PLASTOFORM HOLDINGS LIMITED
(Company Registration Number: 34171)
(Incorporated in Bermuda)

ANNOUNCEMENT ON EMPHASIS OF MATTER INCLUDED IN THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATION FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 PURSUANT TO RULE 704(5) OF THE SGX-ST LISTING MANUAL

The Board of Directors (the "**Board**") of Plastoform Holdings Limited (the "**Company**") wishes to announce that the Company's Independent Auditor, Foo Kon Tan LLP, have included an Emphasis of Matter in the Independent Auditor's Report on the consolidated financial statements of the Company and its subsidiaries for the financial year ended 31 December 2016.

The Independent Auditor's Report to the Shareholders is annexed to this Announcement.

BY ORDER OF THE BOARD

Tse Kin Man
Executive Chairman

30 March 2017

Independent auditor's report to the Shareholders of Plastoform Holdings Limited and its subsidiaries

(Incorporated in the Bermuda with limited liability)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Plastoform Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company present fairly, in all material respects, the financial position of the Group and the Company as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent auditor's report to the Shareholders of Plastoform Holdings Limited and its subsidiaries (Cont'd)

Material Uncertainty Related to Going Concern

We draw attention to Note 2(a) in the financial statements, which indicates that the Group incurred a net loss for the year of approximately HK$7.63 million (2015: HK$11.11 million) and generated negative cash flow from operating activities of approximately HK$11.45 million (2015: cash inflow from operating activities of HK$15.87 million). The Group's revenue has decreased significantly from HK$461.1 million in FY 2014 to HK$281.8 million in FY 2015 and subsequently to HK$248.1 million in FY 2016. Furthermore, the Group lost one of its major customers in FY 2014. Subsequent to the balance sheet date, two of its existing customers are in the midst of renegotiating their repayment terms with the management. As at 31 December 2016, the Group has only cash and bank balances of HK$61.2 million. These conditions, along with other matters as set forth in Note 2(a), indicates the existence of a material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report to the Shareholders of Plastoform Holdings Limited and its subsidiaries (Cont'd)

Key Audit Matters (Cont'd)

Key Audit Matter	Risk	Our responses and work performed
Valuation of non-financial assets	The Group's revenue has decreased significantly from HK$461.1 million in FY 2014 to HK$281.8 million in FY 2015 and subsequently to HK$248.1 million in FY 2016. Impairment testing on the Group's and the Company's non-current assets (i.e. plant and equipment and investment in a subsidiary) is required at each reporting date as the significant decline in the Group's revenue is an indication of possible impairment (i.e. a triggering event). An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of the cash-generating unit is based on the higher of value-in-use or fair value less costs to sell. The recoverable amount based on value-in-use is derived using the discounted forecast cash flow model, covering a five-year period, which is dependent on certain key assumptions used. These assumptions include estimates of future sale volumes, selling prices, operating costs, terminal value growth rate and the weighted average cost of capital (discount rate). These assumptions determined by management are judgemental.	We have identified the impairment testing performed on the Group's plant and equipment and the Company's investment in a subsidiary to be a key audit matter due to the significant judgement required in determining the assumptions to be used to estimate the recoverable amount of the cash-generating unit, which was based on value-in-use. We included in our team an auditor's expert in order to assist us in determining the appropriateness of the discount rate used in the computation of the value-in-use. We have evaluated whether the auditor's expert has the necessary competence, capabilities and objectivity for our purposes. We specifically focused on the sensitivity in the available headroom of the cash generating units where a reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount. We also focused on the adequacy of the disclosures about those assumptions to which the outcome of the impairment test is most sensitive.

Independent auditor's report to the Shareholders of Plastoform Holdings Limited and its subsidiaries (Cont'd)

Key Audit Matters (Cont'd)

Key Audit Matter	Risk	Our responses and work performed
Inventory obsolescence provisioning	The Group holds significant raw materials and finished goods as its inventories and it represents 10% of the Group's total assets. Raw materials comprise mainly electronic related raw materials such as integrated chips, transistors, diodes and speakers which can be used to produce different Bluetooth speakers for different customers while finished goods comprised mainly (i) Original Equipment Manufacturer (OEM); (ii) Original Design Manufacturer (ODM) and (iii) Original Brand Manufacturer (OBM) products. Management currently makes full provision on raw materials with no movement in the last 12 months. Cumulatively, inventory obsolescence provisioning made on raw materials and finished goods amounted to HK$8.3 million and HK$15.5 million respectively.	We have identified inventory and related excess and obsolete provision as a key audit matter because the Group is in the business of manufacturing and trading of consumer electronics, which are subject to uncertainties due to rapid technological changes. Furthermore, gross inventory and its related provisions are material to the financial statements. The level of judgement involved in determining whether a provision should be recognised and how it should be measured, coupled with the fact that provision movements impact earnings becomes one of the key judgmental areas that our audit concentrates on. Our audit procedures included, amongst others, the analyses and assessments made by management with respect to slow moving and obsolete inventories and the expected demand, and the market value related to the Group's finished goods. We recalculated on a sample basis provisions recorded by the Group and compared the accuracy of the usage data to underlying documentation to assess the accuracy of the data used in the calculation. We have also considered the historical accuracy of provisions made by the Group by examining the reversal of previously recorded provisions. We also assessed the adequacy of the related disclosures in the notes to the financial statements.

