

# PLASTOFORM HOLDINGS LIMITED

(Incorporated in Bermuda)  
(Co. Reg. No: 34171)

## UNAUDITED RESULTS FOR THE QUARTER ENDED 30 JUNE 2014

The Directors of Plastoform Holdings Limited wish to announce the following unaudited results of the Group for the quarter ended 30 June 2014

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.

### INCOME STATEMENT (in HK\$'000)

|                                          | Group                      |          |          |                          |           |          |
|------------------------------------------|----------------------------|----------|----------|--------------------------|-----------|----------|
|                                          | Three Months Ended 30 June |          |          | Six Months Ended 30 June |           |          |
|                                          | 2014                       | 2013     | %        | 2014                     | 2013      | %        |
|                                          | HK\$'000                   | HK\$'000 | Change   | HK\$'000                 | HK\$'000  | Change   |
| Revenue                                  | 87,532                     | 75,587   | 15.8%    | 175,341                  | 141,233   | 24.2%    |
| Cost of sales                            | (71,991)                   | (67,153) | 7.2%     | (143,970)                | (130,662) | 10.2%    |
| Gross Profit                             | 15,541                     | 8,434    | 84.3%    | 31,371                   | 10,571    | 196.8%   |
| Other income and net gains               | 806                        | 113      | 613.3%   | 1,514                    | 343       | 341.4%   |
| Selling and distribution costs           | (5,131)                    | (1,175)  | 336.7%   | (9,711)                  | (2,581)   | 276.2%   |
| Operating expenses                       | (16,578)                   | (16,641) | (0.4%)   | (33,264)                 | (26,746)  | 24.4%    |
| Finance costs                            | (34)                       | (32)     | 6.3%     | (34)                     | (87)      | (60.9%)  |
| Loss before income tax                   | (5,396)                    | (9,301)  | (42.0%)  | (10,124)                 | (18,500)  | (45.3%)  |
| Income tax expense                       | -                          | (28)     | (100.0%) | -                        | (28)      | (100.0%) |
| Loss for the period                      | (5,396)                    | (9,329)  | (42.2%)  | (10,124)                 | (18,528)  | (45.4%)  |
| Other comprehensive income:              |                            |          |          |                          |           |          |
| Foreign currency translation differences | 9                          | 334      | (97.3%)  | (1,402)                  | 334       | (519.8%) |
| Total comprehensive income               | (5,387)                    | (8,995)  | (40.1%)  | (11,526)                 | (18,194)  | (36.6%)  |

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

|                                               | Group                      |          |          |                          |          |          |
|-----------------------------------------------|----------------------------|----------|----------|--------------------------|----------|----------|
|                                               | Three Months Ended 30 June |          |          | Six Months Ended 30 June |          |          |
|                                               | 2014                       | 2013     | %        | 2014                     | 2013     | %        |
|                                               | HK\$'000                   | HK\$'000 | Change   | HK\$'000                 | HK\$'000 | Change   |
| Interest income                               | (2)                        | (3)      | (33.3%)  | (3)                      | (4)      | (25%)    |
| Depreciation of property, plant and equipment | 1,014                      | 1,021    | (0.7%)   | 1,972                    | 1,513    | 30.3%    |
| Net exchange loss/ (gains)                    | (443)                      | 471      | (194.1%) | (248)                    | 529      | (146.9%) |
| Provision for impairment of trade receivables | -                          | 5,288    | (100%)   | -                        | 5,288    | (100%)   |

