

PLASTOFORM HOLDINGS LIMITED

(Incorporated in Bermuda)

(Co. Reg. No: 34171)

UNAUDITED RESULTS FOR THE QUARTER ENDED 30 SEPTEMBER 2018

The Directors of Plastoform Holdings Limited wish to announce the following unaudited results of the Group for the quarter ended 30 September 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 Sep			Nine Months Ended 30 Sep		
	2018	2017	%	2018	2017	%
	HK\$'000	HK\$'000	Change	HK\$'000	HK\$'000	Change
Revenue	7,417	28,217	(73.7%)	43,916	57,705	(23.9%)
Cost of sales	(10,209)	(23,142)	(55.9%)	(43,867)	(53,068)	(17.3%)
Gross (Loss)/Profit	(2,792)	5,075	N/M	49	4,637	(98.9%)
Other operating income	695	162	N/M	1,017	451	125.5%
Selling and distribution expenses	(1,573)	(2,470)	(36.3%)	(5,298)	(6,848)	(22.6%)
General and administrative expenses	(13,991)	(11,312)	23.7%	(62,593)	(35,778)	74.9%
Finance cost	(5)	(33)	(84.8%)	(32)	(33)	(3%)
Loss before income tax	(17,666)	(8,578)	105.9%	(66,857)	(37,571)	77.9%
Income tax expense	-	-	N/M	(6)	(12)	(50%)
Loss for the period	(17,666)	(8,578)	105.9%	(66,863)	(37,583)	77.9%
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)	68	648	(89.5%)	497	1,997	(75.1%)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	68	648	(89.5%)	497	1,997	(75.1%)
Total comprehensive loss attributable to owners of the Company	(17,598)	(7,930)	121.9%	(66,366)	(35,586)	(86.5%)

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

	Group					
	Three Months Ended 30 Sep			Nine Months Ended 30 Sep		
	2018	2017	%	2018	2017	%
	HK\$'000	HK\$'000	Change	HK\$'000	HK\$'000	Change
Interest income	(3)	(3)	-	(7)	(14)	(50.0%)
Depreciation of plant and equipment	37	1,219	(97.0%)	96	3,516	(97.3%)
Impairment loss on trade receivables	100	-	N/M	23,264	-	N/M
Net exchange loss/(gains)	291	(146)	N/M	(802)	(56)	N/M

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	
	30/9/2018	31/12/2017	30/9/2018	31/12/2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS				
Non-current assets				
Plant and equipment	786	863	-	-
Intangible asset – club memberships	460	460	-	-
Investments in subsidiaries	-	-	4,751	4,751
	1,246	1,323	4,751	4,751
Current assets				
Inventories	9,967	19,771	-	-
Trade receivables	2,270	51,056	-	-
Deposits, prepayments and other receivables	2,860	3,781	231	178
Cash and cash equivalents	13,174	39,718	1,292	3,192
	28,271	114,326	1,523	3,370
Total assets	29,517	115,649	6,274	8,121
Current liabilities				
Trade payables	23,918	46,836	-	-
Other payables and accruals	15,377	11,460	5,777	1,485
Deposits received in advance from customers	5,023	5,788	-	-
Amount due to a subsidiary	-	-	2,674	2,828
Amount due to a shareholder	731	731	731	731
	45,049	64,815	9,182	5,044
Net current assets	(16,778)	49,511	(7,659)	(1,674)
Net assets	(15,532)	50,834	(2,908)	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	(2,289)	(2,786)	-	-
Accumulated losses	(229,610)	(162,910)	(219,275)	(213,453)
Total equity	(15,532)	50,834	(2,908)	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 30/9/2018		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 30/9/2018		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		Nine Months Ended	
	30/9/2018	30/9/2017	30/9/2018	30/9/2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash flow from operating activities				
Loss before income tax	(17,666)	(8,578)	(66,857)	(37,571)
Adjustments for:				
Depreciation of plant and equipment	37	1,219	96	3,516
Impairment loss on trade receivables	100	-	23,264	-
Bad debts written off	618	-	618	
(Reversal)/Provision for slow-moving stock	(869)	163	(261)	454
Impairment loss on plant and equipment	12	26	940	28
Gain on disposal of plant and equipment	(458)	-	(458)	
Interest expenses	5	33	32	33
Interest income	(3)	(3)	(7)	(14)
Operating cash flows before working capital changes	(18,224)	(7,140)	(42,633)	(33,554)
Changes in working capital:				
Inventories	7,967	(11,136)	10,065	(8,664)
Trade and other receivables	9,320	(11,279)	25,825	54,990
Trade and other payables	563	18,528	(19,766)	(22,436)
Cash used in operations	(374)	(11,027)	(26,509)	(9,664)
Interest received	3	3	7	14
Income tax paid	-	-	(6)	(12)
Net cash used in operating activities	(371)	(11,024)	(26,508)	(9,662)
Cash flows from investing activities				
Purchases of plant and equipment	(11)	(1,398)	(959)	(4,000)
Proceeds of disposal of plant and equipment	458	-	458	-
Net cash generated from/(used in) investing activities	447	(1,398)	(501)	(4,000)
Cash flows from financing activities				
Purchase of treasury shares	-	-	-	(90)
Dividend paid	-	-	-	(1,816)
Interest expenses	(5)	(33)	(32)	(33)
Net cash used in financing activities	(5)	(33)	(32)	(1,939)
Net increase/(decrease) in cash and cash equivalents	71	(12,455)	(27,041)	(15,601)
Effect of cash and cash equivalent denominated in foreign currencies	68	94	497	557
Cash and cash equivalents at beginning of the period	13,035	48,125	39,718	50,808
Cash and cash equivalents at end of the period	13,174	35,764	13,174	35,764

