



Plastec Technologies, Ltd.

## **PLASTEC TECHNOLOGIES REPORTS UNAUDITED FISCAL 2012 FOURTH QUARTER AND AUDITED YEAR END FINANCIAL RESULTS**

### **FY 2012 Q4 FINANCIAL HIGHLIGHTS**

- SALES OF \$40.7 MILLION
- GROSS MARGIN OF 11.6%
- EBITDA OF \$7.3 MILLION
- NET INCOME OF \$2.1 MILLION, OR \$0.14 DILUTED EARNINGS PER SHARE

### **FY 2012 FINANCIAL HIGHLIGHTS**

- SALES OF \$165.5 MILLION
- GROSS MARGIN OF 11.5%
- EBITDA OF \$28.7 MILLION
- NET INCOME OF \$6.5 MILLION, OR \$0.41 DILUTED EARNINGS PER SHARE
- \$27.8 MILLION CASH GENERATED FROM OPERATIONS FOR THE TWELVE MONTHS ENDED APRIL 30, 2012

Hong Kong – July 27, 2012 – **Plastec Technologies, Ltd.** (OTC: PLTYF (ordinary shares), PLTWF (warrants), PLTEF (units), (“Plastec” or the “Company”), an integrated plastic manufacturing services provider that operates in the People’s Republic of China, announced today unaudited financial results for the Company’s fiscal 2012 fourth quarter and audited results for its full year ended April 30, 2012.

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

### **Plastec Technologies, Ltd.**

#### **Selected Financial Statements in USD (\$ in 000s, except per share data)**

	<b>3 months ended 4/30/2012</b>	<b>3 months ended 4/30/2011</b>	<b>12 months ended 4/30/2012</b>	<b>12 months ended 4/30/2011</b>
<b>Sales</b>	\$40,677	\$41,404	\$165,541	\$169,684
<b>Cost of Revenues</b>	35,950	34,690	146,494	137,805
<b>Gross Profit</b>	4,727	6,714	19,047	31,879
<b>Gross Profit Ratio</b>	11.6%	16.2%	11.5%	18.8%
<b>Income from Operations</b>	2,338	3,793	8,935	21,706

<b>Net Income</b>	2,088	2,049	6,462	17,092
<b>Diluted EPS</b>	0.14	0.22	0.41	2.17
<b>EBITDA*</b>	7,318	8,686	28,748	39,578

\* excl. other incomes

### **Management Comments**

Mr. Kin Sun Sze-To, Chairman and Chief Executive Officer of Plastec, stated, "We were very pleased to report profitable results and strong cash generation during fiscal 2012 despite difficult and unusual circumstances surrounding our industry. In addition to a general slowdown in exports, the Japanese earthquake and tsunami, along with the floods in Thailand, affected many of our larger electronics customers. This delayed new product cycles for our 2012 fiscal year, which are typically our highest margin line of business."

Mr. Sze-To continued, "Once again, we feel that the primary reason for our consistent profitability despite the headwinds throughout the year was Plastec's continued strong relationships with its clients. We have maintained these relationships, many of which have been clients for over five years, largely and demonstrably due to our focuses on high-precision molding solutions and quality control, with our rate of goods returned having been improved further to 0.34% in fiscal 2012 from 0.74% in the prior year. The plastic injection molding business in China and Hong Kong is extremely fragmented, and we believe that our continued strong track record of performance will help in both cultivating our existing relationships while also adding potential new business."

### **Fiscal Year 2012 Fourth Quarter Financial Review**

#### **Revenues**

- The Company's total sales for the three months ended April 30, 2012 decreased 1.8% to \$40.7 million from \$41.4 million. The decrease in revenues is largely due to a general slowdown in the markets that Plastec serves, namely consumer electronics, and the unusual global events mentioned above.

#### **Gross Profit / Margin**

- The Company reported gross profit of \$4.7 million during the period, compared to \$6.7 million in the fourth quarter of fiscal 2011. Plastec's gross profit margin for the three months ended April 30, 2012 decreased to 11.6% from 16.2% in the prior-year period. The decrease in gross margin was largely the result of higher wages and inflation. In addition, the Company typically records a higher margin during the "first run" of product cycles. As a result of the general slowdown in consumer electronic buying across the world, there were fewer first generation products.

#### **EBITDA / Net Income**

- EBITDA for the three months ended April 30, 2012 was \$7.3 million, compared to \$8.7 million in the prior three-month period. A table reconciling EBITDA to net income can be found at the end of this release.
- Net income for the three months ended April 30, 2012 was \$2.1 million, or \$0.14 per share based on a weighted average number of diluted shares outstanding of 14.6 million, compared to net income of \$2.0 million, or \$0.22 per share based on 9.3 million weighted average number of diluted shares, in the prior-year period.

