circumstances and the Company having performed all of its obligations under the Subscription Agreement which are required hereunder to be performed on or before the Completion Date; and
- (p) the representations and warranties of the Investor in the Subscription Agreement being true, accurate and correct in all material respects as if made on the Completion Date, with reference to the then existing circumstances and the Investor having performed all of its obligations under the Subscription Agreement which are required hereunder to be performed on or before the Completion Date.

Unless specifically waived in accordance of the terms of the Subscription Agreement, if any of the conditions precedent are not fulfilled on or before the long-stop date, being 30 April 2021 or such other date as mutually agreed in writing between the parties to the Subscription Agreement, or such date falling three (3) months from the date on which the Proposed Whitewash Resolution is approved, whichever is earlier (the “**Long-Stop Date**”), the Subscription Agreement (save for certain surviving clauses) shall *ipso facto* cease and determine and neither the Company nor the Investor shall have any claim against the other party for costs, damages, compensation or otherwise, save for any claims arising from an antecedent breach of the terms in the Subscription Agreement.

3.4 **Completion Date**

Completion shall take place on the date falling ten (10) business days after the date on which all of the conditions precedent in the Subscription Agreement have been fulfilled (or waived in accordance with its terms) or such other date as the Company and the Investor may mutually agree in writing (the “**Completion Date**”).

3.5 **Other Salient Terms**

The Company has undertaken, *inter alia*, the following obligations for the period between the date of the Subscription Agreement and Completion (both dates inclusive):

- (a) the Company shall not incur any liabilities exceeding the Liabilities Threshold without the prior written consent of the Investor (such consent not to be unreasonably withheld or delayed);
- (b) the Company’s existing trading business shall operate at positive earnings before interest, taxes, depreciation, and amortisation (“**EBITDA**”) or be cash-flow neutral at all times (corporate expenses of the Company such as audit, independent directors’ fees, fees payable to SGX-ST and other miscellaneous fees associated with maintaining its listing status shall be excluded from the calculation of EBITDA); and

- (c) the Company shall pay, terminate and/or discharge all existing loans, leases, rental arrangements and encumbrances (including charges, mortgages and guarantees) of the Company, prior to Completion Date.

The Investor has undertaken, *inter alia*, the following obligations:

- (i) procure that the Company commences new profitable trading activities within 20 business days after the Completion Date; and
- (ii) take reasonable efforts to support the Company to exit the SGX-ST Watch-List.

4. USE OF PROCEEDS

Under the Subscription Agreement, the proceeds from the Consideration of S\$3 million will be used for the following purposes:

- (a) up to approximately 66.7% of the proceeds, being S\$2 million, will be applied to the repayment of debts owed to eligible Creditors of the Company under the Proposed Scheme, with the remainder of the outstanding liabilities under the Proposed Scheme to be settled by pursuant to the Irrevocable Undertakings; and
- (b) approximately 33.3% of the proceeds, being S\$1 million, will be applied to fund the Group's working capital needs.

The Company will make periodic announcements on the use of the proceeds from the Proposed Subscription as and when such proceeds are materially disbursed and provide a status report on the use of the proceeds in the Company's financial results announcements and annual reports. The Company will disclose a breakdown with specific details on the use of the proceeds in such announcements and annual reports. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

5. RATIONALE FOR THE PROPOSED SUBSCRIPTION

The Board is of the view that the Proposed Subscription is in the best interests of the Company and will facilitate the resumption of trading of Shares in the Company. As of 31 December 2020, the Group is currently in a net liability position. Assuming the Proposed Subscription is completed, it will provide funds to the Company to, amongst others, facilitate the restructuring of its debts and liabilities under the Proposed Scheme and place the Group into a significantly stronger financial position and capital base.

In addition, the Board believes that the Investor is a strategic choice for collaboration, in view of the potential synergy that could be realised between the Investor and the Company. The Proposed Subscription will facilitate the Company's attempts to build a profitable recurrent business and operate as a going concern in the long term.

6. FINANCIAL EFFECTS

The financial effects of the Proposed Transactions on the Group have been computed based on the unaudited consolidated financial statements of the Group for the financial year ended 31 December 2020, and assumes the following:

- (a) the costs and expenses in connection with the Proposed Transactions are disregarded for the purposes of calculating the financial effects; and

- (b) where appropriate, the exchange rate between Singapore Dollars and Hong Kong Dollars of S\$1.00:HK\$5.87.

The financial effects of the Proposed Transactions set out below are strictly for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after completion of the Proposed Transactions.

6.1 Net Tangible Assets (“NTA”)

The effects of the Proposed Transactions on the unaudited consolidated NTA per Share for the financial year of the Group ended 31 December 2020, assuming that the Proposed Transactions had been effected at the end of that financial year, are summarised below:

	Before Completion of the Proposed Transactions	After Completion of the Proposed Transactions
NTA of the Group (HK\$'000)	(13,037)	4,563
Number of Shares (excluding treasury Shares)	40,046,193	202,068,875
Consolidated NTA per Share (HK\$'000)	(32.55)	2.26

6.2 Losses per Share (“LPS”)

The effects of the Proposed Transactions on the unaudited consolidated LPS of the Group for its financial year ended 31 December 2020, assuming that the Proposed Transactions had been effected at the beginning of that financial year, are summarised below:

	Before Completion of the Proposed Transactions	After Completion of the Proposed Transactions
Profits/(Losses) attributable to equity holders of the Company (HK\$'000)	(4,130)	(6,643)
Weighted average number of Shares in issue	40,046,193	202,068,875
Consolidated LPS (HK\$ cents)	(10.31)	(3.29)

6.3 Share Capital

The effect of the Proposed Transactions on the share capital of the Group is as follows:

	Before Completion of the Proposed Transactions	After Completion of the Proposed Transactions
Number of issued and paid-up Shares of the Company (excluding treasury Shares)	40,046,193	202,068,875
Share capital at 31 December 2020 (HK\$'000) (excluding treasury Shares)	20,023	202,069

7. CIRCULAR TO SHAREHOLDERS

The Company will be seeking specific approval of its Shareholders for the Proposed Transactions at an extraordinary general meeting (“EGM”). The circular containing, *inter alia*,

further information on the Proposed Transactions and enclosing the notice of EGM therewith, will be dispatched to the Shareholders in due course.

8. ADDITIONAL LISTING APPLICATION

The Company will be submitting an application for the additional listing of and quotation for the Subscription Shares, the Introducer Shares and the Additional Shares on the Main Board of the SGX-ST. The Company will make the necessary announcement once the in-principle approval of the SGX-ST has been obtained.

9. 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 Proposed Transactions, save for their interests (if any) arising by way of their shareholdings and/or directorships, as the case may be, in the Company.

10. 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 Proposed Transactions 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.

11. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution when trading in the shares of the Company as the Proposed Transactions are subject to certain conditions. There is no certainty or assurance as at the date of this Announcement that the Proposed Transactions will be completed or that no changes will be made to the terms thereof. 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.

12. DOCUMENTS FOR INSPECTION

A copy of the Subscription Agreement is available for inspection during normal business hours at 8 Robinson Road, #13-00 ASO Building, Singapore 048544, for a period of three (3) months commencing from the date of this Announcement.

Pursuant to the relevant health and safety measures imposed in respect of the COVID-19 pandemic, all Shareholders are to register their intention to inspect said document at least five (5) business days before the date of their appointment, via the Company's email address at enzolai@plastoform.com.

BY ORDER OF THE BOARD

Plastoform Holdings Limited

Tse Kin Man

Non-Executive Chairman and Director

20 January 2021