



**Plastec Technologies, Ltd.**  
**2020 Annual Report**

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**July 2, 2021**

Dear Fellow Shareholders:

Over the past year, the Company has continued to maintain its public company listing status in order to evaluate potential investments in the future.

Following the completion of all obligations for the Company's legacy business, which was sold in 2016, we have maintained a low expense infrastructure while retaining the financial flexibility to take advantages of any prospects that may arise.

We also remain committed to rewarding shareholders. During the nearly 4-year period from closing of the transaction in October 2016 through the date of this letter, we have distributed cash dividends in the aggregate of US\$17.6 per ordinary share to shareholders as a measure of rewarding them for their ownership.

We remain committed to acting as proper and prudent stewards of capital for our shareholders while evaluating any opportunities available to us in 2021 and into the future.

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, 2020 FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON MAY 14, 2021 (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](http://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 6.5 RMB, respectively, for every 1 U.S.\$ or \$, same as the rates adopted at the time the Form 20-F was filed;
- “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, 2020 (“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, 2020, which are included hereto.

### Completion of Sale of Assets

As disclosed in our various previous filings, on November 14, 2015, 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\$192,307,692), in cash (the “Transfer Price”). Of the Transfer Price, RMB 875,000,000 (or US\$134,615,385) 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\$57,692,308) 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 to (i) complete the construction of a manufacturing plant in Kai Ping, China which was disposed of and transferred to Plastec upon its establishment on April 20, 2018 as described below, (ii) collect rental income from certain property we used to own and which was being leased to one of Plastec's subsidiaries until November 2019 when the former subsidiary of ours that held the property was disposed of to an unaffiliated third party as described below, (iii) collect the payments upon Plastec achieving the performance targets for the years ended December 31, 2016 through 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, 2017 and 2018**

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-recurring 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\$17,423,077) 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-recurring 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 were paid a further sum of RMB 124,380,000 (or US\$19,135,385) of the Remaining Amount on May 25, 2018 and in accordance with the terms of the Agreement.

By a letter dated April 26, 2019, SYB confirmed and acknowledged to us that Plastec's audited net profit (on a consolidated basis, after deducting non-recurring gains and losses) for the year ended December 31, 2018 was HK\$262,954,000, which was in excess of the performance target for the year ended December 31, 2018, set at HK\$195,408,000 in the Agreement, by HK\$67,546,000 or approximately 34.6%. Accordingly, we were paid a further sum of RMB 137,370,000 (or US\$21,133,846) of the Remaining Amount on May 30, 2019 and in accordance with the terms of the Agreement.

### **Transfer of Manufacturing Plant in Kai Ping, China**

In accordance with the terms and spirit 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 certain of its former subsidiaries holding the newly established manufacturing plant in Kai Ping, China through their PRC subsidiaries 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).

### **Disposal of Assets**

On November 15, 2019, Viewmount entered into an agreement ("Assets Disposal Agreement") with an unaffiliated third party (the "Purchaser"), pursuant to which Viewmount was to transfer the ownership interests in its then wholly-owned subsidiary holding the right to use certain parcels of land in Shenzhen together with premises built thereon to the Purchaser for HK\$47,964,570.65 (or US\$6,149,304) in cash, net of all relevant expenses, charges and taxes.

On November 20, 2019, the parties consummated the transactions contemplated by the Assets Disposal Agreement; on which date Viewmount also received from the Purchaser HK\$112,035,429.35 (or US\$14,363,517) representing all amounts due from the former subsidiary disposed of.

## **Impact of Sale of Assets on Our Financial Statements**

The aforesaid disposals 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 2020, 2019 and 2018. The consolidated balance sheets as of December 31, 2019, the consolidated statements of operations and comprehensive income and the consolidated statements of cash flows for the years ended December, 2019 and 2018 have been adjusted retrospectively to reflect this strategic shift.

## **PART I**

### **ITEM 1. KEY INFORMATION.**

#### **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 OBM 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 to (i) complete the construction of our manufacturing plant in Kai Ping, China which was disposed of and transferred to Plastec upon its establishment on April 20, 2018 pursuant to the terms of the Manufacturing Plant Transfer Agreement, (ii) collect rental income from certain property we used to own and which was being leased to one of Plastec’s subsidiaries until November 2019 when the former subsidiary of ours that held the property was disposed of pursuant to the terms of the Assets Disposal Agreement, (iii) collect the payments upon Plastec achieving performance targets for the years ended December 31, 2016 through 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 and Estimates*

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:

#### *Property, plant and equipment*

Property, plant and equipment are stated at acquisition cost less accumulated depreciation. 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:

|                |     |
|----------------|-----|
| Motor vehicles | 20% |
|----------------|-----|

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

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.

#### *Impairment of long-lived assets*

We periodically evaluate 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.

### Discontinued Operations

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 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.

### Revenues

We generated revenues from our continuing operations in fiscal years ended December 31, 2018, 2019 and 2020 as follows, which were presented as other income in our audited financial statements:

|              | Fiscal Years Ended December 31, |            |        |            |        |            |
|--------------|---------------------------------|------------|--------|------------|--------|------------|
|              | 2018                            |            | 2019   |            | 2020   |            |
|              | Amount                          | % of Total | Amount | % of Total | Amount | % of Total |
| Other income | 9,954                           | 100.0%     | 0      | 0.0%       | 7      | 100.0%     |
|              | 9,954                           | 100.0%     | 0      | 0.0%       | 7      | 100.0%     |

### Other income

Prior to November 2019, we had rental revenues derived from certain parcels of land (together with industrial building and premises for dormitory purpose built thereon) located in Furong Industrial District, Furongmei Area, Shajing Street, Xinqiao Village, Bao'an District, Shenzhen City, Guangdong Province of the PRC, which were being leased to one of Plastec's subsidiaries under certain tenancy agreements more particularly described in the section titled "Properties" in Item 4.B of Form 20-F for the year ended December 31, 2018 filed on May 15, 2019.

On November 20, 2019, we completed the disposal of our former subsidiary holding the right to use the aforesaid parcels of land pursuant to the terms of the Assets Disposal Agreement. After the retrospective adjustments for the deconsolidation of this disposal, which has been classified as discontinued operations, we recorded no operating income for our continuing operations for the years ended December 31, 2018, 2019 and 2020 save for exchange gain of approximately HK\$10.0 million for fiscal year ended December 31, 2018, and reversals of over-provided accrued expenses of approximately HK\$7,000 for fiscal year ended December 31, 2020 as well as a one-time gain of approximately HK\$29,000 for the fiscal year ended December 31, 2020 arising from disposal of our ownership interests in our then wholly-owned dormant subsidiary with a negative net worth of approximately HK\$1,600 to an unaffiliated third-party purchaser for HK\$27,000 on June 29, 2020.

