Plastec Technologies, Ltd.
2017 Annual Report

May 16, 2018

Dear Fellow Shareholders:

Throughout 2017, Plastec Technologies remained committed to conducting an orderly wind down of our responsibilities with our legacy business while evaluating potential opportunities going forward.

Today, Plastec Technologies operates as a holding company following the completion of our transaction with Shanghai Yongli Belting Co., Ltd. ("SYB") in October 2016, in which we sold Plastec International Holdings Limited ("Plastec") alongside the entirety of our operating business.

This transaction successfully benefitted both SYB and our shareholders. SYB has proceeded to enhance the operating business as part of a larger diversified portfolio, and our shareholders benefitted from a fair valuation of Plastec, the receipt of special cash dividends upon and following consummation of the transaction. To date, we have distributed US$12.8 per ordinary share in dividends in aggregate since 2014 as a measure if rewarding shareholders for their continued support.

We understand our mandate as proper stewards of capital for our shareholders and intend to remain fiscally responsible and prudent when evaluating any opportunities available to us as we continue into 2018.

On behalf of our Board of Directors, I thank you for your continued support.

Sincerely,
Kin Sun SZE-TO
Chief Executive Officer

CERTAIN SECTIONS OF OUR ANNUAL REPORT ON FORM 20-F FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017 FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON APRIL 30, 2018 (THE "FORM 20-F") ARE REFERRED TO HEREIN AND INCORPORATED BY REFERENCE. SHAREHOLDERS ARE ADVISED TO READ THE FORM 20-F FOR COMPLETENESS. SHAREHOLDERS CAN VIEW THE 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 C/O UNIT 01, 21/F, AITKEN VANSON CENTRE, 61 HOI YUEN ROAD, KWUN TONG, KOWLOON, HONG KONG, ATTN: MR. KIN SUN SZE-TO.

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, formerly our direct wholly owned subsidiary until October 11, 2016;
- "BVI" refers to the British Virgin Islands;
- "China" or the "PRC" refer to the People's Republic of China;
- "HK$" or "Hong Kong dollar" refer to the lawful currency of the Hong Kong Special Administrative Region, People's Republic of China; if not otherwise indicated, all financial information presented in HK$/RMB may be converted to U.S.$ or $ using the exchange rates of 7.8 HK$ and 6.3 RMB, respectively, for every 1 U.S.$ 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.

Forward-Looking Statements

This Annual Report for the 12-month period ended December 31, 2017 ("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 in this Annual Report, 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 Annual Report should be read in conjunction with our audited consolidated financial statements and the accompanying notes thereto for the fiscal year ended December 31, 2017, which are included hereto.

Completion of Sale of Assets

As disclosed in our various previous filings, we entered into a Share Transfer Agreement (the "Agreement") with Shanghai Yongli Belting Co., Ltd. ("SYB") and its wholly-owned subsidiary, Shanghai Yongjing Investment Management Co., Ltd. ("SYIM"). Pursuant to the Agreement, SYIM was to purchase, through a wholly-owned Hong Kong subsidiary, the entirety of our shareholding interests in Plastec for an aggregate purchase price of RMB 1,250,000,000 (or US$198,412,698), in cash (the "Transfer Price"). Of the Transfer Price, RMB 875,000,000 (or US$138,888,889) was payable within 60 days after the China Securities Regulatory Commission approved of the Issuance (as defined in the Agreement) and SYB's receipt of the funds raised through the Issuance, the latter of which was confirmed by SYB to have happened by July 29, 2016. Accordingly, payment of the initial portion of the Transfer Price was made to us on September 21, 2016.

The remaining RMB 375,000,000 (or US$59,523,810) of the Transfer Price (the "Remaining Amount") was deposited into a bank account designated solely for the purpose of the transaction, supervised and administered by SYB and us jointly, with tranches of which made payable to us upon Plastec achieving certain performance targets for the years ended December 31, 2016, 2017 and 2018. See below for further information.

On October 11, 2016, the parties consummated the transactions contemplated by the Agreement after the fulfillment of certain other conditions, as described in the Agreement. As a result, we no longer own Plastec.

Following consummation of the transactions described above, our only operations have generally been, or will be, to (i) complete the construction of our manufacturing plant in Kai Ping, China which was disposed of to SYB prior to its official operation as described below, (ii) collect rental income from certain property we own and that is being leased to one of Plastec's subsidiaries, (iii) collect the payments upon Plastec achieving the performance targets for the years ended December 31, 2016 and 2017 (which Plastec already did) and 2018 as described in the Agreement and below; and (iv) to explore other investment opportunities.

Confirmations of Plastec's Achievement of Performance Targets for the years ended December 31, 2016 and 2017

By a letter dated May 10, 2017, SYB confirmed and acknowledged to us that Plastec's audited net profit (on a consolidated basis, after deducting non-current gains and losses) for the year ended December 31, 2016 was HK$183,958,100, which was in excess of the performance target for the year ended December 31, 2016, set at HK$161,211,000 in the Agreement, by HK$22,747,100 or approximately 14.1%. Accordingly, we were paid a further sum of RMB 113,250,000 (or US$17,976,190) of the Remaining Amount on June 1, 2017 and in accordance with the terms of the Agreement.

By a letter dated March 28, 2018, SYB confirmed and acknowledged to us that Plastec's audited net profit (on a consolidated basis, after deducting non-current gains and losses) for the year ended December 31, 2017 was HK$183,124,000, which was in excess of the performance target for the year ended December 31, 2017, set at HK$177,088,000 in the Agreement, by HK$6,036,000 or approximately 3.4%. Accordingly, we shall be paid a further sum of RMB 124,380,000 (or US$19,742,857) of the Remaining Amount in due course and in accordance with the terms of the Agreement

Transfer of our Manufacturing Plant in Kai Ping, China

In accordance with the terms and spirits of the Agreement, we caused Viewmount Developments Limited, a wholly owned subsidiary of ours ("Viewmount"), to enter into a Share Transfer Agreement with Plastec (a wholly owned subsidiary of SYB since October 11, 2016) on March 30, 2018 (the "Manufacturing Plant Transfer Agreement"), pursuant to the terms and conditions of which Viewmount was to transfer the ownership interests in the subsidiaries of Viewmount holding our newly established manufacturing plant in Kai Ping, China through their PRC subsidiaries, Kai Ping Broadway Mold Tech Co., Limited and Yong Xie Precision Tech (Kai Ping) Co., Limited to Plastec for a total consideration of approximately HK$70,000 (or US$8,974), representing the actual registered capital injected by Viewmount into the relevant subsidiaries.

On April 20, 2018, the parties consummated the transactions contemplated by the Manufacturing Plant Transfer Agreement. The parties also settled all account payables owed by the relevant subsidiaries to Viewmount at the closing, totaling HK$258,910,000 (or US$33,193,590).

Impact of Sale of Assets on Our Financial Statements

The disposal of Plastec represented a strategic shift and had a major effect on our results of operations. Accordingly, assets and liabilities, revenues and expenses, and cash flows related to the disposed business lines have been reclassified as discontinued operations in the consolidated financial statements for the years ended December 2017, 2016 and 2015. The consolidated balance sheets as of December 31, 2016, the consolidated statements of operations and comprehensive income and the consolidated statements of cash flows for the years ended December, 2016 and 2015 have been adjusted retrospectively to reflect this strategic shift.

PART I

ITEM 1. KEY NFORMATION.

Selected Financial Data

The selected financial information set forth below has been derived from our audited financial statements for the years ended December 31, 2017, 2016, 2015, 2014 and 2013.

The selected financial information below is only a summary and should be read in conjunction with our audited financial statements and notes thereto contained elsewhere herein. The selected consolidated statements of operations data for the years ended December 31, 2017, 2016 and 2015 and the consolidated balance sheet data as of December 31, 2017 and 2016 have been derived from our audited consolidated financial statements prepared and presented in accordance with U.S. GAAP, which are included in this Annual Report. The selected consolidated statements of operations data for the year ended December 31, 2014 and the consolidated balance sheet data of December 31, 2015, 2014 and 2013 have been derived from our audited consolidated financial statements prepared and presented in accordance with U.S. GAAP, which are not included in this Annual Report. The selected consolidated statements of operations data for the year ended December 31, 2013 have been derived from our financial statements for the relevant period, which are not included in this Annual Report. 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 ended December 31,				
	2017	2016	2015	2014	2013
	(HK$'000, except for per share data)				
	(Audited)	(Audited)	(Audited)	(Audited)	(Unaudited)
Revenues	-	-	-	-	16,407
Cost of revenues	-	-	-	-	(14,060)
Gross profit/(loss)	-	-	-	-	2,347
Selling, general and administrative expenses	(19,593)	(18,946)	(27,812)	(20,022)	(31,649)
Other income	16,413	23,874	25,161	23,907	27,919
Write-off of property, plant and equipment	-	-	-	-	(14,920)
Gain/(loss) on disposal of property, plant and equipment	-	545	-	122	(3,481)
Gain on disposal of subsidiary	-	-	-	29,125	-
Income/(loss) from operations	(3,180)	5,473	(2,651)	33,132	(19,784)
Interest income	2,258	1,276	1,028	963	52
Interest expense	-	-	-	-	(163)
Income/(loss) before income tax expense	(922)	6,749	(1,623)	34,095	(19,895)
Income tax (expense)/benefits	(524)	(1,241)	(294)	(3,169)	5,240
Net income/(loss) from continuing operations	(1,446)	5,508	(1,917)	30,926	(14,655)
Discontinued operations:					
Net income from discontinued operations (including gain of HK$540,921 upon the disposal in the year ended December 31, 2016)	141,341	717,721	163,204	157,206	104,509
Income tax expenses from discontinued operations	-	(31,187)	(29,952)	(20,311)	(8,974)
Net income from discontinued operations attributable to the Company's shareholders	141,341	686,534	133,252	136,895	95,535
Net income attributable to the Company's shareholders	139,895	692,042	131,335	167,821	80,880
Net income per share					
Weighted average number of ordinary shares					
- Continuing operations	12,938,128	12,938,128	12,938,128	12,938,128	13,503,623
- Discontinued operations	12,938,128	12,938,128	12,938,128	12,938,128	13,503,623

