



## PC Partner Group Limited

栢能集團有限公司<sup>1</sup>

(Company Registration No: 239079)

(Incorporated in the Cayman Islands on 1 April 2010)

**This Introductory Document is important. You should consider the information provided in this Introductory Document carefully, and consider whether you understand what is described in this Introductory Document. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser. You are responsible for your own investment choices.**

This introductory document (“**Introductory Document**”) is issued by PC Partner Group Limited (the “**Company**”) in connection with the secondary listing by way of an introduction (the “**Introduction**”) of all the issued and ordinary shares of par value HK\$0.10 each (the “**Shares**”) in the capital of the Company on the Main Board of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). This Introductory Document provides information on our Company and the Shares in compliance with the listing requirements of the SGX-ST.

Our Shares are currently listed and traded on The Stock Exchange of Hong Kong Limited (“**HKEX**”) under the stock code “01263” and will continue to be listed and traded on the HKEX following the completion of the Introduction, subject to the Proposed Delisting (as defined herein). An application has been made to the SGX-ST for permission to list all of our Shares on the Main Board of the SGX-ST. Such permission for the listing of our Shares will be granted when we have been admitted to the Official List of the SGX-ST. When our Shares become tradeable on the SGX-ST, they will be quoted and traded in Singapore Dollars. Our Shares will be traded in board lot size of 100 Shares on the SGX-ST.

We have received a letter of eligibility from the SGX-ST for the listing and quotation of all our Shares on the Main Board of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Introductory Document. Our Company’s eligibility to list and admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Introduction, our Company, our Group (as defined herein) and our Shares.

This Introductory Document is issued for information purposes only. Nothing in this Introductory Document constitutes or shall be construed as an offer, or an invitation or a solicitation of an offer by us or on our behalf, to the public to subscribe for or purchase, any of our Shares. No Shares shall be allotted or allocated on the basis of this Introductory Document. This Introductory Document does not constitute a prospectus under Singapore law and has not been lodged with or registered by the Monetary Authority of Singapore (“**Authority**”). This is a secondary listing by way of an introduction, for which no sale and no offer of any security is made. The Authority assumes no responsibility for the contents of this Introductory Document. The Authority has not, in any way, considered the merits of our Shares being listed.

**Investing in our Shares involves certain risks. See “Risk Factors” beginning on page 20 of this Introductory Document for a discussion of certain factors to be considered in connection with an investment in our Shares.**

Issue Manager



**UNITED OVERSEAS BANK LIMITED**

(Company Registration No: 193500026Z)

(Incorporated in Singapore on 6 August 1935)

**Financial Adviser to our Company as to HKEX Listing Rules**



**UOB KAY HIAN (HONG KONG) LIMITED**

(Business Registration No: 13435676)

(Incorporated in Hong Kong on 27 February 1990)

<sup>1</sup> For identification purpose only







## TABLE OF CONTENTS

<b>CORPORATE INFORMATION</b> .....	1
<b>DEFINED TERMS AND ABBREVIATIONS</b> .....	4
<b>GLOSSARY OF TECHNICAL TERMS</b> .....	12
<b>SUMMARY</b> .....	14
<b>SUMMARY OF THE INTRODUCTION</b> .....	16
<b>OUR LISTING ON THE SGX-ST</b> .....	18
<b>RISK FACTORS</b> .....	20
<b>DIVIDENDS</b> .....	58
<b>CAPITALISATION AND INDEBTEDNESS</b> .....	60
<b>EXCHANGE RATES AND EXCHANGE CONTROLS</b> .....	68
<b>SELECTED CONSOLIDATED FINANCIAL INFORMATION</b> .....	71
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</b> .....	75
<b>CORPORATE STRUCTURE AND OWNERSHIP</b> .....	104
<b>BUSINESS OVERVIEW</b> .....	105
<b>MANAGEMENT AND CORPORATE GOVERNANCE</b> .....	169
<b>SHARE CAPITAL AND SHAREHOLDERS</b> .....	189
<b>INTERESTED PERSON TRANSACTIONS AND POTENTIAL CONFLICTS OF INTEREST</b> .....	192
<b>GOVERNMENT REGULATIONS</b> .....	198
<b>TAXATION</b> .....	215
<b>CLEARING AND SETTLEMENT</b> .....	219
<b>LEGAL MATTERS</b> .....	225
<b>INDEPENDENT JOINT AUDITORS</b> .....	226
<b>GENERAL INFORMATION</b> .....	227
<b>APPENDIX A – INDEPENDENT JOINT AUDITORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS OF PC PARTNER GROUP LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2021, 2022 AND 2023</b> .....	A-1
<b>APPENDIX B – INDEPENDENT JOINT AUDITORS' REVIEW REPORT AND INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF PC PARTNER GROUP LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2024 TO 30 JUNE 2024</b> .....	B-1
<b>APPENDIX C – DESCRIPTION OF OUR SHARES</b> .....	C-1
<b>APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE CAYMAN ISLANDS COMPANIES ACT AND THE M&amp;AA OF OUR COMPANY</b> .....	D-1
<b>APPENDIX E – COMPARISON OF SELECTED CAYMAN ISLANDS AND SINGAPORE CORPORATE LAW PROVISIONS</b> .....	E-1
<b>APPENDIX F – OUR SUBSIDIARIES AND ASSOCIATED COMPANIES</b> .....	F-1
<b>APPENDIX G – LIST OF PRESENT AND PAST PRINCIPAL DIRECTORSHIPS</b> .....	G-1
<b>APPENDIX H – WEB DOMAINS</b> .....	H-1

## NOTICE TO INVESTORS

No person is authorised to give any information or to make any representation not contained in this Introductory Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of us or by United Overseas Bank Limited (the “**Issue Manager**”). The delivery of this Introductory Document shall not under any circumstances imply that the information herein is correct as of any date subsequent to the date hereof or constitute a representation that there has been no change or development reasonably likely to involve a material adverse change in our affairs, condition and prospects or our Shares since the date hereof. In the event any changes occur, where such changes are material or required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, or if we otherwise determine, we will make an announcement of the same to the SGX-ST. Recipients of this Introductory Document and all prospective investors in our Shares should take notice of such announcements and upon release of such announcements or documents shall be deemed to have notice of such changes.

No representation, warranty or covenant, express or implied, is made by our Company, the Issue Manager, or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers as to the accuracy or completeness of the information contained herein, and nothing contained in this Introductory Document is, or shall be relied upon as, a promise, representation or covenant by our Company or the Issue Manager or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers.

Recipients of this Introductory Document and all prospective investors in our Shares should not construe the contents of this Introductory Document as legal, business, financial or tax advice. Recipients of this Introductory Document and all prospective investors in our Shares should consult their own professional advisers as to the legal, business, financial, tax and related aspects of holding and owning our Shares.

This Introductory Document has been prepared solely for the purpose of the Introduction and may not be relied upon by any persons for purposes other than the Introduction prior to the Listing Date (as defined herein) or for any purpose whatsoever on or after the Listing Date. Nothing in this Introductory Document constitutes or shall be construed to constitute an offer, invitation or solicitation in any jurisdiction. This Introductory Document does not constitute a prospectus under Singapore law and has not been lodged with or registered by the Authority.

The use or distribution of this Introductory Document may be prohibited or restricted by law in certain jurisdictions. Our Company and the Issue Manager require persons into whose possession this Introductory Document comes to inform themselves of and to observe any such prohibition or restriction at their own expense and without liability to our Company and the Issue Manager. Persons to whom a copy of this Introductory Document has been issued shall not circulate to any other person, reproduce or otherwise distribute this Introductory Document or any information herein for any purpose whatsoever nor permit or cause the same to occur.

A copy of this Introductory Document will be available on the SGX-ST's website at <http://www.sgx.com>.

## FORWARD-LOOKING STATEMENTS

Certain statements in this Introductory Document constitute “forward-looking statements”. All statements other than statements of historical facts included in this Introductory Document, including those regarding future financial position and results, business strategy, plans and objectives of management for future operations (including development plans and dividends) and statements on future industry growth are forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology, such as “may”, “will”, “would”, “could”, “expect”, “anticipate”, “intend”, “plan”, “believe”, “seek”, “estimate”, “project” and similar terms and phrases. However, you should note that these words are not the exclusive means of identifying forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause the actual results, performance or achievements, to be materially different from any future performance or achievements expressed or implied by these forward-looking statements.

These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Because these statements reflect our current views concerning future events, these statements and financial information necessarily involve risks, uncertainties, and assumptions. Actual future performance could differ materially from these forward-looking statements and financial information. You should not place any undue reliance on these forward-looking statements. In addition, their inclusion in this Introductory Document shall not be regarded as a representation or warranty by our Company or the Issue Manager that the plans and objectives of our Group will be achieved.

The important factors that could cause our actual results, performance or achievements to differ materially from those in the forward-looking statements and financial information include, but are not limited to:

- We are exposed to concentration risk of reliance on NVIDIA as our sole supplier of GPUs, and may be adversely affected by any disruption or termination of our business relationships with NVIDIA or fluctuations in their supply of GPUs;
- Continued or enhanced threats of trade tariffs, import and export restrictions, foreign regulations and/or other trade barriers may have a material adverse effect on our Group’s business;
- We have a contingent liability of US\$25 million due to the potential imposition of a 25.0% import tariff from the U.S. CBP’s reclassification of our import of VGA Cards into USA from gaming components to computer components;
- We operate in a highly competitive landscape and any failure by us to compete or respond effectively to changes in market trends and customer preferences could result in us losing market share and revenue;
- We are dependent on our ability to continuously introduce new innovative products through our R&D efforts and to adapt to changes in new technologies, engineering and production advancement and processes; and
- We face risks associated with our liquidity, loan facilities and the fluctuation of interest rates.

Additional factors that could cause actual results, performance, or achievements to differ materially include, but are not limited to, those discussed under the sections entitled “Risk Factors”, “Dividends” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Introductory Document. These forward-looking statements speak only as at the date of this Introductory Document and we do not guarantee that the information contained herein is still current after the date of this Introductory Document. Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time, and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We qualify all of our forward-looking statements with these cautionary statements.

Although we believe that the assumptions upon which the forward-looking statements are based are reasonable, given the risks and uncertainties that may cause our actual future results, performance, or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Introductory Document, we advise you not to place undue reliance on those statements. None of our Company, the Issue Manager, nor any other person, represents or warrants to you that our actual future results, performance, or achievements will be as discussed in those statements.

Our actual future results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by us. Our Company and the Issue Manager disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events, or circumstances for any reason, even if new information becomes available or other events occur in the future.

Forward-looking statements regarding our Company have been announced on the websites of HKEX at <https://www.hkex.hk> and our Company at <https://www.pcpartner.com>. Such forward-looking statements include management projections, and such management projections are prospective statements and have not been audited nor reviewed by the Independent Joint Auditors. These prospective statements may not eventually materialise, and they should not be treated as audited or reviewed financial forecasts or estimates. They are not to be deemed in any way as being part of this Introductory Document or incorporated by reference in any way. Investors should exercise care when viewing such forward-looking statements. In the event of doubt, investors should consult their own professional advisers.

## ENFORCEABILITY OF CIVIL LIABILITIES

### Cayman Islands

We are incorporated in the Cayman Islands to take advantage of certain benefits associated with being a Cayman Islands exempted company, such as:

- the political and economic stability;
- an effective judicial system;
- a favourable tax system;
- the absence of exchange control or currency restrictions; and
- the availability of professional and support services.

However, certain disadvantages accompany an incorporation in the Cayman Islands. These disadvantages include but are not limited to that the Cayman Islands may have a less developed body of securities laws as compared to Hong Kong and Singapore and these securities laws may provide less protection to investors as compared to Hong Kong and Singapore.

Our Memorandum and Articles of Association do not contain provisions requiring that disputes, including those arising under the securities laws of Hong Kong or Singapore, between us, our officers, Directors and Shareholders (as defined herein), be arbitrated.

Most of our operations are currently conducted outside of Singapore, and substantially all of our assets are located outside of Singapore. A majority of our Directors and Executive Officers (as defined herein) are nationals or currently residents of Hong Kong. As a result, depending on the subject of a claim, it may be difficult for a Shareholder within Hong Kong and/or Singapore to effect service of process upon these individuals (to the extent such service is to be effected in another jurisdiction), or to bring an action against us or these individuals in Hong Kong and/or Singapore (to the extent such action is to be brought in another jurisdiction), or to enforce against us or them judgments obtained in Hong Kong and/or Singapore courts (as judgments obtained in a foreign jurisdiction, as applicable), including judgments predicated upon the civil liability provisions of the securities laws of Hong Kong or Singapore.

There is uncertainty as to whether the courts of the Cayman Islands would (i) recognise or enforce against us judgments of courts of Hong Kong or Singapore predicated upon the civil liability provisions of the securities laws of Hong Kong or Singapore (as the case may be); and (ii) in original actions brought in the Cayman Islands, impose liabilities against us predicated upon the civil liability provisions of the securities laws of Hong Kong or Singapore. Although there is no statutory enforcement in the Cayman Islands of judgments obtained in Hong Kong or Singapore, the courts of the Cayman Islands may recognise as a valid judgment, a final and conclusive judgment *in personam* obtained in the courts of Hong Kong or Singapore against us under which a sum of money is payable (other than a sum of money payable in respect of multiple damages, taxes or other charges of a like nature or in respect of a fine or other penalty) or, in certain circumstances, an *in personam* judgment for non-monetary relief, and may give a judgment based thereon, provided that (a) such courts had proper jurisdiction over the parties subject to such judgment; (b) such courts did not contravene the rules of natural justice of the Cayman Islands; (c) such judgment was not obtained by fraud; (d) the enforcement of the judgment would not be contrary to the public policy of the Cayman Islands; (e) no new admissible evidence relevant to the action is submitted prior to the rendering of the judgment by the courts of the Cayman Islands; and (f) there is due compliance with the correct procedures under the laws of the Cayman Islands. However, the Cayman Islands courts may not enforce a judgment obtained from the courts of Hong Kong or Singapore under civil liability provisions of the securities laws of Hong Kong or Singapore if such judgment is determined by the courts of the Cayman Islands to give rise to obligations to make payments that are penal or punitive in nature. A Cayman Islands court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

## Hong Kong

A foreign judgment may or may not be enforced in Hong Kong. A foreign judgment in civil and commercial matters (other than a judgment from the PRC) may be enforced in Hong Kong by one of two avenues, either through the Foreign Judgments (Reciprocal Enforcement) Ordinance (Cap. 319 of the Laws of Hong Kong) (the “**FJR Ordinance**”), or by common law. The recognition and enforcement of judgments from the PRC in civil and commercial matters in Hong Kong are governed by two regimes, namely (1) the Mainland Judgments (Reciprocal Enforcement) Ordinance (Cap. 597 of the Laws of Hong Kong) (the “**1st Regime**” which came into effect on 1 August 2008), and (2) the Mainland Judgments in Civil and Commercial Matters (Reciprocal Enforcement) Ordinance (Cap. 645 of the Laws of Hong Kong) and relevant rules (Cap. 645A of the Laws of Hong Kong) (the “**2nd Regime**” which came into effect on 29 January 2024).

The FJR Ordinance enables the enforcement of foreign judgments (other than judgments from the PRC) through a process of registration of judgments from the superior courts in designated countries and certain parts of the Commonwealth which have reciprocal arrangements with Hong Kong, provided that requirements under the FJR Ordinance are met. Such requirements include (among other things) that the foreign judgment is final and conclusive as between the parties thereto, and there is payable under the foreign judgment a sum of money not being a sum payable in respect of taxes or a fine or other penalty. A judgment made by, for example, a Singapore court having unlimited jurisdiction can be enforced in Hong Kong under the FJR Ordinance. The defences that are available to a defendant in enforcement proceedings under the FJR Ordinance include lack of jurisdiction of the original court, failure of the defendant to receive notice of the proceedings before the original court in sufficient time to enable him to defend the proceedings and did not appear, fraud, and contrary to public policy.

Foreign judgments in civil and commercial matters deriving from countries other than those designated under the FJR Ordinance and judgments from the PRC which met the requirements under either the 1st Regime or the 2nd Regime, such as the USA and the Cayman Islands, may be enforced by common law, meaning that proceedings for enforcement of such a foreign judgment (e.g. a USA or a Cayman Islands judgment) may be commenced in the Hong Kong courts by a Writ of Summons. In a common law action for enforcement of a foreign judgment in civil and commercial matters in Hong Kong, the enforcement is subject to various conditions, including but not limited to, that the foreign judgment is a final judgment conclusive upon the merits of the claim, and such a judgment must be for a fixed sum and must also come from “competent” court as determined by the private international law rules applied by the Hong Kong courts. The defences that are available to a defendant in a common law action brought on the basis of a foreign judgment include lack of jurisdiction, breach of natural justice, fraud, and contrary to public policy.

Under the 1st Regime, recognition and enforcement of judgments from the PRC in Hong Kong are on the condition that certain requirements are met, including but not limited to, that the judgment must be a final and conclusive judgment enforceable in the PRC covering money judgments given by a designated court from the PRC exercising its jurisdiction in business-to-business agreements where the parties concerned have agreed in writing to designate a people’s court from the PRC as the forum to have sole jurisdiction for resolving such disputes, and the judgment orders the payment of a sum of money (not being a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty). The 1st Regime will apply to judgments from the PRC (1) dated between 1 August 2008 and 28 January 2024, and (2) dated 29 January 2024 or thereafter dealing with a written agreement dated between 1 August 2008 and 28 January 2024 designating a people’s court from the PRC as the forum to have sole jurisdiction for resolving such disputes.

As from 29 January 2024, the 2nd Regime came into force, which no longer require the existence of a written agreement designating a people’s court from the PRC as the forum to have sole jurisdiction for resolving such disputes. The 2nd Regime will apply to judgments dated on or after 29 January 2024, unless the judgment deals with a written agreement dated between 1 August 2008 and 28 January 2024 designating a people’s court from the PRC as the forum to have sole jurisdiction for resolving such disputes (in which case the 1st Regime will apply). The 2nd Regime covers judgments that are civil and commercial in nature (including both monetary and non-monetary rulings), as well as judgments which are criminal in nature but contain an order for the payment of a sum of money in respect of compensation and damages. A judgment from the PRC includes judgment, ruling, conciliatory statement or order of payment, but does not include a ruling given in respect of an interim measure.



## Singapore

Generally, final money judgments and non-money judgments issued by the courts in Hong Kong may be enforceable by way of registration in the Singapore courts, pursuant to the Reciprocal Enforcement of Foreign Judgments Act 1959 (the “REFJA”) read with the Reciprocal Enforcement of Foreign Judgments (Hong Kong Special Administrative Region of the People’s Republic of China) Order, subject to certain conditions being met.

A “money judgment” is defined in the REFJA as “a judgment under which a sum of money is payable, not being a sum payable in respect of taxes or other charges of a similar nature or in respect of a fine or other penalty”; while a “non-money judgment” is defined in the REFJA as “a judgment that is not a money judgment, but does not include a judgment under which a sum of money is payable in respect of taxes or other charges of a similar nature or in respect of a fine or other penalty”.

The REFJA expressly excludes “a judgment under which a sum of money is payable in respect of taxes or other charges of a similar nature or in respect of a fine or other penalty”, suggesting that it is not intended to apply to statutory or regulatory-related civil penalties.

The definition of “judgment” in the REFJA is also instructive. As a general rule, it only extends to judgments in civil proceedings. Judgments in criminal proceeding is narrowly limited to “the payment of a sum of money in respect of compensation or damages to an injured party”.

It would appear from the above that the legislature had intended for the REFJA to only apply to final civil judgments, and only to a very limited exception where a criminal court orders restitution in favour of an injured party.

We are not aware of any precedents where judgments of courts in Hong Kong based upon the civil liability provisions of the securities laws of Hong Kong which permit punitive or penal awards have been recognised or enforced by the Singapore court. In our view, given the limited scope of the REFJA, it is unlikely the Singapore courts would recognise or enforce any judgment from the courts of Hong Kong against us, our Directors and Executive Officers, based upon the civil liability provisions of the securities laws of Hong Kong, to the extent that the judgment is punitive or penal.

## PRESENTATION OF FINANCIAL AND STATISTICAL INFORMATION

This Introductory Document contains the audited consolidated financial statements of our Group for FY2021, FY2022, FY2023, audited in accordance with the International Standards on Auditing and the interim condensed consolidated financial statements of our Group for 1H2024, which have only been reviewed but not audited, together with the related notes thereto, each of which has been prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board (“**IFRS Accounting Standards**”) (together, the “**Consolidated Financial Statements**”).

The preparation of the Consolidated Financial Statements in conformity with the IFRS Accounting Standards at times requires our management to make subjective estimates and judgments regarding matters that are inherently uncertain. Such estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and judgments affect reported amounts and disclosures. Our results of operations may differ if prepared under different estimates and judgments.

We will, in accordance with the relevant laws and regulations in Singapore and Hong Kong, prepare all future periodic financial reports which we will release on SGXNET and HKEXnews, and all audited financial statements which we will provide to our Shareholders, in accordance with the IFRS Accounting Standards.

Certain numerical figures set out in this Introductory Document, including financial data presented in millions or thousands and percentages, have been subject to rounding adjustments, and, as a result, the totals of the data in this Introductory Document may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other data set forth in the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Introductory Document have been calculated using the numerical data in our consolidated financial statements or the tabular presentation of other data (subject to rounding) contained in this Introductory Document, as applicable, and not using the numerical data in the narrative description thereof.

## **MARKET AND INDUSTRY INFORMATION**

Market data used in this Introductory Document under the captions “Summary”, “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, and “Business Overview” has been extracted from market research, publicly available information and industry publications.

Reports, industry publications, surveys, and forecasts generally state that the information contained therein have been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such included information. While we and the Issue Manager have taken reasonable action to ensure that the information is extracted accurately and in its proper context, we have not independently verified any of the data from third party sources or ascertained the underlying economic assumptions relied upon therein and we make no representation as to the accuracy or completeness of that information and shall not be obliged to provide any updates on the same.

## CORPORATE INFORMATION

<b>Company</b>	PC Partner Group Limited
<b>Directors</b>	Mr Wong Shik Ho Tony (Executive Director, Chairman and CEO) Mr Wong Fong Pak (Executive Director and Executive Vice President) Mr Leung Wah Kan (Executive Director and Chief Operating Officer) Mr Ho Nai Nap (Executive Director) Mr Man Wai Hung (Executive Director) Mrs Ho Wong Mary Mee-Tak (Non-Executive Director) Ms Alicia Kwan Xiuying (Independent Director) Mr Chua Ser Miang (Independent Director) Mr Jason Goh Hseng Wei (Independent Director) Mr Kong Chee Keong (Independent Director) Ms Chan Yim (Independent Director) Professor Low Teck Seng (Independent Director) Mr Teo Chun-Wei, Benedict (Independent Director)
<b>Company Secretary</b>	Ms Lee Yuet Wan (Member of The Chartered Governance Institute and The Hong Kong Chartered Governance Institute)
<b>Company Registration Number</b>	239079
<b>Registered Office</b>	Windward 3, Regatta Office Park P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
<b>Principal Place of Business</b>	28/F, NCB Innovation Centre 888 Lai Chi Kok Road Kowloon, Hong Kong
<b>Issue Manager</b>	United Overseas Bank Limited UOB Plaza 80 Raffles Place Singapore 048624
<b>Financial Adviser to our Company as to HKEX Listing Rules</b>	UOB Kay Hian (Hong Kong) Limited 6/F, Harcourt House 39 Gloucester Road Hong Kong
<b>Legal Adviser to the Introduction and our Company as to Singapore Law</b>	Rajah & Tann Singapore LLP #06-07, Marina One West Tower 9 Straits View Singapore 018937
<b>Legal Adviser to our Company as to Cayman Islands Law and British Virgin Islands Law</b>	Conyers Dill & Pearman Pte. Ltd. 9 Battery Road # 20-01 MYP Centre Singapore 049910



<b>Legal Adviser to our Company as to Hong Kong Law</b>	Loeb & Loeb LLP 2206-19 Jardine House 1 Connaught Place Hong Kong
<b>Legal Adviser to our Company as to Indonesian Law</b>	Assegaf Hamzah & Partners Capital Place, Level 36 & 37 Jalan Jenderal Gatot Subroto Kav. 18 Jakarta 12710 Indonesia
<b>Legal Adviser to our Company as to Japan Law</b>	City-Yuwa Partners 2-2-2 Marunouchi, Marunouchi Mitsui Building Chiyoda-ku, Tokyo Japan 100-0005
<b>Legal Adviser to our Company as to Korea Law</b>	Bae, Kim & Lee LLC Tower B, Centropolis 26 Ujeongguk-ro, Jongno-gu Seoul, Korea 03161
<b>Legal Adviser to our Company as to PRC Law</b>	Guantao Law Firm 19/F, Tower B, Xincheng Plaza, 5 Finance Street, Xicheng District, Beijing, Beijing 100032, China
<b>Legal Adviser to our Company as to US Law</b>	Dechert LLP 1900 K Street, NW Washington, DC, United States of America 20006-1110
<b>Legal Adviser to the Issue Manager as to Singapore Law</b>	Allen & Gledhill LLP One Marina Boulevard, #28-00 Singapore 018989
<b>Legal Adviser to the Issue Manager as to PRC Law</b>	Jingtian & Gongcheng 34/F, Tower 3, China Central Place 77 Jianguo Road Beijing 100025, China
<b>Independent Joint Auditors</b>	BDO Limited 25/F, Wing On Centre 111 Connaught Road Central Hong Kong  Partner-in-charge: Ng Wai Man (Member of the Hong Kong Institute of Certified Public Accountants)  BDO LLP 600 North Bridge Road #23-01 Parkview Square Singapore 188778  Partner-in-charge: Aw Vern Chun Philip (Member of the Institute of Singapore Chartered Accountants)

**Principal Bankers**

The Hongkong and Shanghai Banking Corporation Limited  
1 Queen's Road Central, Hong Kong

Hang Seng Bank Limited  
83 Des Voeux Road Central, Central, Hong Kong

Standard Chartered Bank (Hong Kong) Limited  
32<sup>nd</sup> Floor, 4-4A Des Voeux Road, Central, Hong Kong

**Principal Share Registrar and Transfer Office**

Ocorian Trust (Cayman) Limited  
Windward 3, Regatta Office Park  
P.O. Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

**Hong Kong Branch Share Registrar and Transfer Office**

Computershare Hong Kong Investor Services Limited  
Shops 1712–1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wan Chai  
Hong Kong

**Singapore Branch Share Registrar and Share Transfer Agent**

B.A.C.S. Private Limited  
77 Robinson Road  
#06-03 Robinson 77  
Singapore 068896

## DEFINED TERMS AND ABBREVIATIONS

This glossary contains a list of abbreviations of our subsidiaries and associated companies, and explanations and definitions of certain terms used in this Introductory Document in connection with our business. The terms and their assigned meaning may not correspond to standard industry or common meaning or usage of these terms.