## Fiscal Year 2012 Year-end Financial Review

### Revenues

For the year ended April 30, 2012, Plastec's total sales were \$165.5 million, a decrease of 2.4% compared to \$169.7 million from the prior year. This decrease was primarily a result of the slowdown mentioned above.

### Gross Profit / Margin

- The Company's gross profit for the 2012 fiscal year was \$19.0 million, compared to \$31.9 million in the prior year. Gross margin was 11.5% and 18.8% for the year ended April 30, 2012, and April 30, 2011, respectively.

### EBITDA / Net Income

- EBITDA decreased 27.3% to \$28.7 million for the year ended April 30, 2012, compare to \$39.6 million in the prior year. A table reconciling EBITDA to net income can be found at the end of this release.
- For the year ended April 30, 2012, net income was \$6.5 million, or \$0.41 per share based on a weighted average number of diluted shares outstanding of 15.9 million, compared to \$17.1 million, or \$2.17 per share based on a weighted average number of diluted shares of 7.9 million in the prior year.

### Balance Sheet Highlights

<i>(in millions except for percentages)</i>	<u>4/30/2012</u>	<u>4/30/2011</u>	<u>% Change</u>
Cash and Cash Equivalents	\$ 25.6	\$ 28.2	(9.2%)
Total Current Assets	81.0	79.1	2.4%
Total Assets	153.0	154.1	(0.7%)
Working Capital	21.1	22.7	(7.0%)
Total Long-term Debt	0	0	N/A
Stockholders' Equity	91.3	95.7	(4.6%)

### FY 2013 Goals

Mr. Sze-To concluded, "We remain focused on improving our profit margin and exploring methods to streamlining our costs further during what likely to be a difficult period ahead for our industry. We will continue to re-invest in our machinery, which strategy served us well during the last economic downturn in 2008. In addition, we are continuing to re-evaluate our current capacity to achieve greater cost savings and improve efficiency. To that end and underpinned by our strong financial position with no long-term debt, the Company will step up efforts in exploring potential areas of expansion in countries where labor costs and overhead would be even more favorable than where we are now operating as well as potential acquisition possibilities in new markets to broaden our revenue streams. Throughout any challenges, we will, and as always, continue to remain focused on our customers."

### About Plastec

Originally founded in 1993 by Chairman and CEO, Mr. Kin Sun Sze-To, Plastec is an integrated plastic manufacturing services provider that operates in the People's Republic of China through its wholly owned subsidiaries. With approximately 5,500 employees, Plastec currently operates 6 separate, high-output, low-defect facilities (with gross floor areas of approximately 167,000 square meters) in 5 locations in Guangdong province in Southern China and Jiangsu Province in Eastern China. Plastec provides precision plastic manufacturing services from mold design and fabrication, plastic injection manufacturing to secondary-process finishing, as well as parts assembly.

### **Forward Looking Statements**

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

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**PLASTEC TECHNOLOGIES, LTD.**

**CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**

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

	<u>2011</u>	<u>2012</u>
	HK\$	HK\$
Revenues	1,323,533	1,291,223
Cost of revenues	<u>(1,074,880)</u>	<u>(1,142,653)</u>
Gross profit	248,653	148,570
Operating expenses, net		
Selling, general and administrative expenses	(83,584)	(81,557)
Other income	4,711	2,431
Write-off of property, plant and equipment	(1,791)	(690)
Gain on disposal of property, plant and equipment	1,315	938
Total operating expenses, net	<u>(79,349)</u>	<u>(78,878)</u>
Income from operations	169,304	69,692
Interest income	124	218
Interest expense	<u>(3,008)</u>	<u>(2,695)</u>
Income before income tax expense	166,420	67,215
Income tax expense	<u>(33,106)</u>	<u>(16,811)</u>
Net income	133,314	50,404
Other comprehensive income		
Foreign currency translation adjustment	218	7,408
Comprehensive income attributable to Plastec Technologies, Ltd.	<u>133,532</u>	<u>57,812</u>
Net income per share:		
Weighted average number of ordinary shares	<u>7,891,754</u>	<u>15,944,233</u>
Weighted average number of diluted ordinary shares	<u>7,891,754</u>	<u>15,944,233</u>
Basic income per share attributable to Plastec Technologies, Ltd.	<u>HK\$16.9</u>	<u>HK\$3.2</u>
Diluted income per share attributable to Plastec Technologies, Ltd.	<u>HK\$16.9</u>	<u>HK\$3.2</u>

