

PLASTOFORM HOLDINGS LIMITED

(Incorporated in Bermuda)

(Co. Reg. No: 34171)

UNAUDITED RESULTS FOR THE QUARTER ENDED 30 SEPTEMBER 2017

The Directors of Plastoform Holdings Limited wish to announce the following unaudited results of the Group for the quarter ended 30 September 2017

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Comprehensive Income (in HK\$'000)

	Group					
	Three Months Ended 30 Sep			Nine Months Ended 30 Sep		
	2017	2016	%	2017	2016	%
	HK\$'000	HK\$'000	Change	HK\$'000	HK\$'000	Change
Revenue	28,217	76,121	(62.9%)	57,705	156,639	(63.2%)
Cost of sales	(23,142)	(57,228)	(59.6%)	(53,068)	(127,554)	(58.4%)
Gross Profit	5,075	18,893	(73.1%)	4,637	29,085	(84.1%)
Other operating income	162	695	(76.7%)	451	1,078	(58.2%)
Selling and distribution expenses	(2,470)	(3,677)	(32.8%)	(6,848)	(7,853)	(12.8%)
General and administrative expenses	(11,312)	(12,094)	(6.5%)	(35,778)	(39,090)	(8.5%)
Finance cost	(33)	-	N/M	(33)	-	N/M
(Loss)/profit before income tax	(8,578)	3,817	N/M	(37,571)	(16,780)	N/M
Income tax expense	-	-	N/M	(12)	(1)	N/M
(Loss)/profit for the period	(8,578)	3,817	N/M	(37,583)	(16,781)	N/M
Other comprehensive income/(loss) for the period, net of tax:						
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translation of foreign operations (at nil tax)	648	(397)	N/M	1,997	(1,406)	N/M
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	648	(397)	N/M	1,997	(1,406)	N/M
Total comprehensive profit/(loss) attributable to owners of the Company	(7,930)	3,420	N/M	(35,586)	(18,187)	95.7%

1(a)(ii) Profit/(loss) before tax is arrived at after charging/(crediting) the following significant items:

	Group					
	Three Months Ended 30 Sep			Nine Months Ended 30 Sep		
	2017	2016	%	2017	2016	%
	HK\$'000	HK\$'000	Change	HK\$'000	HK\$'000	Change
Interest income	(3)	(4)	(25.0%)	(14)	(14)	(0.0%)
Depreciation of plant and equipment	1,219	1,058	15.2%	3,516	3,129	12.4%
Reversal of impairment loss on trade receivables	-	-	N/M	-	(35)	(100.0%)
Net exchange gains	(146)	(298)	(51.0%)	(56)	(749)	(92.5%)

N/M: Not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Statements of Financial Position (in HK\$'000)

	Group		Company	
	30/9/2017	31/12/2016	30/9/2017	31/12/2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS				
Non-current assets				
Plant and equipment	9,629	8,270	-	-
Intangible asset – club memberships	690	690	-	-
Investments in subsidiaries	-	-	72,889	72,889
	10,319	8,960	72,889	72,889
Current assets				
Inventories	25,365	17,155	-	-
Trade receivables	23,357	73,393	-	-
Deposits, prepayments and other receivables	5,250	10,204	229	97
Amounts due from subsidiaries	-	-	68,376	71,064
Bank deposit pledged	10,927	10,390	-	-
Cash and cash equivalents	35,764	50,808	3,449	4,820
	100,663	161,950	72,054	75,981
Total assets	110,982	170,910	144,943	148,870
Current liabilities				
Trade payables	31,655	61,310	-	-
Other payables and accruals	13,415	9,404	835	397
Deposits received in advance from customers	3,554	346	-	-
Amount due to a subsidiary	-	-	2,828	2,828
Amount due to a shareholder	731	731	731	731
Tax payable	-	-	-	-
	49,355	71,791	4,394	3,956
Net current assets	51,308	90,159	67,660	72,025
Net assets	61,627	99,119	140,549	144,914
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	20,250	20,250	20,250	20,250
Share premium	197,502	197,502	197,502	197,502
Treasury share	(1,776)	(1,686)	(1,776)	(1,686)
Share option reserve	554	594	554	594
Foreign exchange translation reserve	(2,344)	(4,341)	-	-
Accumulated losses	(152,559)	(113,200)	(75,981)	(71,746)
Total equity	61,627	99,119	140,549	144,914

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

Amount repayable in one year or less, or on demand

As at 30/9/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
Nil	Nil	Nil	Nil

Amount repayable after one year

As at 30/9/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
Nil	Nil	Nil	Nil

Details of any collateral

Not applicable.