### Operating Costs

Our operating expenses arising from our continuing operations in fiscal years ended December 31, 2018, 2019 and 2020 consisted of the following:

|  | Fiscal Years Ended December 31, |            |        |            |        |            |
|--|---------------------------------|------------|--------|------------|--------|------------|
|  | 2018                            |            | 2019   |            | 2020   |            |
|  | Amount                          | % of Total | Amount | % of Total | Amount | % of Total |
| Exchange loss                                | -                               | 0.0%       | 11,476 | 76.1%      | -      | 0.0%       |
| Selling, general and administrative expenses | 4,554                           | 100.0%     | 3,607  | 23.9%      | 3,882  | 100.0%     |
|  | 4,554                           | 100.0%     | 15,083 | 100.0%     | 3,882  | 100.0%     |

### Selling, General and Administrative Expenses

Our selling, general and administrative expenses consisted primarily of legal and professional expenses, directors' compensation, insurances, transportation, motor vehicles related expenses and exchange losses.

### 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 remaining Hong Kong subsidiary is subject to income tax on its profits in Hong Kong at the prevailing corporate tax rates of 8.25% on assessable profits up to HK\$2 million and 16.5% on any part of assessable profits over HK\$2 million. For the years ended December 31, 2018, 2019 and 2020, however, none of our Hong Kong subsidiaries (then and now) recorded any Hong Kong profits tax on the basis that they did not have any assessable profits arising in or derived from Hong Kong.

### **Review of Results of Continuing Operations**

The following table sets forth a summary of our consolidated results of continuing 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.

|  | <b>Fiscal Year ended December 31,</b> |                 |                |
|--|---------------------------------------|-----------------|----------------|
|  | <b>2018</b>                           | <b>2019</b>     | <b>2020</b>    |
|  | <b>HK\$</b>                           | <b>HK\$</b>     | <b>HK\$</b>    |
|  | (HK\$'000)                            |                 |                |
| Revenues   | -                                     | -               | -              |
| <b>Operating income/(expenses), net</b>  |                                       |                 |                |
| Gain on disposal of a subsidiary   | -                                     | -               | 29             |
| Selling, general and administrative expenses   | (4,554)                               | (15,083)        | (3,882)        |
| Other income   | 9,954                                 | -               | 7              |
| Total operating income/(expenses), net   | <u>5,400</u>                          | <u>(15,083)</u> | <u>(3,846)</u> |
| <b>Income/(loss) from operations</b>   | 5,400                                 | (15,083)        | (3,846)        |
| Interest income  | <u>3,082</u>                          | <u>3,297</u>    | <u>1,118</u>   |
| Income/(loss) before income tax expense  | 8,482                                 | (11,786)        | (2,728)        |
| Income tax expense from continuing operations  | <u>(2,435)</u>                        | <u>(729)</u>    | <u>(779)</u>   |
| <b>Net income/(loss) from continuing operations attributable to the Company's shareholders</b> | 6,047                                 | (12,515)        | (3,507)        |

#### For the year ended December 31, 2020 compared to year ended December 31, 2019

*Other income.* Other than recording a one-time nominal other income arising from reversals of over-provided accrued expenses of approximately HK\$7,000 for the fiscal year ended December 31, 2020, we recorded no operating income for our continuing operations for the fiscal years ended December 31, 2019 and 2020.

*Selling, general and administrative expenses.* Our selling, general and administrative expenses for the year ended December 31, 2020 increased by approximately HK\$0.3 million or 7.6% to approximately HK\$3.9 million from approximately HK\$3.6 million in the year ended December 31, 2019 mainly attributable to slightly increased legal and professional fees for the year ended December 31, 2020.

*Income/(loss) from operations.* Our loss from operations for the year ended December 31, 2020 was approximately HK\$3.8 million, compared to a loss of approximately HK\$15.1 million for the year ended December 31, 2019. This was mainly resulted from an exchange loss of approximately HK\$11.5 million for the year ended December 31, 2019.

*Income tax expenses.* Our income tax expenses for the year ended December 31, 2020 increased by approximately HK\$0.05 million to HK\$0.78 million from HK\$0.73 million in the year ended December 31, 2019.

*Net income/(loss).* Our net loss for the year ended December 31, 2020 was approximately HK\$3.5 million, compared to net loss of approximately HK\$12.5 million for the year ended December 31, 2019.

#### For the year ended December 31, 2019 compared to year ended December 31, 2018

*Other income.* After the retrospective adjustments for the deconsolidation of the disposed business lines arising from the disposal of our former subsidiary that generated rental revenues in November 2019, which has been classified as discontinued operations, we recorded no operating income for our continuing operations for the years ended December 31, 2018 and 2019 save for an exchange gain of approximately HK\$10.0 million for the fiscal year ended December 31, 2018.

*Selling, general and administrative expenses.* Our selling, general and administrative expenses for the year ended December 31, 2019 decreased by approximately HK\$0.9 million or 20.8% to HK\$3.6 million from approximately HK\$4.6 million in the year ended December 31, 2018 mainly attributable to a progressive reduction in expenses incurred in maintaining daily operations. For the year ended December 31, 2019, we recorded an exchange loss for approximately HK\$11.5 million.

*Income/(loss) from operations.* Our loss from operations for the year ended December 31, 2019 was approximately HK\$15.1 million, in contrast to a gain of approximately HK\$5.4 million for the year ended December 31, 2018. The loss was mainly attributable to an exchange loss of approximately HK\$11.5 million for the year ended December 31, 2019, as compared with an exchange gain of approximately HK\$10.0 million for the year ended December 31, 2018.

*Income tax expenses.* Our income tax expenses for the year ended December 31, 2019 decreased by approximately HK\$1.7 million to HK\$0.7 million from HK\$2.4 million in the year ended December 31, 2018.

*Net income/(loss).* Our net loss for the year ended December 31, 2019 was approximately HK\$12.5 million, compared to net income of approximately HK\$6.0 million for the year ended December 31, 2018.

### **Liquidity and Capital Resources**

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

### **Summary of Cash Flows**

|                                    | Year Ended December 31, |           |         |
|------------------------------------|-------------------------|-----------|---------|
|                                    | 2018                    | 2019      | 2020    |
|                                    | (HK\$'000)              |           |         |
| Net Cash From Operating Activities | 25,482                  | 1,059     | (2,862) |
| Net Cash From Investing Activities | 249,245                 | 325,413   | 29      |
| Net Cash From Financing Activities | (403,669)               | (413,761) | -       |
|                                    | (128,942)               | (87,289)  | (2,833) |

#### For the year ended December 31, 2020 compared to year ended December 31, 2019

*Net Cash From Operating Activities.* For the year ended December 31, 2020, we recorded a net cash outflow from operating activities of approximately HK\$2.9 million. Compared to the year ended December 31, 2019, which we generated an overall net cash inflow from operating activities of approximately HK\$1.1 million. These were mainly attributable to net cash outflow used in continuing operations for HK\$2.9 million in fiscal 2020, as compared to net cash outflow used in continuing operations for HK\$10.9 million in fiscal 2019 (mainly in terms of exchange loss).

