2011 Annual Report

January 10, 2012

Dear Fellow Shareholders:

Fiscal year 2011 was a breakthrough year for our Company, benefiting from our December 2010 merger and underpinned by a year of record growth for our wholly owned subsidiary, Plastec International Holdings Limited ("Plastec"). Given that this is our first letter to shareholders, I feel it is important to emphasize how far Plastec and our management team have come.

Since founding the business in 1993, Plastec has remained focused on and dedicated to providing one-stop integrated plastic manufacturing services to a large multinational customer base for the production of precision plastic parts and components, including those for consumer electronics, electrical home appliances, telecommunication devices, computer peripherals, and others such as precision plastic toys and automobile audio systems.

Plastec has an industry-leading market position and a stellar reputation in the plastic injection molding industry in China, is strategically located near its raw material suppliers and has long-standing customers. Plastec created molds that it estimates were used to create hundreds of thousands of parts and components integrated into end products used by individuals throughout the world. It has a history of precision quality control, with a low customer return rate of 0.2-0.7%. This low default rate, a quick turnaround time, and competitive pricing have led to relationships with large multinational customers, averaging over 5 years, with several lasting over a decade.

Our business has grown significantly over the past few years, as revenues increased from $117.1 million for the year ended April 30, 2009 to $169.7 million for the year ended April 30, 2011, representing a compound annual growth rate, or "CAGR," of 20.4% with net income doubled over the same period. The high growth has been driven by increasing orders from our existing multinational customers, the largest percentage of which are based in Japan, Korea, Europe, and the United States.

At the end of fiscal year 2011, we had 6 manufacturing plant facilities with a total of approximately 5,500 employees, 592 plastic injection machines and 92 tooling machines in 5 different locations within Guangdong Province in Southern China and Jiangsu Province in Eastern China.

We also have remained dedicated to stable and steady expansion. In early fiscal 2011, we commenced construction of two facility expansions to increase its manufacturing capacity by a total of approximately 34,000 square meters. In September 2011, we completed an extension to our mold design and fabrication center in Shenzhen. This four-story, 9,000 square meters center will better enable our group to service increasing client design requirements and attract potential new customers. We are also currently constructing a nine-story industrial building at our Shenzhen site. This building will increase floor space by approximately 25,000 square meters upon its completion and will be utilized to provide additional capacity for manufacturing.

Fiscal 2011 Financial Review

Revenues for the year ended April 30, 2011, were $169.7 million, an increase of 36.9% year over year. This increase was primarily driven by new product offerings of new and existing customers and the increase of revenues from customers in Europe and the United States as we continue expanding our customer base in geographic locations. Net income attributable to the Company for the year ended April 30, 2011, was $17.1 million, which is an increase of 200.9% year over year. EBITDA for FY 2011 was $39.6 million, compared to $27.4 million in the prior year. We continue to be supported by a solid balance sheet. As of April 30, 2011, the Company had cash and cash equivalents of $28.2 million, an increase of 45.4% from 19.4 million in April 30, 2010. The Company has no long-term debt or outstanding lending debt of any kind.

In conclusion, we continue to execute on our strategic growth initiatives. We believe that as we continue to improve our production facilities, expand our capacity, and further perfect our precision molding abilities, we will be able to retain and add new multinational customers. We feel there are numerous avenues for potential growth, including expansion into new industries such as auto and industrial applications, either organically or through complementary acquisitions. Our goal is to continue to build upon our unique blend of experience, customer relations, and disciplined operations.

We are very proud of the accomplishments of the Company over the past year and are looking forward to continued success in fiscal year 2012. On behalf of Plastec's senior management team, our Board of Directors, and associates, I thank you for your continued support.

Sincerely,

Kin Sun Sze-To
Chief Executive Officer

CERTAIN SECTIONS OF OUR ANNUAL REPORT FILED PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED APRIL 30, 2011 ON FORM 20-F WITH THE SECURITIES AND EXCHANGE COMMISSION DATED NOVEMBER 9 2011 ("FORM 20-F") ARE REFERRED TO HEREIN AND INCORPORATED BY REFERENCE. SHAREHOLDERS ARE ADVISED TO READ FORM 20-F, FOR COMPLETENESS. SHAREHOLDERS CAN VIEW FORM 20-F ON THE SEC'S WEBSITE AT WWW.SEC.GOV. ALTERNATIVELY, SHAREHOLDERS CAN REQUEST A COPY OF THE FORM 20-F BY SENDING A REQUEST TO UNIT 01, 21/F, AITKEN VANSON CENTRE, 61 HOI YUEN ROAD, KWUN TONG, KOWLOON, HONG KONG, ATTN: MR. KIN SUN SZE-TO. THIS ANNUAL REPORT CONTAINS INFORMATION OF AND CONCERNING US AS OF NOVEMBER 9, 2011.

INTRODUCTION

Definitions

Unless the context indicates otherwise:

- "we," "us," "our" and "our company" refer to Plastec Technologies, Ltd., a Cayman Islands exempted company, its predecessor entities and direct and indirect subsidiaries;
- "Plastec" refers to Plastec International Holdings Limited, a British Virgin Islands company, our direct wholly owned subsidiary;
- "BVI" refers to the British Virgin Islands;
- "PRC subsidiaries" refers to our indirect owned subsidiaries operating in the PRC;
- "China" or the "PRC" refer to the People's Republic of China;
- "HK$" or "Hong Kong dollar" refer to the lawful currency of the Hong Kong Special Administrative Region, People's Republic of China; if not otherwise indicated, all financial information presented in HK$ may be converted to US$ or $ using the current exchange rate of 7.8 HK$ for every 1 US$ or $;
- "Renminbi" or "RMB" refer to the lawful currency of China; and
- "U.S.$" or "$" or "U.S. dollar" refer to the lawful currency of the United States of America.

Our Company

We are a Cayman Islands company organized under the Companies Law (2010 Revision) of the Cayman Islands (the "Companies Law") on March 27, 2008 as an exempted company with limited liability. We were originally organized under the name "GSME Acquisition Partners I" for the purpose of acquiring, through a merger, share exchange, asset acquisition, plan of arrangement, recapitalization, reorganization or similar business combination, an operating business, or control of such operating business through contractual arrangements, that had its principal operations located in the PRC.

On November 25, 2009, we closed our initial public offering ("IPO") of 3,600,000 units with each unit consisting of one ordinary share, which we sometimes refer to as our "public shares," and one warrant, each to purchase one ordinary share at an exercise price of $11.50 per share, which we sometimes refer to as our "public warrants." The units were sold at an offering price of $10.00 per unit, generating gross proceeds of $36,000,000. Simultaneously with the consummation of the IPO, we consummated the private sale of 3,600,000 warrants, which we sometimes refer to as our "insider warrants," at a price of $0.50 per warrant, generating total proceeds of $1,800,000.

From the consummation of our IPO until August 6, 2010, we were searching for a suitable target business to acquire. On August 6, 2010, we entered into an agreement and plan of reorganization (as subsequently amended, the "Merger Agreement") with Plastec, each of the former Plastec shareholders and our merger subsidiary, which provided, among other things, that our merger subsidiary would merge with and into Plastec, with Plastec surviving as a wholly owned subsidiary of ours (the "Merger"). The Merger Agreement was subsequently amended in September 2010 and December 2010 but continued to provide for our merger subsidiary to merge with and into Plastec, with Plastec surviving as a wholly owned subsidiary of ours. On December 10, 2010, we held an extraordinary general meeting of our shareholders, at which our shareholders approved the Merger and other related proposals. On December 16, 2010, we closed the Merger. At the closing, we issued to the former shareholders of Plastec an aggregate of 7,054,583 ordinary shares and agreed to issue them an aggregate of 9,723,988 earnout shares additionally upon the achievement by Plastec of certain net income targets. Also at the closing, 2,615,732 of the public shares sold in our IPO were converted into cash and cancelled based on the election of the holders to exercise their conversion rights (for a description of these rights, see the prospectus for our IPO (the "IPO Prospectus"), dated November 19, 2009, and our proxy statement for the extraordinary meeting (the "Merger Proxy Statement"), included as Exhibit 99.1 to the Report of Foreign Private Issuer on Form 6-K filed by us with the SEC on October 28, 2010). In connection with the Merger, our business became the business of Plastec and we changed our name to Plastec Technologies, Ltd. We also changed our fiscal year end from October 31 to April 30, in order to coincide with Plastec's fiscal year end. On April 30, 2011, we further amended the Merger Agreement to remove certain earnout provisions contained within it and to issue an aggregate of 7,486,845 ordinary shares to the former Plastec shareholders.

For further information about our company, see Item 4.A of Form 20-F.

Our Business

We are a vertically integrated plastic manufacturing services provider that operates in the PRC through Plastec and our PRC subsidiaries. We provide precision plastic manufacturing services from mold design and fabrication, plastic injection manufacturing to secondary-process finishing, as well as parts assembly. We manufacture a wide range of plastic parts and components for:

- consumer electronics, such as LCD and LED television sets, DVD players, DVD-VHS combos, Blu-ray disc players, speakers, MP3, remote controls and other consumer audio-visual products;

- electrical home appliances, such as power tools, hair dryers, shavers, vacuum cleaners and other home-use electrical products;

- telecommunication devices, such as modems, set-top boxes, cordless phone handsets, global positioning system ("GPS") devices and other telecommunication-related parts and components;

- computer peripherals, such as LCD monitors, printers and other personal computer parts and components; and

- other industries, such as precision plastic toys and automobile audio systems.

We manufacture our products solely on the basis of customer orders. Our major customers include international original equipment manufacturers ("OEMs"), original design manufacturers ("ODMs"), and original brand manufacturers ("OBMs"), of consumer electronics, electrical home appliances, telecommunication devices and computer peripherals.

For further information about our business, see Item 4.B of Form 20-F.

Forward-Looking Statements

This Annual Report contains forward-looking statements that involve risks and uncertainties. All statements other than statements of historical facts are forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements.

These forward-looking statements include information about our possible or assumed future results of operations or our performance. Words such as "expects," "intends," "plans," "believes," "anticipates," "estimates," and variations of such words and similar expressions are intended to identify the forward-looking statements. Although we believe that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to be correct. These statements involve known and unknown risks and are based upon a number of assumptions and estimates which are inherently subject to significant uncertainties and contingencies, many of which are beyond our control. Actual results may differ materially from those expressed or implied by such forward-looking statements.

We undertake no obligation to publicly update or revise any forward-looking statements contained in this Annual Report, or the documents to which we refer you herein, to reflect any change in our expectations with respect to such statements or any change in events, conditions or circumstances on which any statement is based.

This report should be read in conjunction with our audited consolidated financial statements and the accompanying notes thereto for the fiscal year ended April 30, 2011, which are included in Item 6 to this Annual Report.

PART I

ITEM 1. KEY INFORMATION.

A. Selected Financial Data

The selected financial information set forth below has been derived from our audited financial statements for the years ended and as of April 30, 2011, 2010 and 2009.

The information is only a summary and should be read in conjunction with our audited financial statements and notes thereto contained elsewhere herein. The financial results should not be construed as indicative of financial results for subsequent periods. See Item 2 of this Annual Report and the financial statements and the accompanying notes thereto included under Item 6 of this Annual Report for further information about our financial results and condition.

	For the year ended April 30		
	2011	**2010**	**2009**
	(in HK$'000, except for per share data)		
Revenues	1,323,533	966,755	913,444
Cost of revenues	(1,074,880)	(810,187)	(749,649)
Gross profit	248,653	156,568	163,795
Selling, general and administrative expenses	(83,584)	(63,824)	(69,241)
Other income	4,711	4,364	2,102
Write-off of property, plant and equipment	(1,791)	(40,348)	-
Gain/(loss) on disposal of property, plant and equipment	1,315	1,077	(29,031)
Income from operations	169,304	57,837	67,625
Interest income	124	60	240
Interest expense	(3,008)	(2,733)	(5,355)
Income before income tax expense	166,420	55,164	62,510
Income tax expense	(33,106)	(10,857)	(772)
Net income	133,314	44,307	61,738
Net income per share			
Basic and diluted income per ordinary share	HK$16.9	HK$6.3	HK$8.8
Basic and diluted weighted average number of ordinary shares	7,891,754	7,054,583	7,054,583

	April 30		
	2011	**2010**	**2009**
Total assets	1,201,927	977,492	844,097
Total liabilities	455,667	411,400	294,068
Total shareholders' equity	746,260	566,092	550,029

Unless otherwise noted, all translations from Hong Kong dollars to U.S. dollars in this Annual Report were made at the noon buying rate in the City of New York for cable transfers of Hong Kong dollars as certified for customs purposes by the Federal Reserve Bank of New York on October 28, 2011, which was HKD$7.7364 to U.S.$1.00. We make no representation that any Hong Kong dollars or U.S. dollar amounts could have been, or could be, converted into U.S. dollar or Hong Kong dollars, as the case may be, at any particular rate, at the rates stated below, or at all.

The following table sets forth information concerning exchange rates between the Hong Kong dollar and the U.S. dollar for the periods indicated, in Hong Kong dollars per U.S. dollar. These rates are provided solely for your convenience and are not necessarily the exchange rates that we used in this Annual Report or will use in the preparation of our periodic reports or any other information to be provided to you.

Period*(1)*	Period End	Average(2)	Maximum	Minimum
October 28, 2011	$ 7.7634	–	–	–
September 2011	7.7840	$ 7.7943	7.804	7.783
August 2011	7.7876	$ 7.7965	7.8087	7.7876
July 2011	7.7942	$ 7.7892	7.7964	7.7802
June 2011	7.7814	7.7850	7.7976	7.7767
May 2011	7.7777	7.7742	7.7855	7.7652
April 2011	7.7673	7.7716	7.7784	7.7669
2011	7.7673	7.7748	7.7926	7.7515
2010	7.7637	7.7552	7.7665	7.7497
2009	7.7500	7.7693	7.8041	7.7499
2008	7.7950	7.7924	7.8264	7.7502
2007	7.8212	7.7874	7.8212	7.7567

(1) For all periods prior to January 1, 2009, the exchange rate refers to the noon buying rate as reported by the Federal Reserve Bank of New York. For periods beginning on or after January 1, 2009, the exchange rate refers to the noon buying rate as set forth in the weekly H.10 statistical release of the Federal Reserve Board

(2) Annual averages are calculated from month-end rates. Monthly averages are calculated using the average of the daily rates during the relevant period

B. Risk Factors

An investment in our securities involves a high degree of risk. You should consider carefully all of the risks described in Item 3.D of Form 20-F, together with the other information contained therein before making a decision to invest in our securities.

ITEM 2. OPERATING AND FINANCIAL REVIEW AND PROSPECTS.

A.1 Operating Results

Overview

We are a vertically integrated plastic manufacturing services provider. We provide comprehensive precision plastic manufacturing services from mold design and fabrication and plastic injection manufacturing to secondary-process finishing as well as parts assembly through our wholly owned subsidiary, Plastec.

We manufacture our products solely on the basis of customer orders. Our major customers include leading international OEM, ODM and OBM manufacturers of consumer electronics, electrical home appliances, telecommunication devices and computer peripherals.

The Asia-Pacific region has been our principal market, accounting for approximately 91.4%, 83.1% and 64.4% of our revenue for the three years ended April 30, 2009, 2010 and 2011, respectively. Other markets, especially Europe and the United States, accounted for approximately 8.6%, 16.9% and 35.6% of our revenue for the three years ended April 30, 2009, 2010 and 2011, respectively.

Plastec has six production facilities located in Dongguan, Shenzhen, Zhuhai, and Heyuan cities of Guangdong Province and Kunshan of Jiangsu Province, China. We have carefully selected the locations of these production facilities in order to facilitate timely delivery of our products to customers to accommodate their “just-in-time” inventory control systems and production schedules. The “just-in-time” model refers to an optimal material requirement planning system for a manufacturing process in which there is little or no manufacturing material inventory on hand at the manufacturing site and little or no incoming inspection.

Our business has grown significantly over the past few years. Driven by increasing orders from our customers, revenues increased from HK$913.4 million for the year ended April 30, 2009 to HK$1,323.5 million for the year ended April 30, 2011, representing a compound annual growth rate, or “CAGR,” of 20.4%.