Weighted average number of diluted ordinary shares					
- Continuing operations	12,938,128	12,938,128	12,938,128	12,938,128	13,503,623
- Discontinued operations	12,938,128	12,938,128	12,938,128	12,938,128	13,503,623
Basic income per share attributable from					
- Continuing operations	HK$ (0.11)	HK$ 0.44	HK$ (0.15)	HK$ 2.39	HK$ (1.09)
- Discontinued operations	HK$ 10.92	HK$ 53.06	HK$ 10.35	HK$ 10.61	HK$ 7.09
Diluted income per share attributable from					
- Continuing operations	HK$ (0.11)	HK$ 0.44	HK$ (0.15)	HK$ 2.39	(1.09)
- Discontinued operations	HK$ 10.92	HK$ 53.06	HK$ 10.35	HK$ 10.61	HK$ 7.09

			December 31,		
	2017	2016	2015	2014	2013
			(HK$'000)		
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Total assets	780,263	793,599	1,302,872	1,271,156	1,154,821
Total liabilities	10,933	11,975	362,186	338,166	351,207
Total shareholders' equity	769,330	781,624	940,686	932,990	803,614

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 April 20, 2018, which was HK$7.8448 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	Period End	Average (1)	Maximum	Minimum
April 2018[2]	7.8448	7.8489	7.8499	7.8482
March 2018	7.8484	7.8413	7.8486	7.8310
February 2018	7.8262	7.8222	7.8267	7.8194
January 2018	7.8210	7.8190	7.8230	7.8161
December 2017	7.8128	7.8128	7.8228	7.8050
November 2017	7.8093	7.8052	7.8118	7.7955
October 2017	7.8015	7.8053	7.8106	7.7996
FY Ended Dec. 31, 2017	7.8128	7.7926	7.8267	7.7540
FY Ended Dec. 31, 2016	7.7534	7.7618	7.8270	7.7505
FY Ended Dec. 31, 2015	7.7507	7.7525	7.7685	7.7495
FY Ended Dec. 31, 2014	7.7531	7.7554	7.7648	7.7497
FY Ended Dec. 31, 2013	7.7539	7.7565	7.7629	7.7526

Source: The exchange rate refers to the noon buying rate as set forth in the weekly H.10 statistical release of the Federal Reserve Board.

(1) Annual averages are calculated from month-end rates. Monthly averages are calculated using the average of the daily rates during the relevant period.
(2) Through April 20, 2018.

Risk Factors

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

ITEM 2. OPERATING AND FINANCIAL REVIEW AND PROSPECTS.

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and the related notes included elsewhere in this Annual Report. This discussion may contain forward-looking statements. Our actual results may differ materially from those anticipated in these forward-looking statements because of various factors, including those set forth under Item 3.D ("Risk Factors") or in other parts of Form 20-F.

Operating Results

Overview

We used to be a vertically integrated plastic manufacturing services provider providing comprehensive precision plastic manufacturing services (through our former wholly owned subsidiary, Plastec) from mold design and fabrication and plastic injection manufacturing to secondary-process finishing as well as parts assembly to leading international OEMs, ODMs and OBMs of consumer electronics, electrical home appliances, telecommunication devices, computer peripherals and precision plastic toys.

Following consummation of the divestment transactions on October 11, 2016 pursuant to the terms of the Agreement more particularly described in Item 4.A of Form 20-F, we no longer own Plastec with the result that our only operations have generally been, or will be, to (i) complete the construction of our manufacturing plant in Kai Ping, China which was disposed of to SYB prior to its official operation in April 2018, (ii) collect rental income from certain property we own and that is being leased to one of Plastec's subsidiaries, (iii) collect the payments upon Plastec achieving the performance targets for the years ended December 31, 2016 and 2017 (which Plastec already did) and 2018 as described in the Agreement; and (iv) to explore other investment opportunities.

To date, we have not identified any investment opportunities, the pursuit of which we believe would be advantageous to us to supplement our current minimal operations. As a result, we cannot assure you that we will be able to locate any such investment opportunity in the future and accordingly there is no current basis for you to evaluate the possible merits or risks of any investment opportunity we may ultimately pursue.

Although our management will endeavor to evaluate the risks inherent in any particular investment opportunity, we cannot assure you that we will properly ascertain or assess all of the significant risk factors or not be exposed to potential risks which could have a material and adverse effect on ability to manage our business. Further, as a result of our current minimal operations, limited sources of revenues and the need to maintain adequate control of our costs and expenses, we may not be able to attract, train, motivate and recruit suitably qualified personnel to explore or effect any investment opportunity thereby making it difficult for you to evaluate our long term business, financial performance and prospects. If we do not succeed in launching any new business upon an investment opportunity to supplement our current minimal operations, our future results of operations and growth prospects may be materially and adversely affected arising from a lack of business diversification.

Our ability to successfully effect any investment opportunity will also be dependent upon the efforts of our key personnel. However, our executive officers are not required to, and it is unlikely that they will, commit and devote their full time efforts to our affairs. Accordingly, there is no assurance that they will spend sufficient time to our locating any potential investment opportunity. Further, the unexpected loss of our executives could have a detrimental effect on us and our ability to realize any potential investment opportunity.

Further, we expect to encounter competition from entities having a business objective similar to ours, including venture capital funds, leveraged buyout funds and operating businesses competing for investment opportunities. Many of these entities are well established and have extensive experience in identifying and effecting investment opportunities directly or through affiliates. Many of these competitors possess greater technical, human and other resources than we do and our financial resources will be relatively limited when contrasted with those of many of these competitors. The foregoing may place us at a competitive disadvantage in successfully locating and consummating any investment opportunity.

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 twenty-five years, our furniture, fixture and equipment to be three to five years, our computer equipment to be two to three years, our motor vehicles to be five years and our plant and machinery 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.

Discontinued Operation

A disposal of a component of an entity or a group of components of an entity shall be reported in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. Where an operation is classified as discontinued, a single amount is presented on the face of the consolidated statements of operations. The amount of total current assets, total non-current assets, total current liabilities and total non-current liabilities are presented separately on the consolidated balance sheets.

Revenues

We generated revenues from our continuing operations in fiscal years ended December 31, 2015, 2016 and 2017 as follows, which were presented as other income in our audited financial statements:

	Fiscal Years Ended December 31,					
	2015		2016		2017	
	(HK$'000)					
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Rental income	12,768	50.7%	14,874	62.3%	15,224	92.8%
Advisory fees income	12,000	47.7%	9,000	37.7%	0	0.0%
Sundries	393	1.6%	0	0.0%	1,189	7.2%
	25,161	100.0%	23,874	100.0%	16,413	100.0%

Rental income

Our rental revenues were derived from properties located in Furong Industrial District, Furongmei Area, Shajing Street, Xinqiao Village, Bao'an District, Shenzhen City, Guangdong Province of the PRC as more particularly described in the section titled "*Properties*" in Item 4.B of Form 20-F, which are being leased to one of Plastec's subsidiaries and expiring in November 2018 and August 2020.

The most significant factors that directly or indirectly affect our revenues in the form of recurring rental income include the following:

- as disclosed under the section titled "*Risk Factors*" in Item 3.D of Form 20-F, if current lessee of the land and premises under which our recurring rental income have been derived from terminates the underlying lease agreements prior to their stated maturities or not to renew them for another term upon their usual expiry for want of relevant land and building title certificates due to historical reasons (the renewal of which is not guaranteed but, if at all, will be subject to future negotiations and market conditions prevailing at the time), we could incur significant losses of revenues and we might experience significant difficulties in securing replacement lessee for the above mentioned land and premises, or if at all, on best available terms; in which case our business prospects and financial condition could be materially and adversely affected.

- the state of the PRC economy.

Advisory fees

Prior to October 11, 2016, we had received advisory fees from Plastec's subsidiaries pursuant to advisory services agreements for provision of our know-how, practical advices and management skills and assistance to Plastec's subsidiaries from time to time on a variety of operational, management and/or commercial issues arising from daily operations. All such advisory services agreements expired/terminated by the closing of the disposal of Plastec transaction on October 11, 2016.

Sundries

Sundries were non-recurring income. In fiscal year 2015, sundries arose from and were incidental to our disposal and closure of certain of our previous manufacturing plant in the PRC. In fiscal year 2017, sundries arose from reversal of land related charges in relation to the properties located in Furong Industrial District, Furongmei Area, Shajing Street, Xinqiao Village, Bao'an District, Shenzhen City, Guangdong Province of the PRC as more particularly described in the section titled "*Properties*" in Item 4.B of Form 20-F.

Operating Costs

Our operating expenses arising from our continuing operations in fiscal years ended December 31, 2015, 2016 and 2017 consisted of the following:

	Fiscal Years Ended December 31,					
	2015		2016		2017	
			(HK$'000)			
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Amortization and depreciation	7,765	27.9%	7,810	41.2%	8,791	44.9%
Land related governmental charges	1,521	5.5%	1,189	6.3%	-	-%
Other general administrative expenses	18,526	66.6%	9,947	52.5%	10,802	55.1%
	27,812	100.0%	18,946	100.0%	19,593	100.0%

Selling, General and Administrative Expenses

Our selling, general and administrative expenses consisted primarily of amortization, depreciation and related governmental fees of the land and premises, legal and professional expenses, directors' compensation, insurances, exchange differences and other administration related expenses, as well as transportation and motor vehicles related expenses.

