



Plastec Technologies, Ltd.

PLASTEC TECHNOLOGIES REPORTS UNAUDITED FISCAL 2012 FIRST AND SECOND QUARTER FINANCIAL RESULTS

FY 2012 Q1 Financial Highlights

- Sales of \$49.3 million, an increase of 27.2% year-over-year
- Gross margin of 15.5% compared to 19.2% in the prior year period
- EBITDA of \$10.1 million, up 6.8% year-over-year
- Net income of \$3.6 million, or \$0.21 per diluted share

FY 2012 Q2 Financial Highlights

- Sales of \$43.7 million, a decrease of 7.8% year-over-year
- Gross margin of 9.7% compared to 19.7% in the prior year period
- EBITDA of \$6.2 million, down 43.1% year-over-year
- Net income of \$0.6 million, or \$0.04 per diluted share

Fiscal 2012 Six Month Financial Highlights

- Sales of \$93.1 million, an increase of 7.9% year-over-year
- Gross margin of 12.8% compared to 19.5% in the prior year period
- EBITDA of \$16.3 million, down 20.0% year-over-year
- Net income of \$4.2 million, or \$0.24 diluted earnings per share
- \$15.0 million cash generated from operations for the six months ended October 31, 2011

Hong Kong – January 3, 2012 – Plastec Technologies, Ltd. (OTCBB: PLTYF (common stock), PLTWF (warrants), PLTEF (units), (“Plastec” or the “Company”)), an integrated plastic manufacturing services provider that operates in the People’s Republic of China, announced today its unaudited financial results for fiscal 2012 first quarter ended July 31, 2011 and second quarter ended October 31, 2011.

See attached tables at the end of this release in Hong Kong Dollars (HKD). All other amounts in this press release are presented in U.S. dollars (USD) with a conversion rate of US\$1.0: HK\$7.8 (see table below).

Plastec Technologies, Ltd.

Selected Financial Statements in USD (\$ in millions, except per share data)

	3 months ended 7/31/2011	3 months ended 7/31/2010	3 months ended 10/31/2011	3 months ended 10/31/2010	6 months ended 10/31/2011	6 months ended 10/31/2010
Sales	49.3	38.8	43.7	47.5	93.1	86.2
Cost of Revenues	41.7	31.3	39.5	38.1	81.2	69.4
Gross Profit	7.6	7.4	4.2	9.4	11.9	16.8
Gross Profit Ratio	15.5%	19.2%	9.7%	19.7%	12.8%	19.5%
Income from Operations	5.2	5.3	1.3	6.4	6.5	11.7
Net Income	3.6	4.4	0.6	5.4	4.2	9.7
Diluted EPS	0.21	0.62	0.04	0.76	0.24	1.38
EBITDA	10.1	9.4	6.2	11.0	16.3	20.4

Mr. Kin Sun Sze-To, Chairman of Plastec, stated, "For the first fiscal half year of 2012, we were pleased to have completed a 9,000 square meter facility at our largest location in Shenzhen in September 2011, which increased our mold manufacturing capabilities by 20%. While we did see a general slowdown in market conditions and slowing trends in the new products developments of some of our major customers, we expect that China's continuing economic development coupled with a large global demand for our unique service offering in the plastics industry will continue to drive demand in the future. We believe our financial position is very strong, with approximately \$31.4 million in cash as of October 31, 2011 and a continued record of generating operating cash flow while still regularly investing in our business."

Mr. Sze-To continued, "We continued to execute our diversification strategy and actively search for new clients and new orders in consumer electronics and other sectors that require high-quality, specialized plastic molding and plastic injection services. We will continue this same strategy to grow our business organically while also seeking appropriate merger and acquisition opportunities to help build on our position as an industry leader."