### Subsidiaries and Associated Entities

- “ASK Group” : ASK Technology Group Limited, a company incorporated in Hong Kong with limited liability on 10 March 2008 and a wholly-owned subsidiary of our Company, and/or, where the context requires, any one or more of its relevant subsidiaries and/or associated companies
- “Innovision Multimedia” : Innovision Multimedia Limited, a company incorporated in Hong Kong with limited liability on 6 February 1998 and a wholly-owned subsidiary of our Company
- “Manli Group” : Manli Technology Group Limited, a company incorporated in Hong Kong with limited liability on 10 March 2008 and a wholly-owned subsidiary of our Company, and/or, where the context requires, any one or more of its relevant subsidiaries and/or associated companies
- “PCPL” : PC Partner Limited, a company incorporated in Hong Kong with limited liability on 12 February 1988 and a wholly-owned subsidiary of our Company
- “PCPHL” : PC Partner Holdings Limited, a company limited by shares incorporated in the BVI on 2 May 1997 and a wholly-owned subsidiary of our Company
- “PC Partner Dongguan” : 东莞栢能电子科技有限公司, a wholly foreign-owned enterprise established in the PRC on 10 July 2009 and a wholly-owned subsidiary of our Company
- “Zotac (Dongguan) Electronic Technology Company Limited” : 索泰(东莞)电子科技有限公司, a wholly foreign-owned enterprise established in the PRC on 20 June 2016 and a wholly-owned subsidiary of our Company
- “Zotac Korea” : Zotac Korea Co., Ltd., a company incorporated in Korea on 12 May 2010 and a wholly-owned subsidiary of our Company
- “Zotac Nippon” : ZOTAC Nippon Corporation, a company incorporated in Japan on 18 December 2017 and a majority-owned subsidiary of our Company
- “Zotac USA” : Zotac USA, Inc., a company incorporated in the State of Nevada, the United States under the laws of the State of Nevada on 9 October 2007 and a wholly-owned subsidiary of our Company

### Other Companies, Organisations and Agencies

- “Authority” : The Monetary Authority of Singapore
- “CCASS” : The Central Clearing and Settlement System established and operated by HKSCC

“CDP”	:	The Central Depository (Pte) Limited
“HKEX”	:	The Stock Exchange of Hong Kong Limited
“HKSCC”	:	Hong Kong Securities Clearing Company Limited
“SFC”	:	Securities and Futures Commission of Hong Kong
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“U.S.”	:	United States Customs & Border Protection
<b>General</b>		
“1H”	:	The six-month financial period ended 30 June
“1Q”	:	The three-month financial period ended 31 March
“2Q”	:	The three-month financial period ended 30 June
“AI”	:	Artificial Intelligence
“AMD”	:	Advanced Micro Devices, Inc., a global semiconductor company listed on the New York Stock Exchange under the ticker AMD, which designs and sells microprocessors, chipsets, and graphics processors, and/or, where the context requires, any one or more of its relevant subsidiaries and/or associated companies
“APAC”	:	The Asia-Pacific region
“Articles of Association”	:	The articles of association of our Company, as amended from time to time
“ASK Technology”	:	ASK Technology Limited, a company incorporated in Hong Kong with limited liability
“Associate”	:	<p>(a) in relation to any Director, CEO, Substantial Shareholder or Controlling Shareholder (being an individual) means:</p> <p>(i) his immediate family;</p> <p>(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; or</p> <p>(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more; and</p> <p>(b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more</p>
“Audit Committee”	:	The audit committee of our Company



“BCL”	: BC Technology (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability
“BLR”	: Best Lending Rate
“Board”	: Board of Directors of our Company
“BVI”	: The British Virgin Islands
“Cayman Islands Companies Act”	: The Companies Act (As Revised) of the Cayman Islands as amended, supplemented, or otherwise modified from time to time
“CCASS Clearing Participant”	: A person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
“CCASS Custodian Participant”	: A person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	: A person admitted to participate in CCASS as an investor participant, who may be an individual, joint individuals, or a corporation
“CCASS Participant”	: A CCASS Clearing Participant, a CCASS Custodian Participant, or a CCASS Investor Participant
“CCASS Rules”	: The General Rules of CCASS and CCASS Operational Procedures, as amended from time to time
“CDP Depositors”	: Depositors holding Shares under direct accounts with CDP or securities sub-accounts with a depository agent
“Code of Corporate Governance”	: Code of Corporate Governance 2018
“Companies Act”	: The Companies Act 1967 of Singapore, as amended, supplemented, or otherwise modified from time to time
“Company”	: PC Partner Group Limited
“Controlling Shareholder”	: A person who: <ul style="list-style-type: none"> <li>(a) holds directly or indirectly 15.0% or more of the total voting rights in our Company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or</li> <li>(b) in fact exercises control over our Company</li> </ul>
“CEO”	: Chief Executive Officer
“CFO”	: Chief Financial Officer
“COO”	: Chief Operating Officer
“Directors”	: The directors of our Company as at the date of this Introductory Document, unless otherwise stated
“EMEA”	: Europe, Middle East, Africa and India

“EPS”	: Earnings per Share
“Executive Directors”	: The executive Directors of our Company
“Executive Officers”	: The executive officers of our Company as at the date of this Introductory Document, who are also key executives as defined under the SFR
“FY”	: Financial year ended or ending 31 December
“Group”	: Our Company and our subsidiaries as at the date of this Introductory Document
“Hong Kong”	: Hong Kong Special Administrative Region of The People’s Republic of China
“HIBOR”	: Hong Kong Interbank Offer Rate
“Independent Directors”	: The independent Directors of our Company
“Intel”	: Intel Corporation, Inc., a global semiconductor company listed on the Nasdaq Stock Market under the ticker INTC, which designs and sells microprocessors, chipsets, and graphics processors, flash memory, network interface controllers, field-programmable arrays and/or, where the context requires, any one or more of its relevant subsidiaries and/or associated companies
“Introduction”	: The secondary listing by way of introduction of our Shares on the Main Board of the SGX-ST
“Issue Manager”	: The issue manager to the Introduction, United Overseas Bank Limited
“Korea”	: The Republic of Korea
“Latest Practicable Date”	: 31 October 2024, being the latest practicable date prior to the issue of this Introductory Document
“LIBOR”	: London Interbank Offer Rate, which use was discontinued after 30 June 2023
“Listing”	: The admission of the Shares to our Official List of the SGX-ST
“Listing Date”	: The date of Listing
“Listing Manual”	: The listing manual of the SGX-ST, as amended, modified, or supplemented from time to time
“Macau”	: Macau Special Administrative Region of The People’s Republic of China
“Manli Technology”	: Manli Technology Company Limited, a company incorporated in Hong Kong with limited liability
“Market Day”	: A day on which the SGX-ST and the HKEX is open for trading in securities (as the case may be)

“M&AA”	:	The Memorandum and Articles of Association of our Company, as amended from time to time
“Memorandum” or “Memorandum of Association”	:	Memorandum of association of our Company, as amended from time to time
“MSRP”	:	Manufacturers’ Suggested Retail Price
“NALA”	:	North America and Latin America
“Nominating Committee”	:	The nominating committee of our Company
“Non-executive Directors”	:	Non-executive Directors of our Company (including Independent Directors)
“NVIDIA”	:	NVIDIA Corporation, listed on the NASDAQ Stock Market under the ticker NVDA, is a leading supplier of GPUs, and/or, where the context requires, any one or more of its relevant subsidiaries and/or associated companies
“p.a.”	:	Per annum
“preferred partner (embedded compute)”	:	Refers to partners of NVIDIA who deliver the power of modern AI for autonomous machines at the edge and other embedded applications across all industries. Using the NVIDIA Jetson platform, these partners give customers the tools to quickly develop and deploy AI-powered robots, drones, intelligent video analytics applications, and other autonomous machines that can perceive and understand the world
“Period Under Review”	:	The period comprising FY2021, FY2022, FY2023 and 1H2024
“PRC” or “China”	:	The People’s Republic of China, excluding, for the purposes of this Introductory Document only, Taiwan and the special administrative regions of Hong Kong and Macau, except where the context otherwise requires
“R&D”	:	Research and development
“Remuneration Committee”	:	The remuneration committee of our Company
“Relevant Person”	:	Any Substantial Shareholder, Director or Executive Officer of our Company, its subsidiaries and associated companies
“Relevant Sanction”	:	Any sanction law or regulation which is imposed by any jurisdiction that is relevant to our Company, its subsidiaries and associated companies and applicable to our Company, its subsidiaries and associated companies
“SAFE”	:	The State Administration of Foreign Exchange of the PRC
“Sanctioned Activity”	:	Any activity by our Company, its subsidiaries and associated companies that is subject to and in violation of any Relevant Sanction
“Sanctioned Nation”	:	Any country or jurisdiction or territory which is subject to any sanctions related law or regulation imposed by another jurisdiction

“Sanctioned Nation Principal Nexus”	: Principal operations, business activities, customers, suppliers and/or any Substantial Shareholder, Director or Executive Officer of our Company, its subsidiaries and associated companies that are located or incorporated in any country or jurisdiction or territory which is subject to any sanctions-related law or regulation imposed by another jurisdiction
“Sanctioned Subject”	: Any individual or entity or government which is (i) listed/ designated on any sanction list(s); and/or (ii) owned or controlled by any individual or entity or government listed in (i)
“Securities Account”	: The securities account maintained by a Depositor with CDP
“Service Agreements”	: The service agreements entered into between our Company and each of our Executive Directors, namely Mr Wong Shik Ho Tony, Mr Wong Fong Pak, Mr Leung Wah Kan, Mr Man Wai Hung and Mr Ho Nai Nap
“SFA” or “Securities and Futures Act”	: The Securities and Futures Act 2001 of Singapore, as amended, supplemented, or otherwise modified from time to time
“SFR”	: The Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore, as amended, supplemented, or otherwise modified from time to time
“Share”	: An ordinary share of par value HK\$0.10 each in the capital of our Company
“Shareholders”	: Registered holders of Shares, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, and where the context permits mean the Depositors whose Securities Accounts are credited with Shares
“Singapore Share Transfer Agent”	: B.A.C.S. Private Limited
“Singapore Take-over Code”	: The Singapore Code on Take-Overs and Mergers issued by the Authority, as amended, supplemented, or otherwise modified from time to time
“SOFR”	: Secured Overnight Financing Rate
“Substantial Shareholder”	: A person who has an interest or interests in one or more voting Shares and the total votes attached to those Shares is not less than 5.0% of the total votes attached to all Shares
“Taiwan”	: The Republic of China
“UOB”	: United Overseas Bank Limited
“USA or US”	: The United States of America
“VTech Group”	: VTech Holdings Limited, a company incorporated in Bermuda with limited liability and listed on the HKEX, and any one or more of its relevant subsidiaries or associated companies



## Currencies, Units of Measurement and Others

“EUR” or “Euro”	:	The lawful currency of the European Union
“HK\$” or “Hong Kong Dollar” or “HKD”	:	The lawful currency of Hong Kong
“JPY” or “Japanese Yen”	:	The lawful currency of Japan
“KRW” or “Korean Won”	:	The lawful currency of Korea
“MOP” or “Macanese Pataca”	:	The lawful currency of Macau
“RMB” or “Renminbi”	:	The lawful currency of the PRC
“S\$” or “Singapore Dollar”	:	The lawful currency of the Republic of Singapore
“US\$” or “United States Dollar” or “USD”	:	The lawful currency of the USA
“IDR”	:	Indonesia Rupiah
“sq m”	:	Square metres
“sq ft”	:	Square foot
“%” or “per cent.”	:	Percentage or per centum

In this Introductory Document, references to the “**Company**” are to PC Partner Group Limited and, unless the context otherwise requires, the terms “**we**”, “**us**”, “**our**” and “**our Group**” refer to our Company and its subsidiaries taken as a whole.

The terms “**associated company**”, “**related corporation**” and “**subsidiary**” shall have the same meanings ascribed to them respectively in the SFA, the SFR, the Companies Act and/or the Listing Manual, as the case may be.

The terms “**depositor**”, “**depository agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neutral genders. References to persons shall include corporations.

We maintain our accounts and publish our financial statements in Hong Kong Dollar. This Introductory Document contains conversions of certain amounts into Singapore Dollar at specified rates solely for the convenience of the reader. Unless otherwise indicated, we have made all conversions based on the exchange rate of S\$0.1698:HK\$1, S\$1.3198:US\$1 and US\$1:HK\$7.7734 quoted by Bloomberg L.P. on the Latest Practicable Date.

Bloomberg L.P. has not provided its consent to the inclusion of the exchange rate quoted above and in the section entitled “Exchange Rates and Exchange Controls” in this Introductory Document and is thereby not liable for such information. While we and the Issue Manager have taken reasonable action to ensure that the above exchange rates have been reproduced in their proper form and context, neither we, the Issue Manager nor any other party have conducted an independent review of the information or verified the accuracy of the contents of the relevant information. We do not represent that the Hong Kong Dollar or Singapore Dollar amounts referred to herein could have been or could be converted into Singapore Dollar or Hong Kong Dollar respectively at this rate, at any particular rate or at all. Fluctuations in the exchange rates between the Singapore Dollar and the Hong Kong Dollar will affect cash dividends

paid by us, if any, in Singapore Dollar. Please refer to the section entitled “Exchange Rates and Exchange Controls” of this Introductory Document for more information concerning the exchange rates between Singapore Dollar and Hong Kong Dollar. These translations should not be construed as representations that the relevant currency amounts have been, could have been, or could be, converted into the stated currency at that or any other rate. See also the section entitled “Risk Factors – Risks Relating to Our Business and Industry – Our business, financial conditions and results of operations may be adversely affected by fluctuations in exchange rates and foreign exchange controls” of this Introductory Document for more information.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them. Where applicable, figures and percentages are rounded off.

The information on our websites or any website directly or indirectly linked to such websites or the websites of any of our related corporations or other entities in which we may have an interest is not incorporated by reference into this Introductory Document and should not be relied on.

References to our management and Directors are to the management and Directors of our Company; references to our “M&AA” are to the Memorandum and Articles of Association of our Company, as amended from time to time; and references to our share capital in the section entitled “Share Capital and Shareholders” and elsewhere in this Introductory Document are to the share capital of our Company.

Certain Chinese names and characters, such as those of entities in the People’s Republic of China, properties, cities and governmental authorities, laws, regulations and notices have been translated into English names. Such translations are provided solely for convenience, may not have been registered with the relevant authorities and should not be construed as representations that the English names actually represent the Chinese characters.

Any reference in this Introductory Document to any statute or enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any word defined under the Cayman Islands Companies Act, the Companies Act and the SFA or any statutory modification thereof and used in this Introductory Document shall have the meaning assigned to it under the Cayman Islands Companies Act, the Companies Act and the SFA or such statutory modification, as the case may be.

Any reference to dates or times of day in this Introductory Document are to Singapore dates and times unless otherwise stated.

## GLOSSARY OF TECHNICAL TERMS

To facilitate a better understanding of our businesses, the following glossary provides a description of some of the technical terms and abbreviations commonly found in our industry. The terms and their assigned meanings may not correspond to standard industry or common meanings, as the case may be, or usage of these terms.

“AIC”	:	Add-in-card
“AOI”	:	Automated optical inspection
“AR”	:	Augmented reality
“ASIC”	:	Application Specific Integrated Circuits
“ATM”	:	Automated teller machine
“CAGR”	:	Compounded annual growth rate
“COB”	:	Chip-on-board
“CPU”	:	Central processing unit
“DIP”	:	Dual in-line package
“EMS”	:	Electronics manufacturing services
“GPU”	:	Graphics processing unit
“IECQ”	:	IEC Quality Assessment System for Electronic Components
“ISO”	:	International organisation for standardisation
“ML”	:	Machine learning
“ODM”	:	Original design manufacturer
“OEM”	:	Original equipment manufacturer
“OHSAS”	:	Occupational health and safety assessment series
“PCB”	:	Printed circuit board
“PC”	:	Personal computers
“RAM”	:	Random access memory
“RGB”	:	Red green blue
“RMA”	:	Return merchandise authorisation
“PCBA”	:	Printed circuit board assembly
“POS”	:	Point of Sale

“QC”	:	Quality control
“S&H”	:	Software and Hardware
“SMT”	:	Surface Mount Technology, a circuit board packaging technique in which the leads (pins) on the chips and components are mounted and soldered on the surface of the board, not through it
“VGA Cards”	:	Video graphics cards
“VR”	:	Virtual Reality

## SUMMARY

*This summary highlights information contained elsewhere in this Introductory Document and may not contain all of the information that may be important to you. You should read the summary together with the more detailed information regarding us, including our financial statements and related notes appearing elsewhere in this Introductory Document. You should carefully consider, among other things, the matters discussed in the section entitled "Risk Factors" of this Introductory Document, before making a decision to invest in us.*

### OVERVIEW

Our Company was incorporated in the Cayman Islands on 1 April 2010 under the Cayman Islands Companies Act as an exempted company with limited liability under the name of PC Partner Group Limited. Our Shares have been listed on the Main Board of the HKEX since 12 January 2012. Our Company's registration number is 239079. Our Group, founded in 1997, is principally engaged in (a) the design, manufacturing and trading of VGA Cards for desktop computers, (b) EMS, and (c) the manufacturing and trading of other PC-related products and components.

### Design, manufacturing and trading of VGA Cards

Our Group manufactures VGA Cards for ODM/OEM customers and also manufactures and markets VGA Cards and other products under its own brands, namely ZOTAC, Inno3D and Manli.

Our Group's ODM/OEM contract manufacturing business, serving a global customer base, includes several top-tier computer brands based on customer specifications. The business is executed from our Hong Kong headquarters, supported by a team who works closely with our customers worldwide. For products under our own brands, we sell to more than 70 countries across various regions, including APAC, EMEA, NALA, and the PRC, either directly from our Hong Kong headquarters or through our Group's subsidiaries in Japan, Korea, the PRC, and the USA. These subsidiaries act as importers for their respective regions and sell the products onward to regional customers and distributors.

Our Group's business relationships with NVIDIA and AMD, the two globally dominant GPU suppliers, enable our Group to develop cost-competitive, high-performance products and solutions to serve our customers.

### EMS business

Our Group provides EMS to globally recognised brands, including major providers of ATM and POS systems, industrial devices such as accelerator cards and control cards, and various types of consumer electronic products such as electronic clocks and wireless thermometers.

The EMS business of our Group is managed from our Hong Kong office. Certain EMS customers of our Group are introduced to our Group through industry referrals from trade connections.

### Other PC-related products and components

Apart from the manufacturing of VGA Cards, our Group also designs and develops other PC-related products, such as mini-PCs and PC motherboards, under the ZOTAC brand or for other parties. In addition, our Group trades PC-related components.

The VGA Cards business, under our Group's own brands, is expected to remain a key driver of our Group's growth in the coming years. The increasing demand for high-performance gaming graphics, driven by the popularity of PC gaming, particularly immersive games, has resulted in strong demand from enthusiast consumers. The rise of electronic sports and streaming has also fuelled demand for VGA Cards capable of supporting high frame rates and resolutions. Technological advancements such as ray tracing and AI-accelerated rendering, continue to drive an uptrend in demand. In addition, the future of AI PCs will require powerful VGA Cards to deliver efficient performance and meet consumer expectations. The VGA Card industry remains dynamic and technologically driven, with continued innovation and evolution expected to meet the growing demand for PC gaming, content creation and other GPU-accelerated workloads.

Further details are set out in the section entitled “Business Overview” of this Introductory Document.

### **OUR COMPETITIVE STRENGTHS**

We believe that we have the following competitive strengths:

- (1) Established and prominent brands;
- (2) Strong development and design capabilities;
- (3) Capable management team;
- (4) Advanced manufacturing facilities;
- (5) Development and delivery of quality products; and
- (6) Established relationships with dominant suppliers of discrete GPUs.

Further details are set out in the section entitled “Business Overview – Competitive Strengths” of this Introductory Document.

### **OUR BUSINESS STRATEGIES AND FUTURE PLANS**

Our business strategies and future plans are to:

- (1) Expand geographical presence and diversify operational risk;
- (2) Improving manufacturing capabilities;
- (3) Enhancing R&D capabilities;
- (4) Develop new product offering; and
- (5) Strengthen marketing and sales resources and network.

Further details are set out in the section entitled “Business Overview – Business Strategies and Future Plans” of this Introductory Document.

### **OUR CONTACT DETAILS**

Our registered office is at Windward 3, Regatta Office Park P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands and our principal place of business is at Hong Kong at 28/F, NCB Innovation Centre, 888 Lai Chi Kok Road, Kowloon, Hong Kong and our telephone number for our principal place of business in Hong Kong is +852 2799 8011 and our facsimile number is +852 2799 2116. Our Company’s headquarters in Singapore will be located at 20 Pasir Panjang Road, #11-27, Mapletree Business City, Singapore 117439 and our telephone number for our Singapore headquarters is +65 6859 8900 and our e-mail address is [inquiry@pcpartner.com](mailto:inquiry@pcpartner.com). We do not have a telephone number or facsimile number for our registered office in the Cayman Islands. Our internet address is <https://www.pcpartner.com>. The information contained on our website and any website directly or indirectly linked to such website or the websites of any of our related corporations or other entities in which we may have an interest do not constitute part of and are not incorporated by reference in this Introductory Document and should not be relied on as such.



## SUMMARY OF THE INTRODUCTION

Our Company .....	<p>PC Partner Group Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands on 1 April 2010.</p> <p>Our Shares have been primary listed on the Main Board of the HKEX under the stock code “01263” since 12 January 2012.</p>
Market Capitalisation .....	<p>The market capitalisation of our Company as at the Latest Practicable Date is approximately HK\$1,795.9 million (equivalent to approximately S\$304.9 million).</p>
Listing on the SGX-ST .....	<p>An application has been made to the SGX-ST for permission to list all of our issued Shares on the Main Board of the SGX-ST. Such permission will be granted when we have been admitted to the Official List of the SGX-ST.</p>
Risk of Investing .....	<p>Our Shares are currently listed on the HKEX and will, following the Introduction, be secondarily listed on the SGX-ST. Our Company intends to seek a conversion of our secondary listing status to a primary listing status on the SGX-ST upon the satisfaction of the applicable free float requirements under Rule 723 of the Listing Manual and delist from the HKEX subsequently thereafter (the “<b>Proposed Delisting</b>”). The conversion will be subject to, amongst others, (i) the amendments to the existing M&amp;AA of the Company to comply with the requirements in Appendix 2.2 of the Listing Manual being approved by our Shareholders by way of a special resolution; (ii) our ability to satisfy the continuing free float requirements applicable to primary listed companies on the Main Board of the SGX-ST pursuant to Rule 723 of the Listing Manual; (iii) consents from or notification to certain third parties as required by the terms of the contracts entered into by our Group; (iv) the HKEX’s and our Shareholders’ approval for the Proposed Delisting; and (v) the SGX-ST’s approval for the conversion of our Company’s listing status from a secondary listing to a primary listing on the SGX-ST. However, there is no assurance that our Company’s secondary listing status will successfully be converted to a primary listing status in order for our Shares to be delisted from the HKEX. We may not be able to satisfy the listing requirements and continuing listing obligations applicable to primary listed companies on the Main Board of the SGX-ST. In the event that our Shares cannot be primary listed on the SGX-ST, we may not delist our Shares from the HKEX. For further details of how our Group’s business will be affected in such scenarios, please refer to the section entitled “Risk Factors – Risks Relating To An Investment In Our Shares – There is no assurance as to the successful secondary listing of our Shares on the SGX-ST, the successful conversion to a primary listing of our Shares on the SGX-ST and/or the successful delisting of our Shares from the HKEX” of this Introductory Document.</p>
Selected Consolidated Financial Statements .....	<p>Our consolidated financial statements are for the periods FY2021, FY2022, FY2023 and 1H2024, and are reported in HK\$ and prepared and presented in accordance with the IFRS Accounting Standards. The results in any period are not necessarily indicative of the results that may be expected for any future periods.</p>

Trading on the SGX-ST .....	Our Shares will, upon listing and quotation on the SGX-ST, be traded on the SGX-ST under the book-entry (scripless) settlement system of the CDP. Dealing in and quotation of our Shares on the SGX-ST will be in Singapore Dollars. Our Shares will be traded in board lot size of 100 Shares on the SGX-ST.
Voting Rights .....	Registered owners of our Shares will be entitled to full voting rights. However, the ability of Depositors to vote at shareholders' meetings will only be made available to them pursuant to CDP's terms and conditions to act as depository for foreign securities. Please refer to the sections entitled "General Meetings of our Shareholders" and "Voting Rights" in "Appendix C – Description of our Shares" of this Introductory Document.
Dividend Policy .....	<p>From time to time, our Board may declare dividends if our Board considers that the profits of our Company justify such payments.</p> <p>Please refer to the section entitled "Risk Factors – Risks Relating to an Investment in Our Shares – We may not be able to pay dividends" and "Dividends" of this Introductory Document for a description of our dividend policy.</p>
Share Capital.....	<p>As at the date of this Introductory Document, our issued share capital is HK\$38,788,366.80 (equivalent to approximately S\$6,586,265) comprising 387,883,668 Shares.</p> <p>All our Shares are currently listed on the Main Board of the HKEX. We have only one class of shares. All of our Shares are in registered form.</p>
Risk Factors.....	Shareholders and prospective investors should carefully consider certain risks connected with an investment in our Shares, as discussed under the section entitled "Risk Factors" of this Introductory Document.

## OUR LISTING ON THE SGX-ST

Upon admission to the Official List of the SGX-ST, we will be listed on both the SGX-ST and the HKEX, with the HKEX being the primary exchange on which our Shares are traded and the SGX-ST being the secondary exchange. As the HKEX is the primary exchange on which our Shares are traded, we are subject to and are required to comply with the relevant regulations and notifications issued by the HKEX.

Our Company intends to seek a conversion of our secondary listing status to a primary listing status on the SGX-ST upon the satisfaction of the applicable free float requirements under Rule 723 of the Listing Manual and delist from the HKEX subsequently thereafter. The conversion will be subject to, amongst others, (i) the amendments to the existing M&AA of the Company to comply with the requirements in Appendix 2.2 of the Listing Manual being approved by our Shareholders by way of a special resolution; (ii) our ability to satisfy the continuing free float requirements applicable to primary listed companies on the Main Board of the SGX-ST pursuant to Rule 723 of the Listing Manual; (iii) consents from or notification to certain third parties as required by the terms of the contracts entered into by our Group; (iv) the HKEX's and our Shareholders' approval for the Proposed Delisting; and (v) the SGX-ST's approval for the conversion of our Company's listing status from a secondary listing to a primary listing on the SGX-ST. However, there is no assurance that our Company's secondary listing status will successfully be converted to a primary listing status in order for our Shares to be delisted from the HKEX. In the event that our Shares cannot be primary listed on the SGX-ST, we may not delist our Shares from the HKEX. For further details of how our Group's business will be affected in such scenarios, please refer to the section entitled "Risk Factors – Risks Relating To An Investment In Our Shares – There is no assurance as to the successful secondary listing of our Shares on the SGX-ST, the successful conversion to a primary listing of our Shares on the SGX-ST and/or the successful delisting of our Shares from the HKEX" of this Introductory Document.

An eligibility-to-list letter has been obtained from the SGX-ST for the listing and quotation of all our issued Shares on the SGX-ST, subject to the following conditions:

- (a) compliance with the SGX-ST's listing requirements;
- (b) the Company maintaining its primary listing on the HKEX
- (c) pre-quotation disclosure of information required by the SGX-ST;
- (d) written confirmation from the Company that its M&AA (incorporating all amendments to date) has been uploaded to the website of the HKEX;
- (e) written undertaking from the Company to comply with the following requirements as set out in Rule 217 of the SGX-ST Listing Manual to:
  - (i) release all information and documents in English to the SGX-ST at the same time as they are released on the HKEX;
  - (ii) inform the SGX-ST of any issue of additional securities in a class already listed on the SGX-ST and the decision of the HKEX; and
  - (iii) comply with such other listing rules as may be applied by the SGX-ST from time to time (whether before or after the Introduction);
- (f) written undertaking from the Company that in the event for a need for trading halt or suspension in our Shares, the Company would request for a trading halt or suspension on all exchanges at the same time;
- (g) written undertaking from the Company that it will ensure the appointment of a market maker for a minimum of six months from the date of the Introduction;

- (h) written confirmation from the Issue Manager that adequate disclosures have been made on the major differences between the laws of Cayman Islands and Singapore on investor protection;
- (i) written confirmations from the Issue Manager and our Company that arrangements satisfactory to the SGX-ST are in place to ensure:
  - (i) orderly trading in the market when trading begins in our Shares in Singapore; and
  - (ii) timely settlement of trades, including but not limited to, procedures for the deposit, withdrawal and registration of our Shares in Singapore;
- (j) written confirmation from the Issue Manager that Rules 246(4) and 246(12) of the SGX-ST Listing Manual have been complied with; and
- (k) submission of the documents stipulated in Rules 248, 249 and 250 of the Listing Manual; and
- (l) the release of an SGXNET announcement disclosing the latest price of our Shares (including the equivalent in S\$) on the HKEX prior to the Introduction.