Income Tax

Cayman Islands. We are incorporated in the Cayman Islands. The government of the Cayman Islands will not, under existing legislation, impose any income tax upon the Company or its shareholders.

British Virgin Islands. Our subsidiaries which are incorporated in the British Virgin Islands are exempted from income tax in the British Virgin Islands on their foreign-derived income.

Hong Kong. Our Hong Kong subsidiaries are subject to income tax on its profits in Hong Kong at the prevailing corporate tax rate of 16.5%. For the years ended December 31, 2015, 2016 and 2017, none of our Hong Kong subsidiaries recorded any Hong Kong profit tax on the basis that they did not have any assessable profits arising in or derived from Hong Kong.

China. Under the PRC Enterprise Income Tax Law and Implementation Rules ("EIT Law") effective as of January 1, 2008, all domestic enterprises and foreign-invested enterprises are subject to a unified income tax rate of 25% unless they qualify under certain limited exemptions.

Review of Results of Operations

The following table sets forth a summary of our consolidated results of operations for the periods indicated. This information should be read together with our consolidated financial statements, including the related notes that appear elsewhere in this Annual Report.

	Fiscal Year ended December 31,		
	2015	**2016**	**2017**
	HK$	**HK$**	**HK$**
		(HK$'000)	
Revenues	-	-	-
Operating (expenses)/income, net			
Selling, general and administrative expenses	(27,812)	(18,946)	(19,593)
Other income	25,161	23,874	16,413
Gain on disposal of property, plant and equipment	-	545	-
Total operating (expenses)/income, net	(2,651)	5,473	(3,180)
Income/(loss) from operations	(2,651)	5,473	(3,180)
Interest income	1,028	1,276	2,258
Income/(loss) before income tax expense	(1,623)	6,749	(922)
Income tax expense from continuing operations	(294)	(1,241)	(524)
Net income/(loss) from continuing operations attributable to the Company's shareholders	(1,917)	5,508	(1,446)

For the year ended December 31, 2017 compared to year ended December 31, 2016

Other income. Our other income for the year ended December 31, 2017 decreased by approximately HK$7.5 million or 31.3% to HK$16.4 million from HK$23.9 million in the year ended December 31, 2016 mainly attributable to the expiry/termination of advisory services agreements with Plastec's certain subsidiaries since October 11, 2016 and cessation of advisory fees derived therefrom. On the other hand, we recorded an increase in rental income for fiscal 2017 as a result of additional monthly rentals derived from two new lease agreements in relation to the additional floor areas as more particularly described in the section titled "*Properties*" in Item 4.B of Form 20-F, which are being leased to one of Plastec's subsidiaries since September 2017, and also recorded an one-off reversal of land related charges in relation to the properties as more particularly described in the section titled "*Properties*" in Item 4.B of Form 20-F.

Selling, general and administrative expenses. Our selling, general and administrative expenses for the year ended December 31, 2017 increased by approximately HK$0.6 million or 3.4% to HK$19.6 million from HK$18.9 million in the year ended December 31, 2016, mainly attributable to increased depreciation of fixed assets located in the manufacturing plant in Kai Ping, China.

Income from operations. Our loss from operations for the year ended December 31, 2017 was approximately HK$3.2 million, decreased by HK$8.7 million from HK$5.5 million income from operations for the year ended December 31, 2016. The loss was mainly due to the cessation of advisory fees arising from expiry/termination of advisory services agreements with Plastec's certain subsidiaries since October 11, 2016 to cover operating expenses.

Income tax expenses. Our income tax expenses for the year ended December 31, 2017 decreased by approximately HK$0.7 million to HK$0.5 million from HK$1.2 million in the year ended December 31, 2016.

Net loss. Our net loss for the year ended December 31, 2017 was HK$1.4 million, compared to net income of HK$5.5 million for the year ended December 31, 2016.

For the year ended December 31, 2016 compared to year ended December 31, 2015

Other income. Our other income for the year ended December 31, 2016 decreased by HK$1.3 million or 5.2% to HK$23.9 million from HK$25.2 million in the year ended December 31, 2015 mainly attributable to a decrease in advisory fees received from one of Plastec's subsidiaries as the underlying advisory services agreement was terminated during fiscal 2016. On the other hand, we recorded an increase in rental income for fiscal 2016 as a result of improved monthly rental upon renewal of lease agreements in relation to the premises more particularly described in the section titled "*Properties*" in Item 4.B of Form 20-F, which are being leased to one of Plastec's subsidiaries.

Selling, general and administrative expenses. Our selling, general and administrative expenses for the year ended December 31, 2016 decreased by HK$8.9 million or 32.0% to HK$18.9 million from HK$27.8 million in the year ended December 31, 2015 during which year we had incurred more in terms of legal and professional fees arising from the transaction to dispose of Plastec to SYB.

Income from operations. Our income from operations for the year ended December 31, 2016 increased by HK$8.2 million to HK$5.5 million from loss of HK$2.7 million in the year ended December 31, 2015. The loss from operation in the year ended December 31, 2015 was mainly due to legal and profession fees incurred arising from the transaction to dispose of Plastec to SYB.

Income tax expenses. Our income tax expenses for the year ended December 31, 2016 increased by HK$0.9 million to HK$1.2 million from HK$0.3 million in the year ended December 31, 2015.

Net income. Our net income for the year ended December 31, 2016 increased by HK$7.4 million to HK$5.5 million from a loss of HK$1.9 million in the year ended December 31, 2015.

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

	Year Ended December 31,		
	2015	2016	2017
		(HK$'000)	
Net Cash From Operating Activities	241,687	191,931	(21,689)
Net Cash From Investing Activities	(150,437)	675,849	82,743
Net Cash From Financing Activities	(141,878)	(843,429)	(151,376)
	(50,628)	24,351	(90,322)

<u>For the year ended December 31, 2017 compared to year ended December 31, 2016</u>

Net Cash From Operating Activities. For the year ended December 31, 2017, we generated a net cash outflow from operating activities of HK$21.7 million. Compared to the year ended December 31, 2016, which we generated a net cash inflow from operating activities of HK$191.9 million. The major cash outflow in fiscal year 2017 were prepayments and deposits of approximately HK$28 million which were mainly the amounts spent for the construction of manufacturing plant in Kai Ping, China.

Net Cash From Investing Activities. For the year ended December 31, 2017, we recorded a net cash inflow from investing activities of HK$82.7 million, comprised a net cash inflow of HK$131.7 million (being payment made to us under the Agreement as a result of Plastec achieving the performance target set for the year ended December 31, 2016) and a net cash outflow of HK$48.9 million for the purchase of properties, plant and equipment mainly for the manufacturing plant in Kai Ping, China. Compared to the year ended December 31, 2016, we recorded a net cash inflow of HK$675.8 million, which was mainly attributable to the net sales proceeds from disposal of Plastec for HK$703.4 million.

Net cash generated from financing activities. We recorded a net cash outflow by financing activities of approximately HK$151.4 million, which comprised a net cash outflow of HK$151.4 million for the dividends paid. Compared to the year ended December 31, 2016, which we recorded a net cash outflow of HK$843.48 million, which was mainly attributable to payments of dividends totaling HK$837.6 million.

<u>For the year ended December 31, 2016 compared to year ended December 31, 2015</u>

Net Cash From Operating Activities. For the year ended December 31, 2016, we generated a net cash inflow from operating activities of HK$191.9 million, which comprised a net cash outflow by continuing operations of HK$4.5 million and a net cash inflow from discontinued operations of HK$196.5 million. Compared to the year ended December 31, 2015, which we generated a net cash inflow from operating activities of HK$241.7 million, which comprised of a net cash inflow from continuing operations of HK$9.4 million and a net cash inflow from discontinued operations of HK$232.3 million.

Net Cash From Investing Activities. For the year ended December 31, 2016, we recorded a net cash inflow from investing activities of HK$675.8 million, comprised a net cash inflow from continuing operations of HK$703.9

million which was mainly attributable to the net sales proceeds from disposal of Plastec of HK$703.4 million and a net cash outflow by discontinued operations of HK$28.1 million. Compared to the year ended December 31, 2015, which we recorded a net cash outflow by investing activities of HK$150.4 million, which comprised of a net cash outflow by continuing operations of HK$23.8 million and a net cash outflow by discontinued operations of HK$126.6 million.

Net cash generated from financing activities. We recorded a net cash outflow by financing activities of approximately HK$843.4 million, which comprised a net cash outflow by continuing operations of HK$837.6 million for the dividends paid, and a net cash outflow by discontinued operations of HK$5.8 million. Compared to the year ended December 31, 2015, which we recorded a net cash outflow by financing activities of HK$141.9 million, which comprised of a net cash inflow from continuing operations of HK$22.9 million, and a net cash outflow by discontinued operations of HK$164.8 million.

Working capital

We believe that we have adequate working capital for our present requirements and that our cash and cash equivalents will provide sufficient funds to satisfy our working capital requirements for the period ending 12 months from the date of this Annual Report. As at the year ended December 31, 2017, we had a cash and bank balance of approximately HK$395.1 million, of which approximately HK$147.4 million was denominated in Hong Kong Dollars, approximately HK$247.5 million equivalent was denominated in US Dollars, approximately HK$0.2 million equivalent was denominated in Renminbi, respectively.

Indebtedness

As of December 31, 2017, our indebtedness was nil.

Contractual Obligations and Commitments

The following table sets forth our contractual cash commitments as of December 31, 2017.

	Payment by Period				
	Total	**Within 1 Year**	**Within 2 – 3 Years**	**Within 4 – 5 Years**	**After 5 Years**
			(HK$'000)		
Capital commitments	90,519	90,519	-	-	-
TOTAL	90,519	90,519	-	-	-

As of December 31, 2017, our estimated interest commitment and operating lease obligations were nil.