Fiscal Year 2012 First Quarter Financial Review

- The Company's total sales for the three months ended July 31, 2011 increased 27.2% to \$49.3 million from \$38.8 million.
- Plastec's gross profit margin for the three months ended July 31, 2011 decreased to 15.5% from 19.2% in the prior-year period. The decrease in gross margin was largely the result of higher cost of sales due to rising labor costs in China, increased and inflated cost of raw materials and factory overheads. The impact of the higher costs could not be mitigated in the first half of the year, but the Company expects to mitigate the effect by raising sales prices in the future.
- EBITDA for the three months ended July 31, 2011 was \$10.1 million, compared to \$9.4 million in the prior three-month period. A table reconciling EBITDA to net income can be found at the end of this release.

- Net income for the three months ended July 31, 2011 was \$3.6 million, or \$0.21 per share based on a weighted average number of diluted shares outstanding of 16.7 million, compared to net income of 4.4 million, or \$0.62 per share based on 7.1 million weighted average number of diluted shares, in the prior-year period.

Fiscal Year 2012 Second Quarter Financial Review

- The Company's total sales for the three months ended October 31, 2011 decreased 7.8% to \$43.7 million from \$47.5 million.
- The Company's gross profit margin for the three months ended October 31, 2011 was 9.7%, compared to 19.7% in the prior-year period, largely due to the increased cost of sales as mentioned above.
- EBITDA for the three months ended October 31, 2011, was \$6.2 million, compared to \$11.0 million in the prior three-month period.
- Net income for the three months ended October 31, 2011 was \$0.6 million, or \$0.04 per share based on a weighted average number of diluted shares outstanding of 16.7 million, compared to \$5.4 million, or \$0.76 per share based on 7.1 million weighted average number of diluted shares, in the prior-year period.

Fiscal 2012 Six Month Financial Review

- The Company's total sales for the six months ended October 31, 2011 increased 7.9% to \$93.1 million from \$86.2 million. Plastec's sales grew during the period as a result of increased sales from its existing larger client base during the first three months of the fiscal year from its expanded manufacturing capacity and a decrease of second quarter was due to decreasing order from some of the Company's major customers which are in a longer phase of developing new products.
- The Company's gross profit margin during the six months ended October 31, 2011 decreased 12.8% compared to 19.5% same period last year, due to the reasons of increased cost of sales cited above.
- EBITDA for the six months ended October 31, 2011 was \$16.3, compared to \$20.4 in the prior year period.
- Net income for the six months ended October 31, 2011 was \$4.2 million, or \$0.24 per share based on a weighted average number of diluted shares outstanding of 16.7 million, compared to \$9.7 million, or \$1.38 per share based on 7.1 million weighted average number of diluted shares, in the prior-year period.

Balance Sheet Highlights

As of October 31, 2011, the Company had cash and cash equivalents of \$31.4 million; working capital of \$27.3 million, total bank borrowings of \$19.8 million, and shareholders' equity of \$100.8 million.

About Plastec

Originally founded in 1993 by Chairman and CEO, Mr. Kin Sun Sze-To, Plastec is an integrated plastic manufacturing services provider that operates in the People's Republic of China through its wholly owned subsidiaries. With approximately 5,500 employees, Plastec currently operates 6 separate, high-output, low-defect facilities (with gross floor areas of approximately 167,000 square meters) in 5 locations in Guangdong province in Southern China and

Jiangsu province in Eastern China. Plastec provides precision plastic manufacturing services from mold design and fabrication, plastic injection manufacturing to secondary-process finishing, as well as parts assembly.

Forward Looking Statements

This press release contains “forward-looking statements.” These forward-looking statements involve significant risks and uncertainties that could cause the actual results to differ materially from the expected results. Actual results may differ from expectations, estimates and projections and, consequently, you should not rely on these forward looking statements as predictions of future events. Words such as “expect,” “estimate,” “project,” “budget,” “forecast,” “anticipate,” “intend,” “plan,” “may,” “will,” “could,” “should,” “believes,” “predicts,” “potential,” “continue,” and similar expressions are intended to identify such forward-looking statements.

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PLASTEC TECHNOLOGIES, LTD.

