

## PLASTOFORM HOLDINGS LIMITED

(Incorporated in Bermuda)  
(Co. Reg. No: 34171)

### UNAUDITED RESULTS FOR THE QUARTER ENDED 30 SEPTEMBER 2014

The Directors of Plastofom Holdings Limited wish to announce the following unaudited results of the Group for the quarter ended 30 September 2014

**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 Profit or Loss (in HK\$'000)

	Group					
	Three Months Ended 30 Sep			Nine Months Ended 30 Sep		
	2014	2013	%	2014	2013	%
	HK\$'000	HK\$'000	Change	HK\$'000	HK\$'000	Change
Revenue	144,796	84,022	72.3%	320,137	225,255	42.1%
Cost of sales	(112,935)	(78,572)	43.7%	(256,905)	(209,234)	22.8%
<b>Gross Profit</b>	<b>31,861</b>	<b>5,450</b>	<b>484.6%</b>	<b>63,232</b>	<b>16,021</b>	<b>294.7%</b>
Other income and net gains	450	289	55.7%	1,964	632	210.8%
Selling and distribution costs	(4,727)	(2,961)	59.6%	(14,438)	(5,542)	160.5%
Operating expenses	(17,792)	(11,396)	56.1%	(51,056)	(38,142)	33.9%
Finance costs	(91)	(27)	237.0%	(125)	(114)	9.6%
<b>Profit/ (loss) before income tax</b>	<b>9,701</b>	<b>(8,645)</b>	<b>212.2%</b>	<b>(423)</b>	<b>(27,145)</b>	<b>(98.4%)</b>
Income tax expense	-	-	N/M	-	(28)	(100.0%)
<b>Profit/ (loss) for the period</b>	<b>9,701</b>	<b>(8,645)</b>	<b>212.2%</b>	<b>(423)</b>	<b>(27,173)</b>	<b>(98.4%)</b>
Other comprehensive income:						
Foreign currency translation differences	735	76	867.1%	(667)	410	(262.7%)
Total comprehensive income	10,436	(8,569)	221.8%	(1,090)	(26,763)	(95.9%)

**1(a)(ii) Profit/ (loss) before tax is arrived at after charging/(crediting) the following significant items:**

	Group					
	Three Months Ended 30 Sep			Nine Months Ended 30 Sep		
	2014	2013	%	2014	2013	%
	HK\$'000	HK\$'000	Change	HK\$'000	HK\$'000	Change
Interest income	(16)	(6)	166.7%	(18)	(10)	80.0%
Depreciation of plant and equipment	1,068	992	7.7%	3,040	2,505	21.4%
Net exchange loss/ (gains)	(22)	525	104.2%	(352)	1,054	133.4%
Provision for impairment of trade receivables	-	442	(100.0%)	-	5,730	(100.0%)

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)**

Note	Group		Company	
	30/9/2014	31/12/2013	30/9/2014	31/12/2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Plant and equipment	13,826	10,863	-	-
Investments in subsidiaries	-	-	82,608	82,608
	13,826	10,863	82,608	82,608
<b>Current assets</b>				
Inventories	58,381	62,912	-	-
Trade receivables	110,107	85,900	-	-
Deposits, prepayments and other receivables	7,371	18,473	183	-
Amount due from subsidiaries	-	-	22,772	18,933
Tax recoverable	6	-	-	-
Cash and cash equivalents	58,446	42,788	37,505	5,790
	234,311	210,073	60,460	24,723
<b>Total assets</b>	248,137	220,936	143,068	107,331
<b>Current liabilities</b>				
Trade payables	112,437	115,164	-	-
Other payables and accruals	21,866	22,561	856	-
Amount due to subsidiaries	-	-	16,506	2,828
Amount due to ultimate holding company	731	731	731	731
	135,034	138,456	18,093	3,559
<b>Net current assets</b>	99,277	71,617	42,367	21,164
<b>Net assets</b>	113,103	82,480	124,975	103,772
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	20,250	13,520	20,250	13,520
Share premium	197,680	172,697	197,680	172,697
Treasury share	(1,234)	(1,234)	(1,234)	(1,234)
Share option reserve	676	676	676	676
Foreign exchange translation reserve	(3,188)	(2,521)	-	-
Accumulated losses	(101,081)	(100,658)	(92,397)	(81,887)
<b>Total equity</b>	113,103	82,480	124,975	103,772