As of December 31, 2017, we had capital commitments for purchase of plant and machineries totaling HK$90.5 million, which were expected to be disbursed during the year ending December 31, 2018 but overtaken by our disposal of the manufacturing plant in Kai Ping, China in April 2018.

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.

Quantitative and Qualitative Disclosures About 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. Our income is mainly denominated in Renminbi whereas our 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. dollar 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 made gains of approximately HK$1,564,000 and HK$3,670,000 for the years ended December 31, 2015 and 2016, respectively, and incurred loss of approximately HK$4,004,000 for the year ended December 31, 2017. 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 our foreign exchange risk exposure.

Seasonality

We have not been subject to any seasonality in our continuing operations in any material respect.

Subsequent Material Changes

Except as described under the headings "*Introduction - Confirmations of Plastec's Achievement of Performance Targets for the years ended December 31, 2016 and 2017*" and "*Introduction – Transfer of our Manufacturing Plant in Kai Ping, China*", there have been no material changes in our financial condition and results of operations subsequent to December 31, 2017.

Research and Development, Patents and Licenses, Etc.

We do not have a department for and therefore have not incurred any significant amount in research and development.

ITEM 3. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES.

Directors and Senior Management

Our current directors and officers are:

Name	Age	Position
Kin Sun Sze-To (4)	56	Chairman of the Board and Chief Executive Officer and Chief Operating Officer
Ho Leung Ning (4)	57	Chief Financial Officer and Director
Chung Wing Lai (1) (2) (3)	70	Director
Joseph YiuWah Chow (1) (2) (3)	58	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 more recently has also served as our Chief Operating Officer since consummation of the disposal of our shareholdings in Plastec to SYB in October 2016. He has also been a non-independent director of SYB since January 2018. Mr. Sze-To is responsible for exploring, directing and reviewing our long-term investment opportunities and business development strategies. 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 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 and completed a 2-year Organizational Design Program for Enterprise Founders conducted by the HSBC Business School of Peking University in 2014.

Ho Leung Ning has served as our Chief Financial Officer and a Director of ours since the consummation of the merger in December 2010. He has also served as Deputy Vice President of SYB since August 2017. Mr. Ning is responsible for our 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.

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. From February 2009 through May 2016, he was an independent non-executive director of Kingboard Chemical Holdings Ltd, 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 YiuWah 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.

Compensation

Compensation of Executive Officers

Following consummation of our divestment of our shareholdings in Plastec to SYB on October 11, 2016 and as a result of our current minimal operations, effective from November 2016 each of our current executive officers has received monthly cash compensation in the sum of HK$10,000.

During the year ended December 31, 2017, the aggregate amount of compensation paid to our executive officers was HK$240,000.

The following table sets forth the compensation of our executive officers for the year ended December 31, 2017:

Name and Principal Position	**Year ended December 31,**	**Salary (HK$)**	**Total (HK$)**
Kin Sun Sze-To *Chairman of the Board and Chief Executive Officer and Chief Operating Officer*	2017	120,000	120,000
Ho Leung Ning *Chief Financial Officer*	2017	120,000	120,000

Compensation of Non-Executive Independent Directors

Following consummation of our divestment of our shareholdings in Plastec to SYB on October 11, 2016 and as a result of our current minimal operations, effective from November 2016 each of our current non-executive independent directors has been paid HK$10,000 for each month that they continue to serve on our board.

During the year ended December 31, 2017, the aggregate amount of compensation paid to our non-executive independent directors was HK$240,000.

Board Practices

Director Term of Office

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.

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 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 shareholder approval).

Audit Committee Information

Our audit committee is currently comprised of Joseph Yiu Wah Chow and Chung Wing Lai, 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 NASDAQ listing standards. 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 and Joseph Yiu Wah Chow, 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 and Chung Wing Lai, 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.

Employees

We have no employees as of the date of this Annual Report.

ITEM 4. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS.

Major Shareholders

The following table sets forth, as of April 26, 2018, 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, if any, 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 Securities and Exchange Commission 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 12,938,128 shares issued and outstanding as of April 26, 2018.

Name and Address of Beneficial Owner (1)	Amount and Nature of Beneficial Ownership	Percent of Class
Major Shareholder(s):		
Kwok Wa Hung	1,014,753(2)	7.8%
Directors and Executive Officers:		
Kin Sun Sze-To	10,134,283(3)	78.3%
Ho Leung Ning	241,971(4)	1.9%
Chung Wing Lai	0	0%
Joseph Yiu Wah Chow	0	0%
All directors and executive officers as a group (4 individuals)	10,376,254	80.2%

(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) The business address of Mr. Hung is c/o 16th Floor, 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 March 03, 2015 and other information known to us.

(3) Consists of 9,245,382 ordinary shares held by Sun Yip Industrial Company Limited and 888,901 ordinary shares held by Tiger Power Industries Limited ("Tiger Power"), each of which is an entity controlled by Mr. Sze-To. The foregoing information is derived from a Schedule 13D/A filed with the SEC on January 5, 2017.

(4) Includes 241,971 ordinary shares held by Expert Rank Limited, an entity controlled by Mr. Ning.

As of April 26, 2018, there were 17 shareholders of record holding a total of 12,938,128 of our ordinary shares. To the best of our knowledge there were 4 shareholders of record with addresses in the United States holding 554,439 (4.3%) of our outstanding ordinary shares. The foregoing calculations include 1 unit holder with a United States address holding 1,694 units, each consisting of 1 ordinary share. Ordinary 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.

Related Party Transactions

Our Code of Ethics and Related Person Policy

In November 2009, our board of directors adopted a code of ethics that applies to our directors, officers and employees as well as those of our subsidiaries.

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

Corporate guarantees provided by us for Plastec

We had been (as in the past) providing corporate guarantees to various financial institutions as collaterals to secure various credit facilities and financing of machineries for Plastec and certain of its operating subsidiaries, each of which Kin Sun Sze-To is a director thereof. All such corporate guarantees were duly cancelled and terminated by May 2017 and accordingly, there was no outstanding amount of corporate guarantees for such purposes as of December 31, 2017.

Interests of our Executive Officers in connection with Share Transfer Agreement

Under the Share Transfer Agreement, if the cumulative net profits of Plastec for the three years ended December 31, 2018 exceeds the cumulative Performance Commitment for such period, an amount equal to 30% of the surplus shall be distributed to Plastec's management team, including those designated by us, in cash as a bonus (the "Performance Bonus"). See the section titled "*Information on the Company – History and Development*" in Item 4.A of Form 20-F.

Tenancy Agreements with Plastec's subsidiary

As more particularly described in the section titled "*Properties*" in Item 4.B of Form 20-F, we have, in the ordinary course of our business, leased properties located in Furong Industrial District, Furongmei Area, Shajing Street, Xinqiao Village, Bao'an District, Shenzhen City, Guangdong Province of the PRC to one of Plastec's subsidiaries, expiring in November 2018 and August 2020.

Manufacturing Plant Transfer Agreement

In accordance with the terms and spirits of the Agreement, we caused Viewmount to enter into the Manufacturing Plant Transfer Agreement with Plastec on March 30, 2018, pursuant to the terms and conditions of which Viewmount was to transfer the ownership interests in the subsidiaries of Viewmount holding our newly established manufacturing plant in Kai Ping, China through their PRC subsidiaries, Kai Ping Broadway Mold Tech Co., Limited and Yong Xie Precision Tech (Kai Ping) Co., Limited, to Plastec for a total consideration of approximately HK$70,000 (or US$8,974), representing the actual registered capital injected by Viewmount into the relevant subsidiaries.

On April 20, 2018, the parties consummated the transactions contemplated by the Manufacturing Plant Transfer Agreement. The parties also settled all account payables owed by the relevant subsidiaries to Viewmount at the closing, totaling HK$258,910,000 (or US$33,193,590).

Each of Messrs. Kin Sun Sze-To and Ho Leung Ning remains affiliated with SYB as indicated above in Item 3 of this Annual Report.

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.

Consolidated Statements and Other Financial Information

List of Financial Statements

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

Dividend Policy

The payment of dividends in the future will be entirely within the sole discretion of our board of directors. Whether future dividends will be declared will depend upon our future growth and earnings, of which there can be no assurance, and our cash flow needs for future development; all of which may be adversely affected by one or more of the factors discussed in Item 3.D of Form 20-F "*Risk Factors.*" Accordingly, we may not declare or pay any additional dividends in the future. Even if the board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board may deem relevant.

ITEM 6. FINANCIAL STATEMENTS.

The following financial statements form part of this Annual Report.

PART II – FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Plastec Technologies, Ltd. (the "Company") as of December 31, 2017 and 2016, the related consolidated statements of operations and comprehensive income, shareholders' equity and cash flows, for each of the year in the three-year period ended December 31, 2017, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2017 and 2016, and the consolidated results of its operations and its cash flows for each of the year in the three-year period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Centurion ZD CPA Limited
Certified Public Accountants
Hong Kong
Date: 29 March 2018

We have served as the Company's auditor since 2012

PLASTEC TECHNOLOGIES, LTD.

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

	December 31, 2016	December 31, 2017
	HK$	HK$
ASSETS		
Current assets		
Cash and cash equivalents	486,222	395,087
Deposits, prepayment and other receivables (note 4)	4,833	33,574
Consideration receivable (note 5)	131,686	141,341
Total current assets	622,741	570,002
Property, plant and equipment, net (note 6)	153,782	194,712
Prepaid lease payments, net (note 7)	16,638	15,111
Intangible assets	438	438
Total assets	793,599	780,263
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Other payables and accruals (note 8)	6,138	4,690
Tax payable	5,837	6,243
Total current liabilities	11,975	10,933
Total liabilities	11,975	10,933
Commitments and contingencies (note 11)	-	-
Shareholders' equity		
Ordinary shares (U.S.$0.001 par value; 100,000,000 authorized, 12,938,128 and 12,938,128 shares issued and outstanding as of December 31 2016 and 2017, respectively)	101	101
Additional paid-in capital	26,049	26,049
Accumulated other comprehensive income	(5,891)	(6,704)
Retained earnings	761,365	749,884
Total shareholders' equity	781,624	769,330
Total liabilities and shareholders' equity	793,599	780,263

See accompanying notes to consolidated financial statements.