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (UNAUDITED)

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

	For the 3 months ended	
	July 31,	
	2011	2010
	HK\$	HK\$
Revenue	384,651	302,322
Cost of revenues	<u>(324,982)</u>	<u>(244,419)</u>
Gross profit	59,669	57,903
Operating expenses		
Selling, general and administrative expenses	(19,828)	(17,457)
Other income	353	460
Gain on disposals of property, plant and equipment	<u>76</u>	<u>375</u>
Total operating expenses, net	<u>(19,399)</u>	<u>(16,622)</u>
Income from operations	40,270	41,281
Interest income	51	16
Interest expense	<u>(722)</u>	<u>(664)</u>
Income before income tax expense	39,599	40,633
Income tax expense	<u>(11,903)</u>	<u>(6,394)</u>
Net income (Note)	27,696	34,239
Other comprehensive income		
Foreign currency translation adjustment	<u>7,138</u>	<u>60</u>
Comprehensive income attributable to Plastec Technologies, Ltd.	<u>34,834</u>	<u>34,299</u>
Weighted average number of ordinary shares	16,733,196	7,054,583
Weighted average number of diluted ordinary shares	<u>16,733,196</u>	<u>7,054,583</u>
Basic earnings per share attributable to Plastec Technologies, Ltd.	<u>HK\$1.6</u>	<u>HK\$4.9</u>
Diluted earnings per share attributable to Plastec Technologies, Ltd.	<u>HK\$1.6</u>	<u>HK\$4.9</u>

Note: Income tax expenses for the 3 months ended July 31, 2010 included a tax adjustment for HK\$2,431 for additional tax payable under enterprise income tax in China.

PLASTEC TECHNOLOGIES, LTD.

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (UNAUDITED)

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

	For the 3 months ended		For the 6 months ended	
	October 31,		October 31,	
	2011	2010	2011	2010
	HK\$	HK\$	HK\$	HK\$
Revenue	341,163	370,280	725,814	672,602
Cost of revenues	(308,036)	(297,216)	(633,018)	(541,635)
Gross profit	33,127	73,064	92,796	130,967
Operating expenses				
Selling, general and administrative expenses	(23,872)	(22,299)	(43,700)	(39,756)
Other income	866	135	1,219	595
Gain/(loss) on disposal of property, plant and equipment	62	(1,303)	138	(928)
Total operating expenses, net	(22,944)	(23,467)	(42,343)	(40,089)
Income from operations	10,183	49,597	50,453	90,878
Interest income	64	22	115	38
Interest expense	(719)	(689)	(1,441)	(1,353)
Income before income tax expense	9,528	48,930	49,127	89,563
Income tax expense	(4,744)	(7,138)	(16,647)	(13,532)
Net income (Note)	4,784	41,792	32,480	76,031
Other comprehensive income				
Foreign currency translation adjustment	-	193	7,138	253
Comprehensive income attributable to Plastec Technologies, Ltd.	4,784	41,985	39,618	76,284
Weighted average number of ordinary shares	16,733,196	7,054,583	16,733,196	7,054,583
Weighted average number of diluted ordinary shares	16,733,196	7,054,583	16,733,196	7,054,583
Basic earnings per share attributable to Plastec Technologies, Ltd.	HK\$0.3	HK\$5.9	HK\$1.9	HK\$10.8
Diluted earnings per share attributable to Plastec Technologies, Ltd.	HK\$0.3	HK\$5.9	HK\$1.9	HK\$10.8

Note: Income tax expenses for the three months and six months ended Oct 31, 2010 included tax adjustments for HK\$2,431 and HK\$4,862 for additional tax payable under enterprise income tax in China.