- 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 30/9/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
Nil	Nil	Nil	Nil

**Amount repayable after one year**

As at 30/9/2014		As at 31/12/2013	
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	
	30/9/2014	30/9/2013	30/9/2014	30/9/2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Cash flow from operating activities</b>				
Profit/ (loss) before income tax	9,701	(8,645)	(423)	(27,145)
Adjustments for:				
Depreciation of plant and equipment	1,068	992	3,040	2,505
Interest income	(16)	(6)	(18)	(10)
Provision for obsolete inventories	4,200	-	4,200	-
Provision for impairment of trade receivables	-	442	-	5,730
<b>Operating cash flows before working capital changes</b>	<b>14,953</b>	<b>(7,217)</b>	<b>6,799</b>	<b>(18,920)</b>
<b>Changes in working capital:</b>				
Inventories	6,020	(4,047)	(331)	(3,659)
Trade receivables and other receivables	(41,500)	(6,862)	(13,105)	82,355
Trade and other payables	21,545	6,701	(3,422)	(28,343)
Tax recoverable	30	(2,484)	(6)	(6,339)
Income tax paid	-	-	-	(28)
<b>Net cash generated from/ (used in) operating activities</b>	<b>1,048</b>	<b>(13,909)</b>	<b>(10,065)</b>	<b>25,066</b>
<b>Cash flow from investing activities</b>				
Purchases of plant and equipment	(1,602)	(1,261)	(6,193)	(3,459)
Interest received	16	6	18	10
<b>Net cash used in investing activities</b>	<b>(1,586)</b>	<b>(1,255)</b>	<b>(6,175)</b>	<b>(3,449)</b>
<b>Cash flows from financing activities</b>				
Proceeds from rights issue	32,842	-	32,842	-
Costs of rights issue incurred	(1,129)	-	(1,129)	-
Share buyback	-	(184)	-	(184)
Repayment of advances from shareholders	(15,000)	-	-	-
Repayment of directors' Loans	-	-	(1,000)	-
<b>Net cash generated from / (used in) financing activities</b>	<b>16,713</b>	<b>(184)</b>	<b>30,713</b>	<b>(184)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>16,175</b>	<b>(15,348)</b>	<b>14,473</b>	<b>21,433</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>41,569</b>	<b>55,619</b>	<b>42,788</b>	<b>18,838</b>
<b>Effect of cash and cash equivalent denominated in foreign currencies</b>	<b>702</b>	<b>-</b>	<b>1,185</b>	<b>-</b>
<b>Cash and cash equivalents at end of the period</b>	<b>58,446</b>	<b>40,271</b>	<b>58,446</b>	<b>40,271</b>

**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.**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (in HK\$'000)**

Group	Share capital	Share premium	Treasury share	Share option reserve	Foreign exchange 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 2014							
Balance as at 1 July 2014	13,520	172,697	(1,234)	676	(3,923)	(110,782)	70,954
Total comprehensive income for the period	-	-	-	-	735	9,701	10,436
Rights issue	6,730	26,112	-	-	-	-	32,842
Rights issue expenses	-	(1,129)	-	-	-	-	(1,129)
<b>Balance as at 30 September 2014</b>	<b>20,250</b>	<b>197,680</b>	<b>(1,234)</b>	<b>676</b>	<b>(3,188)</b>	<b>(101,081)</b>	<b>113,103</b>
For the three months ended 30 September 2013							
Balance as at 1 July 2013	13,520	172,697	(1,050)	676	334	(78,269)	107,908
Total comprehensive income for the period	-	-	-	-	76	(8,645)	(8,569)
Share buyback	-	-	(184)	-	-	-	(184)
<b>Balance as at 30 September 2013</b>	<b>13,520</b>	<b>172,697</b>	<b>(1,234)</b>	<b>676</b>	<b>410</b>	<b>(86,914)</b>	<b>99,155</b>

