

PLASTOFORM HOLDINGS LIMITED

(Company Registration Number: 34171)

(Incorporated in Bermuda)



QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”)

Plastoform Holdings Limited (the “Company”), and together with its subsidiaries, (the “Group”) was placed on the watch-list under Minimum Trading Price (“MTP”) Entry Criteria and Financial Entry Criteria pursuant to Listing Rule 1311 on 5 June 2017 and 5 June 2018 respectively.

Pursuant to Listing Rule 1313(2), the Board of Directors of the Company wishes to provide the following updates for the year ended 30 September 2018 (“3Q 2018”).

Update on Financial Situation

For 3Q 2018, the Group recorded an unaudited net loss after income tax of HK\$17.7 million as compared to a net loss after income tax of HK\$8.6 million for the same period of last year (3Q 2017). The substantial increase of loss was mainly due to decrease of sales, and a provision made for compensation for relinquishing of directors’ service agreements, HK\$4.3 million in 3Q 2018. Effect from 17 July 2018, Mr. Tse Kin Man re-designated from Executive Director and Chief Executive Officer (“CEO”) to Non-Executive Director. Mr. Chiu Kwong Fai re-designated from Executive Director and Deputy CEO to Non-Executive Director. Mr. Long Ming Fai Edwin re-designated from Independent Director to Executive Director and appointed as an Interim CEO. Pursuant to their service agreements, the company has the obligation to pay their salaries until the end of service agreements on 31 August 2019. However, Mr. Tse and Mr. Chiu agreed to defer the payments on hold until the cashflow of the company was improved.

On 17 September, 2018, the company announced that as part of the Group’s continuing efforts to restructure its business and improve its operational efficiency and cost effectiveness, it commenced to undertake the closure of the production facility of its wholly-owned subsidiary, Plastoform Electronics (Shenzhen) Company Ltd (“PESZ”) in China. As at today, the Company is still working with staff representatives to apply to the court for PESZ’s liquidation. Once approved, the court shall appoint the liquidator(s) to take control of PESZ and the functions and powers of PESZ’s director shall be transferred to the appointed liquidator(s).

The Group had not yet deconsolidated the assets and liabilities of PESZ and recognized its assets, liabilities and operating results for the period ended 31 September, 2018. The effect on deconsolidation of PESZ is estimated around HK\$15.9 million (Net liabilities HK\$16.1 million minus loss of interco balance HK\$0.2 million).

For more details on the results and financial position of the Group for 3Q 2018, please refer to our separate announcement released on 9 November 2018.

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**Update on Future Direction**

Much efforts were made to keep the factory operation in last few years. Additionally, 3 major customers have major problems in past 6 months which causes sales orders to be slipped and missed. As such, we have to close the factory operation. Fortunately, we manage to work with a few manufacturing subcontractors to fulfill the orders at hand. The core engineering team and competence are still with us for future business and development. This arrangement will be actually on our favor. Going forward, we will also focus on commercial and industrial products which will attract higher margin with less competition.

US customers contribute more than 80% of our business. Under trade war, we foresee that the US government is likely to apply further tariff to more products from China commencing from 2019. With that in mind, we are exploring with manufacturing subcontractors in Malaysia, it may help us to pitch to US customers.

We also signed the brand licensing agreement with Monster Inc. for the Asia Pacific market. We are working actively with Monster channels in this territory. This new activity will also help us to transform ourselves into the Sourcing and Development Product Partner for Monster to tap on strong distribution network in the Asia Pacific region. We will also provide wider range of products which includes Speakers, Headphone, Earphones, in addition to industrial and commercial products as mentioned above.

There are also many small companies that we are considering possible synergistic mergers with.

We continue to explore various funds raising avenues.

The Company will continue to consider various options to meet the requirements of Rule 1314(1) and Rule 1314(2) of the SGX-ST Listing Manual pursuant to the Financial Exit Criteria and MTP Exit criteria and will update its shareholders in due course.

The Company will make further announcements to update shareholders of the Company as and when there are any material developments in this matter.

BY ORDER OF THE BOARD

Tan Tien Hin Winston
Non-Executive Chairman and Director

9 November 2018