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.**

**BALANCE SHEETS (in HK\$'000)**

| Note                                                               | Group          |                | Company        |                |
|--------------------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                                    | 30/6/2014      | 31/12/2013     | 30/6/2014      | 31/12/2013     |
|                                                                    | HK\$'000       | HK\$'000       | HK\$'000       | HK\$'000       |
| <b>ASSETS</b>                                                      |                |                |                |                |
| Non-current assets                                                 |                |                |                |                |
| Plant and equipment                                                | 13,259         | 10,863         | -              | -              |
| Investments in subsidiaries                                        | -              | -              | 82,608         | 82,608         |
|                                                                    | 13,259         | 10,863         | 82,608         | 82,608         |
| Current assets                                                     |                |                |                |                |
| Inventories                                                        | 68,601         | 62,912         | -              | -              |
| Trade receivables                                                  | 66,775         | 85,900         | -              | -              |
| Deposits, prepayments and other receivables                        | 9,203          | 18,473         | -              | -              |
| Amount due from subsidiaries                                       | -              | -              | 25,650         | 18,933         |
| Tax recoverable                                                    | 36             | -              | -              | -              |
| Cash and cash equivalents                                          | 41,569         | 42,788         | 21,083         | 5,790          |
|                                                                    | 186,184        | 210,073        | 46,733         | 24,723         |
| <b>Total assets</b>                                                | <b>199,443</b> | <b>220,936</b> | <b>129,341</b> | <b>107,331</b> |
| Current liabilities                                                |                |                |                |                |
| Trade payables                                                     | 92,499         | 115,164        | -              | -              |
| Other payables and accruals                                        | 20,259         | 22,561         | 494            | -              |
| Amount due to subsidiaries                                         | -              | -              | 16,545         | 2,828          |
| Amount due to ultimate holding company                             | 731            | 731            | 731            | 731            |
| Advances from shareholders                                         | 15,000         | -              | 15,000         | -              |
|                                                                    | 128,489        | 138,456        | 32,770         | 3,559          |
| <b>Net current assets</b>                                          | <b>57,695</b>  | <b>71,617</b>  | <b>13,963</b>  | <b>21,164</b>  |
| <b>Net assets</b>                                                  | <b>70,954</b>  | <b>82,480</b>  | <b>96,571</b>  | <b>103,772</b> |
| <b>EQUITY</b>                                                      |                |                |                |                |
| Capital and reserves attributable to equity holders of the Company |                |                |                |                |
| Share capital                                                      | 13,520         | 13,520         | 13,520         | 13,520         |
| Share premium                                                      | 172,697        | 172,697        | 172,697        | 172,697        |
| Treasury share                                                     | (1,234)        | (1,234)        | (1,234)        | (1,234)        |
| Share option reserve                                               | 676            | 676            | 676            | 676            |
| Foreign exchange translation reserve                               | (3,923)        | (2,521)        | -              | -              |
| Accumulated losses                                                 | (110,782)      | (100,658)      | (89,088)       | (81,887)       |
| <b>Total equity</b>                                                | <b>70,954</b>  | <b>82,480</b>  | <b>96,571</b>  | <b>103,772</b> |

**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 30/6/2014 |           | As at 31/12/2013 |           |
|-----------------|-----------|------------------|-----------|
| Secured         | Unsecured | Secured          | Unsecured |
| HK\$'000        | HK\$'000  | HK\$'000         | HK\$'000  |
| Nil             | Nil       | Nil              | Nil       |

**Amount repayable after one year**

| As at 30/6/2014 |           | As at 31/12/2013 |           |
|-----------------|-----------|------------------|-----------|
| 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 CASHFLOW STATEMENTS (in HK\$'000)**

|                                                                      | Group              |           |                  |           |
|----------------------------------------------------------------------|--------------------|-----------|------------------|-----------|
|                                                                      | Three Months Ended |           | Six Months Ended |           |
|                                                                      | 30/6/2014          | 30/6/2013 | 30/6/2014        | 30/6/2013 |
|                                                                      | HK\$'000           | HK\$'000  | HK\$'000         | HK\$'000  |
| Cash flow from operating activities                                  |                    |           |                  |           |
| Loss before income tax                                               | (5,396)            | (9,301)   | (10,124)         | (18,500)  |
| Adjustments for:                                                     |                    |           |                  |           |
| Depreciation of plant and equipment                                  | 1,014              | 1,021     | 1,972            | 1,513     |
| Interest income                                                      | (2)                | (3)       | (3)              | (4)       |
| Income tax paid                                                      | -                  | (28)      | -                | (28)      |
| Provision for impairment of trade receivables                        | -                  | 5,288     | -                | 5,288     |
| Operating cash flows before working capital changes                  | (4,384)            | (3,023)   | (8,155)          | (11,731)  |
| Changes in working capital:                                          |                    |           |                  |           |
| Inventories                                                          | (18,455)           | 9,127     | (5,689)          | 388       |
| Trade and other receivables                                          | (8,702)            | 890       | 28,395           | 89,217    |
| Trade and other payables                                             | 25,323             | (4,354)   | (23,967)         | (35,044)  |
| Tax recoverable                                                      | 1,737              | (3,855)   | (36)             | (3,855)   |
| Net cash generated from/ (used in) operating activities              | (4,481)            | (1,215)   | (9,452)          | 38,975    |
|                                                                      |                    |           |                  |           |
| Cash flows from investing activities                                 |                    |           |                  |           |
| Purchases of plant and equipment                                     | (1,091)            | (1,036)   | (4,591)          | (2,198)   |
| Interest received                                                    | 2                  | 3         | 3                | 4         |
| Net cash used in investing activities                                | (1,089)            | (1,033)   | (4,588)          | (2,194)   |
|                                                                      |                    |           |                  |           |
| Cash flows from financing activities                                 |                    |           |                  |           |
| Advances from shareholders                                           | 15,000             | -         | 15,000           | -         |
| Repayment of directors' loan                                         | -                  | -         | (1,000)          | -         |
| Net cash generated from financing activities                         | 15,000             | -         | 14,000           | -         |
|                                                                      |                    |           |                  |           |
| Net increase/ (decrease) in cash and cash equivalents                | 9,430              | (2,248)   | (40)             | 36,781    |
|                                                                      |                    |           |                  |           |
| Cash and cash equivalents at beginning of the period                 | 32,177             | 57,867    | 42,788           | 18,838    |
| Effect of cash and cash equivalent denominated in foreign currencies | (38)               | -         | (1,179)          | -         |
| Cash and cash equivalents at end of the period                       | 41,569             | 55,619    | 41,569           | 55,619    |