Company	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 2014						
Balance as at 1 July 2014	13,520	172,697	(1,234)	676	(89,088)	96,571
Total comprehensive income for the period	-	-	-	-	(3,309)	(3,309)
Rights issue	6,730	26,112	-	-	-	32,842
Rights issue expenses	-	(1,129)	-	-	-	(1,129)
<b>Balance as at 30 September 2014</b>	<b>20,250</b>	<b>197,680</b>	<b>(1,234)</b>	<b>676</b>	<b>(92,397)</b>	<b>124,975</b>
For the three months ended 30 September 2013						
Balance as at 1 July 2013	13,520	172,697	(1,050)	676	(75,781)	110,062
Total comprehensive income for the period	-	-	-	-	(2,886)	(2,886)
Share buyback	-	-	(184)	-	-	(184)
<b>Balance as at 30 September 2013</b>	<b>13,520</b>	<b>172,697</b>	<b>(1,234)</b>	<b>676</b>	<b>(78,667)</b>	<b>106,992</b>

**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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.**

As at 30 September 2014, the Company's issued capital amounted to 2,025,000,000 shares of HK\$0.01 each. The Company issued 673,000,000 new ordinary shares in the capital of the Company at an issue price of S\$0.008 each, pursuant to a rights issue on the basis of one Rights share for every two existing ordinary shares held by the entitled shareholders.

Change in share capital during the financial period

	Group and the Company	
	Number of Ordinary Shares	Issued and Paid-up Share Capital HK\$'000
As at 1 January 2014	1,352,000,000	13,520
Issuance of ordinary shares pursuant to Rights Issue	673,000,000	6,730
As at 30 September 2014	2,025,000,000	20,250

**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.**

The total number of issued shares as at 30 September 2014 was 2,019,000,000 (31 December 2013: 1,346,000,000), excluding 6,000,000 treasury shares (31 December 2013: 6,000,000).

**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.

**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 and related interpretations (collectively referred to as the "new IFRSs") that are effective for accounting periods beginning on or after 1 January 2014. The adoption of these new IFRSs did not have any material impact on the financial information of the Group for period ended 30 September 2014. 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 2014 are the same as those used in the annual financial statements of the Group for the year ended 31 December 2013.

**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 IFRS and IFRICS Interpretations that are mandatory for application for financial periods beginning on or after 1 January 2014. The adoption of these new/revised IFRS and IFRICS Interpretation 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 30/9/2014	9 Months ended 30/9/2013
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);	(0.03)	( 2.0)
(b) On a fully diluted basis (HK\$ cents)	(0.03)	( 1.9)
Number of ordinary shares in issue (excluding treasury shares)		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,424,568,436	1,392,437,000
Effective of potentially dilutive ordinary shares – Share options	2,150,000	2,750,000
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,426,718,436	1,395,187,000

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	
	30/9/2014	31/12/2013	30/9/2014	31/12/2013
Net asset value per ordinary share based on issued share capital at the end of:	HK5.6 cents	HK6.1 cents	HK6.2 cents	HK7.7 cents
Number of ordinary shares in issue excluding treasury shares	2,019,000,000	1,346,000,000	2,019,000,000	1,346,000,000

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 2014 of 2,019,000,000 shares (31 December 2013: 1,346,000,000 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**

Group turnover was increased by 72.3% or HK\$60.8 million from HK\$84.0 million in 3Q 2013 to HK\$144.8 million in 3Q 2014. The increase was mainly due to stronger demand from ODM customers in 3Q 2014.

While the growth in Bluetooth and wireless speakers has been extraordinary, the market has become segmented into high-performance recognizable brands, and low-performance products. As we adjusted our strategies with our customers who are global leading brands, we have been able to grow our revenue with them.