PLASTEC TECHNOLOGIES, LTD.

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

	Year ended December 31, 2015	Year ended December 31, 2016	Year ended December 31, 2017
	HK$	HK$	HK$
Revenues	-	-	-
Operating (expenses)/income, net			
Selling, general and administrative expenses	(27,812)	(18,946)	(19,593)
Other income	25,161	23,874	16,413
Gain on disposal of property, plant and equipment	-	545	-
Total operating (expenses)/income, net	(2,651)	5,473	(3,180)
Income/(loss) from operations	(2,651)	5,473	(3,180)
Interest income	1,028	1,276	2,258
Income/(loss) before income tax expense	(1,623)	6,749	(922)
Income tax expense from continuing operations (note 9)	(294)	(1,241)	(524)
Net income/(loss) from continuing operations attributable to the Company's shareholders	(1,917)	5,508	(1,446)
Discontinued operations (note 3):			
Net income from discontinued operations (including gain of HK$141,341 (2016:HK$540,921) upon the disposal)	163,204	717,721	141,341
Income tax expenses from discontinued operations	(29,952)	(31,187)	-
Net income from discontinued operations attributable to the Company's shareholders	133,252	686,534	141,341
Net income attributable to the Company's shareholders	131,335	692,042	139,895
Other comprehensive income:			
Foreign currency translation adjustment	(2,538)	(13,490)	(813)
Comprehensive income attributable to the Company's shareholders	128,797	678,552	139,082

PLASTEC TECHNOLOGIES, LTD.

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

	Year ended December 31, 2015	Year ended December 31, 2016	Year ended December 31, 2017
	HK$	HK$	HK$
Net income per share (note 10):			
Weighted average number of ordinary shares			
Continuing operations	12,938,128	12,938,128	12,938,128
Discontinued operations	12,938,128	12,938,128	12,938,128
Weighted average number of diluted ordinary shares			
Continuing operations	12,938,128	12,938,128	12,938,128
Discontinued operations	12,938,128	12,938,128	12,938,128
Basic income per share attributable from			
Continuing operations	(HK$0.15)	HK$0.44	(HK$0.11)
Discontinued operations	HK$10.35	HK$53.06	HK$10.92
Diluted income per share attributable from			
Continuing operations	(HK$0.15)	HK$0.44	(HK$0.11)
Discontinued operations	HK$10.35	HK$53.06	HK$10.92

See accompanying notes to consolidated financial statements.

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					
	Number of shares outstanding	Amount	Additional paid-in capital	Accumulated other comprehensive income	Retained earnings	Shareholders' equity
		HK$	HK$	HK$	HK$	HK$
Balance at January 1, 2015	12,938,128	101	26,049	10,137	896,703	932,990
Net income for the year	-	-	-	-	131,335	131,335
Dividend paid	-	-	-	-	(121,101)	(121,101)
Cumulative translation adjustment	-	-	-	(2,538)	-	(2,538)
Balance at December 31, 2015 and at January 1, 2016	12,938,128	101	26,049	7,599	906,937	940,686
Net income for the year	-	-	-	-	692,042	692,042
Dividend paid	-	-	-	-	(837,614)	(837,614)
Cumulative translation adjustment	-	-	-	(13,490)	-	(13,490)
Balance at December 31, 2016 and at January 1, 2017	12,938,128	101	26,049	(5,891)	761,365	781,624
Net income for the year	-	-	-	-	139,895	139,895
Dividend paid	-	-	-	-	(151,376)	(151,376)
Cumulative translation adjustment	-	-	-	(813)	-	(813)
Balance at December 31, 2017	12,938,128	101	26,049	(6,704)	749,884	769,330

See accompanying notes to consolidated financial statements.

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 December 31, 2015	Year ended December 31, 2016	Year ended December 31, 2017
	HK$	HK$	HK$
Operating activities			
Net income	131,335	692,042	139,895
Less: Net income from discontinued operations	(133,252)	(686,534)	(141,341)
Net income/(loss) from continuing operations	(1,917)	5,508	(1,446)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	8,366	8,772	8,791
Net gain on disposal of property, plant and equipment	-	(545)	-
Changes in operating assets and liabilities:			
Deposits, prepayment and other receivables	(3,451)	(144)	(28,017)
Other payables and accruals	6,430	(19,802)	(1,425)
Tax payables	639	1,664	408
Subsidiaries	(636)	-	-
Net cash provided by/(used in) continuing operations	9,431	(4,547)	(21,689)
Net cash provided by discontinued operations	232,256	196,478	-
Net cash provided by/(used in) operating activities	241,687	191,931	(21,689)
Investing activities			
Purchase of property, plant and equipment	(23,809)	-	(48,943)
Proceeds from disposal of property, plant and equipment	-	545	-
Sale proceeds from disposal of a subsidiary (net of cash disposed of HK$314,079 for the year 2016)	-	703,363	131,686
Net cash (used in)/provided by continuing operations	(23,809)	703,908	82,743
Net cash provided by/(used in) discontinued operations	(126,628)	(28,059)	-
Net cash (used in)/provided by investing activities	(150,437)	675,849	82,743
Financing activity			
Dividends paid	22,899	(837,614)	(151,376)
Net cash provided by/(used in) continuing operations	22,899	(837,614)	(151,376)
Net cash used in discontinued operations	(164,777)	(5,815)	-
Net cash used in financing activities	(141,878)	(843,429)	(151,376)
Net increase/(decrease) in cash and cash equivalents	(50,628)	24,351	(90,322)
Effect of exchange rate changes on cash and cash equivalents	(2,538)	(13,490)	(813)
Cash and cash equivalents, beginning of year	528,527	475,361	486,222
Cash and cash equivalents, end of year	475,361	486,222	395,087
Less: cash and cash equivalents from discontinued operations	(163,696)	-	-
Cash and cash equivalents, end of year from continuing operations	311,665	486,222	395,087
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Interest (income)/paid, net	1,207	731	(2,258)
Income taxes paid/(refund)	345	(424)	116
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITY:			
Consideration receivable	-	131,686	141,341

See accompanying notes to consolidated financial statements.

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 the "Group")) had principally been 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 Group's manufacturing activities had been performed in the People's Republic of China (the "PRC" or "China") and Thailand during the years 2015 and through October 11, 2016. The selling and administrative activities had mainly been performed in China.

On November 14, 2015, the Company entered into a Share Transfer Agreement (the "Agreement") with Shanghai Yongli Belting Co., Ltd. ("SYB") and its wholly-owned subsidiary, Shanghai Yongjing Investment Management Co., Ltd. ("SYIM"). Pursuant to the Agreement, SYIM was to purchase, through a wholly-owned Hong Kong subsidiary (the "HK Subsidiary"), the entirety of the Company's shareholding interests in its then wholly-owned subsidiary, Plastec International Holdings Limited ("PIHL") alongside the latter's subsidiaries (collectively, "PIHL Group"), for an aggregate purchase price of RMB 1,250,000,000 (or US$195,312,500), in cash (the "Transfer Price") subject to terms and conditions thereof.

The disposal represents a strategic shift and has a major effect on the Group's results of operations. Accordingly, assets and liabilities, revenues and expenses, and cash flows related to the disposed business lines have been reclassified in the accompanying consolidated financial statements as discontinued operations for all periods presented. The consolidated balance sheets as of December 31, 2015 (note 3), the consolidated statements of operations and comprehensive income and the consolidated statements of cash flows for the year ended December 31, 2015 and 2016 adjusted retrospectively to reflect this change.

The disposal of PIHL was completed on 11 October, 2016. As a result, the Company no longer owns PIHL. Thereafter, the Group's only operations have generally been, or will be, to complete construction of a manufacturing plant at Kai Ping intended to be disposed of to SYB or company designated by it (as agreed, in principle, under the Agreement), collect rental income from certain property the Group owns and is being leased to one of PIHL's subsidiaries and explore other investment opportunities.

On August 25, 2017, Yong Xie Precision Tech (Kai Ping) Co., Limited, a wholly foreign-owned enterprise in the PRC was established as part and parcel of establishing the manufacturing plant at Kai Ping.