*Net Cash From Investing Activities.* For the year ended December 31, 2020, we generated a net cash inflow from investing activities of HK\$0.029 million for the proceeds received from the disposal of a wholly-owned dormant subsidiary. For the year ended December 31, 2019, we recorded a net cash inflow from investing activities of HK\$325.4 million.

*Net cash generated from financing activities.* For the year ended December 31, 2020, there was no net cash inflow or outflow from financing activities. For the year ended December 31, 2019, we recorded a net cash outflow by financing activities of approximately HK\$413.8 million.

#### For the year ended December 31, 2019 compared to year ended December 31, 2018

*Net Cash From Operating Activities.* For the year ended December 31, 2019, we generated a net cash inflow from operating activities of HK\$1.1 million. Compared to the year ended December 31, 2018, which we generated a net cash inflow from operating activities of HK\$25.5 million. These were mainly attributable to net cash outflow used in continuing operations for HK\$10.9 million in fiscal 2019 (mainly in terms of exchange loss), as compared to net cash inflow HK\$8.3 million provided by continuing operations at the back of an exchange gain in fiscal 2018.

*Net Cash From Investing Activities.* For the year ended December 31, 2019, we recorded a net cash inflow from investing activities of HK\$325.4 million, mainly arising from further and final payment made to us as a result of Plastec achieving the performance target set for the year ended December 31, 2018 and settlement of account payable due to us upon disposal of our ownership interests in a former subsidiary holding the right to use the parcels of land located in Furong Industrial District, Furongmei Area, Shajing Street, Xinqiao Village, Bao'an District, Shenzhen City, Guangdong Province of the PRC pursuant to the terms of the Assets Disposal Agreement in November 2019.

*Net cash generated from financing activities.* For the year ended December 31, 2019, we recorded a net cash outflow by financing activities of approximately HK\$413.8 million, which comprised of a net cash outflow of HK\$413.8 million for the dividends paid. Compared to the year ended December 31, 2018, which we recorded a net cash outflow of HK\$403.7 million, which was again attributable to payments of dividends totaling HK\$403.7 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 Form 20-F. As at the year ended December 31, 2020, we had a cash and bank balance of approximately HK\$182.7 million, of which approximately HK\$169.9 million was denominated in Hong Kong Dollars and approximately HK\$12.8 million equivalent was denominated in US Dollars, respectively.

### ***Indebtedness***

As of December 31, 2020, our indebtedness was nil.

As of December 31, 2020, our estimates for contractual cash commitments, interest commitment and operating lease obligations were all nil.

### ***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.* Up until November 2019, our income was mainly denominated in Renminbi whereas our costs and capital expenditures were 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. After completion of the disposal of our former subsidiary that generated rental revenues pursuant to the terms of the Assets Disposal Agreement in November 2019, we recorded no operating income from our continuing operations. With the retrospective adjustments for the deconsolidation of this disposal, which has been classified as discontinued operations, we recorded aggregate net foreign currency exchange gain/(loss) of approximately HK\$10.0 million, HK\$(11.5) million and HK\$Nil for the years ended December 31, 2018, 2019 and 2020, respectively, mainly attributable to receipts of tranches of the RMB-denominated Remaining Amount from SYB pursuant to the terms of the Agreement during fiscal years 2018 and 2019. 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, if any. However, if we decided to enter into any such hedging activities in the future, there is no assurance that we would 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***

There have been no material changes in our financial condition and results of operations subsequent to December 31, 2020.

### ***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 <sup>(4)</sup>              | 59  | Chairman of the Board and Chief Executive Officer and Chief Operating Officer |
| Ho Leung Ning <sup>(4)</sup>               | 60  | Chief Financial Officer and Director  |
| Chung Wing Lai <sup>(1) (2) (3)</sup>      | 74  | Director  |
| Joseph Yiu Wah Chow <sup>(1) (2) (3)</sup> | 61  | 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. From January 2018 through October 2019, he was also a non-independent director of SYB. 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 February 1993 to December 1994, he served as the managing director of Seaunion Holdings Ltd. (now known as Elate Holdings Ltd.), a company listed on The Stock Exchange of Hong Kong Ltd. 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. From June 2004 to October 2010, he was also an independent non-executive director of Kee Shing (Holdings) Ltd. (now known as Gemini Investments (Holdings) Ltd.) a 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 Yiu Wah Chow** has been a Director of ours since the consummation of the merger in December 2010. Mr. Chow has over 20 years experience in auditing, accounting, and financial management. He has been a senior partner of JYC & Company, an accounting firm, since January 2006 and a practicing director of KTC Partners CPA Limited since May 2008 as well as being a practicing director of Crowe (HK) CPA Limited since January 2019. 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, 2020, 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, 2020:

| <b>Name and Principal Position</b>   | <b>Year ended<br/>December<br/>31,</b> | <b>Salary<br/>(HK\$)</b> | <b>Total<br/>(HK\$)</b> |
|--|--|--------------------------|-------------------------|
| Kin Sun Sze-To<br><i>Chairman of the Board and Chief Executive Officer and Chief<br/>Operating Officer</i> | 2020                                   | 120,000                  | 120,000                 |
| Ho Leung Ning<br><i>Chief Financial Officer</i>  | 2020                                   | 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, 2020, 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 May 11, 2021, 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 May 11, 2021.

| <b>Name and Address of Beneficial Owner</b> <sup>(1)</sup>      | <b>Amount and Nature of Beneficial Ownership</b> | <b>Percent of Class</b> |
|---|--|-------------------------|
| <b>Major Shareholder(s):</b>                                    |  |                         |
| Kwok Wa Hung  | 1,014,753 <sup>(2)</sup>                         | 7.8%                    |
| <b>Directors and Executive Officers:</b>                        |  |                         |
| Kin Sun Sze-To  | 10,134,283 <sup>(3)</sup>                        | 78.3%                   |
| Ho Leung Ning   | 241,971 <sup>(4)</sup>                           | 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 16<sup>th</sup> 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 May 11, 2021, there were 18 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 556,133 (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***

There were no related party transactions involving us or any of our subsidiaries with any of our officers and directors or their respective affiliates for the fiscal year ended December 31, 2020. 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.

|   | <u>Page</u> |
|---|-------------|
| <u>Report of Independent Registered Public Accounting Firm</u>        | F-1 to F-2  |
| <u>Consolidated Balance Sheets</u>                                    | F-3         |
| <u>Consolidated Statements of Operations and Comprehensive Income</u> | F-4 to F-5  |
| <u>Consolidated Statements of Shareholders' Equity</u>                | F-6         |
| <u>Consolidated Statements of Cash Flows</u>                          | F-7         |
| <u>Notes to Consolidated Financial Statements</u>                     | F-8 to F-21 |

## PART II – FINANCIAL STATEMENTS



中正達會計師事務所  
**Centurion ZD CPA & Co.**  
Certified Public Accountants (Practising)

Unit 1304, 13/F, Two Harbourfront, 22 Tak Fung Street, Hunghom, Hong Kong.