#### **OBLIGATIONS UNDER THE LISTING MANUAL**

As a foreign issuer with a secondary listing on the SGX-ST, pursuant to Rule 217 of the Listing Manual, upon the listing of our Shares on the SGX-ST, we will not be required to comply with the Listing Manual (except for such rules as may be applied by the SGX-ST from time to time), provided that we undertake to:

- (a) release all information and documents in English to the SGX-ST at the same time as they are released to the home exchange;
- (b) inform the SGX-ST of any issue of additional securities in a class already listed on the SGX-ST and the decision of the home exchange; and
- (c) comply with such other listing rules as may be applied by the SGX-ST from time to time (whether before or after listing).

## RISK FACTORS

Shareholders and prospective investors should consider, amongst others, the risk factors set out herein before making an investment decision. The risks described below are not the only ones we face. There may be additional risks not described below or not presently known to us or that we currently believe to be immaterial that turn out to be material. Our business, financial position, results of operations and prospects could be materially and adversely affected by any of these risks, should they occur or turn out to be material.

This Introductory Document also contains forward-looking statements which involve risks and uncertainties. The actual results of our operations may differ materially from those anticipated by these forward-looking statements due to a variety of factors including, but not limited to, the risk factors described below and elsewhere in this Introductory Document.

### **RISKS RELATING TO OUR BUSINESS AND INDUSTRY**

***We are exposed to concentration risk of reliance on NVIDIA as our sole supplier of GPUs, and may be adversely affected by any disruption or termination of our business relationships with NVIDIA or fluctuations in their supply of GPUs***

We rely heavily on NVIDIA for the provision of reliable sources of GPUs. NVIDIA has been one of our Group's largest suppliers in respect of GPUs since 2006, including advanced GPUs used by our Group in the production of our high-end VGA Cards. Purchases from NVIDIA of GPUs accounted for approximately 64.9%, 66.1%, 68.6% and 73.8% of our Group's purchases in FY2021, FY2022, FY2023 and 1H2024 respectively. See "Business Overview – Major Suppliers" of this Introductory Document for further details.

If NVIDIA experiences disruptions in its production, supply chain or trade, it may negatively impact the availability of GPUs used in VGA Cards produced by our Company and hence affect the business operations and financial results of our Company.

In particular, on 17 October 2023, the USA Department of Commerce's Bureau of Industry and Security (the "USA Trade Department") announced two new interim final rules (collectively, the "October 2023 IFRs") updating and expanding certain export controls targeting advanced computing integrated circuits ("Advanced ICs"), computer commodities that contain such Advanced ICs, and certain semiconductor manufacturing equipment ("SME") (the "Trade Restrictions"). In general, the Trade Restrictions impose controls on certain types of SME, refine the restrictions on USA persons to ensure USA companies cannot provide support to advanced SME in the PRC, including Hong Kong and Macau, expand licence requirements for the export of SME to apply to additional countries, adjust the licensing requirement criteria for Advanced ICs, and impose new measures to address risks of circumvention of the controls by expanding their applicability to additional destinations. It is noted that one of such measures introduced by the October 2023 IFRs is the inclusion of certain controls to destinations beyond the PRC which include Hong Kong and Macau (which our Group currently operates our high-end VGA Cards business segment out of).

As such, the effect of the Trade Restrictions on the business of our Group as at the Latest Practicable Date is that the Trade Restrictions would prevent NVIDIA from exporting and selling its advanced GPUs (which fall within Advanced ICs covered by the Trade Restrictions under the October 2023 IFRs) to our Group. Currently, advanced GPUs that are captured under the Trade Restrictions include the RTX 4090 model (comprising the AD102-300-A1 and AD102-301-A1 sub-models). This restriction poses a competitive disadvantage for our Group and restricts us from offering the full range of VGA Cards from our high-end to lower-end series. VGA cards utilising such Advanced ICs contributed approximately 4.1% and 11.7% to our Group's revenue for FY2022 and FY2023 respectively, and did not contribute to our Group's revenue for FY2021 and 1H2024.

In contrast, our major competitors in Taiwan remain unaffected. In addition, our Group is unable to fulfil ODM and OEM orders for the advanced GPUs, resulting in a competitive disadvantage and decline in sales revenue to our Group. Failure of our Company to procure advanced GPUs from NVIDIA may therefore limit our Company's ability to pursue such business strategies and expansion plans and the competitiveness of our Group will be affected if our Company is unable to obtain new generation advanced GPUs for a prolonged period.

Our Group intends to address the Trade Restrictions by relocating our headquarters to Singapore as our Group's principal place of decision making to direct, control and coordinate all business and operational activities, and majority of the executive management team of the Group including the Executive Chairman and Chief Executive Officer, the Executive Director and Chief Operating Officer, and the Chief Financial Officer will be relocating to Singapore to oversee the shifting of operations to the Southeast Asian region. Our Group's headquarter finance team will also be based out of Singapore.

Our Group will also set up a VGA Card manufacturing facility in Indonesia which is expected to be operational by 1Q2025. However, there is no assurance that these efforts will be sufficient to exempt us from the Trade Restrictions. This is due to the ambiguity surrounding the coverage and the USA Trade Department's interpretation of the Trade Restrictions, which may be subject to change over time.

Our Group's reliance on NVIDIA for its GPUs also exposes us to risks arising from the potential instability and variability in NVIDIA's allocation of these critical components. This dependence makes it challenging for our Group to find alternative suppliers who can match NVIDIA's technological offerings, capabilities, performance standard and brand recognition. Such reliance, in addition to NVIDIA's dominance in the market, limits the availability of suitable alternatives for our Group. Consequently, any disruption in our relationship with NVIDIA or changes in their allocation strategy could have severe repercussions on our business, financial condition, results of operations, cash flows and prospects.

In recent years, there has also been a noticeable shift in NVIDIA's business focus towards AI and machine learning applications, which may result in a reallocation of NVIDIA's resources towards advanced GPUs to support their fast-growing AI business segment. If NVIDIA prioritises such AI-related products, our Group and our competitors in the gaming GPUs industry may experience delays or shortages in obtaining the necessary GPUs for our products. This could disrupt our supply chain, leading to potential delays in product releases, reduced product availability and increased procurement costs which could result in a negative impact on our Group's business, financial condition, results of operations, cash flows and prospects.

While we have continued to maintain a strong relationship with NVIDIA, there is no assurance that we will remain a NVIDIA AIC partner and that NVIDIA will continue their supply relationships with us or will allocate sufficient GPUs to us to satisfy the demand for VGA Cards from our customers or will maintain their prices at current levels. Any disruption in supply or any unfavourable terms offered by NVIDIA may result in us expending time and resources in finding suitable alternative suppliers, and we may not be able to do so in a timely and cost-efficient manner, or at all. If we are unable to find an alternative suitable supplier to procure the components that we require in a timely fashion and on commercially acceptable terms, in the quantities that we require, our delivery schedules and business operations will be disrupted, and our business, financial condition, results of operations, cash flows and prospects could be materially and adversely affected.

Given the anticipated advancement in future GPU generations, characterised by faster speeds and higher performance, we also face the risk of significant revenue decrease if more GPUs or semiconductor chips are subject to the Trade Restrictions in the future, all of which could materially and adversely affect our business, financial position, results of operations, cash flows and prospects. Accordingly, we cannot assure you that we will be able to retain our arrangements with NVIDIA in the future. Given that NVIDIA is our major supplier, in the event NVIDIA terminates our business relationship, whether because more of NVIDIA's GPUs or semiconductor chips are included in the Trade Restrictions or otherwise, and/or if we are unable to find alternative suitable suppliers to procure the components that we require in a timely fashion, on commercially acceptable terms and in the quantities that we require, our business operations will be disrupted, and our business, financial position, results of operations, cash flows and prospects would be adversely affected.

We may also face disruptions in supply should NVIDIA face unforeseen incidents in respect of their own supply chains. This would result in longer lead-time for our production and delayed delivery to our customers. As a result of such disruptions, we may fail to meet our customers' expectations and/or make deliveries to our customers, which could in turn damage our reputation and/or expose us to legal claims and may, as a result, lead to loss of business and affect our ability to attract new business. While no such circumstances have occurred during the Period Under Review that have had a material adverse impact on our Group's financials or business operations, we cannot assure you that no such disruptions will materialise in the future. In such an event, our business operations, financials, results of operations, cash flows and prospects may be adversely affected.



**Continued or enhanced threats of trade tariffs, import and export restrictions, foreign regulations and/or other trade barriers may have a material adverse effect on our Group's business**

Certain jurisdictions impose restrictions on exports of technology originating from within their borders. These restrictions can take the form of foreign trade policies, economic sanctions, treaties, government regulations and tariffs. They can prohibit the export of our Group's products to particular individuals, enterprises or jurisdictions, or for certain prescribed purposes. They can also require that an export licence, permit and/or approval be obtained before our Group may export our products to a particular individual, enterprise or jurisdiction. Our Group's business may also be adversely impacted if sanctions are imposed on countries that we currently sell our products to.

In addition, the revocation of the United States-Hong Kong Policy Act of 1992 due to the USA government being of the view that Hong Kong is no longer sufficiently autonomous under the "One Country, Two System" principle promulgated by the PRC government, resulted in the cessation of prior favourable treatment by the USA government towards Hong Kong in areas of, *inter alia*, customs tariffs, export controls, immigration, foreign investment and extradition. The impact of such revocation on the business of our Group for the future remains uncertain. As most products manufactured by our Group rely on USA technologies, our Group's business and operations may be materially and adversely affected if the USA restricts the export of key technologies critical to our Group's business to the PRC and Hong Kong. Compliance with USA sanctions programmes is time consuming, expensive and prone to human error. Efforts to comply could slow the expansion of our Group's business in certain markets, including key markets and could have a material adverse effect on our Group's business, financial position, results of operations, cash flows and prospects.

Other jurisdictions, such as the PRC, may also impose restrictions of their own, which can take the form of import restrictions, tariffs on imports, import licensing requirements or other trade protection measures on the importation, sale, shipment or other transfer of finished products, components, or software. Growth in our Group's business may be slowed, and our Group's business, financial position, results of operations, cash flows and prospects may be adversely impacted by any new or revised import restrictions, tariffs on imports, import licensing requirements or other trade protection measures on the importation, sale, shipment or other transfer of finished products, components or software imposed by the PRC or other jurisdictions or regions. Furthermore, our Group could in the future become subject to additional tax and in which case exposes our Group to potential risks associated with tax compliance and the possibility of additional tax liabilities arising from historical or future audit, costs or other regulatory changes and/or restrictions arising from changes in applicable law, interpretation of such laws, or changes in the manner in which our Group operates our business.

For instance, on 8 June 2023, the Auditing Bureau, Dongguan Tax Service, State Administration of Taxation (国家税务总局东莞市税务局稽查局) (the "**Auditing Bureau**") issued a tax treatment decision (税务处理决定书) (the "**Decision**") to Zotac (Dongguan) Electronic Technology Company Limited. The Decision was made in relation to technology services fees of RMB 2,437,800.00 (the "**Service Fees**") paid by Zotac (Dongguan) Electronic Technology Company Limited to PC Partner Dongguan, of which, the former relied on to make a pre-tax deduction of RMB 2,299,811.32 in respect of its enterprise income tax for 2021.

As the Auditing Bureau adopted the view that (i) the Service Fees was primarily for certain testing of video graphic cards, and (ii) Zotac (Dongguan) Electronic Technology Company Limited was a trading enterprise, whose basic business process was to purchase and sell products, and the costs for testing products before mass-production was not directly relevant to its revenue, the Auditing Bureau consequently made the following decisions: (i) Zotac (Dongguan) Electronic Technology Company Limited's taxable income for 2021 shall be retrospectively increased by RMB 2,299,811.32, and it shall pay the underpaid tax of RMB 574,952.83; and (ii) Zotac (Dongguan) Electronic Technology Company Limited shall also be liable for late payment interest of 0.05% of the underpaid amount for each day from when it was due till when it is paid.

Zotac (Dongguan) Electronic Technology Company Limited has since paid the underpaid tax of RMB 574,952.83 and late payment interest of RMB 102,916.56, and adjusted its accounts in June 2023 in accordance with the above decisions of the Auditing Bureau. The Auditing Bureau has not issued any further notice of penalty on this matter and Guantao Law Firm and Jingtian & Gongcheng have advised that pursuant to the laws of the PRC, and considering that Zotac (Dongguan) Electronic Technology

Company Limited has paid all fines in a timely manner, the company is not subject to further penalties by the Dongguan Tax Service, State Administration of Taxation, in respect of the aforementioned non-compliance event. Our Group has also since ceased our practice of recharging compatibility testing fees in order to prevent the recurrence of a similar tax incident in the future.

While we have not encountered any further incidents of underpayment of corporate tax during the Period Under Review and up to the Latest Practicable Date, we cannot assure you that our Group will not encounter such incidents in the future which may result in the imposition of additional tax liabilities arising from any future audits which could in turn have a material adverse effect on our Group's business, financial position, results of operations, and prospects.

Any of the foregoing could raise our Group's costs, restrict access to components or materials used in our Group's products, restrict our Group's sale of products into certain jurisdictions and/or otherwise adversely affect our Group's sales, which could have a material adverse effect on our Group's business, financial position, results of operations, cash flows and prospects.

Our Group may be adversely affected by political, geopolitical, economic or social developments in any of the countries in which our Group operates. In particular, the Trade Restrictions that we face prevents technology companies in the USA, such as NVIDIA, which is our sole supplier of advanced GPUs from supplying us with the necessary components required for our Group's business and operations. The Trade Restrictions have generally made it more challenging for the PRC to access Advanced ICs, computer commodities that contain such Advanced ICs, and certain SME from USA companies, and consequently made it more difficult for PRC and USA companies to work together economically and to trade normally.

In light of the foregoing, more customers from the ODM/OEM segment have been inquiring about production options outside of the PRC (in line with the "China+1 approach" that is becoming an increasingly common requirement amongst our Group's customers). Our Group believes that this is showing a potential shift in demand or concerns about supply chain disruptions in the PRC. If our Company is unable to address these customer requirements or diversify our production capabilities to locations outside of the PRC, it may result in a decline in orders for our products due to geopolitical concerns and the potential increase in prices for our Group's products as a result of the imposition of trade tariffs on our Group's products, leading to a loss of revenue. For completeness, in respect of our Group's businesses that are not dependent on and do not require products which are the subject of the Trade Restrictions such as our Group's consumer electronics business, our Group intends to continue to maintain its operations as they are currently located, i.e. in Hong Kong and the PRC (including its current manufacturing facility).

Our Group's operations are also subject to a variety of other risks and uncertainties related to trading in numerous foreign countries, including political or economic upheavals and the imposition of any import, export, investment or currency controls, including tariffs and import or export quotas or any restrictions on the repatriation of earnings and capital. The materialisation of any of the foregoing risks or uncertainties could have a material adverse effect on our Group's business, financial position, results of operations, cash flows and prospects.

For the avoidance of doubt, our Group does not have principal operations, business activities, customers, suppliers and/or Relevant Persons<sup>2</sup> that are located / incorporated in any country or jurisdiction or territory which is subject to any sanctions related law or regulation imposed by another jurisdiction and no entity within our Group has carried out any activity that is subject to and in violation of any Relevant Sanction. Accordingly, our Company does not have a Sanctioned Nation Principal Nexus and/or has not carried out any Sanctioned Activity. Dechert LLP has also confirmed that the listing of our Company on the SGX-ST will not violate any of the Relevant Sanctions or result in any Relevant Sanctions related restrictions being imposed against persons involved in permitting the listing, trading, clearing, and settlement of the Shares on the SGX-ST, including SGX-ST and SGX-ST entities. For further details of how the Trade Restrictions may have an impact on our business relationships with our key USA suppliers of high-end semiconductor chips, please refer to the section entitled "Business Overview – Major Suppliers – Our Group's business relationship with NVIDIA of advanced GPUs" of this Introductory Document (which also sets out certain undertakings which

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<sup>2</sup> "Relevant Person" refers to any substantial shareholder or director or executive officer of any Group entity.

our Company has given to the SGX-ST in this regard). To the extent that the SGX-ST is of the view that material sanctions risks in respect of our Group and/or our business operations arise post-listing and/or if we breach any of our undertakings provided to the SGX-ST, the SGX-ST may exercise its powers under Listing Rule 1303(6) to suspend the trading of our securities, and remove our Company from the SGX-ST (without our agreement) pursuant to Listing Rule 1305(3).

***We have a contingent liability of US\$25 million due to the potential imposition of a 25.0% import tariff from the U.S. CBP's reclassification of our import of VGA Cards into USA from gaming components to computer components***

We have a contingent liability of US\$25 million due to the potential imposition of a 25.0% import tariff by the United States Customs & Border Protection (“**U.S. CBP**”) under Section 301 of the USA Trade Act of 1974 which was implemented in four phases in respect of a distinct list of targeted products based on the Harmonized Tariff Schedule of the United States (“**HTSUS**”) Code (List 1, List 2, List 3, and List 4 (comprising List 4A and List 4B)) with effect from 6 April 2018 to 17 May 2019 (the “**China Section 301 Tariff**”).

Under the China Section 301 Tariff, certain goods are subject to additional duty at a range of 10% to 25% if such goods are imported from foreign countries that violate USA trade agreements or engage in acts that are “unjustifiable” or “unreasonable” and burden USA commerce, depending on, amongst others, the HTSUS tariff code of the imported goods. This includes the import of certain goods from the PRC, subject to certain exclusions granted by the Office of the USA Trade Representative (“**USTR**”).

Our Group exports its VGA Cards to the USA, where it has a large customer base. In this connection, our Group had made a prior disclosure to the U.S. CBP in respect of its import entries (“**Selected Entries**”) for the period between 30 July 2020 to 2 January 2023 made under the HTSUS tariff code for video game consoles and machines (which falls under List 4B of the China Section 301 Tariff and would therefore attract neither normal trade relations (“**NTR**”) duties nor additional duty under the China Section 301 Tariff). Subsequently, the U.S. CBP determined that our Group's VGA Cards should have been classified under another HTSUS code which does not attract NTR duties but which instead falls under List 3 of the China Section 301 Tariff, and requested that the Group submits a post summary correction for the Selected Entries. As a result of the foregoing, our Group was subject to a 25% China Section 301 Tariff being imposed on our Group's VGA Cards imported to the USA between 1 January 2021 and 11 October 2021 (“**Gap Period**”), where List 3 products were not excluded from the China Section 301 Tariff. List 3 Products are excluded from the 25% China Section 301 Tariff until 31 May 2025.

While our Group maintains that the VGA Cards are specifically designed and produced for gaming purposes, our Group voluntarily sought to rectify its declaration as to the classification of its VGA Cards with the U.S. CBP to avoid additional penalties on unreported tariffs, and has since 1 March 2023, imported the relevant VGA Cards under such “corrected” HTSUS Code.

We, together with our Independent Joint Auditors, have assessed that the estimated potential amount of the potential tariff arising from the HTSUS reclassification of our Group's import of VGA Cards during the Gap Period is calculated to be approximately US\$25 million (equivalent to approximately HK\$196 million), after off-setting against sums of approximately US\$316,000 (equivalent to approximately HK\$2.5 million) and US\$431,000 (equivalent to approximately HK\$3.4 million) paid erroneously in 2018 and 2019 respectively during the period which products under the HTSUS List 3 code were excluded from the China Section 301 Tariff, for which the Company is requesting a refund.

Our Group has also engaged a third-party international customs consulting firm to conduct a tariff classification analysis and file an appeal with the U.S. CBP, as announced by the Company on the HKEX on 13 September 2024<sup>3</sup>, so that it may seek clarity on the issue. As advised by the international customs consulting firm, our Group has filed a litigation protest (“**Protest**”) with the U.S. CBP on 2 July 2024, which, among others, puts forth that no tariffs should be payable during the Gap Period (notwithstanding that the product exclusion scheme was not available).

<sup>3</sup> Announcement by the Company on the HKEX titled “Interim Report 2024” <<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0913/2024091300381.pdf>>.

It is noted that there is no assurance as to the timeline for the outcome of the appeal, or if the appeal will be successful. If the appeal is unsuccessful, our Group will be subject to the China Section 301 Tariff. Any unfavourable resolution of this matter, including the requirement to pay the contingent liability in full, may have a material adverse effect on our Group's business, financial position, results of operations, prospects, and cash flows. Our Group may also have to reallocate its resources and capital to address the potential financial obligations, thereby impacting liquidity and financial flexibility. Please refer to the section entitled "Capitalisation and Indebtedness – Contingent Liabilities" of this Introductory Document for further details.

***We operate in a highly competitive landscape and any failure by us to compete or respond effectively to changes in market trends and customer preferences could result in us losing market share and revenue***

Our Group operates in a swift and highly competitive landscape where product life cycles undergo continual compression. The introduction of new products requires substantial resource allocation across development, production, sales and marketing. Any delay in adapting to these shifting market dynamics exposes our Group to the risk of falling behind competitors. Failure to adapt to emerging technological change in time or at all and to develop products aligned with current market trends in a timely manner may have adverse consequences for our Group's business. Our competitors may be able to respond more quickly to new or emerging technologies and changes in customer requirements. In addition, uncertain market conditions may in the future adversely impact consumer confidence, income levels, customer spending or demand on products which are highly competitive.

While we intend to stay abreast of and acquire the software and hardware technology required to keep up with such evolving industry standards, changing consumer demand and expectations, integrating such new and other disruptive technologies may pose a challenge to our existing business and operations. Any failure on our part to act effectively in any of these areas may materially and adversely affect our business, financial condition, results of operations and prospects.

Our Group's major competitors are other computer electronics manufacturers, some of which may enjoy advantages over our Group, such as greater financial resources, access to raw materials and components, economies of scale, widespread brand name recognition and established market relationships in certain markets. As a result, these competitors may find it easier to source materials from suppliers who are also suppliers to our Group. Some competitors may also not be subject to the Trade Restrictions that we are subject to and thus have a competitive advantage and may enter markets that we are currently unable to due to the Trade Restrictions or enter markets we serve and sell products at lower prices in order to gain and obtain a greater market share. Heightened competition may lead to decreased sales by our Group and/or our Group having to lower the prices of its products in order to compete with other industry players, and ultimately may have a material impact on our Group's business, financial position and results of operations. In particular, with the rapid technological and market developments, our Company may face fierce competition within the computer electronics manufacturing industry, particularly in the market segments of VGA Cards, motherboards, and mini-PCs.

Current and potential competitors may also make strategic acquisitions or establish cooperative relationships among themselves or with third parties that enhance their ability to address the needs of our prospective customers. It is possible that new competitors or alliances among current and new competitors may emerge and rapidly gain significant market share. Our competitors may also produce products that are equal or superior to our products, or engage in aggressive pricing in order to gain or increase market share, which could subject our products to downward price pressures, reduce our market share, reduce our overall sales and require us to invest additional funds in new technology development. This may have a material adverse effect on our business, including our financial position, results of operations, cash flow and prospects.

While our continued innovation to the technologies and qualities shown in our products and services may keep us competitive, there is no assurance that we will continue to remain competitive. In the event that we are unable to retain our existing customers and/or attract new customers amidst the competition, our business, financial position, results of operations and prospects may be materially and adversely affected.



The introduction of new VGA Card models can also influence pricing. With each new generation of VGA Cards offering enhanced performance and features, older models may undergo price decreases to accommodate the latest stock. Shortages or price hikes in critical components essential for VGA Cards manufacturing, such as memory or semiconductors, can also drive prices upward. These shortages may stem from disruptions in the supply chain, heightened demand from alternative industries, or geopolitical factors.

In addition, the product life cycle of VGA Cards based on NVIDIA GPUs is usually around 24 months and is generally dependent on whether NVIDIA introduces new GPUs to the market. New VGA Cards installed with the latest GPUs may have an impact on the demand for older VGA Card models which do not have the newest GPUs. The Trade Restrictions that we are subject to may result in us having access to a narrower range of GPUs. As product life cycles progress, we may only have access to purchase comparatively lower quality GPUs which affects our ability to develop new products that are in demand to sell to our customers. In the event that we are unable to develop new VGA Cards installed with the newest or latest GPUs, we may not be able to retain our existing customers and/or attract new customers and our business, financial position, results of operations and prospects may be materially and adversely affected.

Sharp increases in interest rates can also impact consumers' appetite for VGA Cards, since consumers may defer or reduce their spending, leading to a decrease in demand. High interest rates can also decrease affordability, particularly for high-end VGA Cards.

A strong United States Dollars can elevate the cost of imports from countries other than the USA, rendering VGA Cards relatively more expensive for consumers in those regions. Since major components like GPUs and memory are transacted in United States Dollars, this can dampen demand among consumers in countries other than the USA.

We have also commenced development and production of AI related products through our Group's ZOTAC ZBOX Series with support and collaboration from major suppliers such as NVIDIA, with an aim to capitalise on the growing demand for AI applications and solutions. However, venturing into new product development and diversifying into AI related products inherently comes with risks. Although we carefully assess market demand and customer requirements, ensure that our AI related offerings align with industry trends and provides value to our target customers, and take into consideration the necessary investments in research and development, there is no assurance that we will be able to accurately forecast or predict the market trends. Any incorrect forecast or prediction in developing and marketing new products and technologies may have a material and adverse impact on the business, financial position, results of operations and prospects of our Company.

***We are dependent on our ability to continuously introduce new innovative products through our R&D efforts and to adapt to changes in new technologies, engineering and production advancement and processes***

The computer electronics manufacturing industry is characterised by rapid technological changes, constant innovation and keen global competition. The industry is also susceptible to changes in product life cycles. These rapid technological developments require us to consider the regulatory standards, integrate new technology into our products, develop new and relevant product categories and adapt to changing business models in a timely manner.

Our competitors may develop or acquire alternative and competing technologies and standards that could allow them to develop new and disruptive products and/or produce similar, competitive products at lower costs of production, thus rendering our products less competitive or even obsolete. Our ability to compete effectively will therefore depend on our ability to adapt to advancements in engineering and production technologies to meet our customers' needs, our ability to identify and leverage on new trends in the electronics market and our ability to innovate on our R&D capabilities. For example, the introduction of new games which do not require sophisticated graphics and the advent of cloud computing which may diminish demand for high performance gaming hardware, are trends that could potentially render our current products obsolete.

As a result, we may need to invest resources in R&D to maintain our market position, keep pace with technological and regulatory changes and compete effectively. Our R&D expenses were HK\$58.1 million, HK\$64.3 million, HK\$75.0 million, and HK\$37.4 million (equivalent to approximately S\$9.9 million, S\$10.9 million, S\$12.7 million and S\$6.4 million) in FY2021, FY2022, FY2023 and 1H2024 respectively, representing 0.4%, 0.6%, 0.8% and 0.8% of our revenue for the same period respectively. Expenditures incurred in connection with developing new products and/or enhancing our existing products and upgrading of our existing facilities are likely to be incurred in advance of any increased sales. We cannot assure you that our revenue will increase after these expenditures are incurred. Our business and results of operations may be adversely affected if we do not operate as efficiently and effectively as our competitors or if we cannot adapt on a timely basis to technological changes or if we are unable to effectively engage in R&D to introduce new products which meet the needs of the market in a timely manner, all of which could materially and adversely affect our business, financial position, results of operations and prospects.