1(c) A statement of cash flows for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Cash Flows (in HK\$'000)

	Group			
	Three Months Ended		Nine Months Ended	
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash flow from operating activities				
(Loss)/profit before income tax	(8,578)	3,817	(37,571)	(16,780)
Adjustments for:				
Depreciation of plant and equipment	1,219	1,058	3,516	3,129
Reversal of impairment loss on trade receivables	-	-	-	(35)
Provision for slow-moving stock	163	1,472	454	939
Plant and equipment written off	26	-	28	-
Interest expenses	33	-	33	-
Interest income	(3)	(4)	(14)	(14)
Operating cash flows before working capital changes	(7,140)	6,343	(33,554)	(12,761)
Changes in working capital:				
Inventories	(11,136)	(16,525)	(8,664)	(5,881)
Trade and other receivables	(11,279)	(42,147)	54,990	(6,282)
Trade and other payables	18,528	35,044	(22,436)	2,465
Cash used in operations	(11,027)	(17,285)	(9,664)	(22,459)
Interest received	3	4	14	14
Income tax paid	-	-	(12)	(588)
Net cash used in operating activities	(11,024)	(17,281)	(9,662)	(23,033)
Cash flows from investing activities				
Purchases of plant and equipment	(1,398)	(1,701)	(4,000)	(3,974)
Net cash used in investing activities	(1,398)	(1,701)	(4,000)	(3,974)
Cash flows from financing activities				
Purchase of treasury shares	-	-	(90)	-
Dividend paid	-	-	(1,816)	(2,693)
Interest expenses	(33)	-	(33)	-
Net cash used in financing activities	(33)	-	(1,939)	(2,693)
Net decrease in cash and cash equivalents	(12,455)	(18,982)	(15,601)	(29,700)
Effect of cash and cash equivalent denominated in foreign currencies	94	(238)	557	(762)
Cash and cash equivalents at beginning of the period	48,125	59,903	50,808	71,145
Cash and cash equivalents at end of the period	35,764	40,683	35,764	40,683

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENT OF CHANGES IN EQUITY (in HK\$'000)

Group – 3Q 2017	Share capital	Share premium	Treasury share	Share option reserve	Translation reserve	Accumulated losses	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the three months ended 30 September 2017							
Balance as at 1 July 2017	20,250	197,502	(1,776)	554	(2,992)	(143,981)	69,557
Loss for the period	-	-	-	-	-	(8,578)	(8,578)
Other comprehensive income for the period	-	-	-	-	648	-	648
Balance as at 30 September 2017	20,250	197,502	(1,776)	554	(2,344)	(152,559)	61,627
Group – 3Q 2016							
For the three months ended 30 September 2016							
Balance as at 1 July 2016	20,250	197,502	(1,686)	633	(4,311)	(126,210)	86,178
Profit for the period	-	-	-	-	-	3,817	3,817
Other comprehensive income for the period	-	-	-	-	(397)	-	(397)
Balance as at 30 September 2016	20,250	197,502	(1,686)	633	(4,708)	(122,393)	89,598

Company – 3Q 2017	Share capital	Share premium	Treasury share	Share option reserve	Accumulated losses	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the three months ended 30 September 2017						
Balance as at 1 July 2017	20,250	197,502	(1,776)	554	(75,265)	141,265
Loss for the period	-	-	-	-	(716)	(716)
Balance as at 30 September 2017	20,250	197,502	(1,776)	554	(75,981)	140,549
Company – 3Q 2016						
For the three months ended 30 September 2016						
Balance as at 1 July 2016	20,250	197,502	(1,686)	633	(64,767)	151,932
Loss for the period	-	-	-	-	(499)	(499)
Balance as at 30 September 2016	20,250	197,502	(1,686)	633	(65,266)	151,433

