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

CLOSURE OF PRODUCTION FACILITY OF SUBSIDIARY

The Board of Directors ("**Board**") of Plastoform Holdings Limited (the "**Company**" and together with its subsidiaries the "**Group**") wishes to announce that as part of the Group's continuing efforts to restructure its business and improve its operational efficiency and cost effectiveness, the Group has commenced to undertake the closure of the production facility of its wholly-owned subsidiary, Plastoform Electronics (Shenzhen) Company Limited ("**PESZ**") in Shenzhen, People's Republic of China ("**PRC**") (the "**Production Closure**").

INFORMATION ON PESZ

PESZ was incorporated in PRC on 31 October 2012 with a registered and paid-up capital of RMB 50 million. It is principally engaged in the manufacturing and sale of audio products.

Financial information of PESZ for the financial year ended 31 December 2017 ("FY2017") and financial period ended 30 June 2018 ("1st Half Year 2018") -

HK$'000	2017 Audited	1st Half Year 2018 Unaudited
Revenue	94,800	32,449
- Sales to Plastoform Industries Ltd	68,066	29,408
- Sales to 3rd parties	26,734	3,041
Gross Loss	(650)	(960)
Net Loss	(33,248)	(27,837)*

HK$'000	31 December 2017	30 June 2018
Non-current assets	737	715
Current assets	52,843	9,308
- Inventories	18,672	15,891
- Trade & other receivables	31,730	3,942
- Cash & bank balances	896	1,785
- C/A with Plastoform Industries Ltd	1,480	(12,395)
- C/A with Platform2 Trading (SZ) Co Ltd	65	84
Current liabilities	49,917	34,055

- Trade & other payables	49,917	34,055
Net assets	3,662	(24,032)

*Net loss included impairment on trade receivables, amounting to HK$12,620k.

RATIONALE FOR THE PRODUCTION CLOSURE

The Group faced challenges in respect of debts collections from its major customers and insufficient sales order to sustain its operations.

The Group, after due consideration, PESZ would no longer able to continue its operations given (i) the challenging business conditions faced; (ii) the current financial position of PESZ; and (iii) change of business strategy of the Group of adopting new business model.

With the dynamic change in market during the last few years, sales orders and business have changed to high mix and low volume. It is not justified to keep a big scale manufacturing operation for small volume of business. Moreover, the uncollectable Account Receivables has led to the Group not able to keep up with the current operation site. Without the manufacturing site, there would be cost saving in terms of monthly fixed overhead. The Group plans to transform its manufacturing oriented business to project oriented business with the support from multiple contract manufacturers. With project oriented business model, the Group would pay manufacturing cost associated with sales order which would better reflect the actual project profit and loss performance for each undertaken project.

Following the Production Closure, the Group intends to submit an application to the Court in PRC to liquidate PESZ.

PRELIMINARY ASSESSMENT OF FINANCIAL EFFECTS OF THE PRODUCTION CLOSURE

Based on our preliminary assessment, the Production Closure is expected to result in the following non-recurring expenses which are expected to have material impact to the Group's financial results for the financial year ending 31 December 2018 ("FY2018").

1) Following the commencement of PESZ into liquidation, the remaining assets would be realized and any fund from realization would be repaid to staff for layoff compensation, government's expenses and payout to suppliers. It would expect that there is no residual value to be refunded to its immediate holding company, Plastoform Industries Ltd ("PIL").

2) Net assets value as at 31 December, 2017 and as at 30 June, 2018 is positive HK$3.7million and negative HK$24 million respectively. The consolidated net assets value of the Group would be increased by HK$11.7million (after including the loss of intercompany balances) after closure of PESZ. It would expect an increase in consolidated net assets value of the Group for FY2018.

3) The monthly loss for the 1st half was around HK$2 million to HK$3 million (after taking out the one-off impairment loss on accounts receivable). After the closure of PESZ, it would expect a reduction of loss in consolidated results, of approximately HK$2 million per month.

4) The Company has signed manufacturing and supply agreement with reputable contract manufacturers who have assured continuing supplies to PIL to meet customers' need. Thus, the impact on sales would be immaterial.

5) There would be approximately HK$1 million of one-off professional fee and supporting fee for liquidation of PESZ.

Further announcements will be made by the Company via SGXNet on any material development, as and when necessary.

BY ORDER OF THE BOARD

Tan Tien Hin Winston
Non-Executive Chairman and Director

17 September 2018