***We face risks associated with our liquidity, loan facilities and the fluctuation of interest rates***

We have from time to time entered into short-term and long-term financing arrangements with financial institutions to secure funds for our business operations and/or investments. Under the terms of such financing arrangements, we are subject to interest payment and loan repayment obligations, as well as restrictive covenants or other obligations which may include, among others, the maintenance of financial ratios, prohibition on the creation of encumbrances over our assets, restrictions on change of control, and minimum insurance coverage. As at 30 September 2024, we had outstanding borrowings with an aggregate outstanding amount of approximately HK\$735.4 million (equivalent to approximately S\$124.9 million).<sup>4</sup>

Our ability to secure loans or repay or refinance our debt obligations in a timely manner depends on our creditworthiness at the relevant time, which are subject to prevailing market and economic conditions and various other factors, some of which may be beyond our control. We cannot assure you that we will be able to maintain a level of cash flows from operating activities or financing activities that will be sufficient to pay or repay the principal, interest or other required payments on indebtedness.

Although our Group as at 30 September 2024 maintains a healthy cash position with adequate equity and is in a strong positive net cash position, our cash position is highly susceptible to the fluctuations in receivables from sales and cost of inventories from any unexpected events in the future. For example, in the event of an economic shock, our customers may face financial difficulties or delay payments. As such, there is a possibility of not being able to collect the receivables from our customers.

We cannot assure you that we will have sufficient cash flow or cash reserves to service our borrowings in the long run. If our Group is not able to refinance its borrowings on commercially acceptable terms or at all, our Group's liquidity will be materially and adversely affected and, as a result, our Group's business, financial position, results of operations and prospects may be adversely affected.

Further, a majority of our loan facilities incur interest at floating interest rates. The interest rates which we are charged will expose our Group to risks associated with debt financing, including exposure to fluctuations in interest rates and insufficient cash flows and cash reserves to meet required payments of the principal amount and interest under such financing. A material increase in interest rates would increase borrowing and finance costs, which may in turn weaken our Group's financial standing when seeking future financing for our expansion or other funding requirements.

As our Group maintains a certain level of indebtedness, an increase in interest expense would adversely affect the net profit, financial position and results of operations of our Group. Our interest expense was HK\$15.0 million, HK\$27.9 million, HK\$54.8 million and HK\$15.9 million (equivalent to approximately S\$2.5 million, S\$4.7 million, S\$9.3 million and S\$2.7 million) for FY2021, FY2022, FY2023 and 1H2024 respectively. Interest expense represented 0.6% of our Group's revenue in FY2023 compared to profit attributable to owners of our Group that amounted to 0.7% for the year.

<sup>4</sup> Excluding standby documentary credit.



Our Group will also be subject to the risk that our existing borrowings may be terminated by the financial institutions' sole discretion as the banks have overriding right of repayment on demand that can be exercised, irrespective of whether our Group has complied with the covenants and met the scheduled repayment obligations and, hence, such borrowings are classified as current liabilities in our financial statements. Where such right of repayment on demand is exercised by a financial institution, our Group shall repay to the financial institution the amount then outstanding immediately as demanded. Upon the occurrence of certain events (such as an exercise by a financial institution of its right or repayment on demand, a breach of covenants, the failure to make interest payments and/or rectify any breach in the agreements), we may not be able to refinance our existing borrowings or the terms of any refinancing will not be as favourable as the terms of our existing borrowings. This may adversely affect the business, financial position, results of operations and prospects of our Group.

There have not been any incidents of loan covenant breaches that have had a material adverse impact on our Group's business operations and/or financials, nor have there been any instances where any borrowings of our Group have been called for repayment on demand by any financial institution. However, we cannot assure you that any future occurrence of such events will not have a material adverse effect on our business, financial position, results of operations and prospects.

***We are dependent on the services of our executive directors and other key executives***

Our Group's performance depends on the continued services and performance of our executive directors, senior management, and sales representatives in different regions. The loss of service of any of our executive directors and key management, in particular, Mr Wong Shik Ho Tony, our Chairman, CEO and Executive Director who is responsible for the overall strategic management and corporate development of our Group, Mr Wong Fong Pak, our Executive Vice President and Executive Director who is responsible for managing our Group's materials management function and sales and business development function of our Group's EMS business, and Mr Leung Wah Kan, our COO and Executive Director who is responsible for the strategic management of our Group's manufacturing operations in the PRC and the product design and development engineering activities of our Group, could impair our Group's ability to operate and make it difficult to execute our Group's business strategies. Our continued success is therefore dependent to a large extent on our ability to retain such key management personnel. The loss of services of any of our key management personnel without suitable and timely replacements may materially and adversely affect our business, financial condition, results of operations and prospects.

All Executive Directors and Executive Officers involved in sales and marketing and operations have served our Group for more than ten years. The expertise of senior management involved in sales and marketing and operations are set out in the section entitled "Business Overview – Sales and Marketing" of this Introductory Document. Our Group's performance and its future success also depends on its ability to attract, retain and motivate its officers and employees. In the event that we need to substantially increase employee compensation levels to attract, retain and motivate any key personnel, our costs may increase and our financial performance may be materially and adversely affected. All of our Executive Directors are on three-year Service Agreements, of which, such agreements will continue from such date indefinitely until it has been terminated by the parties in accordance with the terms of the agreements. There is no assurance that our Company will be able to renew these Service Agreements with our Executive Directors on similar terms or at all. The loss of the services of key personnel, without suitable or comparable replacements in a timely manner, or the inability to identify, hire, train and retain other qualified technical and/or managerial personnel in the future may materially and adversely affect our business, financial condition, results of operations and prospects and adversely affect the performance of our Group.

***We are reliant on experienced staff to develop our products, and are dependent on our ability to attract and retain such personnel***

As a leading manufacturer of computer electronics and provider of one-stop EMS, we rely on a pool of skilled personnel to create and customise our products, maintain production capabilities and deliver high-quality products and services. We recognise that there are competing demands for such personnel in our industry. Our future growth and expansion will depend on our ability not only in retaining the existing skilled personnel, but also to continue employing suitable skilled personnel at a rate consistent with our business growth. In the event that we are unable to retain or hire skilled specialised personnel and we are required to hire and train new staff, the time required and costs to be incurred to hire and train

such personnel may affect our cost competitiveness, which may in turn adversely affect our financial performance. There is no assurance that we will be able to continuously recruit suitable skilled personnel in a timely and cost-efficient manner or at all. If there is a shortage of such skilled personnel, our business, financial position, results of operations and prospects may be materially and adversely affected. In addition, if any of our skilled and experienced personnel were to join a competitor or form a competing company, we may lose technical know-how, trade secrets, customers and staff.

***The sale of VGA Cards accounted for a significant proportion of our revenue and profitability***

During the Period Under Review, we generated significant revenue from the sale of VGA Cards, including sales from certain of our Group's own brand VGA Cards, namely ZOTAC, Inno3D, and Manli. During the Period Under Review, the total sales generated from brand VGA Cards accounted for 64.3%, 64.1%, 61.8% and 61.4% of our Group's revenue in FY2021, FY2022, FY2023 and 1H2024 respectively. We expect the revenue generated from VGA Cards to continue to represent a significant portion of our revenue in the foreseeable future. As such, we may be subject to concentration risk from this business segment.

Any adverse developments, such as a decline in the popularity of the VGA Cards sold by our Group or the loss of customers who mainly purchase VGA Cards from us, could result in a substantial reduction in the income of our Company. Further, such high concentration of income from this business segment also increases the vulnerability of our Company to product-specific risks, such as changes in market demand, competitive pressures, and/or any negative outcome of strategic decisions made by our Group in respect of VGA Cards sold by our Group.

We cannot assure you that we will be able to continue to retain such level of revenue in respect of our VGA Cards business segment or maintain our relationships with our customers. We also cannot assure you that demand for the VGA Cards sold by our Group will not be negatively affected by changes in market demand, competitive pressures, and/or any negative outcome of strategic decisions made by our Group in respect of these products. If any of the foregoing results in a reduction in demand or cessation of orders for VGA Cards sold by our Group, and we are unable to replace such brands with others that have a comparable profitability, our business, financial position, results of operations, prospects and cash flow may be materially and adversely affected.

***Our business activities are subject to seasonality***

Our business experiences seasonal fluctuations in its turnover and operating income and generally records higher turnover during new product releases which typically occur in the third and fourth quarters of each calendar year, resulting in traditionally higher consumer spending during the period. As a result of these fluctuations, comparisons of sales and operating results between different periods within a single financial year, or between different periods in different financial years, are not necessarily meaningful and cannot be relied on as indicators of our financial and operating performance. Any seasonal fluctuations reported in the future may not match the expectations of investors and past performance of our Group is not indicative of the future performance of our Group.

If our businesses are unsuccessful in launching the right products for a particular season, sales for that entire season could be significantly affected and this could affect the confidence that our investors, customers and suppliers have in us. Additionally, any consequent reputational damage could have a negative impact on our business sales in future seasons. Our results of operations may also fluctuate significantly as a result of a number of other factors, including, but not limited to, macroeconomic conditions, geopolitical environment, trade restrictions, product mix and the timing of advertising and promotional campaigns.

If the seasonal nature of our business results in fluctuations in our operating income, resulting in challenges in comparisons of operating results between different periods, our investors may experience difficulty in monitoring our financial and operating performance, and if it leads to our businesses being unsuccessful in launching the right products for a particular season, and affecting sales for that entire season, our reputation could be damaged and our business, financial position, results of operations and prospects could be materially and adversely affected. Please refer to the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations – Seasonality" of this Introductory Document for further details.

***Our business operations may be materially and adversely affected if we fail to comply with laws, regulations and conditions stipulated in any licences, permits, registrations or approvals, and/or are unable to obtain, maintain and/or renew the required licences, permits, registrations and approvals***

In carrying out our business operations, we are required to comply with relevant laws and regulations (including any applicable labour laws and regulations) and obtain certain licences, permits, registrations and approvals from various governmental authorities in the countries that we operate in. Please refer to the sections entitled “Government Regulations” and “Business Overview – Material Licences, Permits, Registrations and Approvals” of this Introductory Document for a summary of the key laws and regulations affecting our Group and the key licences, permits, registrations and approvals obtained as at the Latest Practicable Date respectively. In the event that we fail to comply with the relevant laws and regulations (including any applicable labour laws and regulations), we may be penalised and/or subject to civil liabilities for such breaches of law or regulation and/or may be required, and our business, financial position, results of operations and prospects may be adversely affected as a result.

In addition, laws and regulations governing, *inter alia*, tariffs, trade restrictions, the imposition of import and export taxes, conditions of sale, customer support practices and warranty provisions in the jurisdictions our Group operates in, such as the USA and Europe, are stringent and potentially adverse and it is possible that they will become significantly more stringent and potentially adverse in the future. Our Group received a warning letter regarding a potential violation of the Federal Trade Commission Act (the “**FTC Act**”) and/or the Magnuson-Moss Warranty Act (the “**Warranty Act**”) by Zotac USA, relating to Zotac USA’s warranty practices concerning the consumers’ right to repair products purchased from Zotac USA. Following receipt of the said FTC warning letter, our Group engaged an independent US counsel to review the entirety of its warranty in the USA to confirm that it complies with the FTC Act and the Warranty Act and applicable state laws of the USA. Going forward, our Group intends to engage the independent US counsel to perform a periodic review of its warranty to make any necessary updates and or revisions thereto, including in the event of any new laws, regulations, or regulatory guidance affecting its warranty in the USA. Further, any revisions to warranty in the USA will be overseen by, and require approval from, the president of Zotac USA together with the global marketing director for the Zotac brand. Our Group has not received any further correspondence from the Federal Trade Commission (the “**FTC**”) and to our knowledge, there were no adverse findings by the FTC in respect of this matter. However, if we are held to be in violation of any legal or regulatory requirements, including any additional conditions which may be stipulated by courts or governmental or supranational agencies from time to time, we may have to pay fines, modify, suspend or discontinue our operations, incur additional operating costs or make capital expenditures to comply with these laws and regulations and in some instances, our subsidiaries, directors and/or employees may also be faced with civil penalties and/or criminal penalties of up to US\$1 million per violation or imprisonment (for individuals) of up to 20 years. Any such costs and/or penalties may have a material adverse effect on our Group’s business, financial condition, results of operations and prospects.

In addition, some of these licences, permits, registrations and approvals may be subject to periodic renewal and reassessment by the relevant authorities, and the standards of compliance required in relation thereto may from time to time be subject to changes. New laws, regulations or policies may also be introduced. Accordingly, we have to constantly monitor and ensure compliance with the relevant conditions, laws and regulations. Our Group is not subject to periodic audit or inspection by relevant authorities and there have been no material adverse observations arising from such audits or inspections during the Period Under Review. We have also not encountered any instances of failure to obtain or renew any licences, permits, registrations or approvals required for the operation of our business during the Period Under Review. In this regard, there are no conditions imposed on our Group in respect of the licences, permits, registrations, and approvals held, other than those which are typically applicable in respect of all holders of such licence, permit, registration or approval during the Period Under Review.

There is also no assurance that the regulatory environments in which we operate will not change significantly or become more stringent or potentially more adverse in the future. Compliance with any changes in existing or new laws and regulations may increase our compliance costs, which may adversely affect our business, financial position, results of operations and prospects. In addition, there is no assurance that we would be able to comply with such amended or new laws and regulations, which may have an adverse effect on our business, financial position, results of operations and prospects. In the event that we fail to comply with the relevant laws and regulations, we may be penalised for such breaches of law or regulation, and our business, financial position, results of operations and prospects may be adversely affected as a result.

During the Period Under Review, there were no past incidents concerning our Group's ability to obtain or renew permits and/or regulatory licences that had a material adverse impact on our Group's business and operations, but we cannot assure you that any future occurrence of such events will not have a material adverse effect on our business, financial position, results of operations and prospects.

***Leaks of confidential information and/or cyber security breaches could result in significant reputational harm and monetary damages***

Our business involves the storage and transmission of confidential information, including personal information, sensitive data, supplier information, actual and potential customer information, quotations, tender documents, and contracts which are stored in our system and other corporate systems. We also depend on a number of third-party vendors in relation to the operation of our business, a number of which process data on our behalf. We and our vendors are subject to a variety of data privacy and information security laws, rules, regulations, industry standards and other requirements of the various jurisdictions in which we operate, including those that apply generally to the handling of information about individuals, and those that are specific to certain industries, sectors, contexts, or locations. These requirements, and their application, interpretation and amendment, are constantly evolving and developing.

For example, in the United States, the FTC and state regulators enforce a variety of data privacy and information security issues, such as promises made in privacy policies or failures to appropriately protect information about individuals and entities, as unfair or deceptive acts or practices in or affecting commerce in violation of the FTC Act or similar state laws.

We make telephone calls, send short message service, or SMS, text messages to customers who consent to receiving marketing and communication materials from us. The actual or perceived improper calling of customers' phones and sending of text messages may subject us to potential risks, including liabilities or claims relating to consumer protection laws. Any such litigation against us in the future could be costly and time-consuming to defend. Regulatory authorities or private litigants may claim that the notices and disclosures we provide, form of consents we obtain or our calling / SMS texting practices are not adequate or violate applicable law. This may in the future result in civil claims against us. Claims that we have violated the relevant data protection / customer privacy laws and regulations could be costly to litigate, whether or not they have merit, and could expose us to substantial statutory damages or costly settlements.

While we strive to ensure that all of our marketing communications comply with the requirements set forth in the relevant local laws and regulations, any violations could result in regulatory authorities seeking penalties against us.

Even though we believe that we and our vendors are generally in compliance with applicable laws, rules and regulations relating to privacy and data security, these laws, rules and regulations are in some cases relatively new and the interpretation and application of these laws are uncertain. Any failure or perceived failure by us to comply with data privacy laws, rules, regulations, industry standards and other requirements could result in proceedings or actions against us by individuals, consumer rights groups, government agencies, or others. We could incur significant costs in investigating and defending such claims and, if found liable, pay significant damages or fines or be required to make changes to our business. Further, these proceedings and any subsequent adverse outcomes may subject us to significant negative publicity and an erosion of trust. If any of these events were to occur, our business, results of operations, and financial condition could be materially and adversely affected.

Security breaches have in the past and could in the future expose us to unauthorised disclosure of information, resulting in litigation and possible liability, as well as damage to our relationships with our customers, suppliers and investors.



In addition, our business may be exposed to risks of cybersecurity threats, data privacy breaches as well as other network security and stability risks. The scale and level of sophistication of cybersecurity threats have increased especially in recent times. Computer viruses, malware, ransomware, worms, or trojans may harm our systems or our products or cause the loss or alteration of data and the transmission of computer viruses or malware via our technology could expose us to litigation and loss of confidence in the security of our technology, as well as regulatory investigations and penalties. Disruptions to our Group's information technology systems caused by cyber-attacks or otherwise could therefore have a material adverse effect on our business, financial position, results of operations and prospects.

If our security measures are breached as a result of third-party action, employee or contractor negligence or wilful default, malfeasance or otherwise, such unauthorised access to confidential information could damage our business and reputation. In addition, the perpetrators of such illegal activity often are very sophisticated and can hire other parties with significant resources at their disposal to breach the firewalls of our security networks and systems. If an actual or perceived security breach occurs, the market perception of our security measures could be harmed and we could lose the confidence of our customers, suppliers and investors. Any significant violations of data privacy and cybersecurity laws and regulations to which we are subject or other security breaches could result in the loss of business, litigation and regulatory investigations and penalties that could damage our reputation and adversely impact our business, financial position, results of operations, prospects, and cash flows.

To safeguard confidential information and personal data under the custody of our Group, our Group has implemented a data policy which governs our Company and all subsidiaries under our Group. Our Group's data policy covers all types of data, including personal data as defined in the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong), and trade secrets or non-public information owned, stored and/or handled by our Group.

Our Group's data policy is designed to ensure that (a) data is processed lawfully, fairly, and transparently, (b) data is only collected for specific, legitimate purposes, (c) all data under our Group's control is kept accurate, up-to-date and secure; and (d) data is retained only as long as necessary.

Our Group has taken steps to employ various technical and organisational measures to safeguard data. Such measures include restricting data access to authorised personnel, encrypting data where possible, ensuring data accuracy, and safeguarding data from unauthorised access, loss, or damage. In addition, our Group also has in place specific security procedures, which involve keeping desks and cabinets locked, using strong passwords, securely storing servers, and encrypting portable storage devices. Staff are instructed to verify the identity of individuals before disclosing data over the phone and to destroy physical copies of data when no longer needed.

In the event of a data breach, our Group's data policy directs staff to report to their supervisors and department heads, and all breaches are recorded by the Human Resources Department, with actions taken by the Director of Legal and Company Secretary as necessary. Regular training on data protection responsibilities is provided to all employees, with additional training for those with regular data access or policy implementation roles. All staff are directed to ensure data is accessed only for authorised purposes, kept secure, and not stored on local or personal devices without proper security measures.

Our Group's data protection policy undergoes regular reviews by management, who may recommend updates to the board of directors to ensure continuous improvement in data protection practices. We take steps to comply with standards that are consistent with industry practice. However, we encountered one instance of a data breach in July 2024 involving the breach of customer return merchandise authorisation files and personal information as well as details of business-to-business transactions. Specifically, data was uploaded to a file server that had been misconfigured by Zotac USA to be publicly accessible. As a result, this data became publicly accessible through various search engine results. Such data included serial numbers, return merchandise authorisation ("**RMA**") records, and Zotac USA's internal communications and financial documents (such as invoices and other sales-related documents). Names, invoices, addresses, RMA request details, and contact information were included in these documents. Business-to-business transaction data was also made publicly available because of the misconfigured file server. Our Group subsequently engaged an IT professional and cybersecurity services provider to conduct a thorough digital forensic investigation into the data leak. The IT professional found no clear exploited vectors, indications of compromise, or malicious content. Instead, a misconfiguration of the server was identified as the most likely primary cause of the data leak. The same IT professional also

conducted a Vulnerability Assessment and Penetration Testing (“VAPT”) of specific infrastructure assets. The VAPT identified vulnerabilities related to Zotac USA’s server, administrative portal, and the use of insecure protocols. Following the VAPT, our Group took measures to address the identified vulnerabilities in accordance with the recommendations provided by the IT professional. Subsequently, the IT professional reported that the vulnerabilities identified during the VAPT had been effectively mitigated by our Group. Our Group has also taken certain steps post-incident, which include revising its after-sales service process. Further, the upload button, which previously required customers to submit electronic forms, has been removed, and customers are instructed to send these forms via email, reducing the risk of data exposure on the internet. Our Group also intends to engage the IT professional to conduct regular reviews of its information and cybersecurity systems moving forward. To the best of our knowledge, no regulatory actions, penalties and fines have been taken against our Group in relation to the data breach in July 2024 and our Group, is of the view that the data breach is not expected to have any material impact on our business, financial condition, results of operations and prospects.

Although our Group has implemented these rectification measures in respect of such data breach, there is no guarantee that we will not, in the future, encounter any other incidents involving leakage of confidential information or breaches of privacy and cyber security laws that would have an adverse impact on our business prospects and reputation.

Any additional requirements for compliance with any additional laws and regulations that may apply to our Company from time to time could be costly, and may also place restrictions on the conduct of our business. Any failure to comply with applicable regulations could also result in regulatory enforcement actions against us, and misuse of or failure to secure confidential information could also result in violation of data privacy laws and regulations, proceedings against us by governmental entities or others, damage to our reputation and credibility and could have a negative impact on revenues and profits.

Significant capital and other resources may be required to protect against information security breaches or to alleviate problems caused by such breaches. The resources required may increase over time as the methods used by hackers and others engaged in online criminal activities are increasingly sophisticated and constantly evolving. Any failure or perceived failure by us to prevent information security breaches or any compromise of security that results in the unauthorised release or transfer of personally identifiable information or other confidential information, could cause our customers, suppliers and investors to lose trust in us and could expose us to legal claims.

Our information systems contain physical and software safeguards that are designed to protect against unauthorised access and system failures. They may, however, be subject to disruptions due to storms, floods, fires, terrorist acts, power loss, telecommunications failures, physical or software break-ins, computer viruses and similar events. If our critical information systems fail or are otherwise unavailable, our operations will be adversely affected. Although our Group has implemented procedures designed to mitigate technology risk and will continue to take steps to protect the security of the data maintained in our information systems, it is possible that such security measures will not be able to ensure the system’s proper functioning, or the data leakage of confidential information such as in the event of cyber-attacks, phishing and malicious software such as ransomware. Security breaches, including physical or electronic break-ins, computer viruses, attacks by hackers and similar breaches, can create system disruptions, shutdowns or unauthorised disclosure of confidential information. Any failure to maintain proper function, security and availability of our Group’s information systems could interrupt our operations, damage our reputation, subject our Group to liability claims or regulatory penalties and could materially and adversely affect our Group’s business, financial position, results of operations and prospects. In addition, we depend on third-party vendors or software and operating systems supplied by third party vendors for certain functions whose future performance and reliability we cannot warrant.

***Fluctuations in the price of our raw materials and components including delivery costs may adversely affect our profit margins***

A significant proportion of our Group’s total costs are costs of components and materials. For FY2021, FY2022, FY2023 and 1H2024, our Group’s material costs as a percentage of sales revenue were 70.4%, 83.2%, 89.7% and 86.6% respectively. Our primary raw materials and components used in our products are ASIC (including CPU and/or GPU), RAM, PCB, thermal modules and other electronics components, which accounted for approximately 97.4%, 97.3%, 97.2% and 97.6% of our Group’s total material cost over cost of sales for FY2021, FY2022, FY2023 and 1H2024 respectively.



While we may pass on fluctuations in raw material costs including fluctuations in freight and delivery costs to our OEM, ODM, and EMS customers, we may have to decline orders or absorb some of the impact, particularly for our own branded products which may have less flexible pricing. Any substantial increase in the costs of these raw materials and components, particularly for ASIC and RAM, which represent a substantial portion of our raw materials costs, could adversely affect our business, financial condition and results of operations. If we are not able to pass on any increase in the price of raw materials to our customers, our profitability and our financial performance will also be affected. Apart from fluctuations in raw material costs, any disruption in the supply chain, whether due to geopolitical tensions, natural disasters, transportation issues, or supplier insolvency, could significantly impact our Group's ability to manufacture products. Such disruptions may lead to increased costs, production delays, and an inability to meet customer demand, which could adversely affect our Group's reputation, business and operations. Any resulting loss of production volume or any of the foregoing risks could therefore materially and adversely affect our ability to timely deliver products to our customers and damage our reputation and could also have a material and adverse effect on our Group's business, financial position, results of operations and prospects.

***We plan and budget the ordering of our supplies based on our projections of customer's demand for our products, which may not materialise into orders***

We plan and budget our supply orders for certain components based on our projection of the customer's demand for our products.

We also operate without any long-term purchase commitments from our customers and rely on sales being made on individual purchase orders basis.

As a result, we cannot assure you that the volume of our customer orders will align with our Group's expectations when planning for our capital and/or procurement requirements and the results of our operations may fluctuate from period to period. Any shortfall in actual orders compared to these projections could lead to inefficient allocation of materials which could have been better utilised for other profitable products and excess inventory levels, potentially resulting in the obsolescence and/or write-offs of our raw materials, components and finished goods. Such fluctuations may have a material and adverse effect on our Group's business, financial position, results of operations and prospects.

***We may be affected by the restructuring plans of our major customers and/or major suppliers***

Our major customers and suppliers may undergo a restructuring of their business in the face of the evolving competitive environment. These actions may involve cost reduction and/or change in business strategies, which may impact our sales or materials sourcing. In the event these changes are not favourable to our Group, our operating results could be adversely affected. For example, in May 2023, one of our Group's major customers, announced the implementation of a restructuring plan pursuant to its filing for Chapter 11 bankruptcy protection in the USA, to streamline its operational efficiency and competitive positioning within the industry, and in August 2023, announced the completion of its financial restructuring and emergence from the related Chapter 11 proceedings. Though the customer's restructuring plan was announced to have been completed in August 2023 and there has not been any material change to our Group's business relationship with the customer since August 2023 as the restructuring plan did not impact the operations of the customer's subsidiaries with which our Group primarily engages and transacts with, we are not able to assess whether its restructuring plan may affect our Group's business relationship with them in the future, and any negative impacts and/or measures arising from the customer's restructuring plan may materially and adversely affect our business, financial position, results of operations and prospects.

***We are exposed to the credit risk of our customers***

Our Group's credit risk is primarily attributable to its trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit. Ongoing evaluations are performed on the financial condition of trade customers. In respect of debtors with balances that are more than three months overdue, further credit will only be granted with management's approval. Otherwise, debtors are requested to settle all outstanding balances before any further credit is granted. Normally, our Group does not obtain collateral from customers.

However, our Group has purchased credit insurance for our Group's trade receivables, to mitigate the risk associated with extending credit to customers. The general credit period offered to customers are between 14 and 90 days. Should the customers of our Group fail to settle the sales proceeds in accordance with the agreed credit terms, the working capital position of our Group may be adversely affected.

***We may incur costs and liabilities as a result of product liability claims***

We generally provide warranties for all our products to customers for a period of one to three years commencing from the date of sale, under which defective products are rectified, and allow our customers to return defective products within a specified period. If our products are found to contain defects, we may be required to compensate our customers and/or incur additional expenses for any remedial actions to be taken to rectify and make good such defects. While we have implemented quality assurance procedures, there is no assurance that our products will always be able to satisfy our customers' quality standards and/or products specifications.