As of December 31, 2017, 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 盟暉有限公司	August 20, 2008	Hong Kong	100%	Dormant
Broadway Manufacturing Company Limited	August 17, 2005	BVI	100%	Property investment
Ever Ally Developments Limited 永協發展有限公司	January 30, 2015	BVI	100%	Investment holding
Kai Ping Broadway Mold Tech Co., Limited 开平市百汇模具科技有限公司	June 16, 2015	PRC	100%	Investment holding
Sun Line Industrial Limited 新麗工業有限公司	April 27, 1993	Hong Kong	100%	Dormant
Sun Ngai Spraying and Silk Print Co., Ltd.	July 25, 1995	BVI	100%	Dormant

1. Organization and Business Background (Continued)

Name	Date of incorporation/ establishment	Place of incorporation/ registration and operation	Percentage of equity interest attributable to the Company	Principal activities
Sun Ngai Industries (HK) Co., Limited 新藝工業(香港)有限公司 (Formerly known as Sun Ngai Spraying and Silk Print (HK) Co., Limited.新藝噴油絲印(香港)有限公司)	March 22, 2006	Hong Kong	100%	Investment holding
Sun Terrace Industries Limited	March 2, 2004	BVI	100%	Dormant
Viewmount Developments Limited	November 12, 2013	BVI	100%	Investment holding
Yong Xie Precision Tech (Kai Ping) Co., Limited 永协精密科技(开平)有限公司	August 25, 2017	PRC	100%	Investment holding

The Merger Transaction with Plastec International Holdings Limited

On March 27, 2008, the Company was established as a special purpose acquisition company whose objective was 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, the 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 ("PIHL") and all former shareholders of PIHL ("PIHL Shareholders") (together, the "Parties"). Upon the consummation of the transactions contemplated by the Merger Agreement, GSME Sub was to be merged with and into PIHL, with PIHL surviving as a wholly-owned subsidiary of the Company (the "Merger"). The PIHL Shareholders were then entitled to receive up to an aggregate of 16,948,053 ordinary shares, par value U.S.$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 PIHL Shareholders. Pursuant to the Amended and Restated Merger Agreement, upon consummation of the Merger, the PIHL 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 PIHL 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") would have been issued to the PIHL Shareholders, if PIHL had 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

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, PIHL became a wholly owned subsidiary of the Company (the "Merger Transaction"). The Merger Transaction was accounted for as a reverse acquisition with PIHL being considered the accounting acquirer in the Merger.

The completion of the Merger enabled the PIHL 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 (PIHL) with a non-operating public company (the Company) with significant amount of cash. The reverse acquisition process utilized the capital structure of the Company and the assets and liabilities of PIHL were recorded at historical cost. The transaction was recorded as a recapitalization of PIHL and thus was reflected retrospectively in PIHL's historical financial statements. Although PIHL was deemed to be the accounting acquirer for financial accounting and reporting purposes, the legal status of PIHL as the surviving company did not change.

1. Organization and Business Background - Continued

Under the reverse acquisition accounting, the historical consolidated financial statements of the Company for the periods prior to December 16, 2010 were those of PIHL and its subsidiaries. Since PIHL was deemed as accounting acquirer, PIHL's fiscal year replaced the Company's fiscal year. The fiscal year end changed from October 31 to April 30. The financial statements of the Company reflected 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 PIHL Shareholders on April 30, 2011.

Purchase of securities by the issuer

Prior to November 2011, the Company had no plans or programs for the purchase of its outstanding securities. However, in connection with the Merger, holders of 2,615,732 of the Company public shares elected to exercise their conversion rights (for a description of these rights, see the IPO Prospectus and the Merger Proxy Statement) and, upon the closing of the Merger, such shares were converted into an average U.S. $10.30 (including proceeds that were originally to be from a letter of credit provided by Cohen & Company Securities, LLC but were ultimately paid by Company) in cash and were cancelled. Under Cayman Islands law, such conversions are technically considered "repurchases."

In November 2011, the board of directors of Company approved a U.S.$5 million share repurchase program expiring initially in June 2012 but which was extended twice through December 2013 and expanded to cover publicly held warrants ("2011 Repurchase Program"). Under the 2011 Repurchase Program, the Company was permitted to make repurchases of ordinary shares and publicly held warrants from time to time in open market or in privately negotiated transactions. The timing of repurchases under this program was dependent on a variety of factors, including price and market conditions prevailing from time to time. The 2011 Repurchase Program was completed on September 25, 2013. On the same date, the Company announced a new U.S.$5 million repurchase plan ("2013 Repurchase Program") approved by the board of directors of the Company to cover repurchases of ordinary shares and publicly held warrants from time to time in open market or in privately negotiated transactions through September 25, 2014. In May 2014, the Company announced expansion of the scope of the 2013 Repurchase Program to include the Company's units, with all other terms of the 2013 Repurchase Program remained unchanged. In August 2014, the Company announced a 12-month extension of the 2013 Repurchase Program (as expanded) through September 25, 2015. In August 2015, the Company announced a further 12-month extension of the 2013 Repurchase Program (as expanded) through September 25, 2016, under which period, all warrants, insider or public, expired on November 18, 2014. In August 2016, the Company announced a further 12-month extension of the 2013 Repurchase Program (as expanded) through September 25, 2017. On August 9, 2017, the Company announced a further 12-month extension of the 2013 Repurchase Program (as expanded) through September 25, 2018. The timing of repurchases under the 2013 Repurchase Program will depend on a variety of factors, including price and market conditions prevailing from time to time, and the program may be suspended, modified or discontinued without notice at any time.

1. Organization and Business Background - Continued

The following table summarizes the Company's repurchases of securities under the 2011 and 2013 Repurchase Programs:

Period*	Total number of publicly held warrants purchased as part of the publicly announced repurchase plans	Total number of ordinary shares purchased as part of the publicly announced repurchase plans	Total number of units purchased as part of the publicly announced repurchase plans
February 2012	-	4,000	-
June 2012	-	60,675	-
January 2013	-	600,000	-
June 2013	80,000	94,100	-
August 2013	5,000	-	-
September 2013	-	73,990	-
October 2013	-	586,010	-
August 2014	547,600	-	-

* Each period covers the full calendar month indicated. There were no repurchases made in omitted months. Repurchases for September 2013 and earlier months were under the 2011 Repurchase Program. Repurchases for October 2013 onward were under the 2013 Repurchase Program. As of the date hereof, the approximate dollar value of securities that may be purchased under the Company's current repurchase program stood at U.S.$1,431,918.

In addition to the purchases made pursuant to the 2011 and 2013 Repurchase Programs, the Company also repurchased 1,570,000 ordinary shares held by Sun Yip Industrial Company Limited, an entity controlled by Mr. Sze-To, pursuant to a purchase agreement on December 1, 2011 at a price of U.S.$7.5 per share or approximately U.S.$11.8 million in cash, which shares were cancelled.

Further, pursuant to the mandatory redemption terms of an escrow agreement (as amended on December 16, 2011), a total of 806,293 ordinary shares held in escrow on account of the Company's initial shareholders were automatically repurchased by the Company at the close of business on March 16, 2012 for an aggregate consideration of U.S.$0.01, which redeemed shares were likewise cancelled.

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.

Discontinued operations

A disposal of a component of an entity or a group of an entity shall be reported in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations. Classification as a discontinued operations occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. Where an operation is classified as discontinued, a single amount is presented on the face of the consolidated statements of operations and comprehensive income. The amount of total current assets, total non-current assets, total current liabilities and total non-current liabilities are presented separately on the consolidated balance sheets.

2. Summary of Significant Accounting Policies - Continued

Foreign currency translation

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

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) were HK$1,564, HK$3,670 and (HK$4,004) for the years ended December 31, 2015, 2016 and 2017, 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.

Allowance for doubtful account

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

2. Summary of Significant Accounting Policies - Continued

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.

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	4%
Furniture, fixtures and equipment	20%-33.33%
Computer equipment	33.33%-50%
Motor vehicles	20%
Plant and machinery	20%

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.

Land use rights

Land use rights are stated at fair value less accumulated amortisation and accumulated impairment losses, if any.

Cost represents consideration paid for the rights to use the land on which various plants and buildings are situated for periods of the lease. Amortisation of land use rights is calculated on a straight-line basis over the periods of the lease.

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 Group from use of the land.

Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Impairment of long-lived assets

The Group 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.

Intangible asset

Intangible asset consist of acquired golf club membership. Intangible asset with an indefinite useful life is not amortized.

2. Summary of Significant Accounting Policies - Continued

Fair value of financial instruments

The Group has no financial instruments that are measured at fair value.

The carrying amounts of cash and cash equivalents, short term bank deposits, accounts receivable and accounts payable, approximate their fair value due to the short-term maturities of such instruments.

Revenue recognition

Rental income receivable under operating leases is recognized in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased assets. Lease incentives granted are recognized in profit or loss as an integral part of the aggregate net lease payments receivable.

Comprehensive income

The Group 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

The Group did not have shipping and handling cost for the years ended December, 2015, 2016 and 2017.

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

The employees of The Company’s former subsidiaries which operated in the PRC were required to participate in a central pension schemes operated by the local municipal governments, respectively. 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 Group's obligations under these plans are limited to the fixed percentage contributions payable.

2. Summary of Significant Accounting Policies – Continued

Earning 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 derivative securities.

Dividends

Dividends are recorded in the period in which they are approved by the Company's Board of Directors.

Operating segment

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The executive directors are the chief operating decision maker, responsible for allocating resources and assessing performance of the Group's various lines of geographical.

Contingencies

From time to time, the Group is subject to claims arising in the conduct of its business, including claims relating to employees and public authorities. In determining whether liabilities should be recorded for pending litigation claims, an assessment of the claims is made and the likelihood that the Group will be able to defend itself successfully against such claims is evaluated. When it is believed probable that the Group will not prevail in a particular matter, an estimate is made of the amount of liability based, in part, on advice of legal counsel.

Recent accounting pronouncements adopted

Going Concern: In August 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-15, Presentation of Financial Statements – Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern, which defines management's responsibility to assess an entity's ability to continue as a going concern, and to provide related footnote disclosures if there is substantial doubt about its ability to continue as a going concern. The pronouncement is effective for annual report beginnings ending after December 15, 2016 with early adoption permitted. The adoption of this guidance is not expected to have a material impact on the Company's consolidated financial statements.

Under the new guidance, only disposals representing a strategic shift in operations should be presented as discontinued operations. Those strategic shifts should have a major effect on the organization's operations and financial results. Examples include a disposal of a major geographic area, a major line of business, or a major equity method investment.

In addition, the new guidance requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income, and expenses of discontinued operations.

The new guidance also requires disclosure of the pre-tax income attributable to a disposal of a significant part of an organization that does not qualify for discontinued operations reporting. This disclosure will provide users with information about the ongoing trends in a reporting organization's results from continuing operations. The amendments in the ASU are effective in the first quarter of 2015 for public organizations with calendar year ends. Early adoption is permitted. The effects of the pronouncement have been reflected in the consolidated financial statements.