**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                                     | Share capital | Share premium | Treasury share | Foreign exchange translation reserve | Share option 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 June 2014   |               |               |                |                                      |                      |                    |              |
| Balance as at 1 April 2014                | 13,520        | 172,697       | (1,234)        | (3,932)                              | 676                  | (105,386)          | 76,341       |
| Total comprehensive income for the period | -             | -             | -              | 9                                    | -                    | (5,396)            | (5,387)      |
| Balance as at 30 June 2014                | 13,520        | 172,697       | (1,234)        | (3,923)                              | 676                  | (110,782)          | 70,954       |
| For the three months ended 30 June 2013   |               |               |                |                                      |                      |                    |              |
| Balance as at 1 April 2013                | 13,520        | 172,697       | (1,050)        | -                                    | 676                  | (68,940)           | 116,903      |
| Total comprehensive income for the period | -             | -             | -              | 334                                  | -                    | (9,329)            | (8,995)      |
| Balance as at 30 June 2013                | 13,520        | 172,697       | (1,050)        | 334                                  | 676                  | (78,269)           | 107,908      |

| Company                                   | 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 June 2014   |               |               |                |                      |                    |              |
| Balance as at 1 April 2014                | 13,520        | 172,697       | (1,234)        | 676                  | (85,251)           | 100,408      |
| Total comprehensive income for the period | -             | -             | -              | -                    | (3,837)            | (3,837)      |
| Balance as at 30 June 2014                | 13,520        | 172,697       | (1,234)        | 676                  | (89,088)           | 96,571       |
| For the three months ended 30 June 2013   |               |               |                |                      |                    |              |
| Balance as at 1 April 2013                | 13,520        | 172,697       | (1,050)        | 676                  | (72,610)           | 113,233      |
| Total comprehensive income for the period | -             | -             | -              | -                    | (3,171)            | (3,171)      |
| Balance as at 30 June 2013                | 13,520        | 172,697       | (1,050)        | 676                  | (75,781)           | 110,062      |

- 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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

As at 30 June 2014, the Company's issued capital is 1,352,000,000 share of HK\$0.01 each. There has been no change in the Company's share capital between 30 June 2014 and 31 December 2013.

- 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.**

|                                                    | <u>As at 30Jun2014</u> | <u>As at 30Jun2013</u> |
|----------------------------------------------------|------------------------|------------------------|
| Total number of shares (including treasury shares) | 1,352,000,000          | 1,352,000,000          |
| Less: treasury shares                              | <u>(6,000,000)</u>     | <u>(5,000,000)</u>     |
| Total number of shares (excluding treasury shares) | <u>1,346,000,000</u>   | <u>1,347,000,000</u>   |

- 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.

- 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 and related interpretations (collectively referred to as the "new IFRSs") that are effective for accounting periods beginning on or after 1 January 2014. The adoption of these new IFRSs did not have any material impact on the financial information of the Group for period ended 30 June 2014. 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 June 2014 are the same as those used in the annual financial statements of the Group for the year ended 31 December 2013.

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 IFRS and IFRICS Interpretations that are mandatory for application for financial periods beginning on or after 1 January 2014. The adoption of these new/revised IFRS and IFRICS Interpretation 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                       |                             |
|-----------------------------------------------------------------|-----------------------------|-----------------------------|
|                                                                 | 6 Months ended<br>30/6/2014 | 6 Months ended<br>30/6/2013 |
| (a) Based on weighted average number of shares (HK\$ cents)     | ( 0.8)                      | ( 1.4)                      |
| - Weighted average number of shares (excluding treasury shares) | 1,346,000,000               | 1,347,000,000               |
|                                                                 |                             |                             |
| (b) On a fully diluted basis (HK\$ cents)                       | ( 0.8)                      | ( 1.4)                      |
| - Weighted average number of shares (excluding treasury shares) | 1,348,150,000               | 1,349,750,000               |

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     |             |
|---------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|
|                                                                                 | 30/6/2014   | 31/12/2013  | 30/6/2014   | 31/12/2013  |
| Net asset value per ordinary share based on issued share capital at the end of: | HK5.3 cents | HK6.1 cents | HK7.2 cents | HK7.7 cents |

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 June 2014 of 1,346,000,000 shares (31 Dec 2013: 1,346,000,000 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**

Group turnover increased by 15.8% or HK\$11.9 million from HK\$75.6 million in 2Q 2013 to HK\$87.5 million in 2Q 2014. The Group expects that turnover will be further improved when new models are launched in third and fourth quarters of 2014.