Factors Affecting Our Performance

The following are the key factors that may affect our financial condition and results of operations:

Our ability to stay current with the latest market trends and technology

Continued growth of our business depends to a significant extent on our ability to enhance our existing products and services and to develop new ones in light of the latest market trends and technology. As a majority of our customers make and sell consumer electronics and electrical home appliances, our industry is characterized by rapid technological changes and changing consumer preferences. Most of the consumer electronics and electrical home appliances tend to have short product life cycles, faster technology obsolescence and are subject to constantly evolving industry standards. In order to stay current with the latest market trends and technology, we must continually invest in new machines and technologies to upgrade and expand our manufacturing capabilities and know-how. If we are unable to remain up to date with respect to market trends and technology and correspondingly respond to our customers' requirements on a timely basis, demand for our products and services will be adversely affected.

Our ability to retain existing customers and compete for additional customers and new businesses

We service principally a limited number of multinational corporations. We depend on approximately five major customers, who collectively accounted for approximately 50.2%, 66.2% and 75.2% of our revenue for the years ended April 30, 2009, 2010 and 2011, respectively. Historically, our largest customer accounted for approximately 23.5%, 32.5% and 33.3% of our revenue for the years ended April 30, 2009, 2010 and 2011, respectively.

Our ability to retain our existing customers, to develop additional customers, and to secure new business opportunities from these existing and new customers is vital to our ongoing success and future expansion. Our industry is competitive, and we expect it to become more competitive as the plastic market becomes more globally integrated and as new entrants enter into this global market. If we lose, or receive reduced or delayed orders from, one or more of our existing major customers, or if we fail to develop additional customers, or if we fail to execute our expansion plan to compete for new business opportunities from these existing or new customers in different jurisdictions or in terms of additional product categories, our results of operations will be adversely affected.

Changes in selling prices and gross margin

A majority of our customers are manufacturers of consumer electronics, electrical home appliances, telecommunication devices or computer peripherals. As is typical in these industries, the selling prices of the end products tend to decline significantly over time. As a result, our customers have also placed pricing pressure on our products over the life of the product. We believe the selling prices of each of our products will continue to decline in the foreseeable future. To offset the declining selling prices, we must receive orders for new products that command higher initial selling prices in a timely manner. In addition, because the higher initial selling prices of a product often result in a higher gross margin, if we receive a large order of a new product or multiple orders of different new products in a short period of time, we may experience an increase in our gross margin. Conversely, if we do not receive orders for new products over time and cannot otherwise increase the selling prices of its products in a timely manner, our gross margins will decline.

Market demand for products made and sold by customers

We do not sell our products directly to the mass consumer market. Instead, we sell products, largely plastic components, to leading international OEM, ODM and OBM manufacturers for them to incorporate into their consumer electronics products, electrical home appliances, telecommunication devices and computer peripherals. Market demand for our products is, therefore, derived from the demand for the products of our customers. Our customers market their products globally and any significant change in the global demand or preference for these consumer electronics products, electrical home appliances, telecommunication devices and computer peripherals will affect our revenue. The ability of our customers to compete successfully to increase their market share will indirectly affect our business prospects and results of operations.

Critical Accounting Policies

We prepare our consolidated financial statements in accordance with U.S. GAAP, which requires us to make judgments, estimates and assumptions that affect:

the reported amounts of its assets and liabilities;

the disclosure of its contingent assets and liabilities at the end of each reporting period; and

the reported amounts of revenues and expenses during each reporting period.

We continually evaluate these estimates based on our own experience, knowledge and assessment of current business and other conditions, our expectations regarding the future based on available information and reasonable assumptions, which together form our basis for making judgments about matters that are not readily apparent from other sources. Some of our accounting policies require a higher degree of judgment than others in their application. When reading our consolidated financial statements, you should consider:

- our selection of critical accounting policies;
- the judgment and other uncertainties affecting the application of such policies; and
- the sensitivity of reported results to changes in conditions and assumptions.

We believe the following accounting policies involve the most significant judgments and estimates used in the preparation of our financial statements:

Depreciation and amortization

Our long-lived assets include property, plant and equipment. We amortize our long-lived assets using the straight-line method over the estimated useful lives of the assets, taking into account the assets' estimated residual values. We estimate the useful lives and residual values at the time we acquire the assets based on our management's knowledge on the useful lives of similar assets and replacement costs of similar assets having been used for the same useful lives respectively in the market, and taking into account anticipated technological or other changes. On this basis, we have estimated the useful lives of our buildings to be 30 years, our leasehold improvements to be three to six years, our plants and machinery to be three to ten years, our furniture, fixture and equipment to be three to six years, our computer equipment to be three to four years, our moulds to be two to five years and our motor vehicles to be five years. We review the estimated useful life and residual value for each of our long-lived assets on a regular basis. If technological changes are to occur more rapidly than anticipated, we may shorten the useful lives or lower the residual value assigned to these assets, which will result in the recognition of increased depreciation and amortization expense in the adjusted remaining useful lives.

Revenues

We derive revenues primarily from the sale of precision plastic parts and components in our role as an integrated plastic manufacturing services provider. Our sales and percentage sales to these different categories of customers for the periods described were approximately as follows:

	Year ended April 30,					
	2009		2010		2011	
Component	HK$'000	%	HK$'000	%	HK$'000	%
Consumer electronics	490,810	53.7	492,511	51.0	657,392	49.7
Electrical home appliances	72,271	7.9	22,433	2.3	9,925	0.7
Telecom devices	97,463	10.7	144,496	14.9	156,539	11.8
Computer peripherals	57,723	6.3	53,468	5.5	21,030	1.6
Others	195,177	21.4	253,847	26.3	478,647	36.2
Total	913,444	100.0	966,755	100.0	1,323,533	100.0

We categorize our sales as described in the table above on the basis of the primary industry to which our immediate customers belong, regardless of the actual goods we ship to such customers. For example, if a consumer electronics customer orders its goods for computer peripherals, we generally group such shipments under consumer electronics for the purpose of our sales analysis. While we have maintained sales to our consumer electronics and electrical home appliances customers, we have over the years made increasing amount of sales to other customers, such as manufacturers of telecommunication devices, computer peripherals and other manufacturers. Such sales analysis information is not based on U.S. GAAP requirements or any other accounting standards. You should not place undue reliance on such data.

The Asia-Pacific region, primarily including China, Hong Kong, Japan, Korea, Taiwan, Thailand and Vietnam on the basis of the immediate destination of sales, has been Plastec's principal geographical market, contributing 91.4%, 83.1% and 64.4% for the three

years ended April 30, 2009, 2010 and 2011, respectively. Other markets, especially Europe and the United States, contributed 8.6%, 16.9% and 35.6% to our revenues for each of the three years ended April 30, 2009, 2010 and 2011, respectively. We determine the geographical market of our sales based on the immediate destination of our goods shipped.

Cost of Sales

The main components of our cost of sales are raw materials, direct labor costs and factory overheads. Raw materials mainly include mold bases, resins, paints and solvents. Our direct labor cost relates to employees directly hired by Plastec, indirect employees Plastec hired from the PRC counterparties and temporary employees Plastec hires from time to time. Our factory overhead includes machinery depreciation, rental expenses, utility consumed and other indirect factory expenses incurred. Our cost of sales and percentage cost of sales for the periods presented were approximately as follows:

	Year ended April 30,					
	2009		2010		2011	
Component	HK$'000	%	HK$'000	%	HK$'000	%
Raw materials	371,741	49.6	371,249	45.8	512,593	47.7
Factory overheads	245,192	32.7	293,367	36.2	335,686	31.2
Direct labor costs	132,716	17.7	145,571	18.0	226,601	21.1
Total	749,649	100.0	810,187	100.0	1,074,880	100.0

Approximately 64.3% of our purchases of raw materials in the year ended April 30, 2011 were denominated in Hong Kong dollars, 30.2% in U.S. dollars and 5.5% in Renminbi. The main factor affecting the prices of our raw materials is the supply and demand for resins, mold bases and paints. However, fluctuations in prices of raw materials have not significantly affected our gross margins primarily because our quotations to our customers have been on a "cost-plus" basis that took into account the pre-determined prices of these raw materials as requested by our customers. In addition, our quotations to customers are generally subject to revision in the event of any significant increase in raw material prices.

Gross Margins

In general, factors affecting our revenue and cost of sales will affect our gross profit margin. The following factors tend to have a material effect on our gross margins:

Stage of the product life cycle. Most of the plastic parts and components we manufacture tend to experience price erosion over the life cycle of the end-products that our customers make and sell. Such products, especially consumer electronics and electrical home appliances, generally command a higher premium in the earlier stages of their life cycles and tend to decline toward the end of their life cycles. This life cycle also affects the pricing of our products. The pricing pressure is particularly acute and apparent during the time when products at the end of their life cycles are not replaced with new products, although such decline in margin is often compensated by larger volumes of orders subsequent to the start-up stage of a product.

Volume discounts. Typically, our customers with purchase orders exceeding a certain quantity will request and receive a volume discount. Such volume discounts will lead to a decrease in our unit selling price and lower our profit margin as a result.

Market penetration strategy. From time to time, we may price our products competitively to penetrate deeper into our target markets or to attract new customers. Such strategy will also lead to a decrease in our unit selling price and lower our profit margin as a result.

Operating Costs

Our operating costs mainly comprise of administrative expenses and distribution costs, as well as interest expenses. Our administrative expenses and distribution costs comprise mainly staff costs, including our directors' fees and remuneration, general administrative expenses, marketing expenses and office expenses, and constituted approximately HK$69.2 million, HK$63.8 million and HK$83.6 million for the years ended April 30, 2009, 2010 and 2011, respectively. In addition to the administrative expenses and distribution costs, we recorded loss on disposals of and write-off of fixed assets for approximately HK$29.0 million, HK$39.3 million and HK$0.5 million in the years ended April 30, 2009, 2010 and 2011, respectively.

Our interest expenses include mainly bank interest and charges in relation to Plastec's bank borrowings and finance leases, and constituted approximately HK$5.4 million, HK$2.7 million and HK$3.0 million for the years ended April 30, 2009, 2010 and 2011, respectively.

Income Tax

Due to the various tax incentives available to Plastec, our effective corporate income tax rates for the years ended April 30, 2009, 2010 and 2011 were 1.2%, 19.7% and 19.9%, respectively. The comparatively lower effective tax rate in 2009 was due to a write back of an over-provided income tax provision in prior years.

Hong Kong. Plastec is subject to income tax on its profits in Hong Kong at the prevailing corporate tax rate of 16.5%. Plastec makes provisions for its Hong Kong profit tax in its combined financial statements in reliance on the Departmental Interpretation and Practice Note No. 21 issued by the Hong Kong Inland Revenue Department regarding processing arrangements. Accordingly, Plastec's relevant subsidiaries have made provisions at the prevailing Hong Kong profit tax rate on 50% of their estimated assessable profit from their sale of goods manufactured in China under their processing arrangements for each year.

China. The following are Plastec's four operating subsidiaries with operations in China:

Dongguan Sun Chuen Plastic Products Co., Ltd., or "Dongguan Sun Chuen";

Heyuan Sun Line Industrial Ltd., or "Heyuan Sun Line Industrial";

Sun Line Precision Industrial (Zhuhai) Ltd., or "Zhuhai Sun Line"; and

Broadway Precision Industrial (Kunshan) Ltd., or "Kunshan Broadway".

As a result, Plastec is subject to various PRC taxes as well as the benefits of various PRC tax incentives. The rate of income tax chargeable on companies in China varies depending on the availability of preferential tax treatment or subsidies based on their industry or location. Under PRC laws and regulations, prior to December 31, 2007, a company established in China was typically subject to a national enterprise income tax at the rate of 30% on its taxable income and a local enterprise income tax at the rate of 3% on its taxable income. The PRC government has provided various incentives to foreign-invested enterprises to encourage foreign investments. Foreign-invested enterprises that are determined by PRC tax authorities to be manufacturing companies with authorized terms of operation for more than ten years are eligible for:

a national enterprise income tax at the rate of 24% on its taxable income if such enterprises are located in coastal economic open zones or in the old urban districts of the Special Economic Zones or the Economic and Technological Development Zones in the PRC;

a two-year exemption from the national enterprise income tax beginning with their first profitable year; and

a 50% reduction of their applicable national enterprise income tax rate for the succeeding three years.

The local preferential enterprise taxation treatment is within the jurisdiction of the local provincial authorities as permitted under the current PRC tax laws relating to foreign-invested enterprises. The local tax authorities decide whether to grant any tax preferential treatment to foreign-invested enterprises on the basis of their local conditions. Under such PRC laws and regulations, Plastec's PRC subsidiary, Dongguan Sun Chuen, has been approved by the relevant PRC tax authorities for a reduced enterprise income tax rate of 12.5% from 2009 through 2011. When these tax benefits expire, the effective tax rate of Plastec's PRC subsidiaries will increase, which will result in an increase in Plastec's income tax expenses.

In March 2007, the National People's Congress of China enacted a new Enterprise Income Tax Law, which became effective on January 1, 2008. In December 2007, the State Council promulgated the Regulations on the Implementation of the Enterprise Income Tax Law of the PRC, which became effective on January 1, 2008. The new tax law imposes a unified income tax rate of 25% on all domestic enterprises and foreign-invested enterprises unless they qualify under certain limited exemptions, and the enterprise income tax will no longer be divided into the national enterprise income tax and the local enterprise income tax. The new PRC tax law also permits companies to continue to enjoy their existing preferential tax treatment until such treatment expires in accordance with its current terms. Under the new PRC tax law, Zhuhai Sun Line and Kunshan Broadway (which were incorporated in 2008) are subject to the unified income tax rate of 25% on all sales, while Dongguan Sun Chuen will be subject to half of the unified income tax rate of 25%, i.e. 12.5%, from 2009 through 2011.

Under the PRC tax law effective prior to January 1, 2008, dividend payments to foreign investors made by foreign-invested enterprises such as its PRC subsidiaries are exempted from PRC withholding tax. Pursuant to the new PRC tax law, however, dividends payable by a foreign-invested enterprise to its foreign investors is subject to a 10% withholding tax, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. Heyuan Sun Line Industrial is directly held by the Hong Kong-incorporated Sun Line Industrial Limited, or "Sun Line (HK)," and Dongguan Sun Chuen is directly held by Samoa-incorporated New Skill Holdings Limited, or "New Skill." While Hong Kong has a tax treaty with China to reduce such withholding tax to 5% for qualified Hong Kong-incorporated holding companies, Samoa does not have any such treaty with China.

Plastec may have uncertainty over non-taxable income benefit in the business of our BVI subsidiary Broadway Industrial Holdings Limited under its processing arrangement in PRC. Based on the operation of Broadway Industrial Holdings Limited, the PRC bureau may take the position that it has permanent establishment in the PRC. In this regard, Broadway Industrial Holdings Limited is subject to enterprise income tax at a rate of 25% on the net profits attributable to the permanent establishment in the PRC. We are now in the process to file with the PRC tax bureau to settle the prior years tax position for Broadway Industrial Holdings Limited. Included in the additional tax payable under enterprise income tax in China, we also provided interest accrued. We may be subject to tax penalty and surcharge in the PRC while we considered the risk of being penalized would be minimal. If the PRC tax bureau deemed that we failed to pay tax within the prescribed time limit, it may impose tax penalty from 0.5 to 3 times of the tax undercharged while the final amount is at its discretion, and surcharge at 0.05% of the overdue payment calculated daily with effect from the date on which the obligation to pay tax first arose.

Macau. Under Decree-Law No. 58/59/M, a Macau company incorporated under such 58/59/M law is exempted from Macau complementary tax, or Macau income tax, as long as such 58/59/M company does not sell its products to a Macau resident. Plastec's subsidiary, Sun Line (Macao Commercial Offshore) Company Limited, or "Sun Line (Macau)," was incorporated in Macau on August 13, 2004 and is qualified as a 58/59/M company.

A.2 Review of Results of Operations

Year ended April 30, 2011 v. Year ended April 30, 2010

Revenues. Our revenues increased by approximately 36.9% to HK$1,323.5 million in the year ended April 30, 2011 from HK$966.8 million in the year ended April 30, 2010. This was due to the increased sales to our major customers supported by our expanded manufacturing capacity.

Cost of sales. Our cost of sales increased by approximately 32.7% to HK$1,074.9 million in the year ended April 30, 2011 from HK$810.2 million in the year ended April 30, 2010. The increase of cost of sales in the year ended April 30, 2011 resulted from the higher production levels. The cost of raw materials was HK$512.6 million, or approximately 47.7% of the total cost of sales in the year ended April 30, 2011 compared to HK$371.2 million, or approximately 45.8% in the year ended April 30, 2010. Our direct labor costs increased to HK$226.6 million, or approximately 21.1% of the cost of sales in the year ended April 30, 2011 compared to HK$145.6 million, or approximately 18.0% in the year ended April 30, 2010. The increase in direct labor costs was in line with the overall increased level of wages and other workers' benefits. Our factory overheads increased to HK$335.7 million, or approximately 31.2% in the year ended April 30, 2011 compared to HK$293.4 million, or approximately 36.2% in the year ended April 30, 2010.