**PLASTEC TECHNOLOGIES, LTD.
CONSOLIDATED BALANCE SHEETS**

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

	As of October 31, 2011 HK\$ (Unaudited)	As of April 30, 2011 HK\$ (Audited)
ASSETS		
Current assets		
Cash and cash equivalents	244,957	219,757
Trade receivables, net of allowances for doubtful accounts of HK\$nil and HK\$nil as of Oct 31 and Apr 30 2011 respectively	301,035	270,763
Inventories	109,096	117,733
Deposits, prepayment and other receivables	15,434	8,357
Total current assets	670,522	616,610
Property, plant and equipment, net	552,777	551,079
Prepaid lease payment, net	25,529	26,237
Other assets	9,079	8,001
Total assets	1,257,907	1,201,927
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Bank borrowings	154,447	169,710
Capital lease obligations	2,376	5,311
Trade payables	124,366	127,987
Other payables and accruals	103,891	80,811
Tax payable	72,445	56,389
Total current liabilities	457,525	440,208
Capital lease obligations	-	303
Deferred tax liabilities	14,504	15,156
Total liabilities	472,029	455,667
Commitments and contingencies	-	-
Shareholders' equity		
Preferred shares (US\$0.001 par value; 1,000,000 share authorized, none issued and outstanding)	-	-
Ordinary shares (US\$0.001 par value; 100,000,000 shares authorized, 16,733,196 shares and 16,733,196 shares issued and outstanding as of Oct 31 and Apr 30, 2011 respectively)	131	131
Additional paid-in capital	169,973	169,973
Accumulated other comprehensive income	15,244	8,106
Retained earnings	600,530	568,050
Total Plastec Technologies, Ltd. shareholders' equity	785,878	746,260
Total liabilities and shareholders' equity	1,257,907	1,201,927

PLASTEC TECHNOLOGIES, LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

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

	For the 6 months ended	
	October 31,	
	2011	2010
	HK\$	HK\$
Operating activities		
Net Income after taxation	32,480	76,031
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	78,165	67,912
Net loss/(gain) on disposal of property, plant and equipment	(138)	928
Deferred tax charge	(652)	-
Change in operating assets and liabilities:		
Trade receivables	(30,272)	(92,816)
Inventories	8,637	(32,474)
Deposits, prepayment and other receivables	(7,075)	3,548
Trade payables	(3,621)	10,270
Other payables and accruals	23,080	32,129
Tax payables	16,056	13,532
Net cash provided by operating activities	116,660	79,060
Investing activities		
Purchase of property, plant and equipment	(73,075)	(102,512)
Proceeds from disposal of property, plant and equipment	2,127	1,268
Deposits for purchase of property, plant and equipment	(9,080)	(10,804)
Net cash used in investing activities	(80,028)	(112,048)
Financing activities		
Proceeds from bank borrowings	187,277	249,377
Repayment of bank borrowings	(202,540)	(174,760)
Repayment of capital lease obligations	(3,238)	(5,323)
Dividends paid	-	(30,000)
Net cash provided by/(used in) financing activities	(18,501)	39,294
Effect of exchange rate changes on cash and cash equivalents	7,069	253
Net increase in cash and cash equivalents	18,131	6,306
Cash and cash equivalents, beginning of period	219,757	151,304
Cash and cash equivalents, end of period	244,957	157,863
Supplementary		
interest paid	1,326	1,315
income tax paid	1,243	-

RECONCILIATION OF NON-GAAP FINANCIAL MEASURE

A reconciliation of Adjusted EBITDA to net income is provided below:

HKD'000	3 months ended July 31,		3 months ended October 31,		6 months ended October 31,	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Net income (Note)	27,267	33,404	3,856	42,960	31,123	76,364
Plus : Interest expenses	722	664	719	689	1,441	1,353
Minus : Interest income	(51)	(16)	(64)	(22)	(115)	(38)
Plus : Income tax expense	11,903	6,394	4,744	7,138	16,647	13,532
Income from Operations	39,841	40,446	9,255	50,765	49,096	91,211
Plus : Depreciation & Amortization	38,824	33,215	39,341	34,697	78,165	67,912
Adjusted EBITDA	<u>78,665</u>	<u>73,661</u>	<u>48,596</u>	<u>85,462</u>	<u>127,261</u>	<u>159,123</u>

Note: Excl. Other Incomes and gain/(loss) on disposal

This press release includes financial information (EBITDA) not derived in accordance with generally accepted accounting principles or international financial reporting standards. Plastec believes that the presentation of such financial information provides more useful information to investors as it indicates more clearly Plastec's future performance. EBITDA was derived by taking earnings before interest expense (net), taxes, depreciation and amortization as adjusted for certain one-time non-recurring items and exclusions.