

SUBJECT : LITIGATION IN THE SHAH ALAM SESSIONS COURT SUIT NO. BA-B52NCVC-255-08/2016 BETWEEN PLASTRADE POLYMER SDN. BHD AND POWER CABLES MALAYSIA SDN. BHD.

In response to the query letter from Bursa Malaysia Securities Berhad dated 13 October 2016 in relation to the announcement made by PLASTRADE TECHNOLOGY BERHAD ("PTB" or "the Company") on 12 October 2016 in relation to above subject matter, the Board of Directors of the Company wishes to furnish the following information as requested in the query letter:-

1. The date on which Writ and Statement of Claim dated 3 August 2016 was served on PCM was on 11 August 2016.
2. The interest claimed by PPSB is at the rate of 1.5% per month from the date the invoices were outstanding till full and final settlement of the same.
3. PCM's counter-claim was served on PPSB on 14 September 2016. There after PPSB sought the advice of external legal advisor and the appointment of external legal advisor was only finalized on 26 September 2016 and PPSB filed reply to counter-claim on 5 October 2016 while waiting for external legal advisor to advice on the merits of PSM's counter-claim. PPSB external legal advisor provided advice on 11 October 2016 and announcement on the litigation was made on 12 October 2016. Notwithstanding that directors formed the view that PCM's counter-claim is without merit and frivolous, PTB proceeded to make the announcement on the litigation on 12 October 2016.
4. PPSB is not a major subsidiary of PTB as PPSB's contribution is less than 70% of PTB's Profit Before Taxation or Total Assets Employed for the financial year ended 31 December 2015. PPSB contributed 0.6% to the consolidated PTB's Profit Before Taxation and also contributed 30.35% of the PTB's consolidated Total Assets Employed for the financial year ended 31 December 2015.
5. Based on the advice of PPSB's external legal advisor, PTB is of the view that PPSB has a complete defence against PCM's alleged counter claim and will defend the counter-claim by PCM and pursue recovery of debt due from PCM vigorously. PPSB's external legal advisor has also advised that PCM's counter-claim is an afterthought, frivolous and without merit.. As such after receiving the advice of the PPSB's external legal advisor, notwithstanding the amount counter-claimed by PCM, PTB is of the view that PCM's counter claim will have no significant impact on PTB's or PPSB's operation, business activity and/or financial condition.

This announcement is dated 14 October 2016.