**PLASTEC TECHNOLOGIES, LTD.**

**CONSOLIDATED BALANCE SHEETS**

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

	April 30,	
	2011 HK\$	2012 HK\$
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	219,757	199,818
Trade receivables, net of allowances for doubtful accounts of HK\$nil and HK\$nil as of April 30, 2011 and 2012, respectively	270,763	282,869
Inventories	117,733	128,387
Deposits, prepayment and other receivables	8,357	20,514
Total current assets	616,610	631,588
Property, plant and equipment, net	551,079	524,137
Prepaid lease payments, net	26,237	24,753
Other assets	8,001	12,813
Intangible assets	-	438
Total assets	1,201,927	1,193,729
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Bank borrowings	169,710	156,866
Capital lease obligations	5,311	303
Trade payables	127,987	121,964
Other payables and accruals	80,811	115,109
Tax payable	56,389	72,936
Total current liabilities	440,208	467,178
Capital lease obligations	303	-
Deferred tax liabilities	15,156	14,504
Total liabilities	455,667	481,682
Commitments and contingencies	-	-
Shareholders' equity		
Ordinary shares (US\$0.001 par value; 100,000,000 authorized, 16,733,196 and 14,352,903 shares issued and outstanding as of April 30, 2011 and 2012, respectively)	131	112
Additional paid-in capital	169,973	77,967
Accumulated other comprehensive income	8,106	15,514
Retained earnings	568,050	618,454
Total shareholders' equity	746,260	712,047
Total liabilities and shareholders' equity	1,201,927	1,193,729

**PLASTEC TECHNOLOGIES, LTD.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

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

	<u>2011</u>	<u>2012</u>
	HK\$	HK\$
Operating activities		
Net income	133,314	50,404
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	143,640	157,219
Bad debt expenses	-	-
Net loss (gain) on disposal of property, plant and equipment	(1,315)	(938)
Net loss (gain) on disposal of prepaid leases	(3,799)	-
Write-off of property, plant and equipment	1,791	690
Impairment on inventories	6,095	6,920
Deferred tax charge	-	(652)
Changes in operating assets and liabilities:		
Trade receivables	(28,666)	(12,106)
Inventories	(49,530)	(17,574)
Deposits, prepayment and other receivables	3,382	(12,158)
Trade payables	(8,027)	(6,023)
Other payables and accruals	27,044	34,299
Tax payables	37,711	16,547
Net cash provided by operating activities	<u>261,640</u>	<u>216,628</u>
Investing activities		
Purchase of property, plant and equipment	(225,904)	(126,167)
Proceeds from disposal of property, plant and equipment	2,405	5,252
Proceeds from disposal of prepaid leases	3,919	-
Deposits for purchase of property, plant and equipment	<u>(8,001)</u>	<u>(12,813)</u>
Net cash used in investing activities	<u>(227,581)</u>	<u>(133,728)</u>
Financing activities		
Net cash inflow from the merger transaction	58,160	-
Repurchases of share	-	(92,025)
Proceeds from bank borrowings	464,651	379,465
Repayment of bank borrowings	(408,917)	(392,309)
Repayment of capital lease obligations	(9,718)	(5,311)
Dividends paid	<u>(70,000)</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>34,176</u>	<u>(110,180)</u>
Effect of exchange rate changes on cash and cash equivalents	218	7,341
Net increase (decrease) in cash and cash equivalents	68,235	(27,280)
Cash and cash equivalents, beginning of year	151,304	219,757
Cash and cash equivalents, end of year	<u>219,757</u>	<u>199,818</u>
Supplementary disclosures of cash flow information:		
Interest paid	<u>2,883</u>	<u>2,477</u>
Income taxes paid	<u>(4,605)</u>	<u>916</u>

**RECONCILIATION OF NON-GAAP FINANCIAL MEASURE**

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

<b>For the 12 months ended</b>		
<b>April 30,</b>		
<b>HKD'000</b>	<b><u>2011</u></b>	<b><u>2012</u></b>
<b>Net income (Note)</b>	<b>129,079</b>	<b>47,725</b>
Plus : Interest expenses	3,008	2,695
Minus : Interest income	(124)	(218)
Plus : Income tax expense	33,106	16,811
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Income from Operations	165,069	67,013
Plus : Depreciation & Amortization	143,640	157,219
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<b>Adjusted EBITDA</b>	<b><u>308,709</u></b>	<b><u>224,232</u></b>

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

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