We make provisions for warranty in our balance sheet based on an estimate of the warranty settlements under our sales agreements and sales returns policy. The amount we set aside for provision of the warranty settlements takes into account our Group's recent claim history and is only made once a warranty claim is deemed probable, while the amount of provision for sales returns is estimated by management, based on historical experience and other relevant factors.

Product liability claims can be costly to defend and can divert the attention of management and other personnel for long periods of time, regardless of the ultimate outcome. Our Company maintains various insurance policies to cover various risks on general liability, and other risks. Our product liability insurance mainly covers products sold and manufactured by our Company, and applies generally in respect of all of our customers. If such coverage is insufficient or inadequate due to the nature of the claim, and we are not able to obtain further insurance coverage on acceptable terms or insurance that will provide adequate coverage against potential claims or if we cannot successfully defend ourselves against product liability claims, we may incur substantial liabilities and this could materially and adversely affect our business, financial position, results of operations and prospects. Product liability claims could also damage our brand and our reputation for quality products, regardless of the ultimate outcome.

Any defects or complaints received on errors in our products and services or failure to satisfy the requirements of our customers could result in adverse customer reaction towards us. These include additional expenditure to rectify issues and make payment of the claims against us. These claims may include payment for recall of products, or to indemnify our customers for the costs of any such claims or recalls which they face as a result of using our products.

While we have not experienced any material product recalls, material product liability claims, and material costs and liabilities as a result of product liability claims or warranty exposure during the Period Under Review, we cannot assure you that we will not face such claims in the future, which could materially and adversely affect our business, financial position, results of operations and prospects.

***Our continued success and sustainability of growth will depend on our ability to successfully expand our operations to Southeast Asia and relocate our headquarters to Singapore***

As part of our growth strategy, we intend to expand our operations into new markets in the Asia-Pacific region and in particular, Southeast Asia, as well as relocate our headquarters to Singapore. Our expansion plans will require us to, among others, expand our businesses into other countries. For example, subject to obtaining all necessary licences, permits and/or approvals for the operation of the factory and the successful commissioning of the 3 SMT lines according to plan, we expect to commence operations of a new factory located in Batam, Indonesia by 1Q2025. The Batam factory will operate three SMT lines, with a combined capacity of 6,000 units of high-end VGA Cards based on two shifts. In this regard, we cannot assure you that we will be able to obtain the necessary licences and/or permits or secure factory facilities at suitable locations in new countries in order to manufacture our products in those countries. Further, we cannot assure you that the expansion of our business segments to Southeast Asia, relocating our headquarters to Singapore, and setting up a new factory in Batam, will be enough to mitigate some or all of the risks that we face pertaining to the Trade Restrictions.

In addition, our growth plans may be curtailed by various other factors, some of which are beyond our control, such as effectiveness of our business and marketing strategies, our ability to engage with suitable local subcontractors, if necessary, global and local economic conditions, market sentiment and competition in the computer electronics manufacturing industry. Furthermore, we may be unable to effectively manage the increased requirements of our expanded operations.

If the expansion of our operations into new markets such as Southeast Asia, the relocation of our headquarters to Singapore, the setting up of a new factory in Batam, are insufficient to mitigate the risks we face pertaining to the Trade Restrictions or if we cannot obtain the necessary licences and/or permits or secure factory facilities at suitable locations in new countries, or if any of these other factors and/or events mentioned above occurs, our business, financial position, results of operations and prospects may be materially and adversely affected.

***Our business and expansion plans are capital intensive and may require further financing for future growth***

During the Period Under Review, we relied largely on internal resources as well as borrowings from banks and financial institutions to finance our working capital and capital expenditure. Although we have been able to rely on such means to fund our business, we cannot assure you that we will be able to continue to obtain or rely on such financing support in the future. In the event that we are unable to obtain the required financing and do not have sufficient cashflow to fund our business and/or working capital requirements, our business, financial position, results of operations, cash flows, working capital and/or prospects may be materially and adversely affected.

We may come across potential business opportunities that may be favourable to our future growth and prospects. Under such circumstances, we may require additional capital through equity or debt financing. Our ability to raise capital is dependent on factors including, among other things, the prevailing economic conditions globally, our ongoing financial position and results of operations, the state of the capital and credit markets, government regulations and the acceptability of the funding terms offered.

We cannot assure you that we will be able to obtain additional funds, either on a short-term or a longer-term basis, when capital is required. If we are unable to secure necessary funding or secure such funding on terms which are favourable to us, or at all, whether through external debt financing, equity financing and/or internally generated cash flows, our business, financial position, results of operations and prospects may be materially and adversely affected.

***We may not be able to protect our patents, trademarks and other non-registered intellectual property rights and we may be subject to infringement of our intellectual property rights***

In the course of our business, we rely on certain intellectual property rights such as patents and trademarks. As of the Latest Practicable Date, our Group has 29 registered patents and 96 registered trademarks all over the world. Please refer to the section entitled “Business Overview – Intellectual Property Rights” of this Introductory Document for further details. Our success depends, in part, on securing and protecting our proprietary rights (including trade secrets, patents, and other forms of intellectual property) pertinent to our products, technologies, designs, and expertise.

Our registered or unregistered trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on intellectual property rights of our competitors or other entities. Legal actions, irrespective of their validity or merits, could result in significant legal expenses and diversion of the financial and managerial resources. Adverse administrative or judicial decisions may require us to pay substantial damages or ongoing royalties under unfavourable terms. Moreover, intellectual property disputes may tarnish our Group’s reputation and market position.

A majority of our Group’s patents are registered in the PRC, which poses a risk in the event of patent infringement. Although the PRC has established intellectual property laws, the enforcement and protection of patents are not as developed as in other jurisdictions. This creates a potential vulnerability for our Group, as weaker enforcement mechanisms may lead to unauthorised use, duplication, or reverse engineering of our proprietary technologies. Consequently, this could result in a loss of market share, erosion of brand value, and diminished profitability, thereby affecting our Group’s overall performance and growth prospects.

Where a competitor infringes on intellectual property rights, we intend to enforce such intellectual property rights when we determine that a successful outcome is probable and may lead to an increase in or protect the value of our intellectual property. If we choose to enforce our intellectual property rights against a party, that individual or company has the right to ask the court to rule that such intellectual property rights are invalid or should not be enforced. These lawsuits and proceedings are expensive and would consume time and resources and divert the attention of our managerial and skilled personnel even if we were successful in stopping the infringement of such intellectual property rights. In addition, there is a risk that the court will decide that such intellectual property rights are not valid and that we do not have the right to stop the other party from using them. There is also a risk that, even if our intellectual property rights are upheld, the court may refuse to stop the other party on the grounds that their activities do not infringe on our rights.

We also rely on confidentiality agreements with our employees, which provide that all confidential information made known to the individual during the individual's relationship with us is to be kept confidential and not disclosed to third parties before it becomes public. In addition, our confidentiality agreements contain intellectual property provisions, which provide that the employees waive all rights, interest, ownership or title in the intellectual property held by our Group. However, these agreements may not be honoured, may not effectively assign intellectual property rights to us, and may not provide adequate remedies in the event of a breach. Moreover, enforcing claim against a party that illegally obtained intellectual property rights is difficult, costly and time-consuming and we cannot assure you that the outcome will always be favourable to us.

Any failure to enforce our intellectual property rights or to defend any legal proceedings regarding our intellectual property rights, may materially and adversely affect our business, financial position, results of operations and prospects.

We have not experienced any of the above events in the past which had a material impact on our business, financial position and results of operations, but we cannot assure you that any future occurrence of such events will not have a material adverse effect on our business, financial position, results of operations and prospects.

***We are exposed to the risk of claims by third parties of an infringement of their intellectual property rights which may be costly to resolve***

We develop products using raw materials and components sourced from third party manufacturers in the course of our business. As such, we cannot be sure that the products, services, technologies and advertising we employ in our business do not or will not infringe valid patents, trademarks, copyrights or other intellectual property rights held by third parties. We may therefore be subject, in the ordinary course of our business, to legal proceedings and claims from time to time relating to the intellectual property of others, which could have a material adverse effect on our business, financial position and results of operation.

Such risks may be mitigated by carrying out a comprehensive intellectual property investigation for each and every product ordered by a customer and all the raw materials and components procured from suppliers. Due to the number of products manufactured by us, the various types of components procured and the costs involved, it will be unduly onerous and impractical for us to conduct such a comprehensive intellectual property investigation. Based on our knowledge of industry practices, it is not common that such investigations are conducted when accepting orders from a customer or when ordering raw materials and components. In any event, if there is any such claim of infringement made against us, we may have recourse against the relevant customer or supplier.

In the event we are subject to such legal proceedings and claims for infringement of third party intellectual property rights, we could incur substantial financial and time costs in, as well as devote significant management resources to, defending any such infringement claims. While we will seek indemnification from such infringement claims from our suppliers for such infringement of intellectual property rights, we cannot assure you that we will be able to recover from such third-party suppliers the full amount of damages which we are to pay to successful claimants, if any. Indemnification arrangements which we may have with our suppliers may not cover the types of claims made against us or may be limited in amount, or the suppliers may not be creditworthy or able to pay.

In addition, our customers may not properly maintain or defend our intellectual property rights or may use our proprietary information in such a way as to invite litigation that could jeopardise or invalidate our intellectual property or proprietary information or expose us to potential litigation. They may also infringe the intellectual property rights of third parties, which may expose us to litigation and potential liability. Any legal action against us claiming damages or seeking to restrain us from engaging in commercial activities relating to the affected products, methods or processes may:

- require us, or our customers, to obtain a licence for such affected products, methods or processes, and such a licence may not be available on commercially reasonable terms, if at all;
- prevent us from making, using or selling the subject matter claimed in patents held by others and subject us to potential liability for damages;
- consume a substantial portion of our managerial and financial resources; and/or
- result in litigation or administrative proceedings that may be costly, whether resolved in our favour or not.

We have not encountered any material adverse impact on our business, results of operations, financial position and cash flow, or due to claims that our products infringe third party intellectual property rights, but we cannot assure you that any future occurrence of such events will not have a material adverse effect on our business, financial position, results of operations and prospects.

***Any limitations on the ability of our subsidiaries to pay dividends or provide capital to us could have a material adverse effect on our ability to conduct our business***

We are a holding company incorporated in Cayman Islands and operate a significant part of our businesses through our operating Group entities in the PRC and Hong Kong. Therefore, the availability of funds to pay dividends to our Shareholders depends upon dividends received from our subsidiaries. If our subsidiaries incur debts or losses, such indebtedness or loss may impair their ability to pay dividends or other distributions to us. As a result, our ability to pay dividends to our Shareholders will be restricted. Local laws and regulations have differing requirements and restrictions on the ability of a company to pay dividends to its shareholders.

***Lease renewal, increase in lease rental rates and risk of relocation, may cause disruption to our business operations***

Our Group leases the premises for most of our operations, including our factories and Singapore headquarters. Our present lease terms for most of our leased properties (including our manufacturing facilities) are for a period of three years or less. We are required to engage in renewal negotiations with the lessors for our leases prior to expiry of such leases. During the renewal negotiation process, the lessor may revise the terms and conditions of the lease and we may face the possibility of an increase in rent, or we may not be able to renew the relevant lease on terms and conditions acceptable to us or at all. In addition, under the terms of certain of our lease agreements, the lessor has the right to terminate the lease agreement unilaterally in the occurrence of certain events, or with the provision of prior notice and agreed compensation. Furthermore, there may be encumbrances over some of the properties which we lease in the PRC. If there are any such encumbrances over the leased properties and such encumbrances are enforced during the term of our lease agreements, this may result in the immediate termination of our lease agreements and us having to relocate our business operations, which may materially and adversely affect our operations, financial position, reputation and growth prospects. Please refer to the section entitled “Business Overview – Material Properties and Fixed Assets – Properties Leased by Our Group” of this Introductory Document for further details of our existing leases.

While as at the date of this Introductory Document, we do not foresee any difficulties in renewing our existing leases and have not encountered such situations in the past, there is no assurance that the leases of such premises will be renewed or will not be terminated by the respective lessors. In the event that our leases are not renewed or are terminated, we will be required to relocate our business operations and assets to other suitable replacement facilities, which may cause disruptions to our normal business operations resulting in loss of revenue and profits. We will also have to incur additional costs and expenses relating to reinstating the relevant premises prior to handing over and other relocation costs.



There is no certainty that we will be able to renew our existing leases or find suitable replacement premises or lease new premises on terms favourable to us, or at all. Higher costs (including any increased rental rates) may adversely affect our profitability if we are unable to pass on such increased costs to our customers. If any of the foregoing instances were to occur, our business, financial position, results of operations and prospects may be materially and adversely affected.

### ***Our Group may not have valid rights to use certain properties***

Our Group may not have valid rights to use certain properties. Properties occupied by our Group primarily comprise of industrial plants, dormitories, factories and offices. Any dispute or claim in relation to the title of the properties occupied by us, including any litigation involving allegations of illegal or unauthorised use of these properties, may result in penalties imposed against us or us having to relocate our business operations which may materially and adversely affect our operations, financial position, reputation and growth prospects. In addition, there can be no assurance that the government in the jurisdictions where we operate will not amend or revise existing property laws, rules or regulations to require additional approval, licences or permits, or to impose stricter requirements to obtain or maintain the relevant title certificates required for the properties occupied by our Group.

Majority of our Group's properties are located on premises leased from independent third parties. Please refer to the section entitled "Business Overview – Material Properties and Fixed Assets" of this Introductory Document for further details of the properties that we occupy.

Out of our Group's 12 leases in the PRC which are required to be registered with the relevant local branch of the PRC authorities responsible for the administration of registration of leases, nine remain unregistered as the process of registering a lease agreement generally requires both parties to provide identification cards or business licences, as well as property ownership certificates for the leased property. The landlord's certificates and title documents are required to indicate whether the registration can be made, which is not under the tenant's control. Accordingly, we do not foresee that we will be able to register the unregistered leases without facilitation and cooperation from the relevant landlords.

Under the Management Rules of Commodity House Leasing (商品房屋租赁管理办法) of the PRC, where a lease is not registered, the authority responsible for registration may request that the situation be rectified within a prescribed time limit, and if the situation is still not rectified within such time limit, an administrative fine up to RMB 10,000 may be imposed. Accordingly, the maximum potential fines or penalties that may be imposed under the Management Rules of Commodity House Leasing on our Group arising from non-registration of the nine leases, would be approximately RMB90,000. For the avoidance of doubt, the PRC authorities responsible for the administration of registration of leases have no right to terminate unregistered lease contracts under the PRC laws.

In addition, six of our Group's leases, being (a) the temporary buildings leased by our Group to be used for warehouses, changing rooms and offices in the Santun area of Houjie County, Dongguan (the "**Haifu Facilities**"), (b) warehouses in Dongguan and (c) office premises in Dongguan and Henan, representing approximately 2.5% of the total gross floor area of the properties leased by our Group in the PRC, lack their respective certificate of title. In the absence of the relevant title certificates for certain premises leased by our Group in the PRC (collectively, the "**Affected Premises**"), it remains uncertain whether these properties are in compliance with applicable laws and whether the landlord has the right to lease the properties to our Group. If these properties are not in compliance with the relevant laws, or if the landlord has no right to lease the property to our Group, the relevant lease contracts may be invalid, and our Group may have to cease using the properties, relocate to other premises and assume costs of relocation, and may suffer loss of income. Notwithstanding, four of our Group's leases in the PRC, contain protective clauses where the landlord has guaranteed that it has obtained the owner's formal authorisation and has the right to enter into the lease contract with the relevant PRC subsidiary. Should the landlord breach this guarantee, the relevant PRC subsidiary (i) has the right to unilaterally terminate the lease agreement and/or, according to relevant PRC laws, request compensation from the landlord for any losses incurred, and/or (ii) request the owner to assume liabilities on a joint and several basis under the relevant lease. In addition, Guantao Law Firm and Jingtian & Gongcheng have advised that under PRC laws, a tenant who leases a property which lacks its respective certificate of title is not itself subject to any potential penalties, fines and regulatory actions from the PRC government in respect of such lease. Since the Affected Premises are used for general office and warehouse purposes and the



area is small, our Group is of the view that there is no obstacle to lease similar office and warehouse premises in nearby areas with similar rental, and accordingly the absence of title registration or certificate of the Affected Premises are not likely to have a material adverse impact on the Group's business and operation.

Furthermore, there is uncertainty regarding whether the Haifu Facilities comply with applicable laws or if the landlord can obtain the necessary title certificates in respect thereof. If the temporary buildings of the Haifu Facilities are found to not be in compliance with the applicable laws or if the landlord fails to secure the title certificates, the temporary buildings of the Haifu Facilities may be ordered by planning or construction administration authorities to be dismantled. In such a case, our Group may be unable to continue using the temporary buildings of the Haifu Facilities and may incur costs and losses in connection with relocating from such temporary buildings. According to the guarantee provided by the landlord and owner to the Haifu Facilities, the landlord and owner will assume liabilities on a joint and several basis in the event that the relevant PRC subsidiary suffers losses from relocation in case the leased properties are dismantled or the lease is unable to be performed due to other reasons.

***We face inventory risks that, if not properly managed, could adversely affect our financial condition and operating results***

We are exposed to inventory risks that may subject us to inventory write-downs and adversely affect our operating results whether as a result of rapid changes in technology or otherwise which renders our finished products as well as raw materials and components obsolete.

Under our inventory policy, we assess and make provisions for stock obsolescence on a monthly basis and slow-moving items for inventory aged over one year. This policy has been consistently applied throughout the Period Under Review. We may not be able to assess customer demand or change in consumer preference accurately, resulting in inventory build-up and possible significant inventory write-down or the sale of slow-moving inventory at a significant discount or substantial loss which could adversely affect our business, financial position, results of operations and prospects.

***Revocation of favourable tax treatments may occur***

Our Group currently benefits from favourable tax treatments in Hong Kong. A company carrying on business in Hong Kong is subject to Hong Kong profits tax in respect of its profits arising in or derived from Hong Kong from such business under section 14 of the Inland Revenue Ordinance (Cap. 112 of the Laws of Hong Kong). On 28 February 2024, the Inland Revenue Department of Hong Kong ("IRD") issued a letter to PCPL that the Field Audit & Tax Investigation ("FAI") Unit of the IRD will be conducting a tax audit (the "Tax Audit") review on PCPL starting from the year of assessment 2017/18, such audit focusing on (among others) whether PCPL's treatment of claiming 50% of all of its profits as offshore in nature and non-taxable in Hong Kong (the "50:50 Treatment") is appropriate. In connection with this, if a company is entitled to the 50:50 Treatment, the subject company would be considered to be engaged in manufacturing activities, and the plant and machinery and the industrial building being provided to the processing entity in the PRC, would therefore be considered as used by the company in Hong Kong and entitled to 50% of the depreciation allowance on plant and machinery and industrial building as part-and-parcel to the manufacturing activities ("Allowances"). Accordingly, PCPL has been claiming such Allowances, which is also subject to the Tax Audit. The IRD subsequently issued a protective assessment to PCPL assessing an additional assessable profit of HK\$100 million for the year of assessment 2017/18 and demanded the payment by PCPL of an additional profits tax of HK\$16,500,000 (computed on the basis of a corporate tax rate of 16.5% being levied on the additional assessable profits of HK\$100 million) (the "Protective Assessment"). Our Company's tax adviser has indicated that the Protective Assessment is a standard procedure utilised by the IRD to (a) safeguard the tax revenue of the Hong Kong government and (b) preserve the relevant year of assessment to avoid being barred by the relevant statute of limitations.

PCPL has instructed its tax adviser to lodge a written objection on behalf of PCPL with the IRD, objecting against the additional assessment and requesting for a holdover of the additional tax demanded. Our Company had also previously engaged the same tax adviser to assist PCPL in a desk audit by the IRD on PCPL, including its 50:50 Treatment claims, for the years of assessment 2006/07 to 2014/15 prior to the Tax Audit. Following the lodgement of the written objection, the tax adviser has on behalf of PCPL discussed and negotiated with the IRD officers in charge of the Protective Assessment as to the

amount of tax to be held on the condition that an equivalent amount of Tax Reserve Certificate (“TRC”) is purchased by PCPL, as a form of security to the IRD for the objection against the assessment. On 17 April 2024, the IRD issued a holdover notice to PCPL together with a blank TRC confirming that the IRD has agreed to grant a partial unconditional holdover of tax of HK\$5,500,000 and partial holdover of tax on a condition that PCPL purchases a TRC amounting to HK\$11,000,000 by 1 May 2024. This TRC of HK\$11,000,000 was purchased by PCPL on 29 April 2024. As the Tax Audit is currently in its preliminary stages, we and our Company’s tax adviser are of the view that it would be premature to forecast any outcome of such Tax Audit. To the best of our Directors’ knowledge, save as disclosed above, no other regulatory penalties, fines and/or actions have been taken against the Group, the Directors and Executive Officers in respect of the Tax Audit by the IRD.

In this regard, the Independent Joint Auditors are of the view that the potential tax exposure from the Protective Assessment does not fall within the scope of International Accounting Standard 37 (“IAS-37”). Instead, as disclosed in Note 10(a) and Note 9 of Appendix A and B of this Introductory Document respectively, the Independent Joint Auditors have applied International Financial Reporting Interpretations Committee 23 (Uncertainty over Income Tax Treatments) (“IFRIC 23”) in assessing the adequacy of provision of income tax arising from the Tax Audit by the IRD and concurred with the Board’s views that no additional provision is necessary on the basis that the contract processing arrangement between subsidiaries remained unchanged throughout the period, and there have been no significant changes in applicable tax laws or the IRD’s practice regarding the source of profit derived from the arrangement in recent years.

Our Group has also sought professional advice from its tax adviser and understands that pursuant to the Departmental Interpretation and Practice Notes No. 21 (“DIPN 21”) issued by the IRD, in relation to a contract processing arrangement between PC Partner Dongguan and PCPL since 2010 where the Group transferred the production business and related assets from PCPL to PC Partner Dongguan and where the production processes are carried out at the processing factory situated in the PRC, profits from the sale of goods that were manufactured by such PRC entity can be apportioned on a 50:50 basis and 50% of the chargeable profits so apportioned can be treated as non-taxable in Hong Kong. There has also not been any change to the contract processing arrangement between PCPL and PC Partner Dongguan prior and subsequent to the year of assessment 2017/18.

While the IRD has not as of the Latest Practicable Date provided any indication of its opinion on the tax position of PCPL nor proposed any tax adjustments, based on the assumption that the IRD eventually rejects PCPL’s application of the 50:50 Treatment and disallows the claim on Allowances, the potential tax exposure of PCPL for the years from 2017/18 to 2022/23 estimated by our Company’s tax adviser would be at approximately HK\$60.11 million (equivalent to approximately S\$10.2 million). As advised by our tax adviser, we are of the view that the potential tax exposure is not expected to have any material impact on our business, financial condition, results of operations and prospects. Accordingly, irrespective of the outcome of the Tax Audit, our Company does not expect there to be any changes in the current contract processing arrangement between PCPL and PC Partner Dongguan.

In the event that (i) the processing agreements could not be extended upon its expiry date or the processing arrangement under the processing agreements will cease to manufacture products and/or act as manufacturing arms of our Group in the PRC, or (ii) there are any changes in the Hong Kong tax law or its interpretation, the IRD might treat the profits of our Group as trading profits derived from Hong Kong and render our Group fully subject to Hong Kong profits tax that may cause significant impact on our Group’s profitability.

***Our business, financial conditions and results of operations may be adversely affected by fluctuations in exchange rates and foreign exchange controls***

Our Group’s purchases of raw materials and components for its manufacturing business are mainly denominated in US\$, with over 98% of our purchases from our top 10 suppliers transacted in US\$ and the top 10 suppliers accounting for approximately 83% of our total purchases during the Period Under Review. Our Group’s revenue was mainly denominated in US\$, RMB, KRW, JPY and HK\$. Our daily operating expenses are mainly denominated in RMB and HK\$ as our operating expenses are mainly incurred for our factory and office based in the PRC and Hong Kong. Our business is therefore exposed to fluctuations in foreign exchange rates as our transactions are denominated in different currencies which could adversely affect our business, financial condition and results of operations. For example,

to the extent that we need to convert US\$ we receive into RMB to pay our operating expenses, an appreciation of the RMB against the US\$ would have an adverse effect on the RMB amount we would receive from the conversion. If the functional and reporting currencies of our subsidiaries depreciate against the S\$, this may materially and adversely affect our Group's reported dividends, if any. In preparing financial statements, we translate revenue and expenses in our markets from their local currencies, as applicable, into HK\$ using the exchange rates prevailing at the time of such transactions. If HK\$ weakens or strengthens relative to local currencies, our reported revenue, gross profit and net income will fluctuate to that effect.

Under existing PRC foreign exchange regulations (further details of which are set out in the section entitled "Exchange Rates and Exchange Controls – Exchange Controls – The PRC" of this Introductory Document), currency transactions within the scope of the current account, including profit distributions, interest payments and expenditures from trade-related transactions, can be effected without requiring the approval of SAFE by complying with certain procedural requirements, while transactions under capital account, including direct investments and loans, will require the approval of or registration with SAFE or its local branch or its designated banks. We may not be able to complete the necessary registrations or obtain the necessary approvals on a timely basis, if at all, with respect to future loans to our PRC subsidiaries or future capital contributions by us to our PRC subsidiaries. If we fail to complete such registrations or obtain such approvals, our ability to capitalise or otherwise fund our PRC operations may be affected. Please refer to the section entitled "Exchange Rates and Exchange Controls" of this Introductory Document for further details.

Though our Company does not hedge against forex risk as most transactions (including revenue from sales of VGA Cards and purchases of raw materials and components) are denominated in US\$ which is pledged to HK\$, our foreign exchange risks concerning the RMB is partially mitigated through a natural hedge as RMB denominated income is used to pay out operating costs related to our factory located in the PRC. Please refer to the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Introductory Document for further details.

Our Group will continue to closely monitor the fluctuation of exchange rate in other currencies as well and will consider hedging foreign currencies should the need arise.

***The validity of certain issuances and transfers of shares in certain of our subsidiaries cannot be verified***

We are subject to laws and regulations governing our corporate administration and management, including corporate and taxation laws and regulations in relation to the issuance and transfers of shares of our Company and its subsidiaries, and there is no assurance that we will be able to maintain at all times full compliance with such laws and regulations. We have in the past encountered and may in the future encounter corporate secretarial irregularities, due in part to the long corporate history of certain of our subsidiaries, which may conflict with or affect the validity of corporate actions we take or have taken. These past corporate secretarial irregularities include records of board or shareholder resolutions approving certain new issuances of shares not being maintained, records of waivers or approvals of previous preferred shareholders of their rights of pre-emption under the Memorandum and Articles of Association or other constitutive documents of the relevant subsidiary effective at the relevant time in respect of certain share issuances not having been maintained and records of the relevant board resolutions and instruments of transfer for certain transfers of shares of our subsidiaries not having been maintained. In order to rectify such corporate secretarial irregularities, a number of steps will have to be taken, which includes sighting and/or re-executing the relevant instruments of transfers, waivers of pre-emption and board resolutions approving the relevant issuances and transfers of shares which are the subject of the corporate secretarial irregularities. Further, as the corporate secretarial irregularities occurred more than 10 years ago, and the contact details of the relevant shareholders and directors provided were as of those relevant points in time, such contact details have already been outdated and the location of such shareholders and directors would not be possible. As such, re-execution of the missing documents would not be possible. Although we have not experienced any challenges to the validity of the shares of such relevant subsidiaries as at the Latest Practicable Date, and our Company has engaged professional staff, including legal and financial personnel, to handle the matters relating to the issuance and allotment of Shares and transfers of shares of each subsidiary alongside the Company Secretary to prevent the recurrence of such irregularities, we cannot be certain that we will not encounter such claims in the future or that similar irregularities will not occur in the future.