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### 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. and its subsidiaries (the "Company") as of December 31, 2020 and 2019, the related consolidated statements of operations and comprehensive income, shareholders' equity and cash flows, for each of the three years in the period ended December 31, 2020, 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, 2020 and 2019, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.



中正達會計師事務所  
**Centurion ZD CPA & Co.**  
Certified Public Accountants (Practising)

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## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM (CONTINUED)**

### Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) related to accounts or disclosures that were material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ Centurion ZD CPA & Co.  
Certified Public Accountants  
Hong Kong, China  
April 29, 2021.

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)

|  | <b>December 31,<br/>2019</b> | <b>December 31,<br/>2020</b> |
|--|------------------------------|------------------------------|
|  | <b>HK\$</b>                  | <b>HK\$</b>                  |
| <b>ASSETS</b>  |                              |                              |
| Current assets   |                              |                              |
| Cash and cash equivalents  | 185,530                      | 182,697                      |
| Deposits, prepayment and other receivables (note 4)  | 1,754                        | 2,450                        |
| Total current assets   | 187,284                      | 185,147                      |
| Property, plant and equipment, net (note 5)  | 423                          | 60                           |
| Intangible assets  | 438                          | 438                          |
| Total assets   | 188,145                      | 185,645                      |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>  |                              |                              |
| Current liabilities  |                              |                              |
| Other payables and accruals (note 6)   | 1,341                        | 1,569                        |
| Tax payable  | 9,407                        | 10,186                       |
| Total current liabilities  | 10,748                       | 11,755                       |
| Total liabilities  | 10,748                       | 11,755                       |
| Commitments and contingencies (note 9)   | -                            |                              |
| 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 2019 and 2020, respectively) | 101                          | 101                          |
| Additional paid-in capital   | 26,049                       | 26,049                       |
| Accumulated other comprehensive income   | (30)                         | (30)                         |
| Retained earnings  | 151,277                      | 147,770                      |
| Total shareholders' equity   | 177,397                      | 173,890                      |
| Total liabilities and shareholders' equity   | 188,145                      | 185,645                      |

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<br>December 31,<br>2018<br>HK\$ | Year ended<br>December 31,<br>2019<br>HK\$ | Year ended<br>December 31,<br>2020<br>HK\$ |
|--|--|--|--|
| <b>Revenues</b>  | -  | -  | -  |
| <b>Operating income/(expenses), net</b>  |  |  |  |
| Gain on disposal of a subsidiary   | -  | -  | 29   |
| Selling, general and administrative expenses   | (4,554)                                    | (15,083)                                   | (3,882)                                    |
| Other income   | 9,954                                      | -  | 7  |
| Total operating income/ (expenses), net  | <u>5,400</u>                               | <u>(15,083)</u>                            | <u>(3,846)</u>                             |
| <b>Income/(loss) from operations</b>   | 5,400                                      | (15,083)                                   | (3,846)                                    |
| Interest income  | 3,082                                      | 3,297                                      | 1,118                                      |
| Income/(loss) before income tax expense  | <u>8,482</u>                               | <u>(11,786)</u>                            | <u>(2,728)</u>                             |
| Income tax expense from continuing operations (note 7)   | (2,435)                                    | (729)                                      | (779)                                      |
| <b>Net income/(loss) from continuing operations<br/>attributable to the Company's shareholders</b>                                   | <u>6,047</u>                               | <u>(12,515)</u>                            | <u>(3,507)</u>                             |
| <b>Discontinued operations (note 3):</b>   |  |  |  |
| Net income from discontinued operations (including gain of<br>2020: HK\$Nil, 2019: HK\$47,845, 2018: HK\$171,809)<br>upon disposals) | 171,927                                    | 53,364                                     | -  |
| Income tax expenses from discontinued operations   | -  | -  | -  |
| <b>Net income from discontinued operations attributable to<br/>the Company's shareholders</b>  | <u>171,927</u>                             | <u>53,364</u>                              | <u>-</u>                                   |
| <b>Net income/(loss) attributable to the Company's<br/>shareholders</b>  | 177,974                                    | 40,849                                     | (3,507)                                    |
| Other comprehensive income:  |  |  |  |
| Continuing operations  | -  | -  | -  |
| Discontinued operations  | 6,674                                      | -  | -  |
|  | <u>6,674</u>                               | <u>-</u>                                   | <u>-</u>                                   |
| Comprehensive income/(loss) attributable to the Company's<br>shareholders  | <u>184,648</u>                             | <u>40,849</u>                              | <u>(3,507)</u>                             |

See accompanying notes to consolidated financial statements.

**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)**

|   | <b>Year ended<br/>December 31,<br/>2018</b> | <b>Year ended<br/>December 31,<br/>2019</b> | <b>Year ended<br/>December 31,<br/>2020</b> |
|---|---|---|---|
|   | <b>HK\$</b>                                 | <b>HK\$</b>                                 | <b>HK\$</b>                                 |
| Net income/(loss) per share (note 8):                 |   |   |   |
| 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 net income/(loss) per share attributable from   |   |   |   |
| Continuing operations                                 | HK\$0.47                                    | HK\$(0.97)                                  | HK\$(0.27)                                  |
| Discontinued operations                               | HK\$13.29                                   | HK\$4.13                                    | -   |
| Diluted net income/(loss) per share attributable from |   |   |   |
| Continuing operations                                 | HK\$0.47                                    | HK\$(0.97)                                  | HK\$(0.27)                                  |
| Discontinued operations                               | HK\$13.29                                   | HK\$4.13                                    | -   |

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                    |                | Additional<br>paid-in<br>capital | Accumulated<br>other<br>comprehensive<br>income | Retained<br>earnings | Shareholders'<br>equity |
|---|------------------------------------|----------------|----------------------------------|---|----------------------|-------------------------|
|   | Number of<br>shares<br>outstanding | Amount<br>HK\$ |                                  |   |                      |                         |
| Balance at January 1, 2018  | 12,938,128                         | 101            | 26,049                           | (6,704)   | 749,884              | 769,330                 |
| Net income for the year   | -                                  | -              | -                                | -   | 177,974              | 177,974                 |
| Dividend paid   | -                                  | -              | -                                | -   | (403,669)            | (403,669)               |
| Reclassification adjustment relating to<br>exchange difference upon disposals<br>of interests in subsidiaries | -                                  | -              | -                                | 6,674   | -                    | 6,674                   |
| Balance at December 31, 2018 and<br>January 1, 2019   | 12,938,128                         | 101            | 26,049                           | (30)  | 524,189              | 550,309                 |
| Net income for the year   | -                                  | -              | -                                | -   | 40,849               | 40,849                  |
| Dividend paid   | -                                  | -              | -                                | -   | (413,761)            | (413,761)               |
| Balance at December 31, 2019 and<br>January 1, 2020   | 12,938,128                         | 101            | 26,049                           | (30)  | 151,277              | 177,397                 |
| Net loss for the year   | -                                  | -              | -                                | -   | (3,507)              | (3,507)                 |
| Balance at December 31, 2020  | <u>12,938,128</u>                  | <u>101</u>     | <u>26,049</u>                    | <u>(30)</u>                                     | <u>147,770</u>       | <u>173,890</u>          |

