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

RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST") ON THE UNAUDITED FINANCIAL STATEMENTS FOR THIRD QUARTER ENDED 30 SEPTEMBER 2017

The Board of Directors (the "Board") of PLASTOFORM HOLDINGS LIMITED (the "Company") refers to the following query raised by the SGX-ST on 9 November 2017 and would like to provide additional information in relation to the Company's unaudited financial statements for third quarter ended 30 September 2017, as follows:

SGX-ST's Query 1:

In the Statement of Financial Position, "Other payables and accruals" increased by HK$4.0 million or 42.7% to HK$13.4 million as at 30 September 2017. Noting that revenue decreased by 63.2% in 9-month financial period ended 30 September 2017. Please provide breakdown of the material items and also provide explanations for the increase despite the decrease in revenue.

Company's response:

Below is the breakdown of material items of "Other payables and accruals":

	30/9/2017 HK$' M	31/12/2016 HK$' M	Variance HK$' M
Accrued salaries and P-fund	4.0	3.0	1.0
Provision for housing Pension	2.7	2.7	0
Components received from customer, but not yet billed	1.5	0	1.5
Provision for long service payment	1.1	1.2	(0.1)
Provision for audit fee	1.0	0.8	0.2
Provision for double pay	0.9	0	0.9
Miscellaneous	2.2	1.7	0.5
Total:	**13.4**	**9.4**	**4.0**

"Other payables and accruals" did not have a high correlation with revenue. The amount increased, mainly due to:

(1) the increase of accrued salaries and P-fund, mainly for salaries of PRC staff which would be paid in the early next month;
(2) key components received from customer for new project development, but has not yet billed by customer;
(3) provision of double pay which will be paid in December of every year.

SGX-ST's Query 2:

It was disclosed on page 8 that the decrease in turnover was mainly because, inter alia, "some shipments were put on hold during the period of renegotiating repayment terms with one major customer".

a. Please provide background on the matter and how repayment terms were amended as a result of the renegotiation.
b. Please provide an update on this matter.
c. Will this change in payment terms affect the Company's prospects? Please elaborate.

Company's response:

One of major customers started paying late in early this year. Customer requested to postpone the settlement of the payments due since August 2017. Shipments of HK$3.7M was put on hold in September, 2017. As at 30/9/2017, the amount overdue was around HK$2.9M and the overdue amount was ultimately settled in October, 2017. As there was one-off event, it did not have material impact on the Company's prospect.

SGX-ST's Query 3:

It was disclosed on page 8 that the decrease in selling and distribution expenses was "partially offset by the increase of commission paid of HK$0.6 million". Please explain why is there an increase in commission paid when there is a significant decrease in revenue of 62.9% in 3Q 2017.

Company's response:

The commission arrangement was included in the deal with our new customer, which only started deliveries in 3Q 2017. This customer is a famous MNC and in the contract, the customer requested the Company to pay commission on sales to its sourcing group company. Such commission was already included in the quotation to this customer.

SGX-ST's Query 4:

It was disclosed on page 9 that the increase in inventories was "to meet the customers' seasonal demands in 4Q 2017". Please elaborate on the reasons for the increase in seasonal demand for the Company's products and please disclose the order book.

Company's response:

Our products are electronic consumer products and our customers normally require a higher volume of shipments from August to November every year to meet the strong consumers' demands during Thanksgiving Day and Christmas season. Hence, the inventories level of the Company as at end of September are normally higher than the inventories level as at end of December. The order book as at end of September for 4Q shipments was around HK$ 60M.

BY ORDER OF THE BOARD

Tse Kin Man
Executive Chairman

13 November 2017