

PLASTOFORM HOLDINGS LIMITED

(Incorporated in Bermuda)

(Co. Reg. No: 34171)

UNAUDITED RESULTS FOR THE QUARTER ENDED 30 JUNE 2018

The Directors of Plastoform Holdings Limited wish to announce the following unaudited results of the Group for the quarter ended 30 June 2018

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 June			Six Months Ended 30 June		
	2018	2017	%	2018	2017	%
	HK\$'000	HK\$'000	Change	HK\$'000	HK\$'000	Change
Revenue	17,792	17,405	2.2%	36,499	29,488	23.8%
Cost of sales	(17,922)	(17,912)	0.1%	(33,658)	(29,926)	12.5%
Gross (Loss)/Profit	(130)	(507)	(74.4%)	2,841	(438)	N/M
Other operating income	149	90	65.6%	322	289	11.4%
Selling and distribution expenses	(2,097)	(1,989)	5.4%	(3,725)	(4,378)	(14.9%)
General and administrative expenses	(35,910)	(10,641)	237.5%	(48,629)	(24,466)	98.8%
Loss before income tax	(37,988)	(13,047)	191.2%	(49,191)	(28,993)	69.7%
Income tax expense	(6)	(12)	(50%)	(6)	(12)	(50%)
Loss for the period	(37,994)	(13,059)	190.6%	(49,197)	(29,005)	69.6%
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)	(32)	825	N/M	429	1,349	(68.2%)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	(32)	825	N/M	429	1,349	(68.2%)
Total comprehensive loss attributable to owners of the Company	(38,026)	(12,234)	210.8%	(48,768)	(27,656)	76.3%

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		
	2018	2017	%	2018	2017	%
	HK\$'000	HK\$'000	Change	HK\$'000	HK\$'000	Change
Interest income	(2)	(4)	(50%)	(4)	(11)	(63.6%)
Depreciation of plant and equipment	25	1,023	(97.6%)	59	2,297	(97.4%)
Impairment loss on trade receivables	23,164	-	N/M	23,164	-	N/M
Net exchange (gains)/loss	786	(415)	N/M	511	90	467.8%

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	
	30/6/2018	31/12/2017	30/6/2018	31/12/2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS				
Non-current assets				
Plant and equipment	824	863	-	-
Intangible asset – club memberships	460	460	-	-
Investments in subsidiaries	-	-	4,751	4,751
	1,284	1,323	4,751	4,751
Current assets				
Inventories	17,065	19,771	-	-
Trade receivables	10,446	51,056	-	-
Deposits, prepayments and other receivables	4,722	3,781	170	178
Cash and cash equivalents	13,035	39,718	2,168	3,192
	45,268	114,326	2,338	3,370
Total assets	46,552	115,649	7,089	8,121
Current liabilities				
Trade payables	28,218	46,836	-	-
Other payables and accruals	10,458	11,460	1,015	1,485
Deposits received in advance from customers	5,079	5,788	-	-
Amount due to a subsidiary	-	-	3,016	2,828
Amount due to a shareholder	731	731	731	731
	44,486	64,815	4,762	5,044
Net current assets	782	49,511	(2,424)	(1,674)
Net assets	2,066	50,834	2,327	3,077
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)	(1,776)	(1,776)	(1,776)
Share option reserve	391	554	391	554
Foreign exchange translation reserve	(2,357)	(2,786)	-	-
Accumulated losses	(211,944)	(162,910)	(214,040)	(213,453)
Total equity	2,066	50,834	2,327	3,077

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 30/6/2018		As at 31/12/2017	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
Nil	Nil	Nil	Nil