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<br>December 31,<br>2018<br>HK\$ | Year ended<br>December 31,<br>2019<br>HK\$ | Year ended<br>December 31,<br>2020<br>HK\$ |
|--|--|--|--|
| <b>Operating activities</b>  |  |  |  |
| Net income / (loss)  | 177,974                                    | 40,849                                     | (3,507)                                    |
| Less: Net income from discontinued operations  | (171,927)                                  | (53,364)                                   | -  |
| Net income/(loss) from continuing operations   | 6,047                                      | (12,515)                                   | (3,507)                                    |
| Adjustments to reconcile net income to net cash provided by operating activities:  |  |  |  |
| Amortisation   | 363  | 363  | 363  |
| Gain on disposal of a subsidiary   | -  | -  | (29)                                       |
| Changes in operating assets and liabilities:   |  |  |  |
| Deposits, prepayment and other receivables   | (310)                                      | (70)                                       | (696)                                      |
| Other payables and accruals  | (221)                                      | 565  | 228  |
| Tax payables   | 2,435                                      | 729  | 779  |
| Net cash provided by/(used in) continuing operations   | 8,314                                      | (10,928)                                   | (2,862)                                    |
| Net cash provided by discontinued operations   | 17,168                                     | 11,987                                     | -  |
| <i>Net cash provided by/(used in) operating activities</i>   | <u>25,482</u>                              | <u>1,059</u>                               | <u>(2,862)</u>                             |
| <b>Investing activities</b>  |  |  |  |
| Net cash inflow from disposals of subsidiaries (net of cash disposed of HK\$27 for the year 2020, HK\$93 for the year 2019 and HK\$49,666 for the year 2018) | 350,655                                    | 325,413                                    | 29   |
| Net cash provided by continuing operations   | 350,655                                    | 325,413                                    | 29   |
| Net cash used in discontinued operations   | (101,410)                                  | -  | -  |
| <i>Net cash provided by investing activities</i>   | <u>249,245</u>                             | <u>325,413</u>                             | <u>29</u>                                  |
| <b>Financing activity</b>  |  |  |  |
| Dividends paid   | (403,669)                                  | (413,761)                                  | -  |
| Net cash used in continuing operations   | (403,669)                                  | (413,761)                                  | -  |
| <i>Net cash used in financing activity</i>   | <u>(403,669)</u>                           | <u>(413,761)</u>                           | <u>-</u>                                   |
| Net decrease in cash and cash equivalents  | (128,942)                                  | (87,289)                                   | (2,833)                                    |
| Effect of exchange rate changes  | 6,674                                      | -  | -  |
| Cash and cash equivalents, beginning of year   | 395,087                                    | 272,819                                    | 185,530                                    |
| Cash and cash equivalents, end of year   | 272,819                                    | 185,530                                    | 182,697                                    |
| Less: cash and cash equivalents from discontinued operations   | (69)                                       | -  | -  |
| Cash and cash equivalents, end of year from continuing operations  | <u>272,750</u>                             | <u>185,530</u>                             | <u>182,697</u>                             |
| <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>   |  |  |  |
| Interest income  | 3,082                                      | 3,297                                      | 1,118                                      |
| Income taxes paid  | -  | -  | -  |
| <b>SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITY:</b>   |  |  |  |
| Consideration receivable   | <u>165,506</u>                             | <u>-</u>                                   | <u>-</u>                                   |

See accompanying notes to consolidated financial statements

**PLASTEC TECHNOLOGIES, LTD.**

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

**1. Organization and Business Background**

Plastec Technologies, Ltd. (“Company”) (formerly known as “GSME Acquisition Partners I”), incorporated under the laws of Cayman Islands on March 27, 2008, and its subsidiaries (where the context permits, references to the “Company” below shall include references to its subsidiaries (collectively as 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 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 equivalent, adopting the exchange rate when the transaction was first reported), in cash (the “Transfer Price”) subject to terms and conditions thereof.

The disposal of PIHL was completed on October 11, 2016. As a result, the Company no longer owns PIHL. Thereafter, the Group’s only operations have generally been to complete construction of a manufacturing plant at Kai Ping, China which was disposed of and transferred to PIHL upon its establishment on April 20, 2018 as described below, collect rental income from certain property the Group used to own and which was being leased to one of PIHL’s subsidiaries until November 2019 when the former subsidiary of the Company that held the property was disposed of to an unaffiliated third party as described below and explore other investment opportunities.

In accordance with the terms and spirit of the Agreement, the Company caused Viewmount Developments Limited (a wholly owned subsidiary of the Company, “Viewmount”), to enter into a Share Transfer Agreement with PIHL (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 certain of its former subsidiaries holding the newly established manufacturing plant in Kai Ping, China through their PRC subsidiaries to PIHL for a total consideration of approximately HK\$70, 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 accounts payable owed by the relevant subsidiaries to Viewmount totaling HK\$258,910.

On November 15, 2019, Viewmount entered into an agreement (the “Assets Disposal Agreement”) with an unaffiliated third party (the “Purchaser”), pursuant to which Viewmount was to transfer the ownership interests in its then wholly-owned subsidiary holding the right to use certain parcels of land in Shenzhen together with premises built thereon to the Purchaser for HK\$47,965 in cash, net of all relevant expenses, charges and taxes. On November 20, 2019, the parties consummated the transactions contemplated by the Assets Disposal Agreement; on which date Viewmount also received from the Purchaser HK\$112,035 representing all amounts due from the former subsidiary disposed of.

The aforesaid disposals represented a strategic shift and had 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, 2018 (note 3), the consolidated statements of operations and comprehensive income and the consolidated statements of cash flows for the years ended December 31, 2018 have likewise been adjusted retrospectively to reflect this strategic shift.

On June 29, 2020, the Company disposed of its wholly-owned dormant subsidiary, Allied Sun Corporation Limited, with a negative net worth of approximated HK\$1.6 to an unaffiliated third party purchaser for HK\$27.

As of December 31, 2020, details of the Company’s subsidiaries are as follows:

| <b>Name</b>                                | <b>Date of incorporation/ establishment</b> | <b>Place of incorporation/ registration and operation</b> | <b>Percentage of equity interest attributable to the Company</b> | <b>Principal activities</b> |
|--|---|---|--|-----------------------------|
| Sun Line Industrial Limited<br>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                     |
| Sun Terrace Industries Limited             | March 2, 2004                               | BVI   | 100%   | Dormant                     |
| Viewmount Developments Limited             | November 12, 2013                           | BVI   | 100%   | Investment holding          |

PLASTEC TECHNOLOGIES, LTD.