#### **Gross profit and margin**

Group's gross profit increased by HK\$26.4 million from HK\$5.5 million in 3Q 2013 to HK\$31.9 million in 3Q 2014 and the overall gross profit margin increased by 15.5% from 6.5% in 3Q 2013 to 22% in 3Q 2014. The increases in gross profit and margin in 3Q 2014 were mainly due to higher level of turnover, better capacity utilization, improvement of labour efficiency and reclassification of indirect salaries from cost of sales into operating expenses, after taking into account of HK\$4.2 million provision of slow-moving inventories made in the quarter.

#### **Other income and net gains**

Other income and net gains are mainly attributed to sales of scraps and income from product development.



### **Selling and distribution costs**

Selling and distribution costs increased by 59.6% or HK\$1.7 million from HK\$3.0 million in 3Q 2013 to HK\$4.7 million in 3Q 2014. The increases were mainly due to incremental overheads arising from the start of a new Vender Management Inventory (VMI) Program with one of the key customers and increase of sales supporting staff for channel development.

### **Operating expenses**

Operating expenses increased by 56.1% or HK\$6.4 million from HK\$11.4 million in 3Q 2013 to HK\$17.8 million in 3Q 2014. The increase is mainly due to reclassification of indirect salaries, factory rental from cost of sales to operating expenses and increase of operation staff for channel development in 3Q 2014.

### **Profit before income tax**

Our profit before income tax increased by 212.2% from HK\$8.6 million loss in 3Q 2013 to HK\$9.7 million profit in 3Q 2014. The profit was largely attributable to higher sales, better capacity utilization and improvement of labour efficiency.

### **Financial position**

Inventories decreased from HK\$62.9 million as at 31 December 2013 to HK\$58.4 million as at 30 September 2014, after including HK\$4.2 million provision of slow-moving inventories was made in 3Q 2014.

Trade receivables increased by HK\$24.2 million from HK\$85.9 million as at 31 December 2013 to HK\$110.1 million as at 30 September 2014, mainly due to the higher sales in 3Q 2014.

Deposits, prepayments and other receivables decreased HK\$11.1 million from HK\$18.5 million as at 31 December 2013 to HK\$7.4 million as at 30 September 2014 was mainly due to refund of 2013 VAT in first half of 2014.

### **Statement of cash flows**

Net cash generated from operating activities increased by HK\$14.9 million from HK\$13.9 million outflow in 3Q 2013 to HK\$1 million inflow in 3Q 2014, mainly due to the profit generated in 3Q 2014, offsetting the increase of working capital arising from strong sales demand in 3Q 2014.

Net cash inflow in financing activities was HK\$16.7 million arising from net proceeds from rights issue, after deducting the advance of HK\$15 million in 2Q 2014 from undertaking of rights issue

As at 30 September 2014, the Group had cash and cash equivalents of HK\$58.4 million (30 September 2013: HK\$40.3 million) and had no bank borrowings (30 September 2013: Nil).

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

**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.**

Overall, the Bluetooth / WiFi audio market continues its strong growth, even as other segments of consumer electronics slows. In addition, increasing competition is leading to stratification of the marketplace into segments, based on brand power and average selling prices.

Commenting on the Group's outlook and strategy, Mr. Robert Perry, Deputy Chief Executive Officer said, "Our ODM and OBM / licensed businesses are well-positioned to benefit from this stratification given our investments in core technologies such as WiFi technology, and improvement programs to grow our capabilities to engage and meet the needs of our key customers, many of whom are industry leaders with good brand recognition. Of course, these improvements which include higher-performance products resonate with consumers, creating more value and differentiation.

Additionally, for our OBM / licensed business, we have made good progress, with continued strong efforts with global key partners. We are positive about the growth of this business but at the same time, we continue to exercise great prudence to ensure that we complement our existing customer base."

**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 2014.

**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 2014.

**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 2014 financial results to be false or misleading, in any material aspect.

**15. The use of proceeds raised from rights issue**

To date, the proceeds of approximately S\$5.2 million raised from rights issue have not yet been utilized.

BY ORDER OF THE BOARD

Liu Wai Man  
Lisa Cheng  
Company Secretaries  
10 November 2014