In the event such legal proceedings or claims are commenced against our Company, we may have to devote substantial time and resources to defending such proceedings and such proceedings may also divert the attention of our management from our core business. Further, in the event a claimant successfully challenges the validity of a transfer or allotment, certain corporate actions may be considered void or we may be required to issue or transfer certain shares to the claimant. If the foregoing events occur, it could materially and adversely affect our business, prospects, financial condition and reputation.

***Our insurance coverage may not be adequate to indemnify us against all possible liabilities***

We are exposed to various risks arising from our business operations, including without limitation the risk of explosion, fire, natural disasters, machinery or equipment failure, improper installation and accidents. These risks could cause injury, death or damage or destruction to property, which may result in our operations being suspended or disrupted. We may also face civil and/or criminal penalties arising from any such incidents. We may be subject to claims from our customers concerning defective products or the quality of our products or as a result of our infringement of intellectual property rights of third parties.

We maintain insurance coverage that is necessary and customary for the business in which we operate, and to the extent insurance is available on reasonable terms. Please refer to the section entitled “Business Overview – Insurance” of this Introductory Document for further details of our existing insurance coverage. However, there can be no assurance that such insurance can be obtained on commercially reasonable terms or at all, or that any such coverage will sufficiently cover any losses suffered by us. The occurrence of a significant event or adverse claim in excess of insurance coverage that we maintain, or that is not covered by our insurance, could result in our Group having to pay compensation or damages and/or result in the loss of revenue and could have a material adverse effect on our financial position and results of operations.

***Unexpected disruptions to our manufacturing facilities and production processes may materially and adversely affect our business operations***

Our revenue is mainly dependent on the products produced by our manufacturing facilities. Reduction in production and output levels could be caused by economic downturn or government policy actions requiring the cessation of operations at our facilities particularly in the PRC, and disruptions to the operations of our manufacturing facilities such as unanticipated plant outages or equipment failures, fire, floods or the occurrence of natural disasters or adverse weather conditions, or similar events or circumstances. Any such significant disruptions or reduced levels of production would adversely affect our sales, results of our operations and cash flows.

While we have implemented a comprehensive business continuity plan (BCP), disruptions to our manufacturing facilities which are not remedied in a timely and proper manner could have a material and adverse effect on our production capabilities. Furthermore, any breakdown or malfunction of machinery, equipment or operating systems could disrupt our operations materially. Frequent or prolonged occurrence of any of such events may have a material adverse effect on our business, financial position, results of operations and prospects.

While we have not encountered unexpected material disruptions to our manufacturing facilities and production processes during the Period Under Review, in the event of any future occurrence of such events, our business, financial position, results of operations and prospects and cashflow may be materially and adversely affected.

***Our Group is subject to risks related to the outbreak of communicable diseases, including the COVID-19 pandemic***

The outbreak of communicable diseases such as severe acute respiratory syndrome (SARS), H5N1 avian flu, Influenza A (H1N1), MERS, Ebola, COVID-19, and more recently, Mpox (formerly known as monkeypox), in the countries which we operate may disrupt our business operations and our ability to fulfil the orders of our customers.



In December 2019, the first case of COVID-19 was identified in the PRC, and the virus has since spread globally. On 11 March 2020, the World Health Organisation declared it a pandemic. The COVID-19 pandemic and government policies to contain it have adversely affected consumer confidence and economic conditions impacting our Group's business. Governments worldwide have declared states of emergency, closed borders, and issued stay-at-home orders. The pandemic has led to the temporary closure of corporate offices, retail stores, manufacturing facilities, and factories. In early 2020, the PRC government took actions such as extending the Chinese New Year holiday and imposing quarantines. Although restrictions have gradually lifted, our business was adversely impacted during the Period Under Review. In addition, a recent outbreak of Mpox has raised new public health concerns. Mpox, a viral disease that has seen a resurgence in certain regions, presents risks of further disruption to global, regional, and national economies. The disease has led to health advisories and could potentially result in travel restrictions, supply chain disruptions, and other challenges similar to those experienced during the COVID-19 pandemic.

To the extent we have manufacturing facilities, R&D laboratories and offices in these locations, we are susceptible to factors adversely affecting one or more of these locations as a result of COVID-19 and the outbreak of other communicable diseases.

Our business may in the future be disrupted or stopped, and our results of operations could be adversely affected to the extent the COVID-19 pandemic or any other epidemic, including Mpox, harms the economy in general. We have experienced and may continue to experience impacts to certain of our customers and/or suppliers as a result of the COVID-19 pandemic occurring in one or more of these locations, which have materially and adversely affected our business, financial position, results of operations and prospects and cash flows. In the event whereby an outbreak of other communicable disease occurs, there may be severe impact on global, regional and national economies and disruptions to international trade and business activities, which may result in, among others, travel and transportation restrictions, prolonged closures of workplaces, businesses and schools, lockdowns in certain countries, disruptions to the global supply chains and increased volatility in the capital and securities markets.

Further, to the extent the COVID-19 pandemic, Mpox, or other epidemics adversely affect our business, it may have the effect of heightening many of the other risks described in this Introductory Document.

While the COVID-19 pandemic has gradually been brought under control and there is a gradual economic recovery in light of the availability of vaccines, we cannot assure you that the COVID-19 pandemic will not further evolve, nor can we predict the future trajectory of the Mpox outbreak.

There is also no assurance that the spread of COVID-19, Mpox, or other epidemics and communicable diseases will be contained in the near term. The duration and extent of the adverse effects of these health crises cannot be determined with certainty at present. As such, in the event that the containment of COVID-19 does not improve in the near term or an outbreak of other communicable disease occurs, this may have a protracted negative impact on economic and business activities in the countries which we operate in, as well as the countries or regions where our products are sold and our services are engaged.

***Our business may be negatively impacted by natural disasters, acts of war, terrorist attacks, political unrest and other events***

Our Group's business and operations may be materially and adversely affected by events beyond the control of our Group, including but not limited to natural catastrophes, political unrest, war and terrorist attacks. Natural catastrophes such as the outbreak of fire, flood, typhoons and earthquakes may materially and adversely affect the economy, infrastructure and livelihood of the geographical locations in which our Group may operate. There can be no assurance that any war, terrorist attack, political unrest, or other hostilities in any part of the world, potential, threatened or otherwise, will not, directly or indirectly, have a material and adverse effect on our Group's business, financial position, results of operations and prospects and cash flow.

### ***Our Group may be adversely affected by the uncertain global economic outlook***

Our Group's business, financial condition, results of operations, profitability and prospects may be affected by general global economic conditions. Many countries have experienced increasing inflationary pressure as a result of liberal monetary policy or excessive foreign fund inflow, or both. Geopolitical issues and controversy over trade barriers have triggered the implementation or proposed implementation of tariffs on certain imported products into the different nations. Fast changing trade policies could significantly undermine the stability of the global economies.

The continued threats of tariffs, trade restrictions, trade barriers and tensions over trade and technology between the PRC and the USA could have a generally disruptive impact on the global economy, and may negatively affect consumer spending and corporate capital expenditure confidence levels. A step up in trade restrictions and tariffs imposed on the import and export of technology and products between the PRC and the USA would increase the cost of products which will ultimately be passed on to consumers. This may discourage and reduce consumer and corporate demand in the long run. For example, in the USA, our Group is subject to export controls, including the China Section 301 Tariff which imposes tariffs on certain of our products imported into the USA and the Trade Restrictions pursuant to the October 2023 IFRs, and may not obtain supplies from USA-based manufacturers and/or export its products to destinations within certain jurisdictions if the products contain USA-origin components that are subject to such export controls.

Uncertainty in the global economic recovery has escalated fears and increased uncertainties in global markets. It is difficult to predict how long such a situation will last and how the markets and businesses may be affected. Accordingly, these situations could potentially present risks to our Group, including an increase in interest expenses on bank borrowings, thereby materially and adversely affecting its business operations and future financial performance. Given the uncertainties to the future economic outlook, our Group cannot give any assurance that we will be able to maintain or continue to grow our revenue and profits, or that we will be able to react promptly to any change in economic conditions. In the event that we fail to react promptly to the changing economic conditions, our business, financial position, results of operations and prospects could be adversely affected.

### **RISKS RELATING TO DOING BUSINESS IN THE PRC**

#### ***We may be subject to the requirements in relation to the filing with the China Securities Regulatory Commission***

On 17 February 2023, the China Securities Regulatory Commission ("**CSRC**") released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (the "**Trial Measures**"), which came into effect on 31 March 2023. On the same date, the CSRC circulated Supporting Guidance Rules No. 1 through No. 5, Notes on the Trial Measures, Notice on Administration Arrangements for the Filing of Overseas Offerings and Listings by Domestic Enterprises and relevant CSRC Answers to Reporter Questions (collectively, the "**Guidance Rules and Notice**") on the CSRC's official website.

Under the Trial Measures and the Guidance Rules and Notice, PRC companies conducting overseas securities offering and listing activities, either in direct or indirect form, shall complete filing procedures with the CSRC. In particular, any overseas offering and listing made by an issuer that meets both the following conditions will be determined as indirect offering and listing in overseas market by PRC companies and, therefore, be subject to such filing requirements: (i) 50% or more of the issuer's operating revenue, total profit, total assets or net assets, as documented in its audited consolidated financial statements for the most recent accounting year, is accounted for by domestic companies; and (ii) the main parts of the issuer's business activities are conducted in the PRC, or its main places of business are located in PRC, or the senior managers in charge of its business operation and management are mostly PRC citizens or habitually reside in the PRC. If an issuer does not meet the aforesaid conditions but submits a listing application as non-domestic issuer to an overseas stock exchange in line with the relevant regulations, and the risk factors disclosed are mainly related to the PRC, the substance over form principle shall be followed and a comprehensive analysis shall be made on whether the issuer falls within the scope of the filing regime.



Our four PRC subsidiaries accounted for less than 15%, 10%, 10% and 10% respectively, of our consolidated operating revenue, total profit, total assets and net assets for FY2023. None of our Directors and Executive Officers are PRC citizens, and except for one Executive Officer, none of our Directors and other Executive Officers habitually reside in the PRC. While we engage in trading activities worldwide, we carry out manufacturing through one of our PRC subsidiaries. The PRC subsidiary leases and operates a factory located in Dongguan, the PRC. It conducts processing and related R&D activities as a subcontractor of our Group, with all its revenue derived from intra-group sales. The PRC subsidiary does not have established relationship with any material customers or suppliers and does not own any material brands of our Group.

In view of (a) the Introduction not being based on the underlying equity, assets, earnings, or other similar rights and interests of our Group's PRC subsidiaries, and (b) the fact that the business operations of our Group's PRC subsidiaries represent only a portion of our Group's overall business, which does not constitute a material or substantial part of our Group's entire operations relative to its subsidiaries in other jurisdictions, Guantao Law Firm and Jingtian & Gongcheng are of the opinion that our current listing does not constitute an indirect overseas listing by a PRC company from a substance-over-form perspective, and therefore is not subject to filing with the CSRC.

In addition, we have been advised by Guantao Law Firm and Jingtian & Gongcheng that since no CSRC filing is required for the current secondary listing, the conversion from a secondary listing on the SGX to a primary listing would similarly not require filing with or reporting to the CSRC, provided that, at the time of conversion, there is no change to the analysis with respect to our Group and our PRC in applying the relevant tests, considerations, and the substance-over-form principle under the Trial Measures and Guidance Rules and Notice.

The interpretation and application of the Trial Measures remain unclear and uncertain since the Trial Measures and the Guidance Rules and Notice have been released and implemented for a relatively short period. There is no assurance that the CSRC's interpretation of those provisions will be the same as our and Guantao Law Firm and Jingtian & Gongcheng's understanding. If we are subject to the CSRC filing requirements and are required to complete the filing procedures for our present listing or any subsequent offering of our securities, we cannot be sure that we will be able to complete such filings in a timely manner. Any failure to complete or delay in completing such filing procedures under the Trial Measures may result in forced corrections, warnings and fines against us.

In addition, we cannot guarantee that new rules or regulations promulgated in the future pursuant to the Trial Measures will not impose any additional requirement on us. If it is determined that we are subject to any CSRC approval, filing, other governmental authorisation or requirements for future capital raising activities and/or corporate actions, we may fail to obtain such approval or meet such requirements in a timely manner or at all, or completion could be rescinded. Any failure to obtain or delay in obtaining such approval or completing such procedures for future capital raising activities and/or corporate actions, or a rescission of any such approval obtained by us, may result in certain sanctions by the CSRC or other PRC regulatory authorities. These regulatory authorities may impose fines and penalties on our operations in the PRC, limit our ability to pay dividends outside of the PRC, limit our operating privileges in the PRC, or restrict future capital raising activities into the PRC, or take other actions that could materially and adversely affect our business, financial condition, results of operations, and prospects.

Pursuant to the Trial Measures, if an issuer's listing and offering of its securities in an overseas market are subject to the CSRC filing, then upon the occurrence of any of the material events specified below after the issuer's such listing and offering of its securities, the issuer shall submit a report thereof to the CSRC within three working days from the date of the occurrence and public disclosure of such event: (1) change of control; (2) investigations or sanctions imposed by overseas securities regulatory agencies or other relevant competent authorities; (3) change of listing status or transfer of listing segment; and (4) voluntary or mandatory delisting. Furthermore, subsequent securities offerings of such issuer in the same overseas market where it had previously offered and listed securities shall be filed with the CSRC within three working days after the completion of such offering. Subsequent securities offerings and listing of such issuer in other overseas markets other than where it has offered and listed its securities shall be filed with the CSRC within three working days after the relevant applications have been submitted overseas.

***Adverse changes in economic and political policies of the PRC government could have a material adverse effect on overall economic growth in the PRC, which could materially and adversely affect our business***

Some of our business in the PRC including our manufacturing activities in Dongguan, PRC, is carried out through our PRC subsidiaries. For FY2021, FY2022, FY2023 and 1H2024, 24.5%, 18.6%, 23.2% and 22.3% of our Group's total revenue was derived from the PRC market respectively. Our Group is influenced by the economic, social, political and legal developments in the PRC, including government policies affecting the level of development, growth rates, foreign exchange controls, allocation of resources, rate of inflation and trade balance position. Economic reforms that began in the late 1970s have resulted in significant economic growth. However, economic reform policies or measures in the PRC may constantly evolve. The PRC economy differs from the economies of most developed countries in many aspects, including with respect to the extent of government involvement. While the PRC economy has experienced significant growth in the past 40 years, growth has been uneven across different regions and periods and among various economic sectors.

Although the PRC economy has grown significantly in the past four decades, that growth may not continue and any slowdown may have a negative effect on our business and operations. Risks and uncertainties include rising economic protectionism and heightened geopolitical tensions. The PRC government has outlined an ambitious blueprint for the country's future reform and opening-up initiatives. Central to this blueprint is the goal of building a high-standard socialist market economy by 2035. Key reforms will focus on enhancing market efficiency, fostering a fair and dynamic market environment, and optimising resource allocation to support high-quality development.

In particular, the PRC government aims to deepen supply-side structural reforms, improve institutions and mechanisms to support local productivity, and implement critical reforms in areas such as macroeconomic governance, finance, and taxation. Moreover, the PRC's commitment to "institutional opening-up" includes plans to advance foreign trade structural reforms, revise management systems for inward and outward investment, and enhance regional development strategies. However, the impact of these reforms on the PRC's macroeconomic landscape and its relationships with global markets remains uncertain. There is a risk that the outcomes of these reform measures may not align with their intended goals, potentially affecting the broader economic environment.

Any adverse changes in economic conditions in the PRC, the policies of the PRC government or PRC laws and regulations could have a material and adverse effect on the overall economic growth of the PRC. Such developments could lead to reduction in demand for our products and our business, financial condition, results of operations and prospects may be materially and adversely affected. Further, trade protectionism measures increasingly introduced by the USA, the United Kingdom, Europe and other countries, such as the Trade Restrictions which were introduced by the USA government in October 2023, may have a material and adverse effect on our Group's business, financial position, results of operations and prospects.

***Our PRC subsidiaries may incur liability pursuant to unauthorised actions by their legal representatives***

Our PRC subsidiaries are required by law to each appoint a legal representative to be the person responsible to perform the duties and powers on their behalf. The legal representative is authorised to execute powers of attorney and execute legal transactions on behalf of the company. In the event that the legal representative of our PRC subsidiaries performs any unauthorised actions in contravention of the law and/or their contractual obligations purportedly on behalf of the respective subsidiary, there is a risk that our Group and/or our PRC subsidiaries may be held liable for such acts. The legal representative may be removed with or without their consent, but changing the registration of the legal representative can present practical issues, such as the need to use the company chop and original business licence. If a company loses control of its chop or business licence, it may take legal action to seek their return or apply for new ones. While there have been no past incidents with a material adverse impact on our Group's operations or financials, we cannot assure that future occurrences will not affect our business, financial position, and results. While measures and controls have been implemented in order to mitigate such a risk, there is no assurance that the legal representatives will adhere to such measures and control procedures. Further details on the measures that have been taken in relation to

the current legal representatives of our PRC subsidiaries are set out in the section entitled “Management and Corporate Governance – Legal Representatives” of this Introductory Document. In the event that the legal representatives incur liability without authorisation on behalf of our PRC subsidiaries, our business operations, financial position, results of operations and prospects may be materially and adversely affected.

There were no such past incidents which had a material adverse impact on our Group’s business operations and/or financials, but we cannot assure you that any future occurrence of such events will not have a material adverse effect on our business, financial position and results of operations.

***If the company chops or seals of our PRC subsidiaries are not kept safely, stolen or used by unauthorised persons or for unauthorised purposes, the corporate governance of these entities could be materially and adversely compromised***

In the PRC, a company chop or seal serves as the legal representation of the company towards third parties even when unaccompanied by a signature. Each legally registered company in the PRC is required to maintain a company chop or seal, which must be registered with the local Public Security Bureau. In addition to this mandatory company chop or seal, companies may have several other chops or seals which can be used for specific purposes. The chops or seals of our PRC subsidiaries are generally held securely by personnel who is designated or approved by us in accordance with our internal control procedures.

Unauthorised use of the company chop or seals of our PRC subsidiaries or unauthorised actions by our legal representatives may disrupt operations or incur liabilities on behalf of our Company. Our Company may take legal action to remove or change the legal representatives, or to seek the return of the company chop or apply for a new company chop although our Company may not be able to recover assets or losses from third parties acting in good faith. While there has not been any past incidents of unauthorised use of the company chops or seals of our PRC subsidiaries, in the event that the chops or seals are not kept safely, stolen or used by unauthorised persons or for unauthorised purposes, the corporate governance of these entities could be materially and adversely compromised and those entities may be bound to abide by the terms of any documents so chopped if the counterparties to the documents had been acting in good faith, even if they were chopped by an individual who lacked the requisite power and authority to do so. In addition, if the chops or seals are misused by unauthorised persons, we could experience disruption to our normal business operations and may have to take corporate or legal action, which could involve significant time and resources to resolve while distracting management from our operations.

***Enforcement of stricter labour laws and regulations in the PRC may adversely affect the business and profitability***

We have been subject to stricter regulatory requirements in terms of entering into labour contracts with our employees, limitation with respect to utilisation of labour dispatching, applying for foreigner work permits, labour protection and labour condition and paying various statutory employee benefits, including pensions, housing fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of our employees. Pursuant to the PRC Labour Contract Law (中华人民共和国劳动合同法) and its implementation rules, employers are subject to stricter requirements in terms of signing labour contracts, minimum wages, paying remuneration, determining the term of employee’s probation and unilaterally terminating labour contracts.

Under the PRC Social Insurance Law (社会保险法) (last amended in 2018) and the Regulations on Administration of Housing Fund (住房公积金管理条例) (last amended in 2019), employers in the PRC are required to, together with their employees or separately, make contributions to social insurances including pension insurance, work-related injury insurance, medical insurance, unemployment insurance and maternity insurance, and housing fund, on the basis of the employees’ salaries (subject to certain lower and upper limits) and the prescribed rates.

Our Group's PRC subsidiaries have not adequately paid social insurance and housing fund contributions for all their employees. The primary reasons why our Group did not adequately pay social insurance and housing provident fund for all our employees within the specified period for the Period Under Review are that: (a) generally, except for special local policies, social insurance and housing provident fund paid by our Group can only be utilised by our employees within the city where such employees are working in and are not transferrable among cities. However, many of our Group's employees do not live for a long term in the city where they work and/or they do not work in the city that is reflected in their registered residency status (戶口). As such, many of them will not be able to properly utilise the social insurance and housing provident fund later on; (b) some of our employees are unwilling for our Group to pay social insurance and housing provident fund to them as their net salaries would be reduced; and (c) it is practically impossible for our Group to pay the social insurance and housing provident fund in certain urban areas for employees who have already participated in the new rural insurance schemes in their places of residency. Due to the reasons above, our Group has not been paying the social insurance and housing provident fund in full for all our employees, but has instead made adequate provisions in our financial statements which the Independent Joint Auditors are of the view is in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets for the relevant potential shortfall payable by our Group in respect of its PRC subsidiaries during the Period Under Review. The estimated cumulative balance for the (i) outstanding social insurance contributions and (ii) outstanding housing provident fund contributions by our PRC subsidiaries as at 30 June 2024 amounted to approximately HK\$44.9 million and HK\$4.6 million respectively.

According to the PRC Social Insurance Law, our PRC subsidiaries may be ordered by social insurance premiums collection agencies to pay the outstanding social insurance contributions within a prescribed time limit and liable for a late payment fee equal to 0.05% of the outstanding amount for each day of delay. If our PRC subsidiaries still fail to pay the outstanding social insurance contributions within the prescribed time limit, our Group may face an administrative fine from the labour administrative authorities of one to three times the amount of the outstanding contributions. Similarly, under the Regulations on Administration of Housing Fund, our PRC subsidiaries may be ordered by the Housing Fund Management Center to deposit the outstanding funds within a specified time limit. If our Company fails to do so, the Housing Fund Management Center may enforce payment through the PRC court.

To the best of our knowledge, our Group's PRC subsidiaries have not experienced any claims from their employees regarding the underpayment of social insurance and housing fund contributions in recent years, nor have there been any regulatory actions or penalties imposed on our Group.

As of the Latest Practicable Date, save as disclosed in this Introductory Document, there are no other material non-compliances of our PRC subsidiaries with respect to labour-related laws and regulations of the PRC. On 21 September 2018, the General Office of the Ministry of Human Resources and Social Security of the PRC (中华人民共和国人力资源和社会保障部) ("**MOHRSS**") issued the Urgent Notice on Effectively Implementing the Spirit of the Standing Meeting of the State Council and Effectively Conducting the Collection of Social Insurance Premiums in a Stable Manner (关于贯彻落实国务院常务会议精神和切实做好稳定社保费征收工作的紧急通知) (the "**Urgent Notice**") which strictly prohibits local authorities themselves to organise and conduct centralised collection of enterprises historical social insurance arrears.

In view of (a) the above-mentioned specific provisions under the PRC Social Insurance Law and the Regulations on Administration of Housing Fund, which address the legal consequences of employers' failure to make adequate payments for social insurance and housing fund contributions, (b) the Urgent Notice mentioned above, and (c) our Company's confirmation that (i) it has regularly accounted for and made adequate provisions in respect of any underpaid amounts for social insurance and housing fund contributions, (ii) our Company has made adequate provisions for the outstanding contributions as of 30 June 2024, (iii) the PRC subsidiaries have never been penalised by the relevant authorities for underpayment and (d) our Company's commitment to pay the outstanding contributions within the prescribed time limit upon request by the relevant PRC authorities, Guantao Law Firm and Jingtian & Gongcheng are of the view that, if no employee raises a complaint and there are no significant changes in current policies, regulations, or the implementation and supervision by local government authorities, the likelihood of the PRC subsidiaries being penalised is low. While there can be no assurance that we



will not be requested to rectify the non-compliance incidents in the future or that no penalties or fines will be imposed by the relevant PRC authorities as a result of such non-compliance incidents, such penalties and fines are not expected to have any material impact on our business, financial condition, results of operations and prospects.

Nevertheless, although we have not received any notification to settle such shortfall amounts and/or pay our penalties in respect thereof, in the unlikely event that the PRC governmental authorities require settlement of any such shortfall amounts and/or impose penalties on our Group in respect of such shortfall amounts, our Group is committed to complying with and making the necessary full payment of any historical outstanding social insurance contributions or the historical outstanding housing provident fund contributions within the prescribed time period, as well as any penalties which may be imposed.

However, as the interpretation and implementation of labour-related laws and regulations are still evolving, our employment practices may violate labour-related laws and regulations in the PRC, which may subject us to labour disputes or government investigations.

Aside from the PRC Social Insurance Law, we are also required by other applicable PRC labour laws. For instance, the PRC Labour Contract Law (《中华人民共和国劳动合同法》), which became effective on 1 January 2008 and was amended on 28 December 2012, and the Implementing Rules for the PRC Labour Contract Law (《中华人民共和国劳动合同法实施条例》), which were promulgated and became effective on 18 September 2008, set forth workers' rights including overtime hours, pensions, layoffs, employment contracts and the role of trade unions, and specified standards and procedures for the termination of an employment contract. In addition, under the applicable PRC laws, regulations and/or rules, companies must establish and implement a system for ensuring occupational safety and health, educate employees on occupational safety and health, prevent work-related accidents and reduce occupational hazards. See "Government Regulations – PRC – Regulations relating to employment and social welfare" of this Introductory Document for more details on the applicable PRC laws, regulations and/or rules in relation to labour. Accordingly, we are required to pay several statutory social welfare benefits for employees of our PRC subsidiaries which include medical care insurance, occupational injury insurance, unemployment insurance, maternity insurance, pension and housing fund contributions. Due to differences in local regulation and inconsistent implementation and interpretation by the local authorities in the PRC, and different levels of acceptance of the social welfare system by employees depending on their willingness to make their corresponding contributions thereto, we may not have paid in full certain statutory social welfare benefits for our employees. Any failure by us in complying with the applicable PRC labour, social insurance and housing fund laws, regulations and/or rules may subject us to penalties and liabilities under PRC laws, regulations and/or rules, including but not limited to the issue of warnings and imposition of fines.

As at the Latest Practicable Date, our Group intends to implement the following mitigating measures in respect of the underpayment of the social insurance and housing fund contributions for our PRC employees: (a) strengthening our human resources management policy and explicitly stipulating that social insurance and housing provident funds should be contributed in full in accordance with applicable local regulations and (b) communicating with employees to seek their understanding and cooperation to comply with the applicable contribution base, which also requires our employees' additional contributions. In addition, our Group will continue to (a) assign the human resources department to review and monitor social insurance and housing provident fund reports and contributions on a monthly basis, (b) keep abreast of the latest changes in PRC laws and regulations regarding social insurance and housing provident funds, and (c) regularly consult our legal adviser in the PRC on relevant PRC laws and regulations, so that we can keep abreast of relevant regulatory developments. The Independent Joint Auditors have reviewed these proposed and current measures and are of the view that they would be effective in mitigating the risks of a recurrence of such incidents of non-compliance.

We cannot assure you that we have complied or will be able to comply with all labour-related law and regulations including those relating to obligations to make social insurance payments and contribute to the housing provident funds. If we are deemed to have violated relevant labour laws and regulations, the relevant entities could be required to provide additional compensation to our employees and our business, financial condition and results of operations will be adversely affected.