Gross profit. Our gross profit increased by approximately 58.8% to HK$248.7 million in the year ended April 30, 2011 from HK$156.6 million in the year ended April 30, 2010. Our gross profit margin increased to 18.8% from 16.2% between the two periods. This was primarily due to economies of scale and effective overall cost control.

Other income. Our other income increased by approximately 6.8% to HK$4.7 million in the year ended April 30, 2011 from HK$4.4 million in the year ended April 30, 2010. This was mainly the result of compensation received from the local government for acquiring a small piece of land owned by Heyuan Sun Line Industrial Limited in China.

Selling, general and administrative expenses. Our selling, general and administrative expenses increased by approximately 31.0% to HK$83.6 million in the year ended April 30, 2011 from HK$63.8 million in the year ended April 30, 2010.

Interest expenses. Our interest expenses increased by approximately 11.1% to HK$3.0 million in the year ended April 30, 2011 from HK$2.7 million in the year ended April 30, 2010. The increase was primarily due to higher bank borrowings during the year.

Income before income tax expense. Our income before income tax expense increased by approximately 201.4% to HK$166.4 million in the year ended April 30, 2011 from HK$55.2 million in the year ended April 30, 2010.

Income tax expense. Our income tax expenses increased by approximately 203.7% to HK$33.1 million, representing an effective tax rate of 19.9%, in the year ended April 30, 2011 from HK$10.9 million, representing an effective tax rate of 19.7%, in the year ended April 30, 2010. The increase was due to the additional tax provisions provided following the assessment of our uncertainty in income taxes during the year.

Net income. Our net income increased by approximately 200.9% to HK$133.3 million in the year ended April 30, 2011 from HK$44.3 million in the year ended April 30, 2010.

Year ended April 30, 2010 v. year ended April 30, 2009

Revenues. Our revenues increased by approximately 5.8% to HK$966.8 million in the year ended April 30, 2010 from HK$913.4 million in the year ended April 30, 2009. During the year ended April 30, 2010, the global economic environment became more stable compared to the prior year. We continued to strengthen our production capabilities and capacities to cater to different product requirements of our customers. Despite some of the sales orders from our customers were reduced due to manufacturing or financial issues impacting such customers, we could still solicit more sales orders from our major customers to balance the effect. Additionally, our Zhuhai and Kushan Manufacturing Plants started to provide contributions during the year ended April 30, 2010.

Cost of sales. Our cost of sales increased by approximately 8.1% to HK$810.2 million in the year ended April 30, 2010 from HK$749.6 million in the year ended April 30, 2009. The increase of cost of sales in the year ended April 30, 2010 primarily resulted from the increase in factory overheads and labor costs during the fiscal year resulting from higher production levels. The cost of our materials was HK$371.2 million, or approximately 45.8% of its total cost of sales, in the year ended April 30, 2010 compared to HK$371.7 million, or approximately 49.6%, in the year ended April 30, 2009. Our direct labor costs increased to HK$145.6 million, or approximately 18.0% of its cost of sales, in the year ended April 30, 2010 compared to HK$132.7million, or approximately 17.7%, in the year ended April 30, 2009. The increase in direct labor costs was in line with overall increased wages of local labor including other workers' benefits. Our factory overheads increased to HK$293.4 million, or approximately 36.2% of our total cost of sales, in the year ended April 30, 2010 as compared to HK$245.2 million, or approximately 32.7%, in the year ended April 30, 2009, as a result of increase in subcontracting for further processing in production and depreciation.

Gross profit. Our gross profit decreased by approximately 4.4% to HK$156.6 million in the year ended April 30, 2010 from HK$163.8 million in the year ended April 30, 2009. Our gross profit margin decreased to 16.2% from 17.9% between the two fiscal years. This was primarily due to the increased direct labor costs and factory overheads during the year, which are proportionately more than that of sales.

Other income. Our other income increased by approximately 109.5% to HK$4.4 million in the year ended April 30, 2010 from HK$2.1 million in the year ended April 30, 2009. The increase was mainly due to net exchange gain and sales of scrap materials.

Selling, general and administrative expenses. Our selling, general and administrative expenses decreased by approximately 7.8% to HK$63.8 million in the year ended April 30, 2010 from HK$69.2 million in the year ended April 30, 2009. In addition to the administrative expenses, we incurred loss on write-off of and disposal of fixed assets for a sum of HK$39.3 million in the year ended April 30, 2010 and HK$29.0 million in the year ended April 30, 2009. The one-time write off resulted from the close down of the Shenzhen Sun Line Processing Factory and the Shenzhen Sun Ngai Processing Factory during the year in connection with restructuring our manufacturing capabilities.

Interest expenses. Our interest expenses decreased by approximately 50.0% to HK$2.7 million in the year ended April 30, 2010 from HK$5.4 million in the year ended April 30, 2009. The decrease was primarily due to the lower balance in our outstanding obligations under Plastec's finance leases bearing higher interest rate while average balance of its bank borrowings bearing lower interest rate were increased.

Income before income tax expense. Our income before income tax expense decreased by approximately 11.7% to HK$55.2 million in the year ended April 30, 2010 from HK$62.5 million in the year ended April 30, 2009.

Income tax expense. Our income tax expenses increased by approximately 1,262.5% to HK$10.9 million, representing an effective tax rate of 19.7%, in the year ended April 30, 2010 from HK$0.8 million, representing an effective tax rate of 1.2%, in the year ended April 30, 2009. As there was a written back of the income tax being over-provided in prior years for the year ended April 30, 2009, our effective tax rate increased for the year ended April 30, 2010.

Net income. Our net income decreased by approximately 28.2% to HK$44.3 million in the year ended April 30, 2010 from HK$61.7 million in the year ended April 30, 2009.

A.3 Liquidity and Capital Resources

Our operations have been generally funded through a combination of net cash generated from its operations, equity capital and borrowings from financial institutions. We believe that we have adequate working capital to finance our operations.

Summary of Cash Flows (in HK dollars thousands)	**Year Ended April 30, 2009**	**Year Ended April 30, 2010**	**Year Ended April 30, 2011**
Net Cash From Operating Activities	219,143	205,113	261,640
Net Cash From Investing Activities	(180,761)	(178,277)	(227,581)
Net Cash From Financing Activities	(58,637)	28,661	34,176
	(20,255)	55,497	68,235

For the year ended April 30, 2011

Net cash generated from operating activities. In the year ended April 30, 2011, we generated a net cash inflow from operating activities of approximately HK$261.6 million, which comprised operating cash flows before changes in operating assets and liabilities of HK$279.7 million, adjusted for net outflows from changes in operating assets and liabilities of HK$18.1 million.

Net cash used in investing activities. We recorded a net cash outflow from investing activities of HK$227.6 million, which was primarily attributable to the purchase of property, plant and equipment related to our capacity expansion as well as facilities upgrading.

Net cash generated from financing activities. We recorded a net cash inflow from financing activities of HK$34.2 million. This was mainly due to the net proceeds of approximately HK$58.2 million from the merger transaction, bank borrowings of HK$55.8 million and after the payment of dividends of HK$70.0 million during the fiscal year.

For the year ended April 30, 2010

Net cash generated from operating activities. In the year ended April 30, 2010, we generated a net cash inflow from operating activities of approximately HK$205.1 million, which comprised operating cash flows before changes in operating assets and liabilities of HK$210.4 million, adjusted for net outflows from changes in operating assets and liabilities of HK$5.3 million.

Net cash used in investing activities. We recorded a net cash outflow from investing activities of HK$178.3 million, which was primarily attributable to the purchase of property, plant and equipment related to our capacity expansion including new plants in Zhuhai and Kunshan as well as facilities upgrading.

Net cash generated from financing activities. We recorded a net cash inflow from financing activities of HK$28.7 million. This was mainly due to the new bank borrowings, including the drawdown of two long term bank loans and after the payment of dividends of HK$20.0 million during the fiscal year.

For the year ended April 30, 2009

Net cash generated from operating activities. In the year ended April 30, 2009, we generated a net cash inflow from operating activities of approximately HK$219.1 million which comprised operating cash flows before change in operating assets and liabilities of HK$197.8 million, adjusted for net inflows from changes in operating assets and liabilities of HK$21.3 million.

Net cash used in investing activities. We recorded a net cash outflow from investing activities of HK$180.8 million which was primarily attributable to the acquisition of property, plant and equipment.

Net cash used in financing activities. We recorded a net cash outflow from financing activities of HK$58.6 million. This was mainly due to the repayment of bank borrowings and finance lease obligations of HK$317.4 million against new bank borrowings of HK$258.8 million.

A.4 Working capital

We believe that we have adequate working capital for our present requirements and that our net cash generated from operating activities, together with cash and cash equivalents, our borrowing capacity and the net proceeds from the Merger, will provide sufficient funds to satisfy our working capital requirements, planned capital expenditures and debt repayments for the period ending 12 months from the date of Form 20-F.

A.5 Indebtedness

The following table shows our indebtedness as of April 30, 2011:

	Actual HK$'000
Short-term debt:	
Bank loans	169,710
Finance lease liabilities	5,311
Long-term debt:	
Finance lease liabilities	303
Total Indebtedness	175,324

Our short-term debts as of April 30, 2011 included short term bank loans of HK$169.7 million and current portion of finance lease liabilities of HK$5.3 million.

Our long-term debts as of April 30, 2011 included long term portion of finance lease liabilities of HK$0.3 million with fixed repayment schedules.

A.6 Contractual Obligations and Commitments

The following table sets forth our contractual cash commitments as of April 30, 2011. Amounts for debt obligations are principal amounts only.

	Total	Payment Due Within 1 Year	Within 2 – 5 Years	After 5 Years
	HK$'000	HK$'000	HK$'000	HK$'000
Short-term debt obligations	169,710	169,710	-	-
Finance lease obligations	5,614	5,311	303	-
Operating lease obligations	40,998	14,408	26,590	-
Capital commitments	67,094	67,094	-	-
TOTAL	283,416	256,523	26,893	-

The long-term and short-term debt obligations in the above table included the long-term and short-term debts as disclosed under "Indebtedness" in Item 2.A.5.

The operating lease obligations in the above table included the rents payable for the leased properties as disclosed under "Properties" in Item 4.B of Form 20-F.

The capital commitments in the above table included the contracted but not provided for acquisition of property, plant and equipment.

A.7 Orders

As consumer electronics, electrical home appliances and other end products to which we provide our products and services are relatively more sensitive to changes in consumer preference and to the impact of competing products, our customers tend to monitor the market demand and supply of their products and other competing products more closely and to time the introduction and inventorying of their products. These customers generally give us purchase orders one to two months in advance. As a result, we endeavor to maintain our competitive advantage by meeting our customers' just-in-time inventory control requirements.

A.8 Off-Balance Sheet Arrangements

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholders' equity or that are not reflected in our combined financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to it or that engages in leasing, hedging or research and development services with us. There are no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, net sales or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to an investor.

A.9 Market Risks

Market risk is a broad term for the risk of economic loss due to adverse changes in the fair value of a financial instrument. These changes may be the result of various factors, including interest rates, foreign exchange rates, commodity prices and/or equity prices.

Foreign exchange risk. Plastec's sales are mainly denominated in Hong Kong dollars and U.S. dollars. Plastec's costs and capital expenditures are largely denominated in Renminbi and other foreign currencies. Fluctuations in currency exchange rates, particularly among the Hong Kong dollar, U.S. dollars and Renminbi, could have a significant impact on our financial condition and results of operations, affect our gross and operating profit margins and result in foreign exchange and operating gains or losses. We incurred a net foreign currency exchange loss of approximately HK$2,108,000 for the year ended April 30, 2009, gains of approximately HK$997,000 for the years ended April 30, 2010, and loss of approximately HK$1,164,000 for the year ended April 30, 2011, respectively. We currently do not plan to enter into any hedging arrangements, such as forward exchange contracts and foreign currency option contracts, to reduce the effect of our foreign exchange risk exposure. Even if we decide to enter into any such hedging activities in the future, we may not be able to effectively manage its foreign exchange risk exposure. In addition, Plastec's financial statements are expressed in Hong Kong dollars but the functional currency of its principal operating subsidiaries in China is in Renminbi. To the extent Plastec's PRC subsidiaries hold assets denominated in foreign currencies, any appreciation of Renminbi against such foreign currencies could result in a charge to our consolidated statement of income and decrease the value of our foreign currency denominated assets.

Interest rate risk. Plastec's exposure to interest rate risk relates to interest expenses incurred by its short-term and long-term borrowings. We have not used any derivative financial instruments to manage our interest rate risk exposure, except two-year Interest Rate Swap contracts for an amount of HK$21.6 million and HK$40.0 million to fix the interest cost for its prevailing long-term bank loans in March and August 2010, respectively. Historically, we have not been exposed to material risks due to changes in interest rates on any third-party debt. However, future interest expenses on our borrowings may increase due to changes in interest rates.

A.10 Seasonality

Market demand for our products is derived from the demand for the products of our customers. Our customers market their products globally and any significant change in the global demand or preference for these consumer electronics, electrical home appliances, telecommunication devices and computer peripherals will affect our revenue. We have not been subject to any seasonality in our business operations in any material respect.

A.11 Inflation

Inflation in the PRC has not materially impacted our results of operations.

A.12 No Subsequent Material Change

There have been no material changes in our financial condition and results of operations subsequent to April 30, 2011 up to the date of Form 20-F.

B. Liquidity and Capital Resources

The disclosure set forth in Item 2.A.3 of this Annual Report is incorporated herein by reference.

C. Research and Development, Patents and Licenses, Etc.

The disclosure set forth under "Research and Development" in Item 4.B of Form 20-F is incorporated herein by reference.

D. Trend Information

The disclosure set forth in Items 2.A.7 & 10 of this Annual Report are incorporated herein by reference.

E. Off-Balance Sheet Arrangements

The disclosure set forth in Item 2.A.8 of this Annual Report is incorporated herein by reference.

F. Contractual Obligations and Commitments

The disclosure set forth in Item 2.A.6 of this Annual Report is incorporated herein by reference.

ITEM 3. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES.

A. Directors and Senior Management

Our current directors and officers are:

Name	Age	Position
Kin Sun Sze-To(4)	50	Chairman of the Board and Chief Executive Officer
Chin Hien Tan(4)	52	Chief Operating Officer
Ho Leung Ning(4)	51	Chief Financial Officer
Eli D. Scher(1)(3)	31	Non-Executive Vice Chairman of the Board
J. David Selvia(2)	35	Director
Chung Wing Lai(1)(2)(3)	64	Director
Joseph Yiu Wah Chow(1)(2)(3)	51	Director

(1) Serves as a member of the audit committee.
(2) Serves as a member of the compensation committee.
(3) Serves as a member of the nominating and corporate governance committee.
(4) Serves as a member of the executive committee.

Kin Sun Sze-To has been our Chairman of the Board and Chief Executive Officer since the consummation of the Merger in December 2010 and has served as the Chairman of Plastec's Board and an Executive Director since its formation. Mr. Sze-To founded the precursor of the Plastec group in 1993. Mr. Sze-To is responsible for directing and reviewing Plastec's long-term business development strategies, as well as establishing its operational objectives and assignments. Mr. Sze-To is also responsible for directing and overseeing Plastec's marketing and business expansion. Prior to founding Plastec, Mr. Sze-To started his career in the specialized field of spraying and silk screening of plastics products, before diversifying and accumulating over 20 years of experience in other areas of the plastic injection and molding industry. We believe Mr. Sze-To's past business experience in the plastics industry as well as his contacts and relationships make him well qualified to be a member of our board of directors. Mr. Sze-To graduated from the Third Kaiping High School of China in 1978.

Chin Hien Tan has served as our Chief Operating Officer since the consummation of the Merger in December 2010 and has been Plastec's Executive Director since November 2005. Mr. Tan joined Plastec's precursor in 1999 and is responsible for the administration and management of its PRC operations as well as its marketing development. He has over 24 years of experience in the manufacturing industry, with 19 years of experience in three manufacturing entities in Singapore. We believe Mr. Tan's past business experience in the manufacturing industry makes him well qualified to be a member of our board of directors. Mr. Tan graduated from the River Valley High School of Singapore with a General Certificate of Education, Advanced level, in 1977.