Recently issued accounting pronouncements not yet adopted

Revenue from Contracts with Customers: In May 2014, FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). ASU 2014-09 outlines a single comprehensive model for entities to use in accounting for revenues arising from contracts with customers. Under the guidance, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. In addition, the guidance requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The guidance specifically notes that lease contracts are a scope exception. The guidance is effective for annual reporting periods, including interim periods, beginning after December 15, 2017. The Company adopted the guidance effective January 1, 2018. The adoption will not have a significant impact on the consolidated financial statements and the related footnotes.

2. Summary of Significant Accounting Policies – Continued

Recently issued accounting pronouncements not yet adopted (Continued)

Recognition and Measurement of Financial Assets and Financial Liabilities: In January 2016, the FASB issued ASU 2016-01—Recognition and Measurement of Financial Assets and Financial Liabilities. The amendment addresses various aspects of the recognition, measurement, presentation, and disclosure for financial instruments. This amendment will be effective for the interim and annual period beginning after December 31, 2017. Early adoption by public entities is permitted only for certain provisions. The Company is currently in the process of evaluating the impact of adoption of this ASU on the Company's consolidated financial statements.

Leases: In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The guidance supersedes existing guidance on accounting for leases with the main difference being that operating leases are to be recorded in the statement of financial position as right-of-use assets and lease liabilities, initially measured at the present value of the lease payments. For operating leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election not to recognize lease assets and liabilities. For public business entities, the guidance is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application of the guidance is permitted. The Company is currently evaluating the impact of the adoption of the new lease accounting guidance on its consolidated financial statements.

Cash Flows: In August 2016, FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230). The new guidance is intended to reduce diversity in practice in how certain transactions are classified in the statement of cash flows. The guidance is effective for annual reporting periods, including interim periods, beginning after December 15, 2017. The guidance requires application using a retrospective transition method. The Company early adopted the guidance effective December 31, 2017. The adoption of the guidance requires the classification of cash payments for debt prepayments or extinguishment costs (including third-party costs, premiums paid, and other fees paid to lenders) as financing activities in the Company’s statement of cash flows. The adoption will not have a significant impact on the consolidated statement of cash flows.

Cash Flows: In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230) to require amounts generally described as restricted cash and restricted cash equivalents be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments are effective January 1, 2019, and for interim periods within that year. Early adoption is permitted. The Company will adopt ASU 2016-18 in its future consolidated financial statements.

3. Discontinued Operations

The disposal of PIHL Group described in Note 1 was completed on 11 October, 2016.

The Share Transfer Agreement (the “Agreement”) also contains an earnout structure. Subject to terms and conditions thereof, Remaining Amount (as the capitalized term is defined in the Agreement), capped at RMB375 Million in the aggregate, shall be paid to the Company in the event that the audited net profit of PIHL (after deducting all non-recurring gains and losses and on a consolidated basis) for the fiscal years of 2016, 2017 and 2018 shall be no less than HK$161,211, HK$177,088 and HK$195,408, respectively.

The disposal represents a strategic shift and has a major effect on the Group’s results of operations. The disposed entities are accounted as discontinued operations in the consolidated financial statements for the years ended December 31, 2015 and 2016. A gain of HK$540,921 was recognized on the disposal including in net income from discontinuing operation, which is determined based on the total consideration of HK$1,149,128 equivalent.

The financial results of the disposed business lines are set out below. Based on the Group’s management accounts, the assets, liabilities as of December 31, 2015 the revenues and expenses for the years ended December 31, 2015 and 2016 have been reclassified as discontinued operations to retrospectively reflect the changes.

3. Discontinued Operations (Continued)

Carrying amounts of assets disposed

	December 31, 2015
	HK$
Cash and cash equivalents	163,696
Trade receivables, net	303,681
Inventories	105,221
Deposits, prepayment and other receivables	42,345
Tax prepayment	3,431
Current assets of discontinued operations	618,374
Property, plant and equipment, net	190,776
Deferred tax assets	13,260
Non-current assets of discontinued operations	204,036
Total assets of discontinued operations	822,410

Carrying amounts of liabilities disposed

	December 31, 2015
	HK$
Bank borrowings	29,223
Trade payables	111,659
Other payables and accruals	141,606
Tax payable	65,107
Current liabilities of disposal liabilities	347,595
Total liabilities of disposal liabilities	347,595

3. Discontinued Operations (Continued)

Consolidated statement of operations and comprehensive income

	For the year ended December 31,		
	2015	2016	2017
	HK$	HK$	HK$
Revenue	1,298,493	1,073,536	-
Cost of sales	(977,851)	(778,059)	-
Gross profit	320,642	295,477	-
Other revenue	6,200	5,897	-
Selling, general and administrative expenses	(158,882)	(125,520)	-
Gain/(loss) on disposal of property, plant and equipment	(841)	1,197	-
Written off of property, plant and equipment	(2,798)	-	-
Gain on disposal of PIHL	-	540,921	141,341
Interest income	311	294	-
Finance costs	(1,428)	(545)	-
Profit before income tax	163,204	717,721	-
Income tax expense	(29,952)	(31,187)	-
Profit for the year	133,252	686,534	141,341
Other comprehensive income			
Exchange gain on translation of financial statements of foreign operations	(1,566)	(12,241)	-
Income from discontinued operations attributable to members of the Company	131,686	674,293	141,341

4. Deposits, Prepayment and Other Receivables

Deposits, prepayment and other receivables consist of the following:

	December 31, 2016	**December 31, 2017**
	HK$	**HK$**
Prepaid insurance	272	1,184
Prepaid renovation/property, plant and equipment	1,603	25,241
Rental deposits / prepaid rent	1,536	1,535
Other receivables	1,422	5,614
	4,833	33,574

5. Consideration Receivable

Consideration receivable of HK$141,341 (2016: HK$131,686) represents the third installment of the total consideration for the sale of 100% equity interest in PIHL to SYB and SYIM. The transaction is disclosed in Note 1. The first installment of RMB875 million (HK$1,017,442) was received in September, 2016 and the second installment of RMB113.25 million (HK$131,686) was received in June 2017. The Company will receive the third installment of RMB124.38 million (HK$141,341) .

6. Property, Plant and Equipment

Property, plant and equipment consist of the following:

	December 31, 2016 HK$	December 31, 2017 HK$
Property, plant and equipment:		
Buildings	136,099	136,099
Furniture, fixtures and equipment	694	694
Computer equipment	38	488
Motor vehicles	1,814	1,814
Plant and machinery	-	4,121
Land use right	18,976	27,981
	157,621	171,197
Accumulated depreciation and amortization	(18,312)	(25,563)
Construction in progress	14,473	49,078
Property, plant and equipment, net	153,782	194,712

The Group's interests in land use right represent prepaid operating lease payment of land located in Kai Ping. The land use right in the PRC is leased held for medium term.

As of December 31, 2016 and 2017, construction in progress mainly represents the production facilities and foundation work in construction in the factories located in Kai Ping, China.

Depreciation and amortization of property, plant and equipment were HK$6,839, HK$7,245 and HK7,264 during the years ended December 31, 2015, 2016 and 2017, respectively.

7. Prepaid Lease Payments

As of December 31, 2016 and 2017, prepaid lease payments represented the prepayment of land use right for three pieces of lands located in Shenzhen (with expiry dates on December 31, 2037, December 31, 2037 and February 28, 2040, respectively).

Amortization of prepaid lease payments were HK$1,527, HK$1,527 and HK$1,527 for the years ended December 31, 2015, 2016 and 2017, respectively.

8. Other Payables and Accruals

Other payables and accruals consist of the following:

	December 31, 2016 HK$	December 31, 2017 HK$
Accrued salaries, wages and bonus	372	58
Accrued audit and professional fees	1,143	977
Accrued sundries expenses	1,194	43
Other payables	3,429	3,612
	6,138	4,690

9. 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. 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 December 31, 2015, 2016 and 2017, respectively, to the estimated income earned in or derived from Hong Kong if applicable.

Under 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 is 25%, unless they qualify for certain exemptions.

Uncertain tax positions of all PRC subsidiaries (former and existing) have been also assessed and in the opinion of the independent tax advisor, there are no significant uncertain tax positions including those transactions in between the PRC subsidiaries and their holding companies being subject to transfer pricing rulings in the PRC.

The Company recognizes interest expense and penalties related to income tax matters in interest and penalties expense within income tax expense. The sum of accrued interest or penalties accrued on the consolidated balance sheets accumulated to HK$2,061 on the consolidated balance sheets as at December 31, 2016. The Company had no significant unrecognized tax benefits at December 2016 and December 2017.