***Failure to comply with the requirements for employee stock incentive plans may subject the PRC plan participants or us to fines and other legal or administrative penalties***

In February 2012, the State Administration of Foreign Exchange of the PRC (“**PRC SAFE**”) promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly Listed Company (关于境内个人参与境外上市公司股权激励计划外汇管理有关问题的通知) (the “**PRC SAFE Circular 7**”). Under the PRC SAFE Circular 7 and other relevant requirements and regulations, PRC residents who participate in stock incentive plans in an overseas publicly listed company are required to register with the PRC SAFE or its local branch and complete certain other procedures, through the entities engaged and such stock incentive plans are required to register with the PRC SAFE. Our Company had adopted an employee share option plan on 17 June 2016, which was subsequently terminated on 18 July 2024. However, the employee share option plan was not registered with PRC SAFE in accordance with the PRC SAFE Circular 7. A total of 39 employees from two of our PRC subsidiaries, all of whom are PRC citizens, participated in the employee share option plan. These employees were granted options in the year 2020, which they exercised in the year 2021. The PRC resident participants of stock incentive plans, including our then employee share option plan adopted in 2016 (but which has since been terminated in August 2024), are required to retain a qualified PRC agent, which could be the PRC subsidiary of such overseas listing public company or other qualified institutions selected by the PRC subsidiary, to register with the PRC SAFE and complete other procedures on behalf of such participants for stock incentive plans.

The participants must also retain an overseas entrusted institution to complete matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend the PRC SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes.

According to the PRC SAFE Circular 7 and the Foreign Exchange Management Regulations (外汇管理条例), for failure of completing the PRC SAFE registrations under PRC SAFE Circular 7, our PRC subsidiaries may be subject to corresponding regulatory measures and administrative penalties in accordance with the law, including order to make corrections, warning and a fine up to RMB 300,000 for institutions.

The PRC State Administration of Taxation has also issued relevant rules and regulations concerning employee share incentives. Under these rules and regulations, our employees working in the PRC will be subject to PRC individual income tax upon exercise of the share options or grant of the restricted shares. Our PRC subsidiaries have obligations to file documents with respect to the granted share options or restricted shares with relevant tax authorities and to withhold individual income taxes for their employees upon exercise of the share options or grant of the restricted shares. If our employees fail to pay or we fail to withhold their individual income taxes according to relevant rules and regulations, we may face sanctions imposed by the competent governmental authorities.

Our Company terminated its employee share option plan on 18 July 2024 and currently has no intention of adopting any new share option plans in the foreseeable future. In light of the termination, our Company will cooperate fully with any subsequent investigations or penalties that may be imposed by regulatory authorities.

Additionally, our Company will put in place proactive measures, including the engagement of a registrar, to administer any future share option schemes to ensure compliance with PRC foreign exchange and tax requirements, should our Company decide to introduce another employee share option plan in the future.

***Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us***

The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited precedential value.

Our PRC subsidiaries are foreign-invested enterprises and are subject to laws and regulations applicable to foreign-invested enterprises as well as various PRC laws and regulations generally applicable to companies incorporated in China. However, since these laws and regulations are relatively new and the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involves uncertainties.



From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. However, since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of protection we enjoy than in more developed legal systems. Furthermore, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all and may have a retroactive effect. As a result, we may not be aware of our violation of any of these policies and rules until after the violation. Such uncertainties, including uncertainty over the scope and effect of our contractual, property (including intellectual property) and procedural rights, and any failure to respond to changes in the regulatory environment in the PRC could materially and adversely affect our business and impede our ability to continue our operations.

## **RISKS RELATING TO DOING BUSINESS IN HONG KONG**

### ***General macroeconomic conditions, particularly in Hong Kong, may materially and adversely affect our business, prospects, results of operations and financial position***

The Hong Kong financial and securities market is directly affected by, among other things, the global and local political and economic environments including macroeconomic and monetary policies, currency and interest rate fluctuations and other socio-political factors.

Any sudden downturn or sudden change in the global, regional or local economic, political, social, legal environment or government policies (for instance, trade wars and any other local political turmoil or civil disobedience movements) which are beyond our control, may adversely affect investor sentiments in the financial market in general. Severe fluctuations in market and economic sentiments may also lead to a prolonged period of sluggish market activities which would in turn have an adverse impact on the securities market and consequently our business and operating performance may be materially and adversely affected.

Since a part of our operations is based in Hong Kong, our financial condition, results of operations and prospects are subject to the economic, political and legal developments in Hong Kong, such as risks relating to changes in Hong Kong governmental policies, changes in Hong Kong laws or regulations or their interpretation, measures that may be introduced to control inflation, such as interest rate increases, and changes in the rates or method of taxation. In addition, our Group's operations in Hong Kong are exposed to the risk of changes in laws and policies that govern operations of Hong Kong based companies. In the event that there is a downturn in the economy of Hong Kong, any recurrence of recession in Hong Kong, deflation, any changes in Hong Kong's currency policy or any changes in laws and policies governing our Group's business, our Group's business operations and hence financial results and financial position would be adversely and materially affected.

### ***The state of political environment in Hong Kong may adversely affect our performance and financial position***

Hong Kong is a special administrative region of the PRC. The basic policies of the PRC regarding Hong Kong are embodied in the Basic Law of Hong Kong, which provides that Hong Kong shall exercise a high degree of autonomy and enjoy executive, legislative and independent judicial power, including that of final adjudication under the principle of "one country, two systems" which is guaranteed not to change for 50 years from 1997. Since a part of our operations is based in Hong Kong, any changes of such political arrangements may adversely impact the stability of the economy in Hong Kong, thereby directly and adversely affecting our results of operations and financial position.

### ***Civil unrest could have an adverse impact on our business, financial condition and results of operations***

Civil unrest, protests, demonstrations or riots causing mass disruption to businesses and transportation may affect our operations. There is no assurance that any unforeseeable interruptions to the business and operations can be mitigated or avoided. Moreover, prolonged civil unrest and an uncertain political environment, including any declaration by the Chief Executive of Hong Kong of a state of emergency pursuant to the Emergency Regulations Ordinance (Cap. 241 of the Laws of Hong Kong) which confers on the Chief Executive in Council the power to make any regulations whatsoever which he may consider desirable in the public interest on any occasion which he may consider to be an occasion of

emergency or public danger. Civil unrest and instability, which are outside our control, may also dampen market confidence and sentiments. Any demonstrations, protests or riots causing disruption to the city, the authorities' reaction to any such protests or riots if they occur, the Hong Kong Chief Executive's decision to make any declaration of a state of emergency and the instability of the political and economic conditions in the region, could adversely impact our business, financial condition and results of operations and the price of our Shares traded in the market.

## **RISKS RELATING TO AN INVESTMENT IN OUR SHARES**

***There is no assurance as to the successful secondary listing of our Shares on the SGX-ST, the successful conversion to a primary listing of our Shares on the SGX-ST and/or the successful delisting of our Shares from the HKEX***

Our Company had released a positive profit alert announcement on 18 June 2024 and announced therein that our Board was considering the feasibility of the Introduction and a possible delisting from the HKEX. Following the completion of the Introduction and, amongst others, as part of our business strategy to shift our global headquarters from Hong Kong to Singapore, our Company intends to seek a conversion of our secondary listing status to a primary listing status on the SGX-ST upon the satisfaction of the applicable free float requirements under Rule 723 of the Listing Manual and to delist from the HKEX subsequently thereafter. The conversion will be subject to, amongst others, (i) the amendments to the existing M&AA of the Company to comply with the requirements in Appendix 2.2 of the Listing Manual being approved by our Shareholders by way of a special resolution; (ii) our ability to satisfy the continuing free float requirements applicable to primary listed companies on the Main Board of the SGX-ST pursuant to Rule 723 of the Listing Manual; (iii) consents from or notification to certain third parties as required by the terms of the contracts entered into by our Group; (iv) the HKEX's and our Shareholders' approval for the Proposed Delisting; and (v) the SGX-ST's approval for the conversion of our Company's listing status from a secondary listing to a primary listing on the SGX-ST. The HKEX and the relevant third parties have been informed of our Company's intention to pursue a secondary listing on the SGX-ST, with a subsequent conversion to a primary listing and a delisting from the HKEX, as announced on the HKEX on 30 August 2024. To the best of our Company's knowledge, no objections have been raised by any parties thus far. Please refer to Notes 4 and 5 in the section entitled "Capitalisation and Indebtedness – Banking and Credit Facilities of our Group" of this Introductory Document for further details.

Following completion of the Introduction, our Company intends to procure the transfer of the Shares held by our public Shareholders from Hong Kong to Singapore by offering to bear certain fees for the removal of the Shares from the Hong Kong Branch Register for the deposit of them into CDP during a designated period. Please refer to the section entitled "Clearing and Settlement" of this Introductory Document for the relevant details. If we are able to successfully convert our listing status on the SGX-ST to a primary listing status, Shareholders may be subject to additional obligations under the relevant provisions of the SFA and the Listing Manual such as additional disclosure obligations on the part of substantial shareholders further details of which are set out in the section entitled "Share Capital and Shareholders – Substantial Shareholding Disclosure" of this Introductory Document.

While our Shares are currently listed on the HKEX and will, following the Introduction, be secondarily listed on the SGX-ST, there is no assurance that our Company's secondary listing status will successfully be converted to a primary listing status in order for our Shares to be delisted from the HKEX. We may not be able to satisfy the listing requirements and continuing listing obligations applicable to primary listed companies on the Main Board of the SGX-ST. In the event that our Shares cannot be primary listed on the SGX-ST, we do not expect to delist our Shares. Further, the withdrawal of our listing from the HKEX is subject to the approval of the Shareholders and the HKEX. We intend to convene a general meeting to seek approval for the Proposed Delisting by our Shareholders as soon as practicable after the primary listing of our Company on the SGX-ST has been completed, where no Shareholder is required to abstain from voting. If our Shareholders approve the Proposed Delisting, our Company is then required to give at least three months' notice of the Proposed Delisting to our Shareholders pursuant to Rule 6.11 of the HKEX Listing Rules, which notice will commence from the date on which our Shareholders approve the Proposed Delisting. The purpose of the three-month notice period is to provide our Shareholders with a period of time to understand how to transfer their Shares from Hong Kong such that they are capable of being traded on the SGX-ST. Once our Shareholders' approval for the Proposed Delisting has been obtained, the HKEX will upon our application approve the Proposed Delisting which is expected to be procedural, and the Proposed Delisting is expected to take place after the three-month notice period has

expired. Upon the Proposed Delisting becoming effective, the Hong Kong Share Register will be closed. Shareholders whose names remain on the Hong Kong Share Register would be automatically transferred to the Singapore Branch Share Register with new share certificates despatched to them by registered mail. If our Shares are not primary listed on the SGX-ST and/or delisted from the HKEX, we may not be able to resume our procurement of high-end GPUs from NVIDIA which would in turn limit our Group's ability to realise certain of our business plans and growth strategies. Please refer to the section entitled "Business Overview – Business Strategies and Future Plans" of this Introductory Document for further details regarding our future business plans.

***There is no assurance that we will remain listed on the SGX-ST***

While our Shares are currently listed on the HKEX and will, following the Introduction, be listed on the SGX-ST and upon successful conversion to a primary listing status on the SGX-ST be delisted from the HKEX, there is no assurance that they will continue to be so listed on the SGX-ST in the future. We may face a suspension from the trading of our securities on the SGX-ST and/or removal from the SGX-ST without our agreement to the extent that the SGX-ST is of the view that material sanctions risks in respect of our Group and/or our business operations arise post-listing and/or if we breach any of our undertakings provided to the SGX-ST. For the avoidance of doubt, as at the Latest Practicable Date, our Group does not have principal operations, business activities, customers, suppliers and/or Relevant Persons that are located / incorporated in any country or jurisdiction or territory which is subject to any sanctions related law or regulation imposed by another jurisdiction and no entity within our Group has carried out any activity that is subject to and in violation of any Relevant Sanction.

We may not be able to continue to satisfy the listing requirements under the regulations of the SGX-ST or other relevant rules, regulations or laws in Cayman Islands or Singapore. Further to our Shares ceasing to be listed on the HKEX, there is no assurance that our Shares will remain listed on the SGX-ST. If our Shares are suspended from quotation, removed from trading or otherwise cease to be traded on the SGX-ST, our Shareholders and CDP Depositors (as the case may be) will not be able to trade our Shares on the SGX-ST. Further, there is no assurance that any of such Shareholders or CDP Depositors will be entitled to compensation or an exit offer, or that the terms of any such compensation or exit offer will be satisfactory to them.

***We are incorporated in the Cayman Islands with our Shares having a primary listing on the HKEX and are subject to Cayman Islands laws and regulations, which may differ from laws and regulations applicable to Singapore-incorporated companies listed on the SGX-ST***

Our corporate affairs are governed by our M&AA, Cayman Islands laws, the Hong Kong Listing Rules applicable to companies listed on the HKEX and we will also have to comply with the Listing Manual upon our admission to the Main Board of the SGX-ST. The Singapore Companies Act may provide shareholders of Singapore-incorporated companies certain rights and protections of which there may be no corresponding rights or protections under the Cayman Islands Companies Act. As such, if you invest in our Shares, you may or may not be accorded the same level of shareholder rights and protections that a shareholder of a Singapore-incorporated company would be accorded under the Singapore Companies Act.

The rights of our Shareholders and the responsibilities of our Board under Cayman Islands law may be different from those applicable to a company incorporated in another jurisdiction, including Singapore. Our corporate affairs are governed by our M&AA, the Cayman Islands Companies Act and the common law of the Cayman Islands. The rights of Shareholders to take legal action against us and our Directors, the protection of the interests of minority Shareholders, and fiduciary responsibilities owed by our Directors to Shareholders under Cayman Islands law are, to a large extent, governed by the common law of the Cayman Islands, the Cayman Islands Companies Act and our M&AA. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as that from English common law, which may have persuasive, but not binding, authority on a court in the Cayman Islands. The rights of our Shareholders and the fiduciary responsibilities of our Directors under Cayman Islands law may not be as clearly established as they would be under statutes or judicial precedents in Singapore, Hong Kong, the USA or other jurisdictions where investors may be located. The Cayman Islands may have a less developed body of securities law than Singapore. In addition, the laws of the Cayman Islands relating to the protection of the interests of minority shareholders may differ in some respects from those established under statutes and under judicial precedents in Singapore or other jurisdictions.

As a result, our public Shareholders may have more difficulty in protecting their interests in connection with actions taken by our management, our Directors or our principal Shareholders than they would as shareholders of a company incorporated in another jurisdiction. See “Appendix D – Summary of Certain Provisions of the Cayman Islands Companies Act and the M&AA of our Company” and “Appendix E – Comparison of Selected Cayman Islands and Singapore Corporate Law Provisions” to this Introductory Document for further details. Each of the summaries is not intended to be and does not constitute legal advice and any person wishing to have advice on the differences between the Cayman Islands Companies Act and the Singapore Companies Act and/or the laws of any other jurisdiction is recommended to seek independent legal advice.

We are currently subject to regulatory oversight by the HKEX until our successful delisting from the HKEX. The nature and content of information required to be publicly disclosed under the Hong Kong Listing Rules may differ from the public disclosures made by companies listed on the SGX-ST. These differences may include, among others, differences with respect to the disclosure of beneficial ownership of our equity securities and related party or connected transactions.

***We may not be able to pay dividends***

Our ability to declare dividends in relation to the Shares will depend on the future financial performance which, in turn, depends on the ability to successfully implement our business strategies as well as financial, competitive, regulatory and general economic conditions, and other factors specific to the industry, many of which are beyond our control. There is no assurance that dividend distributions will be made by our Company in the future. Further, our ability to pay dividends will be substantially affected by the ability of our subsidiaries and associated companies to declare and pay us dividends or other distributions. The ability of our subsidiaries and such entities to declare and pay dividends or other distributions to us will in turn be dependent on the cash income of and cash available to such subsidiary or entity and may be restricted or subject to conditions under applicable laws, regulations or contractual agreements (which as at the Latest Practicable Date include loan facilities entered into by our Group). Please refer to Note 5 in the section entitled “Capitalisation and Indebtedness – Banking and Credit Facilities of our Group” of this Introductory Document for further details of any such facilities.

***The Introduction may not result in an active or liquid market on the SGX-ST for our Shares***

As of the date of this Introductory Document, there is no public market for the Shares in Singapore. We have received an eligibility-to-list letter from the SGX-ST to have the Shares listed on the SGX-ST. The listing and quotation of our Shares on the SGX-ST does not guarantee that a trading market for the Shares on the SGX-ST will develop or the liquidity of that market for our Shares. Although we currently intend to delist from the HKEX and list the Shares on the SGX-ST, there is no assurance of the continued listing of the Shares on the SGX-ST.

In the meantime till our successful delisting from the HKEX, the trading prices of the Shares on the HKEX and the SGX-ST respectively may differ significantly due not only to currency fluctuations but also due to differences in market liquidity of the Shares, trading participants and investor bases, exchange trading systems and other factors outside our control. There is no guarantee that the trading prices of our Shares on the SGX-ST will be equivalent to the trading prices of our Shares on the HKEX.

***The post-Introduction Share price may not be reflective of our value and the Share price may be volatile in the future***

The Listing will be by way of an introduction. Unlike a listing undertaken with an initial public offering, there will be no book building undertaken prior to and in connection with the Introduction. As such, the price of the Shares immediately post-Introduction may not reflect an appropriate value of our Company. In addition, as our Company will be listed on both the HKEX and SGX-ST following completion of the Introduction and prior to the delisting of our Company from the HKEX, the price of Shares traded on the HKEX may differ from the price of shares traded on the SGX-ST.



The price of the Shares may fluctuate widely, depending on various factors, including:

- changes in market valuations and share prices of companies with similar businesses to our Group that may be listed in Singapore or Hong Kong;
- announcements of significant acquisitions, strategic alliances or joint ventures;
- fluctuations in stock market prices and trading volume;
- involvement in material litigation;
- addition or departure of key personnel;
- success or failure of management in implementing business and growth strategies;
- variations in operating results;
- changes in securities analysts' recommendations, perceptions or estimates of our Group's financial performance;
- general changes in rules/regulations with regard to the industry that our Group operates in, including those that affect the demand for our Group's products and services; and
- changes in conditions affecting the industry in which our Group operates, the general economic conditions or stock market sentiments or other events or factors

***Shareholders may experience further dilution in the value of the Shares***

Our Company may need to raise additional funds in the future and if such additional funds are raised through the issuance by our Company of new Shares other than on a pro rata basis to then existing Shareholders, the percentage ownership of then existing Shareholders may be reduced and then existing Shareholders may experience dilution in the value of their Shares. If we fail to utilise the additional funds to generate a commensurate increase in earnings, this will also lead to a dilution in the earnings per Share and could lead to a decline in the Share price.

***The different characteristics of the capital markets In Singapore and Hong Kong may negatively affect the trading prices of our Shares***

Upon the Introduction, our Company will be subject to Singapore and Hong Kong listing and regulatory requirements concurrently. The SGX-ST and HKEX have different trading hours, trading characteristics (including trading volume and liquidity), trading and listing rules, and investor bases (including different levels of retail and institutional participation). As a result of these differences, the trading prices of our Shares may not be the same, even allowing for currency differences. Fluctuations in the price of our Shares on HKEX due to circumstances peculiar to the Hong Kong capital markets could materially and adversely affect the price of our Shares on the SGX-ST, or vice versa. Certain events having significant negative impact specifically on the Hong Kong capital markets may result in a decline in the trading price of our Shares notwithstanding that such event may not impact the trading prices of securities listed in Singapore generally or to the same extent, or vice versa. Because of the different characteristics of Singapore and Hong Kong capital markets, the historical market prices of the Shares on the HKEX may not be indicative of the trading performance of the Shares after the Introduction on the SGX-ST.

***There are exchange rate risks in trading in the Shares and dividends distributed by our Company may also be affected***

The Shares will be quoted in HK\$ on the HKEX until our successful delisting from the HKEX and in S\$ on the SGX-ST upon the Introduction. Dividends, if any, with respect to our Shares will be (a) declared in HK\$ until our successful delisting from the HKEX and (b) upon our successful delisting from the HKEX, be paid in S\$. Exchange rate gains or losses will arise when the assets and liabilities of our subsidiaries are translated into HK\$ or S\$ (as the case may be) for repatriation purposes. Please refer to the section entitled "Dividends" of this Introductory Document for further details.

Please also refer to the section entitled “Exchange Rates and Exchange Controls – Exchange Rates” of this Introductory Document for further information regarding fluctuations in the value of the HK\$ relative to the value of the S\$.

However, should you sell our Shares on the HKEX or the SGX-ST, and you decide to convert the proceeds from the sale into Singapore Dollars, you will be subject to the prevailing exchange rate between the Singapore Dollars and Hong Kong Dollars at the time you convert the proceeds from your sale into Singapore Dollars. Any fluctuation in exchange rates of this nature may have an impact on the proceeds which you receive from the sale of your Shares. Before our successful delisting from the HKEX, our Company will declare and pay dividends in Hong Kong Dollars and CDP will make the necessary arrangements for onward distribution to CDP Depositors whose Shares are held through CDP. All CDP Depositors will receive the distributions in Singapore Dollars. Any fluctuation in exchange rates should you decide to convert the distributions into Singapore Dollars may have an impact on distribution which you receive from the dividends we have declared. Please refer to the section entitled “Exchange Controls” and “Dividend Policy” of this Introductory Document for more information.



## DIVIDENDS

Statements contained in this section that are not historical facts are forward-looking statements. Such statements are subject to certain risks and uncertainties which could cause actual results to differ materially from those which may be forecasted and projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty, or prediction with respect to the accuracy of the underlying assumptions by us, the Issue Manager, or any other person. Prospective investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. See “Notice to Investors – Forward-looking Statements”.

### Past Dividends

The following table shows the dividends we have declared and paid by our Company for each of FY2021, FY2022, FY2023 and the period from 1 January 2024 to the Latest Practicable Date:

Declaration of Dividends (FY)	Date of Payment of Dividends	Cash Dividend per Share	Total Dividend
		(HK\$)	(HK\$'000)
FY2021	8 October 2021	0.84	949,380
	15 July 2022	1.61	
FY2022	14 October 2022	0.80	407,118
	10 July 2023	0.25	
FY2023	6 October 2023	0.10	116,365
	24 July 2024	0.20	
1 January 2024 to the Latest Practicable Date	16 October 2024	0.20	77,577

Save as disclosed above, neither our Company nor any of our subsidiaries has declared or paid any dividends (other than dividends which were paid to another entity in our Group) in respect of each of FY2021, FY2022, FY2023, and the period from 1 January 2024 to the Latest Practicable Date.

### Dividend Policy

Based on our Company's dividend policy, the Board shall consider the following factors before declaring or recommending dividends:

- (i) our Company's current and future operations, actual and expected financial performance;
- (ii) our Group's liquidity position, working capital and capital expenditure requirements and future expected capital needs;
- (iii) any corporate development plans;
- (iv) any restrictions on payments of dividends that may be imposed by our Group's lenders or other third parties;
- (v) the level of our Group's debt to equity ratio, return on equity and the relevant financial covenants;
- (vi) retained earnings and distributable reserves of our Company and each of the members of our Group;
- (vii) general economic conditions, the business cycle of our Group's business, and other internal and external factors that may have an impact on the business or financial performance and position of our Company; and
- (viii) any other factors that the Board deems appropriate and relevant.

We do not however, have a fixed dividend policy, and cannot assure you that we will pay dividends in the future or, if we pay dividends in the future, when they will be paid. The amount of dividends declared and paid by us in the past should not be taken as an indication of the dividends payable in the future.

Subject to the Cayman Islands Companies Act and our Articles of Association, our Shareholders in general meeting may from time to time declare a dividend but no dividend shall be declared in excess of the amount recommended by our Directors. Our Board of Directors may, without the approval of our Shareholders, also declare interim dividends. All dividends will be paid in accordance with our Articles of Association and the Cayman Islands Companies Act.

For as long as we are listed on the HKEX, we will declare dividends in Hong Kong Dollars and CDP will make the necessary arrangements for onward distribution to holders of our Shares who maintain, either directly or through depository agents, securities accounts with CDP. Shareholders whose Shares are held through CDP will receive their dividends through CDP in Singapore Dollars. We will make the necessary arrangements to convert the dividends in Hong Kong Dollars into Singapore Dollars equivalent at the prevailing exchange rate obtained by us on the relevant date for onward distribution to CDP and CDP's onward distribution to entitled Shareholders. Neither our Company nor CDP will be liable for any loss whatsoever arising from the conversion of the dividends entitlement of Shareholders holding their Shares through CDP from Hong Kong Dollars into Singapore Dollars equivalent. Our Group intends to declare dividends in Singapore Dollars following the conversion of our Company's secondary listing status to a primary listing status on the SGX-ST and the successful delisting of our Shares from the HKEX.

No inference should or can be made from any of the foregoing statements as to our actual future profitability or ability to pay dividends. Please refer to the section entitled "Risk Factors – Risks Relating to an Investment in Our Shares – We may not be able to pay dividends" of this Introductory Document for further details.

See the section entitled "Taxation – Singapore – Dividend Distributions" of this Introductory Document for a description of Singapore taxation on dividends.

## CAPITALISATION AND INDEBTEDNESS

The information in this section should be read in conjunction with the sections in this Introductory Document entitled “Selected Consolidated Financial Information”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, “Appendix A – Independent Joint Auditors’ Report and Consolidated Financial Statements of PC Partner Group Limited and its Subsidiaries for the Financial Years Ended 31 December 2021, 2022 and 2023”, as well as “Appendix B – Independent Joint Auditors’ Review Report and Interim Condensed Consolidated Financial Statements of PC Partner Group Limited and its Subsidiaries for the Financial Period from 1 January 2024 to 30 June 2024”.

The table below sets out the cash and cash equivalents as well as the capitalisation and indebtedness of our Group as at 30 September 2024, being a date no earlier than 60 days before the date of this Introductory Document based on our unaudited management accounts.

	Unaudited as at 30 September 2024 (HK\$’000)
<b>Cash and bank balances</b> .....	2,034,783
Current Indebtedness	
Secured and guaranteed.....	179,062
Secured and non-guaranteed .....	–
Unsecured and guaranteed .....	556,384
Unsecured and non-guaranteed.....	34,135
Non-Current Indebtedness	
Secured and guaranteed.....	–
Secured and non-guaranteed .....	–
Unsecured and guaranteed .....	–
Unsecured and non-guaranteed.....	68,893
<b>Total indebtedness</b> .....	838,474
Share Capital.....	38,788
Retained Earnings.....	2,605,003
Other Reserves.....	215,663
Translation Reserves .....	(3,594)
Non-Controlling Interests.....	1,010
<b>Total shareholders’ equity</b> .....	2,856,870
<b>Total capitalisation and indebtedness</b> .....	3,695,344

As at the Latest Practicable Date, there were no material changes to our total capitalisation and indebtedness as disclosed above, save for changes in our Group’s retained earnings arising from our day-to-day operations in the ordinary course of business.