Ho Leung Ning has served as our Chief Financial Officer since the consummation of the Merger in December 2010 and has been an Executive Director of Plastec since November 2005. Mr. Ning joined Plastec as a deputy general manager in January 2005. Mr. Ning is responsible for Plastec's corporate planning and financial activities, and he has over 20 years of experience in the banking and finance industry. Prior to joining Plastec, Mr. Ning was the Assistant General Manager of the Hong Kong branch of The Bank of Tokyo Mitsubishi UFJ, Ltd. We believe Mr. Ning's past business experience and financial knowledge and understanding makes him well qualified to be a member of our board of directors. Mr. Ning graduated from the Hong Kong Baptist University with an Honors Diploma in Economics in 1984.

Eli D. Scher has served as our Non-Executive Vice Chairman of the Board since January 2011, shortly after the consummation of the Merger in December 2010. Previously, he served as GSME Acquisition Partners I's Chief Executive Officer from its inception. Since February 2011, Mr. Scher has served as an investment analyst at Perella Weinberg Partners. From July 2007 to December 2010, Mr. Scher served as chief executive officer of GSME Capital Partners Inc., a principal investment business headquartered in Shanghai founded in July 2007. From July 2007 to February 2008, Mr. Scher served as chief development officer and a director of Media Communication Group, a high-technology, LED media business that is the exclusive operator of LED advertising screens in the subway systems of China's major cities, and served as its chief financial officer from February 2008 to January 2011. Additionally, Mr. Scher co-founded Fundamental Films, a film distribution and production company, headquartered in Shanghai, in 2008 and served as a director until January 2011. From September 2003 to February 2007, Mr. Scher served as a principal at Daroth Capital Advisors LLC, which is involved in investing and advising clients on financings, mergers and acquisitions and restructurings, where he led the firm's Asian business development efforts. From July 2002 to September 2003, he served as a vice president of Cohen Bros. & Co., a private investment bank. We believe Mr. Scher's past business experience and

financial contacts and relationships make him well qualified to be a member of our board of directors. Mr. Scher received an A.B. in East Asia Studies from Princeton University in 2002. Mr. Scher is fluent in Mandarin Chinese.

J. David Selvia has served as a Director of ours since the consummation of the Merger in December 2010 and has been an Independent Non-Executive Director of Plastec since June 2010. Mr. Selvia joined Cathay Plastic Limited (BVI) ("Cathay") in July 2006 as Vice President and served in such capacity until April 2010 when he was appointed Managing Director. Mr. Selvia is currently responsible for analyzing new investment opportunities and investment execution. Prior to joining Cathay, from 2004 to 2006, Mr. Selvia attended The Wharton School of the University of Pennsylvania and the Lauder Institute at the University of Pennsylvania to obtain his Masters degree in Business Administration and Masters degree in International Relations. Previously, Mr. Selvia served as the Business Development Director for GE Capital (Asia) and Business Development Manager for GE Corporate Initiatives Group, both based in Shanghai, from 2000 to 2004. We believe Mr. Selvia's past business experience, investment activities and contacts and relationships make him well qualified to be a member of our board of directors. Mr. Selvia received a Bachelor of Arts degree in Economics and International Relations from Boston University in 1998 and a Masters degree in Finance from The Wharton School of the University of Pennsylvania in 2006 as well as a Masters degree in International Relations from the Lauder Institute at the University of Pennsylvania in 2006. Mr. Selvia speaks Mandarin.

Chung Wing Lai has been a Director of ours since the consummation of the Merger in December 2010. Since July 2002, Mr. Lai has been involved in business consultancy and advisory work in the Asia Pacific region. From 1999 to February 2009, he was an independent non-executive director of Kingboard Copper Foil Holdings Ltd, a public listed company on The Stock Exchange of Singapore. He was previously the managing director of Seaunion Holdings Ltd. (now known as South Sea Petroleum Holdings Ltd), an oil and gas company listed on The Stock Exchange of Hong Kong Ltd. He is an independent non-executive director of Kingboard Chemical Holdings Ltd, which is a public listed company on The Stock Exchange of Hong Kong Ltd. We believe Mr. Lai's past business experience, including serving as an independent director of a number of publicly listed companies, makes him well qualified to be a member of our board of directors. Mr. Lai received a Bachelor-of-Laws (Honours) degree from the University of London in 1983.

Joseph Yiu Wah Chow has been a Director of ours since the consummation of the Merger in December 2010. Mr. Chow has over 20 years experience in auditing, accounting, and financial management. He has been a senior partner of JYC & Company, an accounting firm, since January 2006 and a practicing director of KTC Partners CPA Ltd. since May 2008. We believe Mr. Chow's financial background in auditing, accounting and financial management makes him well qualified to be a member of our board of directors and chairman of our audit committee. Mr. Chow graduated from the University of Ulster in the United Kingdom with a Bachelor degree in Accounting in 1989. Additionally, Mr. Chow is also admitted as a member of Association of Chartered Certified Public Accountants in 1991 and a member of the Hong Kong Institute of Certified Public Accountants in 1992. He has also been an associate member of the Taxation Institute of Hong Kong since 1992, Hong Kong Securities Institute since 1998 and Institute of Chartered Accountants in England and Wales since 2006.

Each director serves until our next annual general meeting, if one is called for, and until his successor is elected and qualified. We have not entered into service or similar contracts with our directors.

B. Compensation

Compensation of Senior Management/Executive Officers

Since we did not have an operating business prior to our Merger in December 2010, our officers did not receive any compensation for their services prior to such date; and since we had no other employees, we did not have any employment agreements, compensation policies, procedures, objectives or programs in place.

Following the consummation of the Merger, our executive officers have continued to be compensated, as has been the case prior to the Merger, at the Plastec subsidiaries level on terms summarized below:

Employment Agreements

Each of Kin Sun Sze-To, Chin Hien Tan and Ho Leung Ning are and have been employed by certain of Plastec's subsidiaries pursuant to certain employment agreements receiving aggregate annual base salary in the sums of HK$3.9 million, HK$1.69 million and HK$1.56 million, respectively. These employment agreements have remained in effect following closing of the Merger and have been amended to provide for their services be extended to cover us with no additional compensation in terms of base salary. Each employment agreement terminates upon the death or disability (as defined in the agreements) of the executive officer and may be terminated by either Sun Line (HK) or the executive officer with or without "cause" (as defined in the agreements). Upon termination for death, disability, for cause by Sun Line (HK) or without cause by the executive officer, the executive officer is entitled to all accrued and vested amounts due upon termination. Upon termination without cause by Sun Line (HK) or for cause by the executive officer, the executive officer is entitled to his compensation for the remainder of the term of the agreement as if the employment agreement had not been terminated.

The following table and summary set forth certain information about such employment agreements as they were amended upon consummation of our Merger in December 2010:

Executive Officer	Position	Term	Employing entity
Kin Sun Sze-To	Chairman of the Board and Chief Executive Officer of Plastec Technologies, Ltd., Director of Sun Line (HK)	Three Years, commencing December 16, 2010	Sun Line (HK)
Chin Hien Tan	Chief Operating Officer of Plastec Technologies, Ltd. and General Manager of Sun Line (HK)	Three Years, commencing December 16, 2010	Sun Line (HK)
Ho Leung Ning	Chief Financial Officer of Plastec Technologies, Ltd. and Deputy General Manager of Sun Line (HK)	Three Years, commencing December 16, 2010	Sun Line (HK)

Compensation – Base Salary at Plastec subsidiaries level

The following table sets forth the compensation of our executive officers at the Plastec subsidiaries level for the period from December 2010 (after our Merger) through the fiscal year ended April 30, 2011:

Name and Principal Position	Year	Salary (HK$)	Bonus (HK$)	Total (HK$)
Kin Sun Sze-To *Chairman of the Board and Chief Executive Officer*	2011	$ 1,850,790	-	$ 1,850,790
Chin Hien Tan *Chief Operating Officer*	2011	$ 773,394	-	$ 773,394
Ho Leung Ning *Chief Financial Officer*	2011	$ 720,000	-	$ 720,000

Bonus Plan – at the company level

We have also established a bonus plan for our management/executive officers. Pursuant to the plan, in order for any bonus to be paid, we must achieve an annual net profit (excluding any extraordinary items) of HK$78,000,000 in any fiscal year, which we refer to as the "Net Profit Target." If the Net Profit Target is achieved in any fiscal year, a pool of 4% of any amount over the Net Profit Target will be set aside to provide bonuses to our management/executive officers. Of the bonus pool that is created, Kin Sun Sze-To, Chin Hien Tan and Ho Leung Ning would currently be entitled to 32%, 24% and 24%, respectively, of the available bonus, with the remaining amount being made available for distribution to our remaining officers, subject to adjustment at the discretion of the board. Payment of any bonuses under the plan will be in cash or our ordinary shares (to be purchased in the open market), at the board's sole discretion. The plan has taken effect beginning with the current fiscal year ending April 30, 2011. Based on our financial results in the year ended April 30, 2011, we had met the Net Profit Target with the net profit after tax of HK$133,314,000 therefore bonuses will be paid under the plan; however, the exact amount of any such bonuses will be determined at a later time.

Compensation of Non-executive Independent Directors

Effective January 6, 2011, each of Eli D. Scher (our non-executive Vice Chairman), J. David Selvia, Chung Wing Lai and Joseph Yiu Wah Chow, our four non-executive independent directors, is paid HK$39,000, HK$20,000, HK$20,000 and HK$20,000, respectively, for each month that they continue to serve on our board.

C. Board Practices

Each director serves until our next annual general meeting, if one is called for, and until his successor is elected and qualified. We have not entered into service or similar contracts with our directors.

Sun Line (HK) has entered into employment agreements with Kin Sun Sze-To, Chin Hien Tan and Ho Leung Ning that provide for benefits upon termination of their employments, as described above in "Compensation for Senior Management/Executive Officers – Employment Agreements" under this Item.

Independence of Directors

Although we are not required to have a majority of independent directors on our board of directors, we have elected to have a majority of independent directors and have determined to utilize the definition of an "independent director" utilized by the NASDAQ Stock Market. Under the listing standards of the NASDAQ Stock Market, an "independent director" is generally defined as a person other than an officer or employee of the company or its subsidiaries or any other individual having a relationship which, in the opinion of the company's board of directors, would interfere with the director's exercise of independent judgment in carrying out the responsibilities of a director. Accordingly, consistent with the above-referenced considerations, our board of directors has affirmatively determined that each of Eli D. Scher, J. David Selvia, Chung Wing Lai and Joseph Yiu Wah Chow is an independent director, constituting a majority of our board of directors.

Board Committees

We have standing executive, audit, compensation and nominating and corporate governance committees. Except for the executive committee, each of these committees is comprised entirely of independent directors, as defined by the listing standards of the NASDAQ Stock Market. Moreover, the compensation committee is composed exclusively of individuals intended to be, to the extent required by Rule 16b-3 of the Exchange Act, non-employee directors and will, at such times as we are subject to Section 162(m) of the Internal Revenue Code, qualify as outside directors for purposes of Section 162(m) of the Internal Revenue Code.

Executive Committee

Our executive committee is currently comprised of Kin Sun Sze-To, Chin Hien Tan and Ho Leung Ning. While the executive committee does not have a formal written charter, the board has determined that the executive committee's responsibilities will be to generally manage our business affairs and exercise all powers of the board (other than actions that would require the board to act as a whole or which actions are vested in other committees of the board or require shareholders' approvals).

Audit Committee Information

Our audit committee is currently comprised of Joseph Yiu Wah Chow, Chung Wing Lai and Eli D. Scher, with Joseph Yiu Wah Chow serving as chairman. The audit committee, pursuant to the audit committee charter, is responsible for engaging independent certified public accountants, preparing audit committee reports, reviewing with the independent certified public accountants the plans and results of the audit engagement, approving professional services provided by the independent certified public accountants, reviewing the independence of the independent certified public accountants, considering the range of audit and non-audit fees, reviewing the adequacy of our internal accounting controls and reviewing all related party transactions.

Financial Experts on Audit Committee

The audit committee will at all times be composed exclusively of "independent directors" who are "financially literate" as defined under listing standards of the NASDAQ Stock Market. The definition of "financially literate" generally means being able to read and understand fundamental financial statements, including a company's balance sheet, income statement and cash flow statement.

In addition, our board of directors has determined that Joseph Yiu Wah Chow satisfies the definition of financial sophistication and also qualifies as an "audit committee financial expert," as defined under rules and regulations of the SEC.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee is currently comprised of Chung Wing Lai, Joseph Yiu Wah Chow and Eli D. Scher, with Chung Wing Lai serving as chairman. The nominating and corporate governance committee is responsible for seeking, considering and recommending to the board qualified candidates for election as directors and will approve and recommend to the full board of directors the appointment of each of our executive officers. It also periodically prepares and submits to the board of directors for adoption the committee's selection criteria for director nominees. It reviews and makes recommendations on matters involving the general operation of the board and our corporate governance, and annually recommends to the board nominees for each committee of the board. In addition, the committee annually facilitates the assessment of the board of directors' performance as a whole and of the individual directors and report thereon to the board.

Compensation Committee

Our compensation committee currently is comprised of Joseph Yiu Wah Chow, Chung Wing Lai and J. David Selvia, with Joseph Yiu Wah Chow serving as chairman. The principal functions of the compensation committee are to:

evaluate the performance of our officers;

review any compensation payable to our directors and officers;

prepare compensation committee reports; and

administer the issuance of any ordinary shares or other equity awards issued to our officers and directors.

D. Employees

The disclosure set forth under "Employees" in Item 4.B of Form 20-F is incorporated herein by reference.

E. Share Ownership

The disclosure relating to the share ownership of the persons listed in Item 3.B set forth in Item 4.A of this Annual Report is incorporated herein by reference.

ITEM 4. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS.

A. Major Shareholders

The following table sets forth, as of October 31, 2011, certain information regarding beneficial ownership of our shares by each person who is known by us to beneficially own more than 5% of our shares. The table also identifies the share ownership of each of our directors, each of our named executive officers, and all directors and officers as a group. Except as otherwise indicated, the shareholders listed in the table have sole voting and investment powers with respect to the shares indicated. Our major shareholders do not have different voting rights than any other holder of our shares.

Shares which an individual or group has a right to acquire within 60 days pursuant to the exercise or conversion of options, warrants or other similar convertible or derivative securities are deemed to be outstanding for the purpose of computing the percentage ownership of such individual or group, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person shown in the table.

Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting and investment power. Except as otherwise indicated below, each beneficial owner holds voting and investment power directly. The percentage of ownership is based on 16,733,196 shares issued and outstanding as of October 31, 2011.

Name and Address of Beneficial Owner (1)	Amount and Nature of Beneficial Ownership	Percent of Class
Major Shareholders:		
Jing Dong Gao	4,527,262(2)	27.0%
Cathay Plastic Limited (3)	2,908,285(4)	17.4%
Kwok Wa Hung	1,100,651(5)	6.6%
Directors and Executive Officers:		
Kin Sun Sze-To	9,165,751(6)	54.8%
Chin Hien Tan	497,898(7)	3.0%
Eli D. Scher	380,000(8)	2.3%
Ho Leung Ning	241,971(9)	1.4%
J. David Selvia	0	*
Chung Wing Lai	0	*
Joseph Yiu Wah Chow	0	*
All directors and executive officers as a group (7 individuals)	10,285,620(8)	61.5%

* Represents less than 1% of outstanding.

(1) Unless otherwise indicated, the business address of each of the individuals is Unit 01, 21/F, Aitken Vanson Centre, 61 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong. Unless otherwise indicated, none of the individuals have voting rights that differ from other shareholders.

(2) Includes 1,335,262 ordinary shares and 3,192,000 ordinary shares issuable upon the exercise of currently exercisable insider warrants held by MCK Capital Co., Limited, an entity controlled by Mr. Gao. The business address of each is 762 West Beijing Road, Shanghai, China 200041. In March 2008, in connection with our formation, Mr. Gao purchased 1,125,563 of our ordinary shares from us. The foregoing information is derived from a Schedule 13D filed with the SEC on December 29, 2010. All of such ordinary shares were acquired in the last three years.

(3) The business address of Cathay Plastic Limited is c/o New China Management, Ltd., 14th Floor, St. John's Building, 33 Garden Road, Central, Hong Kong.