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Share Capital

Details of change in the Company's share capital since the last reported financial period are as follows:-

Date	Type	Group and the Company	
		Number of Ordinary Shares	Shares capital and premium (HK\$'000)
As at 31 December 2016 (excluding treasury shares)		40,146,193	216,066
On 25 May 2017	Share buyback	(25,000)	(90)
On 26 May 2017	Share buyback	(75,000)	
As at 30 September 2017 (excluding treasury shares)		40,046,193	215,976

The Company has 453,800 treasury shares as at 30 September 2017 (31 December 2016: 353,800 treasury shares).

Share Options

The numbers of shares that may be issued on conversion of all outstanding options under performance share plan are as follows:-

	As at 30/9/2017	As at 31/12/2016
Outstanding options	31,000	35,000

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 30/9/2017	As at 31/12/2016
Total number of issued shares excluding treasury shares	40,046,193	40,146,193

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not Applicable.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not Applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's external auditor.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

There are a number of new or revised International Financial Reporting Standards ("IFRSs") and related interpretations promulgated by International Financial Reporting Interpretations Committee ("IFRICs") that are effective for accounting periods beginning on or after 1 January 2017. The adoption of these new IFRSs did not have any material impact on the financial information of the Group for period ended 30 September 2017. Save as aforesaid, the accounting policies and methods of computation used in the preparation of the financial information of the Group for the period ended 30 September 2017 are the same as those used in the annual financial statements of the Group for the year ended 31 December 2016.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group adopted the new or amended IFRSs and IFRICs that are mandatory for application for financial periods beginning on or after 1 January 2017. The adoption of these new/revised IFRSs and IFRICs did not result in substantial changes to the Group's accounting policies nor any significant impact on the consolidated financial statements.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
	9 months ended 30/9/2017	9 months ended 30/9/2016
Earnings per ordinary share based on the net profit for the period		
(a) Based on weighted average number of ordinary shares on issue (HK\$ cents);	(93.8)	(41.8)
(b) On a fully diluted basis (HK\$ cents)	(93.8)	(41.8)
Number of ordinary shares in issue (excluding treasury shares)		
Weighted average number of ordinary shares for the purpose of basic earnings per share	40,046,193	40,146,193
Effective of potentially dilutive ordinary shares – Share options	31,000	39,000
Weighted average number of ordinary shares for the purpose of diluted earnings per share	40,077,193	40,185,193

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	30/9/2017	31/12/2016	30/9/2017	31/12/2016
Net asset value per ordinary shares based on issued share capital (HK\$)	1.5	2.5	3.5	3.6
Number of ordinary shares in issuance excluding treasury shares	40,046,193	40,146,193	40,046,193	40,146,193

Net asset value per ordinary share at the end of the financial periods presented has been computed based on the combined net assets of the Group as at the respective reporting period and the number of ordinary shares at 30 September 2017 of 40,046,193 shares (31 December 2016: 40,146,193 shares).

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Turnover

Turnover decreased by 62.9% or HK\$47.9 million from HK\$76.1 million in 3Q 2016 to HK\$28.2 million in 3Q 2017. The decrease was mainly attributed to weak demand from some major customers and some shipments were put on hold during the period of renegotiating repayment terms with one major customer.

Gross profit and margin

Gross profit decreased by HK\$13.8 million from HK\$18.9 million in 3Q 2016 to HK\$5.1 million in 3Q 2017. The overall gross profit margin decreased by 6.8% from 24.8% in 3Q 2016 to 18.0% in 3Q 2017 mainly because the lower factory overheads could not offset the negative impact of decline in sales.

Other operating income

Other operating income was less by HK\$0.5 million from HK\$0.7 million in 3Q 2016 to HK\$0.2 million in 3Q 2017, mainly due to the receipt of a one-off subsidy from PRC Social Security Bureau for stabilizing employment in China in 3Q 2016.