Independent auditor's report to the Shareholders of Plastoform Holdings Limited and its subsidiaries (Cont'd)

Key Audit Matters (Cont'd)

Key Audit Matter	Risk	Our responses and work performed
Recoverability of trade receivables	At 31 December 2016, the Group's trade receivables amounted to HK$73.4 million, which comprised mainly multi-national customers. The top 5 customers of the Group constituted approximately 97% of the outstanding trade receivables as at 31 December 2016. It is the single largest category of assets on the Group's statement of financial position as at 31 December 2016. The economic slowdown and uncertainties in the global economic environment created a higher inherent risk relating to credit default. The Group lost one of its major customers in FY 2014. Subsequent to the balance sheet date, two of its existing customers are in the midst of renegotiating their repayment terms with the management. The assessment of collectability of the outstanding receivables involves significant judgement of the debtors' ability to pay.	The focus of our work involved auditing the Group's credit analyses and associated impairment assessments of trade receivables that were either in default, significantly overdue, or on watch at 31 December 2016. We obtained and evaluated the Group's credit risk policy, and tested the associated processes used by management to assess credit exposures and report on these to the appropriate level of governance to ensure that the controls are operating effectively as designed. We have tested these balances on a sample basis through post period-end receipts, and compared them to agreed work out plans, settlement agreements and repayment schedules, where appropriate. In addition, we have also considered the Group's previous experience of bad debt exposure and the individual counterparty credit risk. We also assessed the adequacy of the related disclosures in the notes to the financial statements.

Independent auditor's report to the Shareholders of Plastoform Holdings Limited and its subsidiaries (Cont'd)

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the annual report, but does not include the financial statements and our auditor's report thereon. The other information mainly comprises the chairman statement, financial and operations review and directors' statement.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the International Financial Reporting Standards and Section 90 of the Companies Act 1981 of Bermuda, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's and the Company's abilities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance's responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report to the Shareholders of Plastoform Holdings Limited and its subsidiaries (Cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent auditor's report to the Shareholders of Plastoform Holdings Limited and its subsidiaries (Cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

The Hong Kong Customs and Excise Department (the "HK Customs") visited the Company's Hong Kong office located at Kwai Chung on 20 October 2015 for the investigation of suspicious unauthorised use of computer software in business. Certain Company's computers were detained by the HK Customs for further investigation. As at the balance sheet date, the investigation by the HK Customs is still ongoing and accordingly, no provision has been made for this amount in the financial statements as no reliable estimate can be made of the amount of the obligation.

This report, including the opinion, has been prepared for and only for you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

The engagement partner of the audit resulting in this independent auditor's report is Kong Chih Hsiang Raymond.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 30 March 2017

2(a) Going concern

The Group incurred a net loss for the year of approximately HK$7.63 million (2015: HK$11.11 million) and generated negative cash flow from operating activities of approximately HK$11.45 million (2015: cash inflow from operating activities of HK$15.87 million). The Group's revenue has decreased significantly from HK$461.1 million in FY 2014 to HK$281.8 million in FY 2015 and subsequently to HK$248.1 million in FY 2016. Furthermore, the Group lost one of its major customers in FY 2014. Subsequent to the balance sheet date, two of its existing customers are in the midst of renegotiating their repayment terms with the management. As at 31 December 2016, the Group has only cash and bank balances of HK$61.2 million. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's and the Company's ability to continue as a going concern.

The Company's directors are of the view that the going concern assumption is appropriate and that the Group will have sufficient working capital to finance its operations in the next twelve months from the end of the reporting period, after taking into consideration the following:-

(1) The Company has prepared a cash flow forecast for the next twelve months after the financial year and is of the view that sufficient working capital will be available to the Group;

(2) Subsequent to the balance sheet date, management has successfully negotiated and agreed to the revised repayment terms with one of its major existing customers and has since collected HK$8.7 million up to 24 March 2017. The amount collected represents 78.3% of the outstanding amounts that were past due as at 31 December 2016. Furthermore, on 14 March 2017, the Group entered into another settlement agreement with another major existing customer, where the latter agreed to make repayment of HK$10.07 million on or before 31 March 2017 that were outstanding as at 31 December 2016; and

(3) The Group continues to implement measures to improve the Group's liquidity condition, including but not limited to, lowering inventory level, tightening cost controls over various selling and administrative expenses and tightening the monitoring mechanism over receivable collection period.