Amount repayable after one year

As at 30/6/2018		As at 31/12/2017	
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		Six Months Ended	
	30/6/2018	30/6/2017	30/6/2018	30/6/2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash flow from operating activities				
Loss before income tax	(37,988)	(13,047)	(49,197)	(28,993)
Adjustments for:				
Depreciation of plant and equipment	25	1,023	59	2,297
Impairment loss on plant and equipment	452	-	928	-
Provision for slow-moving stock	472	650	380	292
Reversal of impairment loss on trade receivables	23,164	-	23,164	-
Interest expense	19		27	-
Interest income	(2)	(4)	(4)	(11)
Operating cash flows before working capital changes	(13,858)	(11,378)	(24,643)	(26,415)
Changes in working capital:				
Inventories	8,074	3,695	2,326	2,471
Trade and other receivables	8,094	5,325	16,505	66,269
Trade and other payables	(9,969)	(1,125)	(20,329)	(40,964)
Cash generated from/ (used in) operations	(7,659)	(3,483)	(26,141)	1,361
Interest received	2	4	4	11
Income tax paid	(6)	(12)	(6)	(12)
Net cash generated from/(used in) operating activities	(7,663)	(3,491)	(26,143)	1,360
Cash flows from investing activities				
Purchases of plant and equipment	(435)	(1,547)	(948)	(1,978)
Net cash used in investing activities	(435)	(1,547)	(948)	(1,978)
Cash flows from financing activities				
Purchase of treasury shares	-	(90)	-	(90)
Dividend paid	-	(1,816)	-	(1,816)
Interest paid	(19)	-	(27)	-
Net cash used in financing activities	(19)	(1,906)	(27)	(1,906)
Net decrease in cash and cash equivalents	(8,117)	(6,944)	(27,118)	(2,524)
Effect of exchange rate changes on cash and cash equivalent	(32)	(390)	435	(159)
Cash and cash equivalents at beginning of the period	21,184	55,459	39,718	50,808
Cash and cash equivalents at end of the period	13,035	48,125	13,035	48,125

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 – 2Q 2018	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 June 2018							
Balance as at 1 April 2018	20,250	197,502	(1,776)	391	(2,325)	(173,950)	40,092
Loss for the period	-	-	-	-	-	(37,994)	(37,994)
Other comprehensive income for the period	-	-	-	-	(32)	-	(32)
Balance as at 30 June 2018	20,250	197,502	(1,776)	391	(2,357)	(211,944)	2,066
Group – 2Q 2017							
For the three months ended 30 June 2017							
Balance as at 1 April 2017	20,250	197,502	(1,686)	554	(3,817)	(129,106)	83,697
Loss for the period	-	-	-	-	-	(13,059)	(13,059)
Other comprehensive income for the period	-	-	-	-	825	-	825
Share buyback	-	-	(90)	-	-	-	(90)
Dividend paid	-	-	-	-	-	(1,816)	(1,816)
Balance as at 30 June 2017	20,250	197,502	(1,776)	554	(2,992)	(143,981)	69,557

Company – 2Q 2018	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 2018						
Balance as at 1 April 2018	20,250	197,502	(1,776)	391	(213,056)	3,311
Loss for the period	-	-	-	-	(984)	(984)
Balance as at 30 June 2018	20,250	197,502	(1,776)	391	(214,040)	2,327
Company – 2Q 2017						
For the three months ended 30 June 2017						
Balance as at 1 April 2017	20,250	197,502	(1,686)	554	(72,474)	144,146
Loss for the period	-	-	-	-	(975)	(975)
Share buyback	-	-	(90)	-	-	(90)
Dividend paid	-	-	-	-	(1,816)	(1,816)
Balance as at 30 June 2017	20,250	197,502	(1,776)	554	(75,265)	141,265

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 2017 and 30 June 2018 (excluding treasury shares)		40,046,193	215,976

The Company has 453,800 treasury shares as at 30 June 2018 (31 December 2017: 453,800 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 30/6/2018	As at 31/12/2017
Outstanding options	16,000	31,000

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 30/6/2018	As at 31/12/2017
Total number of issued shares excluding treasury shares	40,046,193	40,046,193

1(d)(iv) A statement showing all sales, transfers, 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 2018. The adoption of these new IFRSs did not have any material impact on the financial information of the Group for period ended 30 June 2018. 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 2018 are the same as those used in the annual financial statements of the Group for the year ended 31 December 2017.

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 2018. 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	
	6 months ended 30/6/2018	6 months ended 30/6/2017
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);	(122.9)	(72.4)
(b) On a fully diluted basis (HK\$ cents)	(122.8)	(72.4)
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	40,046,193
Effective of potentially dilutive ordinary shares – Share options	16,000	31,000
Weighted average number of ordinary shares for the purpose of diluted earnings per share	40,062,193	40,077,193

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	
	30/6/2018	31/12/2017	30/6/2018	31/12/2017
Net asset value per ordinary shares based on issued share capital (HK\$ cents)	5	126.9	5.8	7.7
Number of ordinary shares in issuance excluding treasury shares	40,046,193	40,046,193	40,046,193	40,046,193

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 June 2018 of 40,046,193 shares (31 December 2017: 40,046,193 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 increased by 2.2% or HK\$0.4 million from HK\$17.4 million in 2Q 2017 to HK\$17.8 million in 2Q 2018. The overall sales in 2Q remained very weak since the top 3 customers had financial difficulties to settle the invoices due, which affected our shipments to them.