(4) Each of the following entities and individuals may be considered the beneficial owner of the ordinary shares held by Cathay Plastic Limited: Cathy Capital Holdings, L.P., as the sole shareholder of Cathay Plastic Limited; Cathay Master GP, Ltd., as the general partner of Cathay Capital Holdings, L.P.; New China Capital Management, LP, as the investment manager of Cathay Capital Holdings, L.P.; NCCM, LLC and TAM China, LLC, as the general partners of New China Capital Management, LP; Hermann Leung, as an officer or director of Cathay Capital Holdings, L.P.; Paul Wolanksy, as an officer or director of Cathay Capital Holdings, L.P. and Cathay Master GP, Ltd. and sole member of NCCM, LLC; and Donald Sussman, as an officer or director of Cathay Master GP, Ltd. and sole member of TAM China, LLC. Includes an aggregate of 1,570,000 ordinary shares currently held by Cathay Plastic Limited which Mr. Sze-To has been given the right to acquire pursuant to a put/call option agreement between the two parties exercisable during the period commencing on November 25, 2011 and ending on December 10, 2011. The foregoing information is derived from a Schedule 13D filed with the SEC on February 15, 2011. All of such ordinary shares were acquired in the last three years.

(5) Includes 930,651 ordinary shares held by Top Universe Management Limited, an entity controlled by Mr. Hung, and 170,000 ordinary shares held by Mr. Hung. The business address of both is 16/F, Guangdong Finance Building, 88 Connaught Road West, Central, Hong Kong. The foregoing information is derived from a Schedule 13G/A filed with the SEC on May 12, 2011 and other information known to us. All of such ordinary shares were acquired in the last three years.

(6) Includes 7,810,490 ordinary shares held by Sun Yip Industrial Company Limited and 1,355,261 ordinary shares held by Tiger Power Industries Limited, each of which is an entity controlled by Mr. Sze-To. Does not include an aggregate of 1,570,000 ordinary shares currently held by Cathay Plastic Limited which Mr. Sze-To has been given the right to acquire pursuant to a put/call option agreement between the two parties exercisable during the period commencing on November 25, 2011 and ending on December 10, 2011. The foregoing information is derived from a Schedule 13D/A filed with the SEC on May 12, 2011. All of such ordinary shares were acquired in the last three years.

(7) Includes 497,898 ordinary shares held by Fine Colour Limited, of which Mr. Tan is a 50% owner. All of such ordinary shares were acquired in the last three years.

(8) Includes 300,000 ordinary shares issuable upon the exercise of currently exercisable insider warrants. All of such ordinary shares were acquired in the last three years.

(9) Includes 241,971 ordinary shares held by Expert Rank Limited, an entity controlled by Mr. Ning. All of such ordinary shares were acquired in the last three years.

As of October 31, 2011, there were 24 shareholders of record holding a total of 16,733,196 of our ordinary shares. To the best of our knowledge there were 2 shareholders of record with addresses in the United States holding approximately 981,749 (5.9%) of our outstanding ordinary shares. Shares held in the names of banks, brokers and other intermediaries were assumed to be held by residents of the same country in which the bank, broker or other intermediary was located.

On December 13, 2010, Kin Sun Sze-To entered into a put/call option agreement ("Put/Call Agreement") with Cathay Plastic Limited ("Cathay"). Pursuant to the Put/Call Agreement, (i) Cathay granted to Mr. Sze-To the right, but not the obligation ("Call Option"), to purchase from Cathay, and to require Cathay to sell, up to 1,570,000 of our ordinary shares at an exercise price per share equal to $12.50, each subject to adjustment as provided in the Put/Call Agreement, and (ii) Mr. Sze-To granted to Cathay the right, but not the obligation ("Put Option"), to sell to Sze-To, and require Sze-To to purchase, up to 1,570,000 of our ordinary shares at an exercise price equal to $7.50, each subject to adjustment as provided in the Put/Call Agreement. The Call Option is exercisable, in whole or in part, at any time commencing November 25, 2011 and expiring on the close of business on December 2, 2011. If the Call Option is not exercised in full, the Put Option is exercisable, in whole or in part, with respect to the remaining ordinary shares subject to the Put Option, at any time commencing December 3, 2011 and expiring on the close of business on December 10, 2011.

B. Related Party Transactions

Code of Ethics and Related Person Policy

Our Code of Ethics requires it to avoid, wherever possible, all related party transactions that could result in actual or potential conflicts of interest, except under guidelines approved by the board of directors (or the audit committee, if one exists). Related-party transactions with respect to smaller reporting companies such as us are defined under SEC rules as transactions in which (1) the aggregate amount involved will or may be expected to exceed the lesser of $120,000 or one percent of the average of the smaller

reporting company's total assets at year end for the last two completed years, (2) we or any of our subsidiaries is a participant, and (3) any (a) executive officer, director or nominee for election as a director, (b) greater than 5 percent beneficial owner of our shares, or (c) immediate family member of the persons referred to in clauses (a) and (b), has or will have a direct or indirect material interest (other than solely as a result of being a director or a less than 10 percent beneficial owner of another entity). A conflict of interest situation can arise when a person takes actions or has interests that may make it difficult to perform his or her work objectively and effectively. Conflicts of interest may also arise if a person, or a member of his or her family, receives improper personal benefits as a result of his or her position.

Our audit committee, pursuant to its written charter, is responsible for reviewing and approving related-party transactions to the extent we enter into such transactions. The audit committee will consider all relevant factors when determining whether to approve a related party transaction, including whether the related party transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related party's interest in the transaction. No director will be able to participate in the approval of any transaction in which he is a related party, but that director will be required to provide the audit committee with all material information concerning the transaction. Additionally, we will require each of our directors and executive officers to complete a directors' and officers' questionnaire on an annual basis that elicits information about related party transactions.

These procedures are intended to determine whether any such related party transaction impairs the independence of a director or presents a conflict of interest on the part of a director, employee or officer.

Our Related Person Transactions

Prior Issuances

In March 2008, we issued 1,293,750 initial shares to the individuals set forth below for an aggregate of $25,000 in cash, at a purchase price of approximately $0.02 per share, as follows:

Shareholders	Number of Shares
Jing Dong Gao	1,125,563
Eli D. Scher	129,375
Lawrence S. Wizel	38,812

In July 2009, Mr. Gao transferred all his initial shares to MCK Capital Co., Limited, an entity he controls. In September 2009, our board of directors authorized a share dividend of approximately 0.067 shares for each outstanding share.

In connection with the IPO, the underwriters determined not to exercise any of their over-allotment option. As a result, the initial shareholders contributed to us an aggregate of 180,000 initial shares for no consideration. Upon receipt, such shares were immediately cancelled.

Inside Shareholder Escrow

In connection with the IPO, the initial shareholders placed the initial shares in escrow pursuant to an escrow agreement with Continental Stock Transfer & Trust Company, as escrow agent. In connection with the Merger with Plastec, the parties amended the terms of the escrow agreement to include an aggregate of approximately 2,418,000 of the insider warrants and to provide additional restrictions on all of the securities' release from escrow. Pursuant to the escrow agreement, as amended, an aggregate of 240,000 ordinary shares were released from escrow upon consummation of the Merger. The remaining ordinary shares will not be released from escrow until (i) with respect to 25% of such shares, when the closing price of our ordinary shares exceeds $12.00 for any 20 trading days within a 30-trading day period following the consummation of the Merger, (ii) with respect to 25% of such shares, when the closing price of our ordinary shares exceeds $14.00 for any 20 trading days within a 30-trading day period following the consummation of the Merger, (iii) with respect to 25% of such shares, when the closing price of our ordinary shares exceeds $16.00 for any 20 trading days within a 30-trading day period following the consummation of the Merger and (iv) with respect to 25% of such shares, when the closing price of our ordinary shares exceeds $20.00 for any 20 trading days within a 30-trading day period following the consummation of the Merger. However, such shares will only be released from escrow if, in addition to meeting the price targets referred to above, we raise in one or more equity financings an aggregate of approximately $20 million by December 16, 2011 (or a pro rata portion of such shares if less than $20 million is raised). The insider warrants will also not be released from escrow unless we raise the required $20 million by December 16, 2011 (or a pro rata portion of such warrants if less than $20 million is raised). Notwithstanding the foregoing, such shares and warrants may be released from escrow earlier than as described above if, within those time periods, we consummate a subsequent liquidation, merger, stock exchange or other similar transaction which results in all of our shareholders having the right to exchange their shares for cash, securities or other property.

Initial Shareholder Warrant Purchase

In connection with the closing of the IPO, we sold an aggregate of 3,600,000 insider warrants to MCK Capital Co., Limited, Eli D. Scher and Larry Wizel at a purchase price of $0.50 per warrant. These purchases took place on a private placement basis simultaneously with the consummation of the IPO. The insider warrants are identical to the warrants underlying the units sold in the IPO except that if we call the warrants for redemption, the insider warrants are not redeemable so long as such warrants are held by the purchasers or their affiliates, including any permitted transferees.

Registration Rights

The holders of the majority of the initial shares and the holders of the majority of the insider warrants (or underlying shares) each will be entitled to make up to two demands that we register such shares or warrants (or underlying shares) pursuant to a registration rights agreement entered into with us in connection with the IPO. The holders of the majority of the initial shares and the holders of a majority of the insider warrants (or underlying shares) can elect to exercise these registration rights at any time. In addition, these holders have certain "piggy-back" registration rights on registration statements filed by us in the future. Additionally, either Cathay Plastic Limited ("Cathay") or one or more persons holding at least an aggregate of 1,000,000 of the ordinary shares issued in the Merger, will be entitled to make, at any time, up to two demands that we register all or any portion of such shares (but not less than 500,000 shares) pursuant to a registration rights agreement entered into with us in connection with the Merger. In addition, these holders have certain "piggy-back" registration rights on registration statements filed subsequent to such date. We have agreed to bear the expenses incurred in connection with the filing of such registration statement.

Reimbursement of Expenses

Prior to the closing of our December 2010 Merger, we reimbursed our officers and directors for any reasonable out-of-pocket business expenses incurred by them in connection with certain activities on our behalf, such as identifying and investigating possible target businesses and business combinations.

Prior to the Merger, other than reimbursable out-of-pocket expenses payable to our officers and directors, no compensation or fees of any kind, including finder's fees, consulting fees or other similar compensation, was paid to any of the initial shareholders, including our officers and directors, or to any of their respective affiliates.

Eli D. Scher loaned us an aggregate of $125,000 to cover expenses related to the IPO. The loan was repaid from the proceeds of the IPO not placed in the trust account.

Personal guarantees provided by Kin Sun Sze-To

Kin Sun Sze-To has been providing personal guarantees to Plastec and its subsidiaries so that they could secure various credit facilities and the financing of its machinery. As at April 30, 2011, the total amount of personal guarantees outstanding for such purposes was approximately HK$434,197,000.

Formation of Subsidiaries

As at November 9, 2011 Plastec was in the process of establishing two subsidiaries by the names of Broadway Precision Co. Limited (a Hong Kong incorporated company, the registered owner/directors of which then were Mr. Kin Sun Sze-To/Mr. Kin Sun Sze-To and Mr. Ho Leung Ning respectively) and Broadway Industries (Thailand) Co., Ltd. (a Thailand incorporated company, the registered owners-cum-directors of which then were Mr. Kin Sun Sze-To, Mr. Chin Hien Tan and Mr. Ho Leung Ning). These companies would eventually become subsidiaries of Plastec upon their registered owners' transferring their respective registered shareholding interests in which to Plastec at par.

Bonus Plan for Management/Executive Officers

The disclosure sets forth under "Compensation" in Item 3.B of this Annual Report is incorporated herein by reference.

Amendment to Merger Agreement

On April 30, 2011, we entered into an amendment to the Merger Agreement (and to the related registration rights agreement that was entered into by the former Plastec shareholders in connection with the Merger Agreement) to remove the earnout provision (which originally provided for the issuance to such shareholders of up to an additional 9,723,988 ordinary shares upon achievement by Plastec of certain net income targets for the years ended April 30, 2011, 2012 and 2013) and to issue an aggregate of 7,486,845 ordinary shares to the former Plastec shareholders on the date of the amendment. The parties determined to enter into the amendment to the merger amendment to simplify the structure of the transaction based on feedback from our current and potential investors.

Other Transactions

We entered into an indemnification agreement with each of our officers and directors in February 2011 whereby we agreed to indemnify, and advance expenses to, each officer and director to the fullest extent permitted by applicable law.

We require that all ongoing and future transactions between us and any of our officers and directors or their respective affiliates will be on terms that we believe to be no less favorable to us than are available from unaffiliated third parties. Such transactions require prior approval by a majority of our uninterested "independent" directors or the members of our board who do not have an interest in the transaction, in either case who have access, at our expense, to our attorneys or independent legal counsel.

ITEM 5. FINANCIAL INFORMATION.

A. Consolidated Statements and Other Financial Information

List of Financial Statements

See Item 6 of this Annual Report for a list of the financial statements, which form a part hereof.

Export Sales

We categorize our sales by geographic market as described in the table below on the basis of the location of the customers that we are billing, regardless of the actual location of those goods we ship to such customers.

	Year ending April 30,		
Revenues by geographic market	**2009**	**2010**	**2011**
Asia-Pacific Region	91.4 %	83.1 %	64.4 %
Europe and United States	8.6 %	16.9 %	35.6 %
Total	100.0 %	100.0 %	100.0 %

Dividend Policy

We have never declared or paid any cash dividends on our shares. We intend to declare regular annual cash dividends equal to 30% of the yearly net income of Plastec, our wholly owned subsidiary, commencing with the fiscal year ending April 30, 2012. However, the actual payment of such future dividends will be entirely within the sole discretion of our board of directors at such times. Accordingly, we may never declare or pay any dividend in the future. Even if the board of directors decides to pay dividends, the form, frequency and amount will depend upon Plastec's future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board may deem relevant.

B. Significant Changes

See the notes to the financial statements included under Item 6.6 of this Annual Report.

PART II – FINANCIAL STATEMENTS

ITEM 6.1 REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.

To the Board of Directors and Stockholders of
Plastec Technologies, Ltd.

We have audited the accompanying consolidated balance sheets of Plastec Technologies, Ltd. (the "Company", formerly known as GSME Acquisition Partners I) and its subsidiaries (where the context permits, references to the "Company" below shall include references to its subsidiaries collectively as the "Group") as of April 30, 2011 and 2010, and the related statements of operations, stockholders' equity and comprehensive income, and cash flows for the years ended April 30, 2011, 2010 and 2009. The preparation of these consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of April 30, 2011 and 2010, and the consolidated results of their operations and their cash flows for the years ended April 30, 2011, 2010 and 2009, in conformity with accounting principles generally accepted in the United States of America.

/s/ Dominic K.F. Chan & Co

Dominic K.F. Chan & Co
Certified Public Accountants
Hong Kong
Date: Nov 9, 2011

ITEM 6.2 CONSOLIDATED BALANCE SHEETS.

PLASTEC TECHNOLOGIES, LTD.

CONSOLIDATED BALANCE SHEETS
(Hong Kong dollars in thousands, except number of shares, per share data and unless otherwise stated)

	April 30, 2010	April 30, 2011
	HK$	HK$
ASSETS		
Current assets		
Cash and cash equivalents	151,304	219,757
Trade receivables, net of allowances for doubtful accounts of HK$nil and HK$nil as of April 30, 2010 and 2011, respectively	242,097	270,763
Inventories (note 3)	74,298	117,733
Deposits, prepayment and other receivables (note 4)	11,739	8,357
Total current assets	479,438	616,610
Property, plant and equipment, net (note 5)	458,725	551,079
Prepaid lease payments, net (note 6)	27,909	26,237
Other assets	11,420	8,001
Total assets	977,492	1,201,927
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Bank borrowings (note 7)	113,976	169,710
Capital lease obligations (note 8)	9,762	5,311
Trade payables	136,014	127,987
Other payables and accruals (note 9)	52,244	80,811
Tax payable	18,678	56,389
Dividend payable	60,000	-
Total current liabilities	390,674	440,208
Capital lease obligations (note 8)	5,570	303
Deferred tax liabilities (note 10)	15,156	15,156
Total liabilities	411,400	455,667
Commitments and contingencies (note 12)	-	-
Shareholders' equity		
Ordinary shares (US$0.001 par value; 100,000,000 authorized, 7,054,583 and 16,733,196 shares issued and outstanding as of April 30, 2010 and 2011, respectively)	55	131
Additional paid-in capital	113,413	169,973
Accumulated other comprehensive income	7,888	8,106
Retained earnings	444,736	568,050
Total shareholders' equity	566,092	746,260
Total liabilities and shareholders' equity	977,492	1,201,927

See accompanying notes to consolidated financial statements.

ITEM 6.3 CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME.

PLASTEC TECHNOLOGIES, LTD.