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

1. Organization and Business Background (Continued)

*History and Background -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”), 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:

| <u>Year ending April 30,</u> | <u>Net Income</u><br>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.

**PLASTEC TECHNOLOGIES, LTD.**

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

**1. Organization and Business Background - 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 statements 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:

| <u>Net assets acquired:</u>              | <b>HK\$</b>    |
|--|----------------|
| Cash                                     | 58,160         |
| Accounts payable and accrued liabilities | <u>(1,524)</u> |
|  | <u>56,636</u>  |

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. On August 17, 2018, the Company announced a further 12-month extension of the 2013 Repurchase Program (as expanded) through September 25, 2019. On August 26, 2019, the Company announced a further 12-month extension of the 2013 Repurchase Program (as expanded) through September 25, 2020. On August 20, 2020, the Company announced a further 12-month extension of the 2013 Repurchase Program (as expanded) through September 25, 2021. 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.

**PLASTEC TECHNOLOGIES, LTD.**

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

**1. Organization and Business Background - Continued**

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

| <u>Period*</u> | <u>Total number of<br/>publicly held<br/>warrants purchased as<br/>part of the publicly<br/>announced<br/>repurchase plans</u> | <u>Total number of<br/>ordinary shares<br/>purchased as part of<br/>the publicly<br/>announced repurchase<br/>plans</u> | <u>Total number of units<br/>purchased as part of the<br/>publicly announced<br/>repurchase plans</u> |
|----------------|--|---|---|
| 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.

**PLASTEC TECHNOLOGIES, LTD.**

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

**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 former subsidiaries in the PRC is Hong Kong dollar. The former 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 prevailing 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\$9,954, HK\$(11,476) and HK\$Nil for the years ended December 31, 2018, 2019 and 2020, 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 prevailing 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, if applicable. 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.

PLASTEC TECHNOLOGIES, LTD.

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

2. Summary of Significant Accounting Policies - Continued

Property, plant and equipment

Property, plant and equipment are stated at acquisition cost less accumulated depreciation. 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:

|                |     |
|----------------|-----|
| Motor vehicles | 20% |
|----------------|-----|

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

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.

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.

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.

Revenues 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.

**PLASTEC TECHNOLOGIES, LTD.**

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

**2. Summary of Significant Accounting Policies - Continued**

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 statements 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.

Earnings 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.

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, if applicable. 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

In December 2019, the FASB issued ASU No. 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes ("ASU 2019-12"). The FASB issued this update as part of its initiative to reduce complexity in accounting standards. The amendments in this ASU simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740 and also improve consistent application of other areas by clarifying and amending existing guidance. ASU 2019-12 is effective for the Company in fiscal 2022 and early adoption is permitted. Certain amendments of this ASU may be adopted on a retrospective basis, modified retrospective basis or prospective basis. The adoption of this standard did not have a material impact on its consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, Measurement of Credit Losses on Financial Instruments, which establishes ASC 326, Financial Instruments - Credit Losses. The ASU revises the measurement of credit losses for financial assets measured at amortized cost from an incurred loss methodology to an expected loss methodology. The ASU affects trade receivables, debt securities, net investment in leases, and most other financial assets that represent a right to receive cash. Additional disclosures about significant estimates and credit quality are also required. In November 2018, the FASB issued ASU No. 2018-19, Codification Improvements to Topic 326, Financial Instruments - Credit Losses. This ASU clarifies that receivables from operating leases are accounted for using the lease guidance and not as financial instruments. In May 2019, the FASB issued ASU No. 2019-05, Targeted Transition Relief, which amends ASC 326. This ASU provides an option to irrevocably elect to measure certain individual financial assets at fair value instead of amortized cost. The Company is currently evaluating the impact this guidance will have on its financial statements. The adoption of this standard did not have a material impact on its consolidated financial statements.

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies that do not require adoption until a future date are not expected to have a material impact on the Company's consolidated financial statements upon adoption.

**PLASTEC TECHNOLOGIES, LTD.**

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

**3. Discontinued Operations**

On April 20, 2018, the Company, via Viewmount, completed disposals of its certain former subsidiaries holding ownership interests in the newly established manufacturing plant in Kai Ping, China to PIHL for a total consideration of approximately HK\$70, representing the actual registered capital injected by Viewmount into the relevant former subsidiaries alongside settlement of all accounts payable owed by the relevant former subsidiaries to Viewmount at the closing (totaling HK\$258,910).

On November 20, 2019, the Company, via Viewmount, completed disposal of its former subsidiary holding the right to use certain parcels of land in Shenzhen together with premises built thereon to an unaffiliated third party for HK\$47,965 in cash (net of all relevant expenses, charges and taxes) alongside settlement of all accounts payable owed by the relevant former subsidiary to Viewmount at the closing (totaling HK\$112,035).

The disposals represented a strategic shift and had 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, 2018 and 2019. Gains of HK\$171,809 and HK\$47,845 for the years ended December 31, 2018 and 2019, respectively, were recognized on the disposals including in net income from discontinuing operations.

*Consolidated statements of operations and comprehensive income*

|  | <b>For the year ended December 31,</b> |             |
|--|--|-------------|
|  | <b>2018</b>                            | <b>2019</b> |
|  | <b>HK\$</b>                            | <b>HK\$</b> |
| Revenues   | -                                      | -           |
| Cost of sales  | -                                      | -           |
|  | -                                      | -           |
| Gross profit   | -                                      | -           |
| Other revenues   | 16,754                                 | 14,398      |
| Selling, general and administrative expenses   | (16,660)                               | (8,879)     |
| Gain on disposal of subsidiaries   | 171,809                                | 47,845      |
| Interest income  | 24                                     | -           |
|  | 171,927                                | 53,364      |
| Profit before income tax   | 171,927                                | 53,364      |
| Income tax expense   | -                                      | -           |
|  | 171,927                                | 53,364      |
| Profit for the year  | 171,927                                | 53,364      |
| Other comprehensive income   |  |             |
| Exchange gain on translation of financial statements of foreign operations             | 6,674                                  | -           |
| <i>Income from discontinued operations attributable to shareholders of the Company</i> | 178,601                                | 53,364      |

**4. Deposits, Prepayment and Other Receivables**

Deposits, prepayment and other receivables consist of the following:

|                              | <b>December 31,</b> | <b>December 31,</b> |
|------------------------------|---------------------|---------------------|
|                              | <b>2019</b>         | <b>2020</b>         |
|                              | <b>HK\$</b>         | <b>HK\$</b>         |
| Prepaid insurance and others | 470                 | 494                 |
| Other receivables            | 1,284               | 1,956               |
|                              | 1,754               | 2,450               |

**PLASTEC TECHNOLOGIES, LTD.**

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

**5. Property, Plant and Equipment**

Property, plant and equipment consist of the following:

|                                    | <b>December 31,<br/>2019</b> | <b>December 31,<br/>2020</b> |
|------------------------------------|------------------------------|------------------------------|
|                                    | <b>HK\$</b>                  | <b>HK\$</b>                  |
| Property, plant and equipment:     |                              |                              |
| Motor vehicles                     | 1,814                        | 1,814                        |
| Accumulated depreciation           | (1,391)                      | (1,754)                      |
| Property, plant and equipment, net | 423                          | 60                           |

Depreciation of property, plant and equipment from operating activities were HK\$363, HK\$363 and HK\$363 during the years ended December 31, 2018, 2019 and 2020, respectively.