Gross profit/(loss) and margin

Gross loss decreased by HK\$0.4 million from gross loss HK\$0.5 million in 2Q 2017 to gross loss HK\$0.1 million in 2Q 2018. The decrease was mainly because of the decrease of depreciation charge, arising from the impairment loss on plant and equipment recognized in 2017. The gross loss is also attributed to the revenue cannot offset the fixed factory overhead in 2Q 2018.

Selling and distribution expenses

Selling and distribution expenses increased by 5.4% or HK\$0.1 million from HK\$2.0 million in 2Q 2017 to HK\$2.1 million in 2Q 2018 were mainly due to commission paid to a customer of HK\$0.4 million, partially offset by the decrease in staff salaries and other sales related expenses.

General and administrative expenses

General and administrative expenses increased by 237.3% or HK\$25.3 million from HK\$10.6 million in 2Q 2017 to HK\$35.9 million in 2Q 2018 mainly due to the impairment loss on trade receivables HK\$23.2 million recognized in 2Q 2018 and increase of exchange loss HK\$1.2 million.

As at 30 June, 2018, total accounts receivables of 4 customers concerned (including top 3 customers) was HK\$32.2 million. Legal actions were taken in 2Q and provision for impairment loss was recognized, covering all invoices overdue more than 90 days (as per Company Policy). Negotiations were still continued with these customers and the results will be further updated in the forthcoming quarter.

Loss before income tax

Loss before income tax increased by HK\$24.9 million from HK\$13.1 million in 2Q 2017 to HK\$38.0 million in 2Q 2018. The substantial increase of loss was mainly due to the impairment loss on trade receivables, HK\$23.2 million recognized in 2Q 2018.

Financial Position

Inventories decreased by HK\$2.7 million from HK\$19.8 million as at 31 December 2017 to HK\$17.1 million as at 30 June 2018 due to some shipments on hold in 1Q were released in 2Q 2018.

Trade receivables decreased by HK\$40.6 million significantly from HK\$51.0 million as at 31 December 2017 to HK\$10.4 million as at 30 June 2018, attributed to the recognition of impairment loss on trade receivables and lower sales in 2Q 2018.

Deposits, prepayments and other receivables increased by HK\$0.9 million from HK\$3.8 million as at 31 December 2017 to HK\$4.7 million as at 30 June 2018 mainly due to increase of VAT receivable HK\$1.0 million.

Trade payables decreased by HK\$18.6 million from HK\$46.8 million as at 31 December 2017 to HK\$28.2 million as at 30 June 2018 mainly due to lower purchase of raw material in this quarter.

Other payables and accruals decreased by HK\$1.0 million from HK\$11.5 million as at 31 December 2017 to HK\$10.5 million as at 30 June 2018 mainly due to the decrease of monthly accrued salaries.

Statement of Cash Flows

Net cash used in operating activities increased by HK\$4.2 million from HK\$3.5 million in 2Q 2017 to HK\$7.7 million in 2Q 2018.

As at 30 June 2018, the Group had cash and cash equivalents of HK\$13.0 million (31 December 2017: HK\$39.7 million) and had no bank borrowings (FY2017: 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.

We have three longstanding major customers who have unfortunately not fulfilled their obligations. Despite many attempts to recover the receivables and to accept the delivery of finished products ordered, efforts have not so far produced any favorable outcome. The added expenses and efforts of legal recourse did not bear any fruit. Fortunately we have a few new customers, but with limited resources, we will have to go through a major fund raising exercise by way of a rights issue before we can possibly overcome the huge provision we have to make. As the cash situation of the group is very tight, management is in discussion with its many suppliers to seek their support by way of progress payments of payables.

Every effort is being made to turn the company around. A new interim CEO has been appointed to lead this effort. The Group has also made several new key senior management changes as part of the renewal and restructuring process.

The group has still several new exciting product offerings which will be marketed to hopefully much better customers. Our product development programs include creating smart audio speakers with intuitive features such as Voice Recognition (VR) control and other complementary Internet of Things (IoT) appliances.

There are many small companies that we are talking to, for possible synergistic mergers by way of share swap.

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 2018.

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 2018.

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 2018 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
6 August 2018