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Hong Kong dollars in thousands, except number of shares, per share data and unless otherwise stated)

	Year ended April 30,		
	2009	**2010**	**2011**
	HK$	**HK$**	**HK$**
Revenues	913,444	966,755	1,323,533
Cost of revenues	(749,649)	(810,187)	(1,074,880)
Gross profit	163,795	156,568	248,653
Operating expenses, net			
Selling, general and administrative expenses	(69,241)	(63,824)	(83,584)
Other income	2,102	4,364	4,711
Write-off of property, plant and equipment	-	(40,348)	(1,791)
Gain (loss) on disposal of property, plant and equipment	(29,031)	1,077	1,315
Total operating expenses, net	(96,170)	(98,731)	(79,349)
Income from operations	67,625	57,837	169,304
Interest income	240	60	124
Interest expense	(5,355)	(2,733)	(3,008)
Income before income tax expense	62,510	55,164	166,420
Income tax expense (note 10)	(772)	(10,857)	(33,106)
Net income	61,738	44,307	133,314
Other comprehensive income Foreign currency translation adjustment	(58)	1,756	218
Comprehensive income attributable to Plastec Technologies, Ltd.	61,680	46,063	133,532
Net income per share (note 11):			
Weighted average number of ordinary shares	7,054,583	7,054,583	7,891,754
Weighted average number of diluted ordinary shares	7,054,583	7,054,583	7,891,754
Basic income per share attributable to Plastec Technologies, Ltd.	HK$ 8.8	HK$ 6.3	HK$ 16.9
Diluted income per share attributable to Plastec Technologies, Ltd.	HK$ 8.8	HK$ 6.3	HK$ 16.9

See accompanying notes to consolidated financial statements.

ITEM 6.4 CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY.

PLASTEC TECHNOLOGIES, LTD.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Hong Kong dollars in thousands, except number of shares, per share data and unless otherwise stated)

	Ordinary shares			Accumulated		
	Number of shares outstanding	Amount	Additional paid-in capital	other comprehensive income	Retained earnings	Shareholders' equity
		HK$	HK$	HK$	HK$	HK$
Balance at May 1, 2009	7,054,583	55	113,413	6,132	430,429	550,029
Net income for the year	-	-	-	-	44,307	44,307
Dividends declared and approved	-	-	-	-	(30,000)	(30,000)
Cumulative translation adjustment	-	-	-	1,756	-	1,756
Balance at April 30, 2010 and at May 1, 2010	7,054,583	55	113,413	7,888	444,736	566,092
Recapitalization in connection with the reverse merger	2,191,768	17	56,619	-	-	56,636
Issuance of ordinary shares	7,486,845	59	(59)	-	-	-
Net income for the year	-	-	-	-	133,314	133,314
Dividends declared and approved	-	-	-	-	(10,000)	(10,000)
Cumulative translation adjustment	-	-	-	218	-	218
Balance at April 30, 2011	16,733,196	131	169,973	8,106	568,050	746,260

See accompanying notes to consolidated financial statements.

ITEM 6.5 CONSOLIDATED STATEMENTS OF CASH FLOWS.

PLASTEC TECHNOLOGIES, LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Hong Kong dollars in thousands, except number of shares, per share data and unless otherwise stated)

	Year ended April 30,		
	2009	2010	2011
	HK$	HK$	HK$
Operating activities			
Net income	61,738	44,307	133,314
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	103,187	120,875	143,640
Bad debt expenses	324	-	-
Net loss (gain) on disposal of property, plant and equipment	29,031	(1,077)	(1,315)
Net loss (gain) on disposal of prepaid leases	-	-	(3,799)
Write-off of property, plant and equipment	-	40,348	1,791
Impairment on inventories	-	5,571	6,095
Deferred tax charge	3,527	358	-
Changes in operating assets and liabilities:			
Trade receivables	66,850	(68,212)	(28,666)
Inventories	16,977	3,294	(49,530)
Deposits, prepayment and other receivables	(31,349)	1,336	3,382
Trade payables	(20,126)	49,533	(8,027)
Other payables and accruals	363	5,559	27,044
Tax payables	(11,379)	3,221	37,711
Net cash provided by operating activities	219,143	205,113	261,640
Investing activities			
Purchase of property, plant and equipment	(183,602)	(173,313)	(225,904)
Proceeds from disposal of property, plant and equipment	3,850	6,456	2,405
Proceeds from disposal of prepaid leases	-	-	3,919
Deposits for purchase of property, plant and equipment	(1,009)	(11,420)	(8,001)
Net cash used in investing activities	(180,761)	(178,277)	(227,581)
Financing activities			
Net cash inflow from the merger transaction	-	-	58,160
Proceeds from bank borrowings	258,809	254,656	464,651
Repayment of bank borrowings	(293,620)	(187,321)	(408,917)
Repayment of capital lease obligations	(23,826)	(18,674)	(9,718)
Dividends paid	-	(20,000)	(70,000)
Net cash provided by (used in) financing activities	(58,637)	28,661	34,176
Effect of exchange rate changes on cash and cash equivalents	(56)	768	218
Net increase (decrease) in cash and cash equivalents	(20,255)	55,497	68,235
Cash and cash equivalents, beginning of year	115,350	95,039	151,304
Cash and cash equivalents, end of year	95,039	151,304	219,757
Supplementary disclosures of cash flow information:			
Interest paid	5,491	2,733	2,883
Income taxes paid	8,624	7,278	(4,605)

See accompanying notes to consolidated financial statements.

ITEM 6.6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

PLASTEC TECHNOLOGIES, LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Hong Kong dollars in thousands, except number of shares, per share data and unless otherwise stated)

1. Organization and Business Background

Plastec Technologies, Ltd. ("Company") (formerly known as "GSME Acquisition Partners I"), incorporated under the laws of Cayman Islands on March 27, 2008, and its subsidiaries (where the context permits, references to the "Company" below shall include references to its subsidiaries collectively as a group) are principally engaged in the provision of integrated plastic manufacturing services from mold design and fabrication, plastic injection manufacturing to secondary-process finishing as well as parts assembly. The Company's manufacturing activities are performed in the People's Republic of China (the "PRC" or "China"). The selling and administrative activities are mainly performed in China, and in Hong Kong.

As of April 30, 2011, details of the Company's subsidiaries are as follows:

Name	Date of incorporation/ establishment	Place of incorporation/ registration and operation	Percentage of equity interest attributable to the Company	Principal activities
Allied Sun Corporation Limited	August 20, 2008	Hong Kong	100%	Investment holding
Broadway Industrial Holdings Limited	August 17, 2005	BVI	100%	Manufacturing of plastic parts of electronic appliances
Broadway Industrial Holdings Limited	March 22, 2006	Hong Kong	100%	Investment holding
Broadway Manufacturing Company Limited	August 17, 2005	BVI	100%	Property investment
Broadway Precision Industrial (Kunshan) Ltd 昆山海汇精密模具工业有限公司	August 26, 2008	PRC	100%	Manufacturing of plastic parts of electronic appliances
Broadway Precision Technology Limited	April 28, 2011	Hong Kong	100%	Dormant
Broadway Precision Technology Ltd.	February 8, 2011	BVI	100%	Dormant
Dongguan Sun Chuen Plastic Products Co., Ltd. ("Dongguan Sun Chuen") 东莞新川塑胶制品有限公司	December 8, 2004	PRC	100%	Manufacturing of plastic parts of electronic appliances
Sun Line Precision Ltd. (previously named, "Fast Achieve Enterprises Ltd.")	March 10, 2004	BVI	100%	Dormant
Heyuan Sun Line Industrial Ltd. ("Heyuan Sun Line") 河源新丽工业有限公司	February 20, 2004	PRC	100%	Manufacturing of plastic parts of electronic appliances
New Skill Holdings Limited	March 29, 2004	Samoa	100%	Investment holding

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Hong Kong dollars in thousands, except number of shares, per share data and unless otherwise stated)

1. Organization and Business Background - Continued

Name of subsidiaries	Date of incorporation/ establishment	Place of incorporation/ registration and operation	Percentage of equity interest attributable to the Company	Principal activities
Plastec International Holdings Limited	February 18, 2004	BVI	100%	Investment holding
Sun Line Industrial Limited	April 27, 1993	Hong Kong	100%	Manufacturing of plastic products and provision of silk printing service
Sun Line (Macao Commercial Offshore) Company Limited	August 13, 2004	Macau	100%	Trading of plastic products
Sun Line Precision Industrial (Zhuhai) Ltd. 珠海新丽模具有限公司	October 10, 2008	PRC	100%	Manufacturing of plastic parts of electronic appliances
Sun Ngai Spraying and Silk Print Co., Ltd.	July 25, 1995	BVI	100%	Provision of spraying and silk printing services
Sun Ngai Spraying and Silk Print (HK) Co., Ltd.	March 22, 2006	Hong Kong	100%	Dormant
Sun Terrace Industries Limited	March 2, 2004	BVI	100%	Investment holding

The Merger Transaction with Plastec International Holdings Limited

On March 27, 2008, Company was established as a special purpose acquisition company whose objective is to consummate an acquisition, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses located in the PRC.

On August 6, 2010, Company entered into an Agreement and Plan of Reorganization (the "Merger Agreement") with GSME Acquisition Partners I Sub Limited ("GSME Sub"), Plastec International Holdings Limited ("Plastec") and all shareholders of Plastec ("Plastec Shareholders") (together, the "Parties"). Upon the consummation of the transactions contemplated by the Merger Agreement, GSME Sub was to be merged with and into Plastec, with Plastec surviving as a wholly-owned subsidiary of the Company (the "Merger"). The Plastec Shareholders were then entitled to receive up to an aggregate of 16,948,053 ordinary shares, par value US$0.001 per share, of the Company.

On September 13, 2010, in connection with the Merger, the Parties entered into an Amended and Restated Agreement and Plan of Reorganization (the "Amended and Restated Merger Agreement") to, amongst other matters, revise the terms of the merger consideration to be paid to the Plastec Shareholders. Pursuant to the Amended and Restated Merger Agreement, upon consummation of the Merger, the Plastec Shareholders became entitled to receive up to an aggregate of 16,778,571 ordinary shares of the Company, of which 7,054,583 shares were issued to the Plastec Shareholders on the closing of the Merger and the remaining of up to 9,723,988 shares (2,944,767, 3,389,610 and 3,389,611 shares for 2011, 2012 and 2013 respectively) (the "Earnout Shares") will be issued to the Plastec Shareholders, if Plastec has net income as defined in the Amended and Restated Merger Agreement in the following amounts for the indicated years ending April 30 below:

Year ending April 30,	Net Income
	HK$
2011	130,700
2012	176,000
2013	250,000

1. Organization and Business Background - Continued

***The Merger Transaction with Plastec International Holdings Limited* - Continued**

At the Special Meeting held on December 10, 2010, the merger proposal was approved by the shareholders. On December 16, 2010, the Company consummated the transactions contemplated by the Amended and Restated Merger Agreement, pursuant to which, amongst other things, Plastec became a wholly owned subsidiary of the Company (the "Merger Transaction"). The Merger Transaction was accounted for as a reverse acquisition with Plastec being considered the accounting acquirer in the Merger.

The completion of the Merger enabled the Plastec Shareholders to obtain a majority voting interest in the Company. Generally accepted accounting principles in the United States require that a company whose shareholders retain the majority interest in a combined business be treated as the acquirer for accounting purposes. Accordingly, the aforementioned Merger Transaction was accounted for as a reverse acquisition of a private operating company (Plastec) with a non-operating public company (the Company) with significant amount of cash. The reverse acquisition process utilizes the capital structure of the Company and the assets and liabilities of Plastec are recorded at historical cost. The transaction was recorded as a recapitalization of Plastec and thus was reflected retrospectively in Plastec's historical financial statements. Although Plastec is deemed to be the accounting acquirer for financial accounting and reporting purposes, the legal status of Plastec as the surviving company did not change.

Under the reverse acquisition accounting, the historical consolidated financial statements of the Company for the periods prior to December 16, 2010 are those of Plastec and its subsidiaries. Since Plastec is deemed as accounting acquirer, Plastec's fiscal year replaced the Company's fiscal year. The fiscal year end is changed from October 31 to April 30. The financial statements of the Company reflect the aforementioned Merger Transaction in the consolidated statement of shareholders' equity through a line of "Recapitalization in connection with the reverse merger" to present the net assets of the Company as of December 16, 2010. The net assets of the Company as of December 16, 2010 were as follows:

Net assets acquired:	**HK$**
Cash	58,160
Accounts payable and accrued liabilities	(1,524)
	56,636

On April 30, 2011, the Parties entered into an amendment to the Amended and Restated Merger Agreement to remove the provisions of Earnout Shares and issued an aggregate of 7,486,845 ordinary shares of the Company to the Plastec Shareholders on April 30, 2011.

2. Summary of Significant Accounting Policies

Principles of consolidation

The consolidated financial statements, prepared in accordance with generally accepted accounting principles in the United States of America ("US GAAP"), include the assets, liabilities, revenues, expenses and cash flows of all subsidiaries. All significant intercompany balances, transactions and cash flows are eliminated on consolidation.

Foreign currency translation

The functional currency of the Company is United States Dollar. The functional currency of the subsidiaries other than the PRC subsidiaries is Hong Kong dollar. The subsidiaries in the PRC have their local currency, Renminbi, as their functional currency.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognized in the consolidated statement of income. Aggregate net foreign currency transaction gain (loss) included in other income were (HK$2,108), HK$998 and (HK$1,164) for the years ended April 30, 2009, 2010 and 2011, respectively.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements originally presented in a currency different from the Company's reporting currency have been converted into Hong Kong dollars. Assets and liabilities have been translated into Hong Kong dollars at the closing rates at the reporting date. Income and expenses have been converted into the Hong Kong dollars at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognized in other comprehensive income and accumulated separately in the shareholders' equity.

Use of estimates

The preparation of consolidated financial statements in conformity with the US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. The most significant estimates relate to allowances for doubtful accounts, inventory valuation, useful lives of property, plant and equipment, valuation allowance for deferred tax assets and contingencies. Actual results could differ from those estimates made by management.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and demand deposits with banks with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade receivables

Trade receivables are stated at the amount management expects to collect from balances outstanding at reporting period end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at reporting period end will be immaterial.

Allowance for doubtful account

The Company regularly monitors and assesses the risk of not collecting amounts owed to the Company by customers. This evaluation is based upon a variety of factors including: ongoing credit evaluations of its customers' financial condition, an analysis of amounts current and past due along with relevant history and facts particular to the customer. Trade receivables are written off if reasonable collection efforts are not successful.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined on using the first-in first-out method. Work-in-progress and finished goods comprises of raw materials, direct labour and overhead associated with the manufacturing process. Write down of potentially obsolete or slow-moving inventory are recorded based on management's analysis of inventory levels.

Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at acquisition cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Property, plant and equipment - Continued

Depreciation is provided to write off the cost less their residual values over their estimated useful lives, using the straight-line method, at the following rates per annum:

Buildings	5%
Plant and machineries	10%-33.5%
Furniture, fixtures and equipment	5%-20%
Leasehold improvements	15%-20%
Computer equipment	20%-33.33%
Motor vehicles	20%
Moulds	20%-50%

The assets' estimated residual values, depreciation methods and estimated useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Construction in progress represents assets in the course of construction for production or for its own use purpose. It is stated at cost less any impairment loss and is not depreciated. Cost includes direct costs incurred during the periods on construction, installation and testing plus interest charges arising from borrowings used to finance these assets during the construction period, if any. Construction in progress is reclassified to the appropriate category of property, plant and equipment and depreciation commences when the construction work is completed and the asset is ready for use.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of income.

All other costs, such as repairs and maintenance are charged to the operations during the financial period in which they are incurred.

Prepaid lease payments

Upfront payments made to acquire land held under an operating lease are stated at costs less accumulated amortization and any accumulated impairment losses. The determination if an arrangement is or contains a lease and the lease is an operating lease is detailed as below. Amortization is calculated on a straight line basis over the term of the lease/right of use except where an alternative basis is more representative of the time pattern of benefits to be derived by the Company from use of the land.

Leases

Leases are classified at the inception date as either a capital lease or an operating lease. For the lessee, a lease is a capital lease if any of the following conditions exist: a) ownership is transferred to the lessee by the end of the lease term, b) there is a bargain purchase option, c) the lease term is at least 75% of the property's estimated remaining economic life or d) the present value of the minimum lease payments at the beginning of the lease term is 90% or more of the fair value of the leased property to the lessor at the inception date. A capital lease is accounted for as if there was an acquisition of an asset and an incurrence of an obligation at the inception of the lease. All other leases are accounted for as operating leases. The Company has both capital leases and operating leases in the periods presented.