Selling and distribution expenses

Selling and distribution expenses decreased by 32.8% or HK\$1.2 million from HK\$3.7 million in 3Q 2016 to HK\$2.5 million in 3Q 2017, mainly due to the decrease in transportation cost HK\$0.7 million, staff cost HK\$0.7 million, brand licenses fee HK\$0.4 million, partially offset by the increase of commission paid HK\$0.6 million.

General and administrative expenses

General and administrative expenses decreased by 6.5% or HK\$0.8 million from HK\$12.1 million in 3Q 2016 to HK\$11.3 million in 3Q 2017 mainly due to the decrease of staff cost HK\$0.4 million and other general expenses HK\$0.4 million.

Loss before income tax

Loss before income tax increased by HK\$12.4 million from HK\$3.8 million profit in 3Q 2016 to HK\$8.6 million loss in 3Q 2017. The loss was mainly due to the lower overhead could not offset the negative impact of decline of sales.

Financial Position

Inventories increased by HK\$8.2 million from HK\$17.2 million as at 31 December 2016 to HK\$25.4 million as at 30 September 2017 to meet the customers' seasonal demands in 4Q 2017.

Trade receivables decreased by HK\$50.0 million significantly from HK\$73.4 million as at 31 December 2016 to HK\$23.4 million as at 30 September 2017 was due to lower sales.

Deposits, prepayment and other receivables decreased by HK\$4.9 million from HK\$10.2 million as at 31 December 2016 to HK\$5.3 million as at 30 September 2017 mainly due to decrease of VAT receivable in line with lower purchase of raw materials.

Trade payables decreased by HK\$29.6 million from HK\$61.3 million as at 31 December 2016 to HK\$31.7 million as at 30 September 2017 mainly due to lower purchase of raw materials.

Deposit received in advance from customers increased by HK\$3.3 million from HK\$0.3 million as at 31 December 2016 to HK\$3.6 million as at 30 September 2017 mainly due to deposits received for new projects from customers.

Statement of Cash Flows

Net cash used in operating activities decreased by HK\$6.2 million from HK\$17.3 million in 3Q 2016 to HK\$11.1 million in 3Q 2017 mainly due to the decrease of working capital tied up by the trade receivables.

As at 30 September 2017, the Group had cash and cash equivalents of HK\$46.7 million (31 December 2016: HK\$61.2 million) and had no bank borrowings (FY2016: Nil).

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The company has not provided any prospect statement.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The world of audio has changed significantly with the entry of Amazon, Apple & Google through smart audio. We are just a small observer while the big giants shake up the whole world. However, there are only limited numbers of high quality audio manufacturers, of which we are definitely one.

We will wait patiently for the giants to determine who they will need to acquire or ally with. Meanwhile, we have lowered our cost significantly and look for new ways to remain in existence.

It is indeed very challenging and the parties who are suffering include many larger companies including our customers. There are niches though and we have every confidence that we would be able to exploit these in reasonable time. We seek the indulgence of our shareholders and hopefully the authorities.

We definitely will need to look for new capital, new partners, and new business as we position ourselves for a world that is changing rapidly with new business models as seen by the Uber and Airbnb experiences.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Nil

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Nil

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect.

No dividend has been declared and recommended for the third quarter ended 30 September 2017.

13. Interested Person Transactions (“IPTs”)

The Company does not have a Shareholders’ Mandate for Interested Person Transactions. There were no interested person transactions with amount exceeding S\$100,000 each during 3Q 2017.

14. Negative assurance confirmation on interim financial results under Rule 705 (5) of the SGX-ST.

The directors of the Company confirm that to the best of their knowledge, nothing has come to their attention which may render the 3Q 2017 financial results to be false or misleading, in any material aspect.

15. Undertakings Confirmation pursuant to Rule 720(1) of the Listing Manual

The Company hereby confirms that the undertakings as required in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual has been procured from all its Directors and Executive Officers.

BY ORDER OF THE BOARD

Liu Wai Man
Lisa Cheng
Company Secretaries
27 October 2017