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 – 3Q 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 September 2018							
Balance as at 1 July 2018	20,250	197,502	(1,776)	391	(2,357)	(211,944)	2,066
Loss for the period	-	-	-	-	-	(17,666)	(17,666)
Other comprehensive income for the period	-	-	-	-	68	-	68
Balance as at 30 September 2018	20,250	197,502	(1,776)	391	(2,289)	(229,610)	(15,532)
Group – 3Q 2017							
For the three months ended 30 September 2017							
Balance as at 1 July 2017	20,250	197,502	(1,776)	554	(2,992)	(143,981)	69,557
Profit for the period	-	-	-	-	-	(8,578)	(8,578)
Other comprehensive income for the period	-	-	-	-	648	-	648
Balance as at 30 September 2017	20,250	197,502	(1,776)	554	(2,344)	(152,559)	61,627

Company – 3Q 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 September 2018						
Balance as at 1 July 2018	20,250	197,502	(1,776)	391	(214,040)	2,327
Loss for the period	-	-	-	-	(5,235)	(5,235)
Balance as at 30 September 2018	20,250	197,502	(1,776)	391	(219,275)	(2,908)
Company – 3Q 2017						
For the three months ended 30 September 2017						
Balance as at 1 July 2017	20,250	197,502	(1,776)	554	(75,265)	141,265
Loss for the period	-	-	-	-	(716)	(716)
Balance as at 30 September 2017	20,250	197,502	(1,776)	554	(75,981)	140,54

- 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 September 2018 (excluding treasury shares)		40,046,193	215,976

The Company has 453,800 treasury shares as at 30 September 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 30/9/2018	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 30/9/2018	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, disposal, 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.

1 (e) Closure of Production Facilities of Subsidiary

Background

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 30 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).

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 September 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 September 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	
	9 months ended 30/9/2018	9 months ended 30/9/2017
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);	(166.9)	(93.8)
(b) On a fully diluted basis (HK\$ cents)	(166.9)	(93.8)
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	
	30/9/2018	31/12/2017	30/9/2018	31/12/2017
Net asset value per ordinary shares based on issued share capital (HK\$ cents)	(38.8)	126.9	(7.3)	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 September 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 decreased by 73.7% or HK\$20.8 million from HK\$28.2 million in 3Q 2017 to HK\$7.4 million in 3Q 2018. The decrease was mainly attributed to weak demand from some major customers and loss of two major customers – one customer filed the Chapter 11 bankruptcy protection in August 2018 and the other sold its audio business to third party. As announced on 17th September, our plant in China was shut down. We signed a few agreements with various manufacturing subcontractors and outsourced our production to them.

Gross profit and margin

Gross loss increased by HK\$7.9 million from HK\$5.1 million profit in 3Q 2017 to HK\$2.8 million loss in 3Q 2018. The loss margin increased by 55.6% from 18% profit in 3Q 2017 to 37.6% loss in 3Q2018. The gross loss was attributed to fixed factory costs incurred.

Other operating income

Other operating income increased by HK\$0.5 million from HK\$0.2 million in 3Q 2017 to HK\$0.7 million in 3Q 2018, mainly due to recognizing a gain of disposal of plant and equipment HK\$0.5 million in 3Q 2018.

Selling and distribution expenses

Selling and distribution expenses decreased by 36.3% or HK\$0.9 million from HK\$2.5 million in 3Q 2017 to HK\$1.6 million in 3Q 2018, in line with lower sales.

General and administrative expenses

General and administrative expenses increased by 23.7% or HK\$2.7 million from HK\$11.3 million in 3Q 2017 to HK\$14.0 million in 3Q 2018 mainly due to a provision for compensation for relinquishing of directors' service agreements*, HK\$4.3 million, provision of impairment loss on trade receivable HK\$0.1 million and bad debts written off HK\$0.6 million, partially offset by decrease of salaries costs HK\$1.6 million and depreciation charge HK\$0.4 million.

* 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. A provision for terminating the service agreements, totally HK\$4.3 million was made accordingly in 3Q 2018.

Loss before income tax

Loss before income tax increased by HK\$9.1 million from HK\$8.6 million in 3Q 2017 to HK\$17.7 million in 3Q 2018. The loss was mainly because the lower overhead could not offset the negative impact of declined sales.

Financial Position

Inventories decreased by HK\$ 9.8 million from HK\$19.8 million as at 31 December 2017 to HK\$10.0 million as at 30 September 2018 due to weak demand from customers.

Trade receivables decreased by HK\$48.8 million significantly from HK\$51.1 million as at 31 December 2017 to HK\$2.3 million as at 30 September 2018 was due to very lower sales in 3Q 2018 and impairment on accounts receivables of HK\$23.3 million made in 2018.

Trade payables decreased by HK\$22.9 million from HK\$46.8 million as at 31 December 2017 to HK\$23.9 million as at 30 September 2018 mainly due to much lower purchase of raw materials in 3Q 2018.

Other payables and accruals increased by HK\$3.9 million from HK\$11.5 million as at December 2017 to HK\$15.4 million as at 30 September 2018 mainly due to a provision for compensation for relinquishing of directors' service agreements* HK\$4.3 million made in 3Q 2018.

Statement of Cash Flows

Net cash used in operating activities decreased by HK\$10.7 million from HK\$11.0 million in 3Q 2017 to HK\$0.4 million in 3Q 2018 mainly due to the decrease of working capital tied up by inventories and trade receivables.

As at 30 September 2018, the Group had cash and cash equivalents of HK\$13.2 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.

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.

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/recommendeded, a statement to that effect.

No dividend has been declared and recommended for the third quarter ended 30 September 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 3Q 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 3Q 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
9 November 2018