Valuation of long-lived assets

The Company periodically evaluates the carrying value of long-lived assets to be held and used when events and circumstances warrant such a review. The carrying value of a long-lived asset is considered impaired when the anticipated undiscounted cash flow from such asset is separately identifiable and is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair market value of the long-lived asset. Fair market value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. Losses on long-lived assets to be disposed of are determined in a similar manner, except that fair market values are reduced for the cost to dispose.

Revenue recognition

Sales of goods are recognized when goods are shipped, title of goods sold has passed to the purchaser, the price is fixed or determinable as stated on the sales contract, and its collectability is reasonably assured. Customers do not have a general right of return on products shipped. The Company permits the return of damaged or defective products and accounts for these returns as deduction from sales. Products returns to the Company were insignificant during past years.

Comprehensive income

The Company presents comprehensive income in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 220 "Comprehensive Income". FASB ASC 220 states that all items that are required to be recognized under accounting standards as components of comprehensive income be reported in the consolidated financial statements. The components of comprehensive income were the net income for the periods and the foreign currency translation adjustments.

Shipping and handling cost

Shipping and handling costs related to the delivery of finished goods are included in selling, general and administrative expenses. For the years ended April 30, 2009, 2010 and 2011, shipping and handling costs were HK$10,092, HK$11,091 and HK$15,549, respectively.

Income taxes

The Company accounts for income taxes in accordance with FASB ASC 740 “Income taxes”, which requires an entity to recognize deferred tax assets and liabilities using the asset and liability method. Under this method, deferred income taxes are recognized for all temporary differences at enacted rates and classified as current or non-current based upon the classification of the related asset or liability in the consolidated financial statements. A valuation allowance is provided to reduce the amount of deferred tax assets if it is considered more likely than not that some portion of, or all, the deferred tax asset will not be realized.

FASB ASC 740 clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s financial statements, and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides accounting guidance on de-recognition, classification, interest or penalties, accounting in interim periods, disclosure and transition. Interest and penalties from tax assessments, if any, are included in income taxes in the consolidated statement of income.

Post-retirement and post-employment benefits

The Company contributes to a defined contribution retirement benefit plan under the Mandatory Provident Fund Schemes Ordinance for all of its Hong Kong employees who are eligible to participate in the Mandatory Provident Fund (“MPF”) Scheme. Contributions are made based on a percentage of the employees’ basic salaries.

The employees of the Company’s subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. PRC subsidiaries are required to contribute certain percentage of its payroll costs to the central pension scheme.

Contributions are recognized as an expense in consolidated statement of income as employees render services during the period. The Company's obligations under these plans are limited to the fixed percentage contributions payable.

Net income per share

Basic net income per share is computed by dividing net income available to ordinary shares by the weighted average number of ordinary shares outstanding during the period. Diluted net income per share gives effect to all dilutive potential ordinary shares outstanding during the period. The weighted average number of ordinary shares outstanding is adjusted to include the number of additional ordinary shares that would have been outstanding if the dilutive potential ordinary shares had been issued. In computing the dilutive effect of potential ordinary shares, the average stock price for the period is used in determining the number of treasury shares assumed to be purchased with the proceeds from the exercise of options.

Derivatives

Derivatives are carried at fair value and are reported as other current assets when the Company has a contractual right to receive cash from the counterparty that are potentially favorable to the Company and as accrued and other current liabilities where the Company has a contractual obligation to deliver cash to a counterparty that are potentially unfavorable to the Company.

If the derivative is designated as a fair value hedge, the changes in the fair value of the derivative and the hedged item are recognized in the consolidated statement of income and comprehensive income. If the derivative is designated as a cash flow hedge, changes in the fair value of the derivative are recorded in other comprehensive income and are recognized in the consolidated statement of income and comprehensive income when the hedged item affects net income. If a derivative does not qualify as a hedge, it is marked to fair value through the consolidated statement of income and comprehensive income.

Fair Value Measurements

The Company has adopted FASB ASC 820 “Fair Value Measurements and Disclosures” which defines fair value, establishes a framework for measuring fair value in the US GAAP, and expands disclosures about fair value measurements. It does not require any new fair value measurements, but provides guidance on how to measure fair value by providing a fair value hierarchy used to classify the source of the information.

Its establishes a three-level valuation hierarchy of valuation techniques based on observable and unobservable inputs, which may be used to measure fair value and include the following:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Classification within the hierarchy is determined based on the lowest level of input that is significant to the fair value measurement.

Recently issued accounting pronouncements

In December 2010, the FASB issued Accounting Standards Update (ASU) No. 2010-29, *Business Combinations (Topic 805): Disclosure of Supplementary Pro Forma Information for Business Combinations (a consensus of the FASB Emerging Issues Task Force)*, which specifies that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. The amendments in this Update also expand the supplemental pro forma disclosures under Topic 805 to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. ASU No. 2010-29 is effective for business combinations for which the acquisition date is after the annual periods ending after December 15, 2010 and which early adoption is permitted. The Company believes that the adoption of ASU No. 2010-29 may impact future business combinations.

The FASB has issued Accounting Standards Update (ASU) No. 2011-02, Receivables (Topic 310): *A Creditor's Determination of Whether a Restructuring Is a Troubled Debt Restructuring*. The FASB believes the guidance in this ASU will improve financial reporting by creating greater consistency in the way GAAP is applied for various types of debt restructurings. The ASU clarifies which loan modifications constitute troubled debt restructurings. It is intended to assist creditors in determining whether a modification of the terms of a receivable meets the criteria to be considered a troubled debt restructuring, both for purposes of recording an impairment loss and for disclosure of troubled debt restructurings.

In evaluating whether a restructuring constitutes a troubled debt restructuring, a creditor must separately conclude that both of the following exist: (a) the restructuring constitutes a concession; and (b) the debtor is experiencing financial difficulties. The amendments to FASB Accounting Standards Codification™ (Codification) Topic 310, Receivables, clarify the guidance on a creditor's evaluation of whether it has granted a concession and whether a debtor is experiencing financial difficulties. ASU No. 2011-02 is effective for interim and annual periods beginning on or after June 15, 2011, and the adoption did not have a material impact on the Company's financial position, results of operations and cash.

The FASB has issued Accounting Standards Update (ASU) No. 2011-04, *Fair Value Measurement* (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs. This ASU represents the converged guidance of the FASB and the IASB (the Boards) on fair value measurement. The collective efforts of the Boards and their staffs, reflected in ASU 2011-04, have resulted in common requirements for measuring fair value and for disclosing information about fair value measurements, including a consistent meaning of the term "fair value." The Boards have concluded the common requirements will result in greater comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. GAAP and IFRSs. ASU No. 2011-04 is effective during interim and annual periods beginning after December 15, 2011.

The FASB has issued Accounting Standards Update (ASU) No. 2011-05, *Comprehensive Income* (Topic 220): Presentation of Comprehensive Income. This ASU amends the FASB Accounting Standards CodificationTM (Codification) to allow an entity the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In both choices, an entity is required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. ASU 2011-05 eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders' equity. The amendments to the Codification in the ASU do not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. ASU 2011-05 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011, and the adoption did not have a material impact on the Company's financial position, results of operations and cash.

3. Inventories

Inventories consist of the following:

	April 30, 2010 HK$	April 30, 2011 HK$
Raw materials	32,785	45,419
Work in progress	23,804	43,127
Finished goods	17,709	29,187
	74,298	117,733

The Company made allowances of HK$nil, HK$5,571 and HK$6,095 against the cost of inventories during the years ended April 30, 2009, 2010 and 2011 respectively based on the assessment of the lower of cost or market.

4. Deposits, Prepayment and Other Receivables

Deposits, prepayment and other receivables consist of the following:

	April 30, 2010 HK$	April 30, 2011 HK$
Prepaid rent	2,094	2,038
Prepaid insurance	266	664
Prepaid electricity	315	622
Rental deposit	4,121	3,478
Deposit for the import processing arrangement	366	297
Others	4,577	1,258
	11,739	8,357

5. Property, Plant and Equipment

Property, plant and equipment consist of the following:

	April 30, 2010 HK$	April 30, 2011 HK$
Property, plant and equipment:		
Buildings	20,940	21,148
Plant and machineries	683,607	753,866
Furniture, fixtures and equipment	93,558	125,106
Leasehold improvements	10,724	8,070
Computer equipment	9,025	12,983
Motor vehicles	10,018	9,406
Moulds	33,246	23,477
	861,118	954,056
Accumulated depreciation and amortization	(407,096)	(497,971)
Construction in progress	4,703	94,994
Property, plant and equipment, net	458,725	551,079

As of April 30, 2010 and 2011, construction in progress mainly represents the new factory building and the staff dormitory located in Shenzhen under construction.

Depreciation and amortization of property, plant and equipment were HK$103,162, HK$120,850 and HK$142,089 during the years ended April 30, 2009, 2010 and 2011, respectively.

5. Property, Plant and Equipment - Continued

Property, plant and equipment recorded under capital leases consist of the following:

	April 30,	
	2010	2011
	HK$	HK$
Property, plant and equipment recorded under capital leases:		
Plant and machineries	83,562	32,803
Accumulated depreciation and amortization	(32,661)	(14,827)
Property, plant and equipment recorded under capital leases, net	50,901	17,976

Depreciation and amortization of property, plant and equipment recorded under capital leases were HK$9,652, HK$9,251 and HK$4,725 for the years ended April 30, 2009 and 2010 and 2011 respectively.

6. Prepaid Lease Payments

As of April 30, 2010 and 2011, prepaid lease payments represented the prepayment of land use right for land located in Heyuan with an expiry date on March 26, 2054, and for another three pieces of lands located in Shenzhen with an expiry date on December 31, 2037, December 31, 2037 and February 28, 2040, respectively.

Amortization of prepaid lease payments were HK$152, HK$1,552 and HK$1,551 for the years ended April 30, 2009, 2010, and 2011, respectively.

7. Bank Borrowings and Banking Facilities

The subsidiaries of the Company have credit facilities with various banks representing import loans, hire purchase, trust receipt, documentary credits, loans and overdraft. As of April 30, 2010 and 2011, these facilities totaled HK$259,197 and HK$365,501, of which HK$145,221 and HK$195,791 were unused as of April 30, 2010 and 2011, respectively. These facilities are granted with the provision of corporate and personal guarantees jointly by the Company and a director of the Company to the banks.

As of April 30, 2010 and 2011, bank borrowings consist of HK$53,676 import loans and HK$60,300 bank loans as of April 30, 2010, and HK$101,974 import loans and HK$67,736 bank loans, respectively. All of the outstanding balances were supported by the facilities mentioned above. Import loans were granted from six banks as of April 30, 2010 and 2011 as a kind of invoice financing with terms ranged from 3 to 6 months on top of the suppliers' credit terms or invoice date. The interest rate thereon ranged from 1.20% to 1.45% per annum. Details of the bank loans were set out as follows:

During the year ended April 30, 2010, CITIC Bank International Limited provided the Company a term loan with an outstanding of HK$3,125 which is repayable by 5 quarterly installments of HK$625 commencing on April 19, 2010. The interest thereon is calculated based on 2.00% per annum over HIBOR. As of April 30, 2010, an amount of HK$2,500 was outstanding which had been fully paid on April 17, 2011.

During the years ended 2010 and 2011, Hongkong and Shanghai Banking Corporation Limited granted the Company five loans including:

(i) A term loan of HK$12,000 which is repayable by 20 quarterly installments of HK$600 commencing on December 1, 2009 with repayment on demand clauses. The interest thereon is calculated based on 1.25% per annum over 3 months HIBOR. As of April 30, 2010 and 2011, an amount of HK$10,800 and HK$8,400 was outstanding, respectively, which will be fully repaid on August 22, 2014.

(ii) A term loan of HK$12,000 which is repayable by 17 quarterly installments of HK$666 and a final installment of HK$678 commencing on May 28, 2010 with repayment on demand clauses. The interest thereon is calculated based on 1.25% per annum over 3 months HIBOR. As of April 30, 2010 and 2011, an amount of HK$12,000 and HK$9,336 was outstanding, respectively, which will be fully repaid on August 25, 2014.

(iii) A term loan of HK$3,800 which is repayable by 16 quarterly installments of HK$238 commencing on July 31, 2010 with repayment on demand clauses. The interest thereon is calculated based on 1.25% per annum over 3 months HIBOR. As of April 30, 2010 and 2011, an amount of HK$3,800 and HK$2,850 was outstanding, respectively, which will be fully repaid on April 30, 2014.

(iv) A term loan of HK$16,200 which is repayable by 16 quarterly installments of HK$1,013 commencing on July 31, 2010 with repayment on demand clauses. The interest thereon is calculated based on 1.25% per annum over 3 months HIBOR. As of April 30, 2010 and 2011, an amount of HK$16,200 and HK$12,150 was outstanding, respectively, which will be fully repaid on April 30, 2014.

(v) A revolving loan of HK$15,000 bearing an interest of 1.25% per annum over HIBOR or LIBOR until May 23, 2010, and 1.875% afterwards. The aforesaid amount was outstanding as of April 30, 2010 and had been fully repaid as of April 30, 2011.

During the year ended April 30, 2011, Hang Seng Bank Limited granted the Company a term loan of HK$40,000 which is repayable by 16 quarterly installments of HK$2,500 commencing on September 7, 2010. The interest thereon is calculated based on 3.32% per annum (with interest rate swap selected). As of April 30, 2011, an amount of HK$35,000 was outstanding which will be fully paid on September 8, 2014.

The weighted average interest rates on the bank loans for the years ended April 30, 2009, 2010 and 2011 were 3.50%, 1.59% and 2.58% per annum, respectively

8. Capital Lease Obligations

The Company entered into capital leases for items of machinery. The Company has the option to purchase the leased machineries at prices that are expected to be sufficiently lower than the fair values of the leased assets at the end of the lease. The lease terms are for 4 to 5 years.

The Company recorded these equipments at the present value of the total lease payments using discount rates ranging from 4.47% to 7.12% and 5.46% to 6.77% as of April 30, 2010 and 2011.

Future minimum lease payments under these leases are as follows:

	April 30, 2010 HK$	April 30, 2011 HK$
Year ended April 30, 2011	10,404	-
Years ending April 30,		
2012	5,418	5,463
2013	307	307
	16,129	5,770
Less: Imputed interest	797	156
	15,332	5,614
Less: Current portion of capital lease obligations	9,762	5,311
Non-current portion of capital lease obligations	5,570	303

The Company recorded interest expense of HK$2,816, HK$1,631 and HK$609 for the years ended April 30, 2009, 2010 and 2011, respectively.

9. Other Payables and Accruals

Other payables and accruals consist of the following:

	April 30,	
	2010	2011
	HK$	HK$
Accrued salaries, wages and bonus	20,886	31,855
Accrued electricity and water	4,992	5,627
Deposit received	4,357	2,875
Provision for employees' retirement benefit	2,895	7,290
Accrued commission and bonus	2,882	6,559
Accrued transportation expense	2,073	1,117
Accrued audit fee	1,084	3,113
Accrued rent	308	51
Accrued professional fee	728	382
Accrued sundries expenses	7,304	15,152
Other payables	3,678	2,942
Derivative liabilities	-	1,540
Others	1,057	2,308
	52,244	80,811

10. Income Taxes

The Company and its subsidiaries are subject to taxation in various jurisdictions including Hong Kong and PRC. Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands. The income of its subsidiaries which are incorporated in the BVI is not subject to taxation in the BVI under the current BVI law. Under the current Samoa law, subsidiary incorporated in Samoa is not subject to income tax as it has no business operations in Samoa. The subsidiary operating in Macao is exempted from income taxes as it is a qualified 58/99/M company. The subsidiaries operating in Hong Kong and the PRC are subject to income taxes as described below.

The provision for current income taxes of the subsidiaries operating in Hong Kong has been calculated by applying the rate of taxation of 16.5%, 16.5% and 16.5% for the years ended April 30, 2009, 2010 and 2011 to the estimated income earned in or derived from Hong Kong if applicable.

Enterprise income tax in the PRC was generally charged at 33% of the assessable profit prior to January 1, 2008. From January 1, 2008, with the effect of the new PRC Enterprise Income Tax Law and Implementation Rules ("EIT Law"), the enterprise income tax rate on all domestic-invested enterprises and foreign investment enterprises in the PRC has been reduced from the rate of 33% to 25%, unless they qualify for certain exemptions.