**6. Other Payables and Accruals**

Other payables and accruals consist of the following:

|                                     | <b>December 31,<br/>2019</b> | <b>December 31,<br/>2020</b> |
|-------------------------------------|------------------------------|------------------------------|
|                                     | <b>HK\$</b>                  | <b>HK\$</b>                  |
| Accrued salaries, wages and bonus   | 40                           | 40                           |
| Accrued audit and professional fees | 1,301                        | 1,529                        |
|                                     | 1,341                        | 1,569                        |

**7. Income Taxes**

The Company and its subsidiaries are subject to taxation in various jurisdictions including Hong Kong. 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 are subject to income taxes as described below.

The subsidiaries operating in Hong Kong were subject to a two-tiered profits tax rates regime at the rate of 8.25% for the first HK\$2,000 assessable profits and at 16.5% over HK\$2,000 assessable profits for the years ended December 31, 2018, 2019 and 2020, respectively.

As of December 31, 2019 and 2020, 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:

|                   | <b>Year ended<br/>December 31,<br/>2018</b> | <b>Year ended<br/>December 31,<br/>2019</b> | <b>Year ended<br/>December 31,<br/>2020</b> |
|-------------------|---|---|---|
|                   | <b>HK\$</b>                                 | <b>HK\$</b>                                 | <b>HK\$</b>                                 |
| Current tax       |   |   |   |
| - Hong Kong       | -   | 138   | 147   |
| - Other countries | 2,435                                       | 591   | 632   |
|                   | 2,435                                       | 729   | 779   |

**PLASTEC TECHNOLOGIES, LTD.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**7. Income Taxes (Continued)**

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<br>December 31,<br>2018 | Year ended<br>December 31,<br>2019 | Year ended<br>December 31,<br>2020 |
|---|------------------------------------|------------------------------------|------------------------------------|
|   | HK\$                               | HK\$                               | HK\$                               |
| Provision for income taxes at Hong Kong profits tax rates | 40                                 | (2,867)                            | 76                                 |
| Current tax in other jurisdictions                        | 2,039                              | 591                                | 632                                |
| Effect of income not chargeable for tax purpose           | (12)                               | -                                  | (15)                               |
| Effect of expenses not deductible for tax purpose         | -                                  | -                                  | 60                                 |
| Tax effect of unused tax losses not recognized            | 368                                | 3,005                              | 26                                 |
|   | <u>2,435</u>                       | <u>729</u>                         | <u>779</u>                         |

**8. Net Income/(loss) Per Share**

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

|   | Year ended<br>December 31,<br>2018 | Year ended<br>December 31,<br>2019 | Year ended<br>December 31,<br>2020 |
|---|------------------------------------|------------------------------------|------------------------------------|
|   | HK\$                               | HK\$                               | HK\$                               |
| <b>Basic and diluted income per share</b>   |                                    |                                    |                                    |
| Numerator:  |                                    |                                    |                                    |
| Net income/(loss) for the year attributable to the Company's ordinary shareholders                | 177,974                            | 40,849                             | (3,507)                            |
| - Continuing operations   | 6,047                              | (12,515)                           | (3,507)                            |
| - Discontinued operations   | <u>171,927</u>                     | <u>53,364</u>                      | <u>-</u>                           |
| Denominator:  |                                    |                                    |                                    |
| Weighted average number of basic and diluted ordinary shares outstanding                          |                                    |                                    |                                    |
| - Continuing operations   | 12,938,128                         | 12,938,128                         | 12,938,128                         |
| - Discontinued operations   | <u>12,938,128</u>                  | <u>12,938,128</u>                  | <u>12,938,128</u>                  |
| 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   | <u>12,938,128</u>                  | <u>12,938,128</u>                  | <u>12,938,128</u>                  |
| Basic and diluted net income/(loss) per share   | HK\$13.76                          | HK\$3.16                           | HK\$(0.27)                         |
| - Continuing operations   | HK\$ 0.47                          | HK\$(0.97)                         | HK\$(0.27)                         |
| - Discontinued operations   | <u>HK\$13.29</u>                   | <u>HK\$4.13</u>                    | <u>-</u>                           |

PLASTEC TECHNOLOGIES, LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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9. Commitments and Contingencies

*Capital commitment*

As of December 31, 2019 and 2020, no capital commitment was expected.

*Legal Proceeding*

As of December 31, 2020, the Group is not aware of any material outstanding claim and litigation against them.

10. 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:

|                                 | <b>December 31,<br/>2019</b> | <b>December 31,<br/>2020</b> |
|---------------------------------|------------------------------|------------------------------|
|                                 | <b>HK\$</b>                  | <b>HK\$</b>                  |
| <i>Identifiable assets</i>      |                              |                              |
| Hong Kong                       | 184,061                      | 181,561                      |
| United States                   | 3,646                        | 3,646                        |
|                                 | <u>187,707</u>               | <u>185,207</u>               |
| <i>Identifiable liabilities</i> |                              |                              |
| Hong Kong                       | 10,748                       | 11,755                       |
|                                 | <u>10,748</u>                | <u>11,755</u>                |

**PLASTEC TECHNOLOGIES, LTD.**

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

**10. Operating Segment and Geographical Information (Continued)**

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

|  | <b>Year ended<br/>December 31<br/>2019<br/>HK\$</b> | <b>Year ended<br/>December 31<br/>2020<br/>HK\$</b> |
|--|---|---|
| <i>Assets</i>  |   |   |
| <i>Current assets</i>                                    | 187,284   | 185,147   |
| <i>Non-current financial assets</i>                      | 423   | 60  |
| <i>Consolidated total assets before intangible asset</i> | 187,707   | 185,207   |
| <i>Intangible asset</i>                                  | 438   | 438   |
| <i>Consolidated total assets</i>                         | 188,145   | 185,645   |
| <i>Liabilities</i>                                       |   |   |
| <i>Liabilities excluding tax liabilities</i>             | 1,341   | 1,569   |
| <i>Tax liabilities</i>                                   | 9,407   | 10,186  |
| <i>Consolidated total liabilities</i>                    | 10,748  | 11,755  |

**11. Cash dividend**

On March 29, 2018, the Company approved and declared a final cash dividend of US\$1.50 per ordinary share on its total 12,938,128 outstanding shares as of the close of trading on April 12, 2018, resulting in payments totaling US\$19,407,192 to shareholders. Such dividend was recorded as a reduction to retained earnings at the declaration date.