As of December 31, 2016 and 2017, 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 December 31, 2015	Year ended December 31, 2016	Year ended December 31, 2017
	HK$	**HK$**	**HK$**
Current tax			
- Hong Kong	62	81	144
- PRC	-	118	-
- Other countries	232	1,042	380
	294	1,241	524

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 December 31, 2015	Year ended December 31, 2016	Year ended December 31, 2017
	HK$	**HK$**	**HK$**
Provision for income taxes at Hong Kong profits tax rate	(4,349)	(69)	(208)
Current tax in other jurisdictions	232	1,160	380
Effect of income not chargeable for tax purpose	(90)	(152)	(2,732)
Effect of expenses not deductible for tax purpose	4,401	-	1,289
Tax effect of unused tax losses not recognized	-	221	1,795
Under provision in previous years	100	81	-
	294	1,241	524

10. Net Income Per Share

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

	Year ended December 31, 2015	Year ended December 31, 2016	Year ended December 31, 2017
	HK$	HK$	HK$
Basic and diluted income per share			
Numerator:			
Net income/(loss) for the year attributable to the Company's ordinary shareholders	131,335	692,042	139,895
- Continuing operations	(1,917)	5,508	(1,446)
- Discontinued operations	133,252	686,534	141,341
Denominator:			
Weighted average number of basic and diluted ordinary shares outstanding			
- Continuing operations	12,938,128	12,938,128	12,938,128
- Discontinued operations	12,938,128	12,938,128	12,938,128
Weighted average number of basic and diluted ordinary shares used in calculating income per share			
- Continuing operations	12,938,128	12,938,128	12,938,128
- Discontinued operations	12,938,128	12,938,128	12,938,128
Net income of Basic and diluted income per share	HK$10.20	HK$53.50	HK$10.81
- Continuing operations	(HK$0.15)	HK$0.44	(HK$0.11)
- Discontinued operations	HK$10.35	HK$53.06	HK$10.92

11. Commitments and Contingencies

Corporate guarantee

The former subsidiaries of the Company have credit facilities with various banks representing import loans, trust receipt, documentary credits, loans and overdraft. As of December 31, 2016 and 2017 in consolidated balance sheet from discontinued operations, these facilities totaled HK$110,200 and HK$Nil respectively, of which HK$96,920 and HK$Nil were unused as of December 31, 2016 and 2017, respectively. These facilities were granted with the provision of corporate and personal guarantees jointly by the Company, PIHL and a director of the Company to the banks.

Capital commitment

As of December 31, 2017, the Group had capital commitments for purchase of plant and machineries and investment in subsidiary totaling HK$90,519 and HK$62,400 , respectively, which are expected to be disbursed/invested during the year ending December 31, 2018.

Bonus Plan

The Company had established a bonus plan for the management/executive officers. Pursuant to the plan, in order for any bonus to be paid, the Company had to achieve an annual net profit (excluding any extraordinary items) of HK$78,000 in any fiscal year, referred to as the "Net Profit Target". If the Net Profit Target was achieved in any fiscal year, a pool of 4% of any amount over the Net Profit Target would be set aside to provide bonuses to the management/executive officers. Of the bonus pool that was created, Kin Sun Sze-To, Chin Hien Tan (our previous executive) and Ho Leung Ning would 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 would 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 fiscal year ended April 30, 2011. The Company met the Net Profit Target for the year ended December 31, 2014 and 2015 and accordingly paid bonuses in the total sum of HK$2,428 and HK$1,707, respectively under the plan to its management/executive officers.

Effective from October 11, 2016, the entirety of the aforesaid bonus plan has been terminated.

11. Commitments and Contingencies (Continued)

Legal Proceeding

As of December 31, 2017, the Group is not aware of any material outstanding claim and litigation against them.

12. 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. No appropriation had been made as a result of their accumulated after-tax losses incurred in those years.

13. 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 Group for making operating decisions and assessing performance. The Group does not allocate any assets and liabilities to the three geographic segments as management does not use the information to measure the performance of the reportable segments.

(i) The location of the Group's identifiable assets other than acquired intangible asset and liabilities by business operations from continuing operations are as follows:

	December 31, 2016 HK$	December 31, 2017 HK$
Identifiable assets		
PRC	189,055	286,729
Hong Kong	600,460	489,450
United States	3,646	3,646
	793,161	779,825
Identifiable liabilities		
PRC	143	7,263
Hong Kong	11,832	3,670
	11,975	10,933

(ii) Reconciliations of reportable segment assets and liabilities from continuing operations:

	Year ended December 31 2016 HK$	Year ended December 31 2017 HK$
Assets		
Current assets	622,741	570,002
Non-current financial assets	170,420	209,823
Consolidated total assets before intangible asset	793,161	779,825
Intangible asset	438	438
Consolidated total assets	793,599	780,263
Liabilities		
Liabilities excluding tax liabilities	6,138	4,690
Tax liabilities	5,837	6,243
Consolidated total liabilities	11,975	10,933

14. Cash dividend

On April 9, 2015, the Company approved and declared a final cash dividend of US$0.20 per ordinary share on its total 12,938,128 outstanding shares as of the close of trading on April 24, 2015, resulting in payments totaling US$2,587,625.60 to shareholders. Such dividend was recorded as a reduction to retained earnings at the declaration date.

On May 12, 2015, the Company approved and declared a special one-time cash dividend of US$0.90 per ordinary share on its total 12,938,128 outstanding shares as of the close of trading on May 26, 2015, resulting in payments totaling US$11,644,315.20 to shareholders. Such dividend was recorded as a reduction to retained earnings at the declaration date.

On August 6, 2015, the Company approved and declared an interim cash dividend of US$0.10 per ordinary share on its total 12,938,128 outstanding shares as of the close of trading on August 20, 2015, resulting in payments totaling US$1,293,812.80 to shareholders. Such dividend was recorded as a reduction to retained earnings at the declaration date.

On March 22, 2016, the Company approved and declared a final cash dividend of US$0.20 per ordinary share on its total 12,938,128 outstanding shares as of the close of trading on April 5, 2016, resulting in payments totaling US$2,587,625.60 to shareholders. Such dividend was recorded as a reduction to retained earnings at the declaration date.

On August 5, 2016, the Company approved and declared an interim cash dividend of US$0.10 per ordinary share on its total 12,938,128 outstanding shares as of the close of trading on August 19, 2016, resulting in payments totaling US$1,293,821.80 to shareholders. Such dividend was recorded as a reduction to retained earnings at the declaration date.

On October 11, 2016, the Company approved and declared a special cash dividend of US$8.0 per ordinary share on its total 12,938,128 outstanding shares as of the close of trading on October 25, 2016, resulting in payments totaling US$103,505,024 to shareholders. Such dividend was recorded as a reduction to retained earnings at the declaration date.

On June 7, 2017, the Company approved and declared a special cash dividend of US$1.50 per ordinary share on its total 12,938,128 outstanding shares as of the close of trading on June 21, 2017, resulting in payments totaling US$19,407,192 to shareholders. Such dividend was recorded as a reduction to retained earnings at the declaration date.

15. Related Party Transaction

The Group had the following related party transaction during the year:-

Nature	Year ended December 31, 2017 HK$	Year ended December 31, 2016 HK$
Rental income from related company	15,224	2,190

The key management person in the related company has a controlling interest in the Company. The rental income was priced with reference to the related agreements entered into.

16. Subsequent Events

The Company has evaluated all other subsequent events through 29 March 2018, the date these consolidated financial statements were issued, and determined that there were no other subsequent events or transaction, apart from the above described events, that required recognition or disclosures in the financial statements.

17. Condensed financial information of Plastec Technologies, Ltd.

The condensed financial statements of Plastec Technologies, Ltd. have been prepared in accordance with accounting principles generally accepted in the United States of America.

Balance Sheets

	December 31, 2016	December 31, 2017
	HK$	HK$
Assets		
Current assets		
Cash and cash equivalents	394,508	274,094
Amounts due from subsidiaries	265,536	364,596
Consideration receivable	131,686	141,341
Prepaid expenses	171	1,053
Total current assets	791,901	781,084
Investment in subsidiaries	-	-
Total assets	791,901	781,084
Liabilities and shareholders' equity		
Current liabilities		
Account payable and accrued liabilities	1,485	950
Tax payable	3,129	3,129
Total current liabilities	4,614	4,079
NET CURRENT ASSETS	787,287	777,005
TOTAL ASSETS AND LIABILITIES	787,287	777,005
Shareholders' equity		
Ordinary shares (US$0.001 par value; 100,000,000 authorized, 12,938,128 and 12,938,128 shares issued and outstanding as of December 31, 2016 and 2017, respectively)	101	101
Retained earnings	787,186	776,904
Total shareholders' equity	787,287	777,005

Statements of operations and comprehensive income

	Year ended December 31, 2015	Year ended December 31, 2016	Year ended December 31, 2017
	HK$	HK$	HK$
Revenues	74,000	-	-
Other income	13,091	17,866	5,689
Gain on disposal of a subsidiary	-	1,149,128	141,341
Administrative expenses	(16,213)	(10,573)	(5,937)
Income before income tax expense	70,878	1,156,421	141,093
Income tax expense	(232)	-	-
Total comprehensive income	70,646	1,156,421	141,093

18. Condensed financial information of Plastec Technologies, Ltd. – Continued

Statements of cash flows

	Year ended December 31, 2015	Year ended December 31, 2016	Year ended December 31, 2017
	HK$	HK$	HK$
Cash flows from operating activities			
Net income	70,646	1,156,421	141,093
Adjustments to reconcile net income to net cash provided by operating activities:			
Gain on disposal of a subsidiary	-	(1,149,128)	(141,341)
Change in operating assets and liabilities			
Prepaid expenses	(94)	999	(882)
Accounts payable and accrued liabilities	5,585	(4,516)	(534)
Income tax	232	-	-
Net cash provided by/(used in) operating activities	76,369	3,776	(1,664)
Cash flows from investing activities			
Decrease in dividend receivable	70,000	-	-
Sale proceeds of disposal of a subsidiary, net	-	1,017,442	131,686
Net cash provided by investing activities	70,000	1,017,442	131,686
Cash flows from financing activities			
Decrease/(increase) in amount due from subsidiaries	-	22,300	(99,060)
Dividend paid	(121,101)	(837,614)	(151,376)
Net cash used in financing activities	(121,101)	(815,314)	(250,436)
Net increase/(decrease) in cash and cash equivalents	25,268	205,904	(120,414)
Cash and cash equivalents, beginning of year	163,336	188,604	394,508
Cash and cash equivalents, end of year	188,604	394,508	274,094
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Interest income	267	857	2,089
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITY:			
Consideration receivable	-	131,686	141,341

Corporate Information

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Ho Leung NING
Chief Financial Officer and Director

Chung Wing LAI
Director

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