Two of the PRC subsidiaries, Dongguan Sun Chuen and Heyuan Sun Line, were granted with a five-year grandfather period in accordance with the PRC tax regulation, "GuoShuiFa (2007) No. 39" issued in 2007. Under the new EIT Law, they continued to entitle to a full exemption for two years starting from the first profit-making year followed by a 50% exemption for the next three years. For Dongguan Sun Chuen, the grandfather period started from January 1, 2007 as this was the first profit-making year. However, Heyuan Sun Line has not been making profit so far, under the new EIT Law, the five-year grandfather period will be deemed started on January 1, 2008.

The Company also operates two processing factories in China for its manufacturing operations. Dongguan Sun Line Processing Factory and Shenzhen Broadway Processing Factory which are located in Dongguan and Shenzhen respectively.

Dongguan Sun Line Processing Factory is conducted pursuant to the processing agreement entered into between Sun Line Industrial Limited, which is incorporated in Hong Kong, and the PRC counterparty approved by Dongguan City Foreign Trade and Economic Cooperation Bureau.

Under the processing agreement, Sun Line Industrial Limited is not considered by local tax authorities to be doing business in China; accordingly, it is not subject to local taxes in China. The PRC company is responsible for paying taxes it incur as a result of its operation under the processing agreement.

In accordance with the Hong Kong Inland Revenue Departmental ("IRD") Interpretation and Practice Note No. 21, 50% of the related income for the year arising in Hong Kong under the processing agreement has been determined is not subject to Hong Kong profits tax. The calculation of Hong Kong Profits Tax has been based on such tax relief.

Shenzhen Broadway Processing Factory is conducted pursuant to the processing agreement entered into between Broadway Industrial Holdings Limited, which is incorporated in BVI, and the PRC counterparty approved by Shenzhen City Baoan District Economic Development Bureau.

Due to the complexity involved with certain tax matters, the Company has engaged an independent tax advisor to perform assessment in accordance with FASB ASC 740 "Income Taxes" during the year. The Company's liability for income taxes includes the liability for unrecognized tax benefits, interest and penalty as estimated which relate to tax years still subject to review by taxing authorities. Review periods remain open until the statute of limitations has passed.

Based on the operation of the BVI incorporated Broadway Industrial Holdings Limited ("Broadway Industrial (BVI)"), the PRC tax bureau may take the position that it has a permanent establishment in the PRC. Accordingly, Broadway Industrial (BVI) is subject to enterprise income tax at a rate of 25% on the net profits attributable to the permanent establishment in the PRC. As such, Broadway Industrial (BVI) provided income tax provisions at 25%.

Similarly, the PRC tax bureau may also take the position that New Skill Holdings Limited has a permanent establishment in the PRC through its import processing arrangement with its subsidiary, Dongguan Sun Chuen. Accordingly, New Skill Holdings Limited provided income tax provisions at 25% on the net profits attributable to the permanent establishment in the PRC.

Uncertain tax positions of all PRC subsidiaries have been also assessed and in the opinion of the independent tax advisor there are no significant uncertain tax positions except for the transactions in between the PRC subsidiaries and their holding companies being subject to transfer pricing rulings in the PRC. The Company has evaluated the possibility of being charged with the under pricing arrangement by the relevant authorities. Accordingly, provision has been made for the estimated transfer pricing tax liabilities.

The Company recognizes interest expense and penalties related to income tax matters in interest and penalties expense within income tax expense. For the fiscal years ended April 30, 2009, 2010 and 2011, we had accrued interest or penalties on the consolidated balance sheets of HK$2,237, HK$650 and HK$1,052 respectively on the consolidated balance sheets as at April 30, 2011. The Company had no significant unrecognized tax benefits at April 2009, 2010 and 2011.

As of April 30, 2010 and 2011, board of directors considered that the Company had accounted for the uncertain tax positions affecting its consolidated financial position, results of operations or cash flows, and will continue to evaluate for any uncertain position in future. The Company's tax positions related to open tax years are subject to examination by the relevant tax authorities.

The provision for income taxes consists of the following:

	Year ended April 30,		
	2009	**2010**	**2011**
	HK$	**HK$**	**HK$**
Current tax			
- Hong Kong	(2,779)	10,499	2,695
- PRC	24	-	30,411
Deferred tax	3,527	358	-
	772	10,857	33,106

Reconciliations between the provision for income taxes computed by applying the Hong Kong profits tax to income before income tax expense are as follows:

	Year ended April 30,		
	2009	2010	2011
	HK$	HK$	HK$
Provision for income taxes at Hong Kong profits tax rate	1,059	(3,795)	3,842
Effect of different tax rates in other jurisdictions	8,501	11,625	42,800
Effect of income not chargeable for tax purpose	(6,369)	(12,192)	(70,292)
Effect of expenses not deductible for tax purpose	3,821	16,797	56,740
Tax effect of unused tax losses not recognized	1,771	(1,578)	16
Other temporary difference not recognized	(1,947)	-	-
Over provision in previous years	(6,064)	-	-
Net change in valuation allowances	-	-	-
	772	10,857	33,106

The components of deferred tax asset (liability) recognized are as follows:

	April 30, 2010	April 30, 2011
	HK$	HK$
Deferred tax asset (liability):		
Net operating loss carry forwards	3,153	(15,156)
Depreciation and amortization	(15,156)	-
Others	3,730	-
	(8,273)	(15,156)
Less: Valuation allowance	(6,883)	-
Net deferred tax asset (liability)	(15,156)	(15,156)

The net operating loss attributable to those PRC entities can only be carried forward for a maximum period of five years. Tax losses of non-PRC entities can be carried forward indefinitely. The unused tax losses, amounted to HK$1,632, HK$1,838 and HK$5,008, will be expired in calendar year ending 2012, 2013 and 2014 respectively.

11. Net Income Per Share

The following table sets forth the computation of basic and diluted income per share for the years indicated:

	Year ended April 30,		
	2009	2010	2011
	HK$	HK$	HK$
Basic and diluted income per share			
Net income for the year – numerator	61,738	44,307	133,314
Weighted average number of basic and diluted ordinary shares outstanding - denominator	7,054,583	7,054,583	7,891,754
Basic and diluted income per share	HK$ 8.8	HK$ 6.3	HK$ 16.9

In connection with the reverse acquisition and recapitalization, all share and per share amounts have been retroactively restated.

12. Commitments and Contingencies

Operating lease

The Company leases a number of properties under operating leases. Rental expenses under operating leases for the years ended April 30, 2009, 2010 and 2011 were HK$21,226, HK$19,020 and HK$19,639, respectively.

As of April 30, 2011, the Company was obligated under non-cancellable operating leases minimum rentals as follows:

	HK$
Years ending April 30,	
2012	14,408
2013	11,995
2014	9,103
2015	4,704
Thereafter	788
Total minimum lease payments	40,998

Capital commitment

As of April 30, 2011, the Company had capital commitments for constructing factory building and purchase of plant and machineries totaling HK$67,094, which are expected to be disbursed during the year ending April 30, 2012.

Bonus Plan

The Company has established a bonus plan for the management/executive officers. Pursuant to the plan, in order for any bonus to be paid, the Company must achieve an annual net profit (excluding any extraordinary items) of HK$78,000 in any fiscal year, which is refer to as the "Net Profit Target". If the Net Profit Target is achieved in any fiscal year, a pool of 4% of any amount over the Net Profit Target will be set aside to provide bonuses to the management/executive officers. Of the bonus pool that is created, Kin Sun Sze-To, Chin Hien Tan and Ho Leung Ning would currently be entitled to 32%, 24% and 24%, respectively, of the available bonus, with the remaining amount being made available for distribution to the remaining officers, subject to adjustment at the discretion of the board. Payment of any bonuses under the plan will be in cash or ordinary shares (to be purchased in the open market), at the board's sole discretion. The plan had taken effect beginning with the current fiscal year ending April 30, 2011. Based on the financial results in the year ended April 30, 2011, the Company had met the Net Profit Target with the net profit after tax of HK$133,314 therefore bonuses will be paid under the plan; however, the exact amount of any such bonuses will be determined at a later time.

13. Employee Benefits

The Company contributes to a defined contribution retirement benefit plan under the Mandatory Provident Fund Schemes Ordinance, for all of its employees who are eligible to participate in the MPF Scheme. The total MPF contributions were HK$355, HK$379 and HK$418 for the years ended April 30, 2009, 2010 and 2011, respectively.

Full time employees of the PRC entities participate in a government mandated multi-employer defined contribution plan pursuant to which certain pension benefits, medical care, unemployment insurance, employee housing fund and other welfare benefits are provided to employees. The total provisions for such employee benefits were HK$12,138, HK$12,043 and HK$21,249 for the years ended April 30, 2009, 2010 and 2011, respectively.

14. Statutory Reserve Appropriation for PRC Subsidiaries

Pursuant to the laws and regulations applicable to the PRC, the Company's wholly foreign owned subsidiaries must make appropriations from after-tax profit to non-distributable reserves funds including: (i) the statutory surplus reserve and; (ii) the statutory public welfare fund. Subject to the law applicable to foreign invested enterprises in the PRC, they were required annual appropriations of the general reserve fund no less than 10% of after-tax profit (as determined under accounting principles generally accepted in the PRC at each year-end). These reserve funds can only be used for specific purposes of enterprise expansion and staff welfare and are not distributable as cash dividends. Dongguan Sun Chuen has made appropriation at 10% of its accumulated after-tax profit upto its PRC year ended December 31, 2009 in May 31, 2011, while it has been operating at loss thereafter. For other PRC subsidiaries, there is no appropriation be made as a result of their after-tax losses incurred in these periods.

15. Warrants and Unit Purchase Options

As of April 30, 2010 and 2011, there were 7,200,000 warrants outstanding. Each warrant entitles the holder to purchase from the Company one ordinary share at an exercise price of US$11.50 commencing upon the consummation of the Merger, that is December 16, 2010 and expiring November 18, 2014. Among the outstanding warrants, the Company has the option to redeem 3,600,000 units of warrants at a price of US$0.01 per warrant upon 30 days notice while the warrants are exercisable, only in the event that the last sale price of the ordinary shares is at least US$17.50 per share for any 20 trading days within a 30 trading day period ending on the third day prior to the date on which notice of redemption is given. No warrant was exercised before the end of the reporting period.

Unit Purchase Options ("UPOs") were granted to Cohen & Company Securities, LLC and its designees to purchase 360,000 units at an exercise price of US$15.00 per unit. Each unit issuable upon exercise of the UPOs consists of one ordinary share and one warrant. The UPOs became exercisable on December 16, 2010 expires November 18, 2014. The UPOs may be exercised for cash or on a "cashless" basis, at the holder's option, such that the holder may use the appreciated value of the UPOs to exercise the unit purchase option without the payment of cash. No UPOs were converted before the end of the reporting period. As of April 30, 2010 and 2011, there were 360,000 units of UPOs outstanding.

For the years ended April 30, 2009, 2010 and 2011, potential ordinary shares of 7,200,000, 7,200,000 and 7,200,000 shares related to warrants and 360,000, 360,000 and 360,000 shares related to UPOs, retroactively and respectively are excluded from the computation of diluted net income per share as their exercise prices were higher than the average market price.

16. Financial Instruments and Derivatives

The Company adopted FASB ASC 820 "Fair Value Measurements and Disclosures" to measure its assets and liabilities. The fair value of a financial instrument is defined as the exchange price that would be received from an asset or paid to transfer a liability (as exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Except for the interest rate swap contracts described below, the carrying amounts of financial assets and liabilities, such as cash and cash equivalents, trade receivables, deposits, prepayment and other receivables, other current assets, trade payables, and other current liabilities, approximate at their fair values because of the short maturity of these instruments and market rates of interest.

As a result of the various floating rate bank borrowings being obtained during the period to support the Company's expansion, the Company entered into two interest rate swap contracts with two commercial banks to reduce the exposure to variability in future cash flows attributable to a portion of its borrowings. The Company did not use these derivative financial instruments for speculative or trading purpose, nor did it hold or issue leveraged derivative financial instruments. As of April 30, 2011, the fair value of the two interest rate swap contracts amounted to HK$1,540 was included in other payables and accruals in current liabilities. The two respective interest rate swap contracts will be expired on August 29, 2014 and September 8, 2014, with their notional amounts as of April 30, 2011, HK$17,736 and HK$35,000 respectively. The provisions of the contracts provide that the Company will pay the commercial banks a fixed rate of 2.65% p.a. and 2.07% p.a. respectively and the commercial banks will pay the Company a variable rate equal to three-month HIBOR, which was 0.25% at April 30, 2011. The interest rate swap contracts were not designated as a hedging instrument under derivative accounting guidance, and gains and losses from changes in its fair value were therefore included in interest expenses. These interest rate swap contracts are classified as Level 2 in the fair value hierarchy under FASB ASC 820. The fair value of the interest rate swap contracts is arrived at by discounting the present value of the difference between the contractual swap rate and the current market swap rates on April 30, 2011, utilizing the notional amounts and the remaining terms of the swap contracts.

The following table summarizes the Company's fair value of outstanding derivatives:

	Consolidated Balance Sheet Presentation	April 30, 2010	April 30, 2011
		HK$	HK$
Derivatives not designated as hedging instruments			
Fair value of interest rate swap contracts	Other payables and accruals	-	1,540

The impact on net income from derivatives activity for the years ended April 30, 2009, 2010 and 2011 are as follows:

	Presentation of gain or loss recognized on derivatives	Year ended April 30, 2009	2010	2011
		HK$	HK$	HK$
Derivatives not designated as hedging instruments				
Interest rate swap contracts	Changes in fair value of derivatives included in administrative expenses			2,254

17. Operating risks

Concentrations of Processing Factories

The Company operates two of its processing factories through contractual arrangements for manufacturing premises and manufacturing labour services pursuant to the processing agreements, with expiry dates of December 17, 2011 and November 5, 2012 respectively. On January 30, 2011, an agreement was signed with the PRC counterparty and was approved by Shenzhen City Baoan District Economic Development Bureau to extend the contractual arrangement dated December 17, 2011 for a year further, with a new expiry date of December 31, 2012. These processing factories represent significant portion of the Company's production facilities. Should the Company be unable to extend the processing agreements, or to locate an alternative facility site or enter into an alternative processing arrangement, the Company's production would be adversely affected. This could result in a material adverse effect on the Company's results of operations and financial condition.

Concentrations of Major Suppliers

Three major suppliers provided approximately 30.2%, 38.2% and 27.5% of the Company's purchases of raw materials which are mainly resins for the years ended April 30, 2009, 2010 and 2011 respectively. A substantial percentage of the Company's trade payables are due to these suppliers which accounted for 38.2% and 28.0% of the total accounts payables as of April 30, 2010 and 2011.

Concentrations of Major Customers

A substantial percentage of the Company's sales are made to two customers and are typically sold on an open account basis. The sales to these two customers accounted for 23.5%, 32.5% and 23.4% and 5.4%, 14.9% and 33.3% of the total net sales for the years ended April 30, 2009, 2010 and 2011, respectively.

Concentrations of Credit Risk

The largest trade receivables balances from the five customers as of April 30, 2010 and 2011 respectively accounted for 68.1% and 73.7% of total trade receivables of the time. The Company has not experienced any significant difficulty in collecting its trade receivables in the past and is not aware of any financial difficulties being experienced by it major customers. There were bad debt expenses of HK$324, HK$nil and HK$nil for the years ended April 30, 2009, 2010 and 2011, respectively.

18. Operating Segment and Geographical Information

The Company uses the management approach model for segment reporting. The management approach model is based on the way a company's management organizes segments within the company for making operating decisions and assessing performance. The Company consists of one reportable business segment which is provision of integrated plastic manufacturing services. All of the Company’s sales are from the manufacturing processes which are conducted in PRC. The Company’s sales to customers by geographic destination are analyzed as follows:

	Year ended April 30,		
	2009	2010	2011
	HK$	HK$	HK$
Asia-Pacific Region	835,135	802,953	852,062
Europe and the United States	78,309	163,802	471,471
	913,444	966,755	1,323,533

The location of the Company’s identifiable assets is as follows:

	April 30,	
	2010	2011
	HK$	HK$
PRC	596,476	738,410
Hong Kong	377,976	459,557
Macau	3,040	3,960
	977,492	1,201,927

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Chairman of the Board and Chief Executive Officer

Chin Hien Tan
Chief Operating Officer

Ho Leung Ning
Chief Financial Officer

Eli D. Scher
Non-Executive Vice Chairman of the Board

J. David Selvia
Director

Chung Wing Lai
Director

Joseph Yiu Wah Chow
Director

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