On August 17, 2018, the Company approved and declared a special cash dividend of US\$2.50 per ordinary share on its total 12,938,128 outstanding shares as of the close of trading on August 31, 2018, resulting in payments totaling US\$32,345,320 to shareholders. Such dividend was recorded as a reduction to retained earnings at the declaration date.

On June 7, 2019, the Company approved and declared a special cash dividend of US\$2.50 per ordinary share on its total 12,938,128 outstanding shares as of the close of trading on June 21, 2019, resulting in payments totaling US\$32,345,320 to shareholders. Such dividend was recorded as a reduction to retained earnings at the declaration date.

On November 21 2019, the Company approved and declared a special cash dividend of US\$1.60 per ordinary share on its total 12,938,128 outstanding shares as of the close of trading on December 5, 2019, resulting in payments totaling US\$20,701,005 to shareholders. Such dividend was recorded as a reduction to retained earnings at the declaration date.

**12. Subsequent Events**

The Company has evaluated all other subsequent events through April 29, 2021, 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.

**PLASTEC TECHNOLOGIES, LTD.**

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

**13. 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**

|   | <b>December 31,<br/>2019</b> | <b>December 31,<br/>2020</b> |
|---|------------------------------|------------------------------|
|   | <b>HK\$</b>                  | <b>HK\$</b>                  |
| <b>Assets</b>   |                              |                              |
| Current assets  |                              |                              |
| Cash and cash equivalents   | 152,340                      | 149,529                      |
| Prepaid expenses and other receivables  | 468                          | 1,130                        |
| <b>Total current assets</b>   | <b>152,808</b>               | <b>150,659</b>               |
| Investment in subsidiaries  | -                            | -                            |
| <b>Total assets</b>   | <b>152,808</b>               | <b>150,659</b>               |
| <b>Liabilities and shareholders' equity</b>   |                              |                              |
| Current liabilities   |                              |                              |
| Accrued liabilities   | 1,257                        | 1,415                        |
| Amount due to subsidiary  | 18,650                       | 18,650                       |
| Tax payable   | 7,874                        | 8,506                        |
| <b>Total current liabilities</b>  | <b>27,781</b>                | <b>28,571</b>                |
| <b>NET CURRENT ASSETS</b>   | <b>125,027</b>               | <b>122,088</b>               |
| <b>TOTAL ASSETS AND LIABILITIES</b>   | <b>125,027</b>               | <b>122,088</b>               |
| <b>Shareholders' equity</b>   |                              |                              |
| 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, 2019 and 2020, respectively) | 101                          | 101                          |
| Retained earnings   | 124,926                      | 121,987                      |
| <b>Total shareholders' equity</b>   | <b>125,027</b>               | <b>122,088</b>               |

**Statements of operations and comprehensive income**

|  | <b>Year ended<br/>December 31,<br/>2018</b> | <b>Year ended<br/>December 31,<br/>2019</b> | <b>Year ended<br/>December 31,<br/>2020</b> |
|--|---|---|---|
|  | <b>HK\$</b>                                 | <b>HK\$</b>                                 | <b>HK\$</b>                                 |
| Revenues                                 | -   | -   | -   |
| Other income                             | 16,573                                      | 6,192                                       | 967   |
| Gain on disposal of a subsidiary         | 165,506                                     | -   | -   |
| Administrative expenses                  | (3,564)                                     | (14,507)                                    | (3,274)                                     |
| Income/(loss) before income tax expense  | 178,515                                     | (8,315)                                     | (2,307)                                     |
| Income tax expense                       | (4,155)                                     | (591)                                       | (632)                                       |
| <b>Total comprehensive income/(loss)</b> | <b>174,360</b>                              | <b>(8,906)</b>                              | <b>(2,939)</b>                              |

**PLASTEC TECHNOLOGIES, LTD.**

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

**13. Condensed financial information of Plastec Technologies, Ltd. – Continued**

**Statements of cash flows**

|   | <b>Year ended<br/>December 31,<br/>2018<br/>HK\$</b> | <b>Year ended<br/>December 31,<br/>2019<br/>HK\$</b> | <b>Year ended<br/>December 31,<br/>2020<br/>HK\$</b> |
|---|--|--|--|
| <b>Cash flows from operating activities</b>                                       |  |  |  |
| Net income/(loss)   | 174,360  | (8,906)  | (2,939)  |
| Adjustments to reconcile net income to net cash provided by operating activities: |  |  |  |
| Gain on disposal of a subsidiary  | (165,506)  | -  | -  |
| Change in operating assets and liabilities  |  |  |  |
| Prepaid expenses  | 312  | 273  | (662)  |
| Accrued liabilities   | (237)  | 541  | 158  |
| Income tax payable  | 4,155  | 591  | 632  |
| Net cash provided by/(used in) operating activities                               | <u>13,084</u>  | <u>(7,501)</u>                                       | <u>(2,811)</u>                                       |
| <b>Cash flows from investing activity</b>   |  |  |  |
| Sale proceeds of disposal of a subsidiary, net                                    | 141,341  | 165,506  | -  |
| Net cash provided by investing activity   | <u>141,341</u>                                       | <u>165,506</u>                                       | <u>-</u>   |
| <b>Cash flows from financing activities</b>                                       |  |  |  |
| Decrease in amount due from subsidiaries  | 223,200  | 160,046  | -  |
| Dividend paid   | (403,669)  | (413,761)  | -  |
| Net cash used in financing activities   | <u>(180,469)</u>                                     | <u>(253,715)</u>                                     | <u>-</u>   |
| <b>Net decrease in cash and cash equivalents</b>                                  | (26,044)   | (95,710)   | (2,811)  |
| <b>Cash and cash equivalents, beginning of year</b>                               | 274,094  | 248,050  | 152,340  |
| <b>Cash and cash equivalents, end of year</b>                                     | <u>248,050</u>                                       | <u>152,340</u>                                       | <u>149,529</u>                                       |
| <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>                          |  |  |  |
| Interest income   | 3,019  | 3,042  | 967  |
| <b>SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITY:</b>                              |  |  |  |
| Consideration receivable  | <u>165,506</u>                                       | <u>-</u>   | <u>-</u>   |

**Corporate Information**

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Hong Kong

**Current Directors and Officers**

Kin Sun SZE-TO  
Chairman of the Board and Chief Executive Officer and Chief Operating Officer

Ho Leung NING  
Chief Financial Officer and Director

Chung Wing LAI  
Director

Joseph Yiu Wah CHOW  
Director



**Plastec Technologies, Ltd.**  
**c/o Unit 01, 21/F, Aitken Vanson Centre, 61 Hoi Yuen Road**  
**Kwun Tong, Kowloon, Hong Kong**