#### **Gross profit and margin**

Group's gross profit increased by HK\$7.1 million from HK\$8.4 million in 2Q 2013 to HK\$15.5 million in 2Q 2014 and the overall gross profit margin increased by 6.6% from 11.2% in 2Q 2013 to 17.8% in 2Q 2014. The increases in gross profit and margin in 2Q 2014 were mainly due to higher level of turnover, improvement of labour efficiency and reclassification of indirect salaries, factory rental from cost of sales into operating expenses.

#### **Other income and net gains**

Other income and net gains are mainly attributed to sales of scraps and income from product development.

#### **Selling and distribution costs**

Selling and distribution costs increased by 336.7% or HK\$3.9 million from HK\$1.2 million in 2Q 2013 to HK\$5.1 million in 2Q 2014. The quantum of increases were mainly due to incremental overheads arising from the start of a new Vender Management Inventory (VMI) Program with one of the key customers in 3Q 2013, the reclassification of salespersons salaries from operating expenses to selling & distribution cost and increase of sales supporting staff for channel development in 2Q 2014.

#### **Operating expenses**

Operating expenses decreased slightly of 0.4% or HK\$0.1 million mainly due to reclassification of indirect salaries, factory rental from cost of sales to operating expenses, offsetting the one-off provision for impairment of trade receivables of HK\$5.3 million in 2Q 2013.

#### **Loss before income tax**

Our loss before income tax decreased by 42% or HK\$3.9 million from HK\$9.3 million in 2Q 2013 to HK\$5.4 million in 2Q 2014. The reduction of loss was largely attributable to higher sales.

## Financial Position

Inventories increased from HK\$62.9 million as at 31 December 2013 to HK\$68.6 million as at 30 June 2014 due to increased purchases of raw materials and components to meet stronger sales orders for the coming quarters.

Trade receivables reduced significantly during the period, resulting in a decrease from HK\$85.9 million as at 31 December 2013 to HK\$66.8 million as at 30 June 2014, mainly due to higher seasonal end of year sales in 4Q 2013.

Deposits, prepayments and other receivables decreased by HK\$9.3 million from HK\$18.5 million as at 31 December 2013 to HK\$9.2 million as at 30 June 2014 mainly due to the refund of 2013 VAT.

Trade payables decreased by HK\$22.7 million to HK\$92.5 million as at 30 June 2014 mainly due to lower purchase in line with lower sales volume in 2Q 2014.

Advances of HK\$15 million came from undertaking shareholders for the renounceable non-underwritten rights issue of shares in the coming quarter.

## Statement of Cash Flows

Net cash used in operating activities increased by HK\$3.3 million from HK\$1.2 million in 2Q 2013 to HK\$4.5 million in 2Q 2014. As at 30 June 2014, the Group had cash and cash equivalents of HK\$41.6 million (30 June 2013: HK\$55.6 million) and had no bank borrowings (30 June 2013: Nil).

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

Not applicable.

**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 company remains focused on its key business segment of ODM activities, as the overall market expands. The wireless audio industry continues its dramatic growth, with a leading research organization reporting growth of 100% in 2013, and estimated CAGR of 24.02% from 2013~2018<sup>1</sup>. The company has implemented and continues to implement specific programmes to take advantage of this market growth.

A key factor in the marketplace is the transition from Bluetooth to high-end WiFi enabled wireless products for home and high-performance audio reproduction, as well as the growth of BLE (Bluetooth Low Energy), which allows for products which become part of a mesh network control environment.

The company continues to invest strongly in these core technologies, to ensure that it can meet the needs of its ODM customers, as well as focus its ongoing efforts in branded products. The company continues to grow its ODM business in terms of capability as well,

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<sup>1</sup> Future Source Consulting Ltd "Global shipments of wireless home audio products grew by 100% in 2013 to 27 million units". MarketsandMarkets "Wireless Audio Device Market..-Global Forecast & Analysis 2013-2018" "the total market is expected to generate revenues of \$13.75 billion by 2018, growing at an estimated CAGR of 24.02% from 2013~2018".

focusing on improvement programmes and managerial attention to key areas for future capability.

The company also continues to invest in its embryonic licensed branded business, where the MINI (BMW) and Ford Mustang brands as well as house brands are managed. A number of key development activities are underway, which include improvements in channel and marketing strategies and related infrastructure.

**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/recommended, a statement to that effect.**

No dividend has been declared and recommended for the second quarter ended 30 June 2014.

**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 2Q 2014.

**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 2Q 2014 financial results to be false or misleading, in any material aspect.

BY ORDER OF THE BOARD

Liu Wai Man  
Lisa Cheng  
Company Secretaries  
12 August 2014