### Banking and Credit Facilities of our Group

As at 30 June 2024, our Group’s banking and credit facilities (utilised and unutilised) was approximately HK\$2,456 million (equivalent to approximately S\$417.1 million) and the outstanding borrowing comprised trade loans, mortgage and standby documentary credit with an aggregate outstanding amount of approximately HK\$1,051 million (equivalent to approximately S\$178.4 million) and unutilised banking and credit facilities of HK\$1,392 million (equivalent to approximately S\$236.4 million). Excluding standby documentary credit, the outstanding borrowing of the Group as at 30 June 2024 is approximately HK\$953.7 million (equivalent to approximately S\$161.9 million). Details of our Group’s banking and credit facilities as at 30 June 2024 are as follows:

Type of Facilities <sup>(1)(2)</sup>	Amount of Facilities granted as at 30 June 2024  (Original currency) (in thousand)  (S\$ equivalent) (in thousand))	Utilised and Outstanding as at 30 June 2024  (Original currency) (in thousand)  (S\$ equivalent) (in thousand))	Unutilised as at 30 June 2024  (Original currency) (in thousand)  (S\$ equivalent) (in thousand))	Interest rate per annum	Maturity profile
<b>Lender: Hang Seng Bank Limited, Hong Kong<sup>(3)</sup></b>					
<b>(I) Borrowers: PCPL and Zotac Technology Limited</b>					
Overdraft facility, revolving loan, trade loans, trust receipts, negotiation under documentary credits with discrepancies <sup>(4)</sup>	HK\$571,000 (S\$96,956)	HK\$77,644 (S\$13,184)	HK\$493,356 (S\$83,772)	Overdraft: 1% p.a. over the bank's BLR  Revolving loan: 2.5% p.a. over 3-month HIBOR/ LIBOR or the bank's cost of funds, whichever is higher  Trust receipt, trade loans, documents against acceptance: 1.3% p.a. over HIBOR/ LIBOR or the bank's cost of funds, whichever is higher  (Interest rate as at 30 June 2024: 4.87792%)	60 - 120 days depending on facility type
<b>(II) Borrower: PCPL</b>					
Factoring agreement <sup>(4)</sup>	US\$6,000 (S\$7,920)	–	US\$6,000 (S\$7,920)	1.3% p.a. over HIBOR/ LIBOR or the bank's cost of funds, whichever is higher	120 days

Type of Facilities <sup>(1)(2)</sup>	Amount of Facilities granted as at 30 June 2024  (Original currency) (in thousand)  (S\$ equivalent) (in thousand))	Utilised and Outstanding as at 30 June 2024  (Original currency) (in thousand)  (S\$ equivalent) (in thousand))	Unutilised as at 30 June 2024  (Original currency) (in thousand)  (S\$ equivalent) (in thousand))	Interest rate per annum	Maturity profile
<b>Lender: The Hongkong and Shanghai Banking Corporation, Hong Kong</b>					
<b>(I) Borrowers: PCPL and Zotac Technology Limited<sup>(5)</sup></b>					
Import/Export facility, USD overdraft, post-shipment buyer loans, post-shipment seller loans,	HK\$650,000 (S\$110,370)	HK\$442,901 (S\$75,205)	HK\$207,099 (S\$35,165)	Trust receipts, export facilities, post-shipment buyer loans, post-shipment seller loans in HKD: at 1.2% p.a. + HIBOR/ USD reference rate.  (Interest rate as at 30 June 2024: 4.77768%-5.03506%)  Overdraft: HSBC's BLR + 1.25% p.a.	60 - 120 days depending on the facility type
Standby documentary credit facilities	USD12,500 (S\$16,499)	USD12,500 (S\$16,499)	– –	Bank charges for Standby documentary credit facilities: 1.7% p.a.	Standby documentary credit facilities 1 year
<b>(II) Borrower: PC Partner Properties Limited</b>					
Mortgage (HIBOR loan) <sup>(6)</sup>	HK\$193,930 (S\$32,929)	HK\$181,001 (S\$30,734)	– –	Either HIBOR + 0.75% p.a. or BLR - 2.5% p.a.  (Interest rate as at 30 June 2024: 3.375%)	60 months
<b>(III) Borrower: PCPL</b>					
Factoring agreement	USD10,000 (S\$13,199)	–	USD10,000 (S\$13,199)	1% p.a. over USD reference rate	90 days



Type of Facilities <sup>(1)(2)</sup>	Amount of Facilities granted as at 30 June 2024  (Original currency) (in thousand)  (S\$ equivalent) (in thousand))	Utilised and Outstanding as at 30 June 2024  (Original currency) (in thousand)  (S\$ equivalent) (in thousand))	Unutilised as at 30 June 2024  (Original currency) (in thousand)  (S\$ equivalent) (in thousand))	Interest rate per annum	Maturity profile
<b>Lender: Standard Chartered Bank (Hong Kong) Limited, Hong Kong</b>					
<b>(I) Borrowers: PCPL and Zotac Technology Limited<sup>(7)</sup></b>					
Trade finance facility	HK\$440,000 (S\$74,712)	HK\$213,128 (S\$36,189)	HK\$226,872 (S\$38,523)	1.2% p.a. over HIBOR or term SOFR  (Interest rate as at 30 June 2024: 4.8105% - 4.95821%)	90 - 120 days depending on facility type
<b>(II) Borrower: PCPL</b>					
Receivables purchase agreement	HK\$30,000 (S\$5,094)	–	HK\$30,000 (S\$5,094)	For HKD bills, the higher of 1.75% p.a. below the bank's standard bills finance rate / 0.7% p.a. over HIBOR / Floating HIBOR / the bank's cost of funds  For USD bills, the higher of 1.3% p.a. below the bank's standard bills finance rates / 0.7% p.a. over the bank's cost of funds / 0.7% p.a. over LIBOR	90 days

Type of Facilities <sup>(1)(2)</sup>	Amount of Facilities granted as at 30 June 2024  (Original currency) (in thousand)  (S\$ equivalent) (in thousand))	Utilised and Outstanding as at 30 June 2024  (Original currency) (in thousand)  (S\$ equivalent) (in thousand))	Unutilised as at 30 June 2024  (Original currency) (in thousand)  (S\$ equivalent) (in thousand))	Interest rate per annum	Maturity profile
<b>Lender: Citibank N.A., Hong Kong Branch, USA</b>					
<b>Borrower: Zotac Technology Limited<sup>(8)</sup></b>					
Uncommitted revolving short term facilities <sup>(9)</sup>	US\$18,000 (S\$23,758)	–	US\$18,000 (S\$23,758)	For HKD bills, 1.20% p.a. over the higher of (i) HIBOR and (ii) the bank's cost of fund.  For USD bills, 1.25% p.a. over the applicable reference rate for the relevant currency and product type	90 - 120 days from date of invoice
Revolving short-term loan <sup>(9)</sup>	US\$2,000 (S\$2,640)	–	US\$2,000 (S\$2,640)	For HKD loans, 1.20% p.a. over the higher of (i) HIBOR and (ii) the bank's cost of fund.  For USD loans, 1.25% p.a. over the applicable reference rate for the relevant currency and product type	1, 2, or 3 months from the date of drawdown or rollover

Type of Facilities <sup>(1)(2)</sup>	Amount of Facilities granted as at 30 June 2024  (Original currency) (in thousand)  (S\$ equivalent) (in thousand))	Utilised and Outstanding as at 30 June 2024  (Original currency) (in thousand)  (S\$ equivalent) (in thousand))	Unutilised as at 30 June 2024  (Original currency) (in thousand)  (S\$ equivalent) (in thousand))	Interest rate per annum	Maturity profile
<b>Lender: OCBC Bank (Hong Kong) Limited, Hong Kong</b>					
<b>Borrower: Zotac Technology Limited <sup>(10)</sup></b>					
Invoice financing	US\$23,000 (S\$30,358)	HK\$39,075 (S\$6,635)	US\$17,973 (S\$23,723)	1% p.a. over the 1-month HIBOR/ Term SOFR.  (Interest rate as at the 30 June 2024: 5%)	120 days
Revolving credit facility	US\$2,000 (S\$2,640)	–	US\$2,000 (S\$2,640)	1.3% p.a. over 3-month HIBOR/ Daily Compounded SOFR (or such other rate as the bank may designate from time to time)	120 days

**Notes:**

- (1) The banks have overriding right of repayment on demand for all bank loans irrespective of whether the Group has complied with the covenants and met the scheduled repayment obligations. There are no terms and conditions to the banks' discretionary right to call for repayment on demand. Therefore, the bank loans were entirely classified as current liabilities in the consolidated statements of financial position.
- (2) Original currencies of banking and credit facilities have been translated into approximate Singapore Dollar amounts based on the exchange rates quoted by Bloomberg L.P. on the Latest Practicable Date. Bloomberg L.P. has not provided its consent to the inclusion of the exchange rate information cited to it in this section and is therefore not liable for such information. While our Company and the Issue Manager have taken reasonable actions to ensure that such information has been reproduced in its proper form and context and that such information is extracted accurately and fairly in this Introductory Document, neither our Company, our Directors, the Issue Manager nor any other party has conducted an independent review of such information or verified the accuracy of the contents of such information.
- (3) Proceeds from the revolving loan shall be restricted for general working capital while import trade loans shall be drawn against *pro forma* invoices for 8 designated vendors set out therein. The facilities are secured by guarantees provided by PCPL, Zotac Technology Limited and the Company.
- (4) These loans contain a provision whereby, among others, that PCPL and Zotac Technology Limited must inform the lender immediately once there are changes to any of their directors or beneficial shareholders, or any amendments to its M&AA or equivalent. The Company will inform the lender prior to the conversion of its listing status for any amendments to be made to its M&AA.
- (5) These facilities are secured by, among others, a guarantee and a letter of undertaking provided by the Company. Pursuant to the letter of undertaking dated 25 October 2016 issued by the Company, the Company has undertaken, among others, that the dividend payments for each financial year made by the borrower (i.e. PCPL) shall not in aggregate exceed 45% of the net profit after tax of the relevant financial year and that it will at all times be listed on the HKEX. Accordingly, the Company will seek the lender's consent upon completion of the Introduction and prior to its delisting from the HKEX.
- (6) The facility is secured by a fixed amount legal charge over the property at 28/F, NCB Innovation Centre, 888 Lai Chi Kok Road, Kowloon, Hong Kong granted by the borrower as the mortgagor and a guarantee provided by the Company.
- (7) These facilities are secured by guarantees provided by PCPL, Zotac Technology Limited and the Company.

- (8) The proceeds of the facilities shall be used to (i) finance general working capital requirement and (ii) finance trade transactions. The facilities are secured by a continuing guarantee from the Company.
- (9) These loans contain provisions whereby, among others, Zotac Technology Limited must immediately inform the lender if there are changes to, among others, any of its directors or beneficial shareholders, or other material adverse changes affecting themselves, its holding company, and its subsidiaries and affiliates. In the event of a breach of these provisions, the lender has the right to, upon provision of notice to Zotac Technology Limited, cancel the loans and Zotac Technology Limited shall repay the lender on the last day of the interest period for all outstanding amounts occurring after its receipt of the lender's notice.
- (10) The facilities shall be used solely and exclusively for the purpose of the company's general working capital requirements and are secured by guarantees provided by the Company.

Save as disclosed under the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources" of this Introductory Document, our Group does not have any material unused sources of liquidity as at the Latest Practicable Date.

To the best of our Directors' knowledge, as at the Latest Practicable Date, our Group is not in breach of any terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect our Group's financial position and results or business operations, or the investments by our Shareholders, and none of our Substantial Shareholders' Shares have been pledged, charged or mortgaged as collateral to secure any credit or banking facilities.

### **Contingent Liabilities**

Included in the sales of products to the USA, was our Group's own brand VGA Cards, which are imported into the USA as gaming components for custom declaration purposes. During FY2023, our Group identified a classification issue on the import declaration of VGA Cards where the U.S. CBP may treat VGA Cards as a computer component. Such a classification would result in a 25% tariff under the China Section 301 Tariffs from January 2021 to October 2021 and the estimated amount of the potential tariff recognised as contingent liability would be approximately US\$25 million (equivalent to approximately HK\$196 million). As at the Latest Practicable Date, our Group has paid US\$11.8 million (approximately HK\$91.9 million) out of the approximate US\$25 million of potential tariff to the U.S. CBP. In addition to the US\$25 million contingent liability, our Group was subsequently deemed to owe an additional amount of US\$995,660 (approximately HK\$7.78 million) to the U.S. CBP (which it has been paid in May 2024) as a result of an upward price adjustments to the VGA Cards which were subject to the China Section 301 Tariff during the Gap Period. Based on legal advice previously obtained, our Group took the initiative to rectify the declaration with the U.S. CBP to avoid any additional penalty on unreported tariffs and filed a Protest to request for clarity on the VGA Card classification issue. While our Group has filed the Protest upfront, it has, as advised by the third-party international customs consulting firm engaged by our Group, requested that the U.S. CBP suspend any action on the Protest until such time as a final court decision is rendered for the court claim filed on 10 September 2020 involving HMTX Industries LLC and two other importers at the U.S. Court of International Trade, which is currently before the Court of Appeals for the Federal Circuit. The Directors are of the view that it is unlikely that an outflow of economic benefits will be required on the above classification issue on declaration of imported goods to the USA. In addition, the Independent Joint Auditors are of the view that the recognition of the amounts paid as "other receivables" is in accordance with the definition of an asset and recognition criteria under the Conceptual Framework for Financial Reporting and the classification of the remaining amounts as a contingent liability is in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The contingent liability arose from a one-off and isolated incident where the product exclusion scheme ceased being effective during the Gap Period and the full tariff had to be paid. Our Group has established a custom and trade tariff control policy to monitor, prevent, detect and respond to custom and trade issues to ensure that such an incident resulting in the Group's omission to pay tariffs does not recur. This includes, amongst others, (a) regularly checking with custom and trade professionals as well as custom brokers for custom duty and trade tariff related updates, (b) regularly assessing the potential business risks posed by current and future trade tariffs and identifying all relevant products and materials subject to tariffs, (c) appointing experienced staff from the finance or shipping/warehouse department of the Group to verify HTSUS classifications and ensure timely payment of tariffs (if any), (d) appointing dedicated staff within the finance department of the Group to maintain proper accounts of the relevant custom and trade tariff transactions, and (e) evaluating and diversifying the Group's sources of supplies to minimise any potential tariff-related risks.

The Independent Joint Auditors, BDO Limited and BDO LLP have confirmed that the China Section 301 Tariff has been accounted for in accordance with the IFRS Accounting Standards.

**Others**

Save as disclosed, as at 30 June 2024, we have no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptance (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.



## EXCHANGE RATES AND EXCHANGE CONTROLS

### EXCHANGE RATES

The following table sets out, for the periods indicated, certain information on the exchange rates between the Hong Kong Dollar and the Singapore Dollar (in Singapore Dollar per Hong Kong Dollar), as quoted by Bloomberg L.P. and rounded to four decimal places. These exchange rates have been presented solely for information only. We make no representation that the Hong Kong Dollar or Singapore Dollar amounts set out below and referred to elsewhere in this Introductory Document could have been or could be converted into any of the respective other currencies at the rates indicated or at any other rate or at all.

Period	Closing Exchange Rates Singapore Dollar per Hong Kong Dollar <sup>(1)</sup>			
	High <sup>(2)</sup>	Low <sup>(2)</sup>	Average <sup>(3)</sup>	Period End
FY2021	0.1760	0.1699	0.1729	0.1730
FY2022	0.1833	0.1719	0.1760	0.1719
FY2023	0.1756	0.1666	0.1715	0.1690
1H2023	0.1731	0.1666	0.1708	0.1726
1H2024	0.1745	0.1691	0.1728	0.1737
April 2024	0.1745	0.1718	0.1733	0.1745
May 2024	0.1740	0.1723	0.1730	0.1728
June 2024	0.1740	0.1721	0.1731	0.1737
July 2024	0.1738	0.1710	0.1724	0.1710
August 2024	0.1711	0.1668	0.1687	0.1676
September 2024	0.1677	0.1648	0.1664	0.1654
1 October 2024 to the Latest Practicable Date (both inclusive)	0.1704	0.1658	0.1687	0.1698

#### Notes:

- (1) Source: Bloomberg L.P. Bloomberg L.P. has not provided its consent to the inclusion of the exchange rate information cited to it in this section and is therefore not liable for such information. While our Company and the Issue Manager have taken reasonable actions to ensure that such information has been reproduced in its proper form and context and that such information is extracted accurately and fairly in this Introductory Document, neither our Company, our Directors, the Issue Manager nor any other party has conducted an independent review of such information or verified the accuracy of the contents of such information.
- (2) The high and low amounts were determined using the closing exchange rates at the end of each day during the period indicated.
- (3) The yearly or periodic average rate was determined using the closing exchange rates on the last day of each month during the period indicated. The monthly average rate and the average rate from 1 October 2024 to the Latest Practicable Date were determined using the closing exchange rates at the end of each day during the period indicated.

On the Latest Practicable Date, the closing exchange rate between the Hong Kong Dollar and the Singapore Dollar (in Singapore Dollar per Hong Kong Dollar) was S\$0.1698:HK\$1.

### EXCHANGE CONTROLS

The following is a description of the exchange controls that exist in the key jurisdictions our Group companies are incorporated in or our Group operates in.

#### Cayman Islands

There are currently no exchange control restrictions in the Cayman Islands.

## **Singapore**

There are currently no exchange control restrictions in effect in Singapore.

## **Hong Kong**

There are currently no exchange control restrictions in Hong Kong.

## **British Virgin Islands**

There are currently no exchange control restrictions in the British Virgin Islands.

## **Korea**

The Foreign Exchange Transactions Act of Korea regulates foreign currency exchange and cross border transactions by or with companies domiciled in Korea, pursuant to which prior and post reporting obligations may be required for such transactions to or from Korea. Furthermore, subject to certain limitations, the Ministry of Economy and Finance of Korea has the authority to take the following actions under the Foreign Exchange Transactions Act for a period of up to six months, or longer under extraordinary circumstances:

- If the Korean government deems it necessary on account of war, armed conflict, natural disaster or grave and sudden and significant changes in domestic or foreign economic circumstances or similar events or circumstances, the Ministry of Economy and Finance may temporarily suspend performance under any or all foreign exchange transactions, in whole or in part, to which the Foreign Exchange Transactions Act of Korea applies (including suspension of payment and receipt of foreign exchange) or impose an obligation to deposit, safe-keep or sell any means of payment to the Bank of Korea, a foreign exchange equalisation fund or certain other governmental agencies or financial institutions.
- If the Korean government concludes that the international balance of payments and international financial markets are experiencing or are likely to experience significant disruption or that the movement of capital between Korea and other countries is likely to adversely affect its currency policies, exchange rate policies or other macroeconomic policies, the Ministry of Economy and Finance may take action to require any person who intends to effect a capital transaction to obtain permission or to require any person who effects a capital transaction to deposit a portion of the means of payment acquired in such transactions with the Bank of Korea, a foreign exchange equalisation fund or certain other governmental agencies or financial institutions, in each case subject to certain limitations.

## **The USA**

Currently, no exchange control restrictions exist in the USA. The United States Dollar has been, and in general is, freely convertible.

## **The PRC**

The lawful currency of the PRC is the Renminbi, which is currently subject to foreign exchange controls. SAFE is responsible for the administration of all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

According to the Regulation on Foreign Exchange Administration of the PRC (中华人民共和国外汇管理条例) promulgated on 29 January 1996, last revised on 5 August 2008 and effected on the same day, and relevant regulations issued by SAFE, the Renminbi is freely convertible for payments of current account items such as trade and service-related foreign exchange transactions and interest and dividend payments, but is not freely convertible for capital expenditure items such as direct investment or loans unless approval from or registration with SAFE or its local counterpart or designated bank is obtained in advance.

For risks associated with PRC foreign exchange controls, please refer to the section entitled “Risk Factors – Risks Relating to our Business and Industry – Our business, financial conditions and results of operations may be adversely affected by fluctuations in exchange rates and foreign exchange controls” of this Introductory Document.

**Japan**

Under the Foreign Exchange and Foreign Trade Act, remittance to foreign country is generally possible without any restrictions unless such remittance falls under the category of economic sanction provided in the Foreign Exchange and Foreign Trade Act. For remittance over JPY30 million is subject to ex post facto reporting requirements.

**Indonesia**

There are no foreign exchange controls or foreign exchange regulations under the currently applicable laws of Republic of Indonesia and all dividends and other distributions declared and payable on the shares in the share capital of the Indonesian subsidiary to its shareholders not resident in Indonesia may under Indonesian laws be paid in Rupiah must be converted into appropriate foreign currency and freely transferred out of Indonesia. However, pursuant to Regulation of the Board of Governors Member of Bank of Indonesia Number 24/10/PADG/2022 on the Implementation Regulations for Transactions in the Foreign Exchange Market, any purchase of foreign currencies against IDR exceeding US\$100,000 or its equivalent amount must be supported by an underlying transaction and the maximum amount of the foreign exchange that can be purchased must be equal to the value of the underlying transaction. In the case of dividend distribution, a deed containing the GMS approval on the dividend distribution should be considered an equivalent document.

## SELECTED CONSOLIDATED FINANCIAL INFORMATION

You should read the following selected consolidated financial information for the periods and as of the dates indicated in conjunction with the section of this Introductory Document entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our financial statements, the accompanying notes and the related independent joint auditors’ report included in this Introductory Document. Our financial statements are reported in Hong Kong Dollars and are prepared and presented in accordance with the IFRS Accounting Standards.

The selected financial information as of and for FY2021, FY2022, FY2023, 1H2023 and 1H2024 have been derived from our audited financial statements or unaudited interim condensed consolidated financial statements (as the case may be) included in this Introductory Document and should be read together with those financial statements and the notes thereto.

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

HK\$'000	Audited			Unaudited	
	FY2021	FY2022	FY2023	1H2023	1H2024
Revenue	15,459,055	10,775,308	9,167,215	4,175,441	4,944,243
Cost of sales	(11,171,893)	(9,212,346)	(8,466,469)	(3,851,689)	(4,385,891)
Gross profit	4,287,162	1,562,962	700,746	323,752	558,352
Other revenue and other gains and losses, net	123,966	(1,347)	30,770	12,793	21,233
Selling and distribution expenses	(185,831)	(121,532)	(138,183)	(60,336)	(54,148)
Administrative expenses	(816,658)	(523,278)	(442,773)	(210,298)	(285,394)
(Provision)/Reversal of provision for impairment losses on financial assets	(321,712)	(533)	(3,118)	(1,033)	6,258
Finance costs	(20,215)	(32,551)	(59,306)	(35,163)	(17,842)
Share of loss of a joint venture	(136,588)	(40,513)	–	–	–
Profit before income tax	2,930,124	843,208	88,136	29,715	228,459
Income tax	(553,568)	(141,311)	(28,248)	(10,540)	(36,194)
<b>Profit for the year</b>	<b>2,376,556</b>	<b>701,897</b>	<b>59,888</b>	<b>19,175</b>	<b>192,265</b>
<b>Other comprehensive income, after tax</b>					
<b>Item that will not be reclassified to profit or loss:</b>					
Changes in fair value of equity instrument at FVTOCI	(4,001)	(2,249)	–	–	–
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Exchange differences on translating foreign subsidiaries	(7,128)	(5,010)	(1,381)	(3,513)	(4,571)
Exchange differences on translating a joint venture	2,446	–	–	–	–
<b>Total comprehensive income for the year</b>	<b>2,367,873</b>	<b>694,638</b>	<b>58,507</b>	<b>15,662</b>	<b>187,694</b>
<b>Profit for the year attributable to:</b>					
— Owners of the Company	2,374,320	702,484	60,843	20,102	194,060
— Non-controlling interests	2,236	(587)	(955)	(927)	(1,795)
	<b>2,376,556</b>	<b>701,897</b>	<b>59,888</b>	<b>19,175</b>	<b>192,265</b>

HK\$'000	Audited			Unaudited	
	FY2021	FY2022	FY2023	1H2023	1H2024
<b>Total comprehensive income for the year attributable to:</b>					
— Owners of the Company	2,365,637	695,225	59,462	16,589	189,489
— Non-controlling interests	2,236	(587)	(955)	(927)	(1,795)
	2,367,873	694,638	58,507	15,662	187,694
Earnings per share	HK\$	HK\$	HK\$	HK\$	HK\$
— Basic	6.21	1.81	0.16	0.052	0.500
— Diluted	6.14	1.81	0.16	0.052	0.500

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

HK\$'000	Audited as at			Unaudited as at
	31 Dec 2021	31 Dec 2022	31 Dec 2023	30 Jun 2024
<b>Non-current assets</b>				
Property, plant and equipment	94,215	596,378	557,369	537,295
Right-of-use assets	114,182	121,766	92,559	82,230
Intangible assets	4,825	4,825	4,825	4,825
Other financial asset	3,517	1,268	1,268	1,268
Interest in a joint venture	40,513	—	—	—
Deferred tax assets	9,641	3,999	5,788	5,075
Trade and other receivables	2,705	5,383	5,664	13,122
Total non-current assets	269,598	733,619	667,473	643,815
<b>Current assets</b>				
Inventories	1,511,577	1,831,959	1,135,492	1,391,331
Trade and other receivables	1,307,096	1,260,597	894,097	1,024,699
Right of return assets	71,091	69,561	38,601	35,784
Current tax recoverable	—	58,951	68,487	65,179
Cash and bank balances	3,765,101	2,207,323	2,491,217	2,248,688
Total current assets	6,654,865	5,428,391	4,627,894	4,765,681
Total assets	6,924,463	6,162,010	5,295,367	5,409,496
<b>Current liabilities</b>				
Trade and other payables	2,130,342	1,237,752	1,280,048	1,300,429
Refund liabilities	96,445	83,794	48,837	43,957
Contract liabilities	209,564	76,521	60,957	77,573
Borrowings	702,337	1,738,733	982,426	956,183
Provision for product warranties and returns	61,118	39,436	41,124	35,331
Lease liabilities	26,049	30,864	30,164	30,693
Current tax liabilities	513,042	6,571	8,546	23,431
Total current liabilities	3,738,897	3,213,671	2,452,102	2,467,597
<b>Net current assets</b>	2,915,968	2,214,720	2,175,792	2,298,084
<b>Total assets less current liabilities</b>	3,185,566	2,948,339	2,843,265	2,941,899
<b>Non-current liabilities</b>				
Lease liabilities	95,224	97,194	69,050	57,567
<b>TOTAL LIABILITIES</b>	3,834,121	3,310,865	2,521,152	2,525,164



HK\$'000	Audited as at			Unaudited as at
	31 Dec 2021	31 Dec 2022	31 Dec 2023	30 Jun 2024
<b>NET ASSETS</b>	3,090,342	2,851,145	2,774,215	2,884,332
<b>Capital and reserves</b>				
Share capital	38,738	38,768	38,788	38,788
Reserves	3,048,678	2,810,038	2,734,043	2,845,955
<b>Equity attributable to owners of the Company</b>	3,087,416	2,848,806	2,772,831	2,884,743
Non-controlling interests	2,926	2,339	1,384	(411)
<b>TOTAL EQUITY</b>	3,090,342	2,851,145	2,774,215	2,884,332

## CONSOLIDATED STATEMENTS OF CASH FLOW

HK\$'000	Audited			Unaudited	
	FY2021	FY2022	FY2023	1H2023	1H2024
<b>Operating activities</b>					
Profit before income tax	2,930,124	843,208	88,136	29,715	228,459
Adjustments for:					
Depreciation of property, plant and equipment	58,573	36,749	74,568	39,066	33,803
Depreciation of right-of-use assets	30,095	31,186	31,889	16,034	16,077
Interest income	(9,276)	(10,455)	(50,228)	(21,409)	(38,901)
Net fair value gains on derivative financial instruments	(199)	(61)	(506)	(312)	(164)
Interest expense	20,215	32,551	59,306	35,163	17,842
Bad debts written off	39	152	1,753	–	–
Gain on disposal of property, plant and equipment	(78,704)	(379)	(40)	(34)	(214)
Gain on termination of lease	(27)	(162)	(20)	(5)	–
Property, plant and equipment written off	10	28	2	1	–
(Reversal of provision)/provision for impairment losses on financial assets	321,712	533	3,118	1,033	(6,258)
Provision/(reversal of provision) for obsolete inventories	5,666	51,018	41,763	31,377	(9,195)
Provision/(reversal of provision) for product warranties and returns, net	47,374	(12,455)	17,404	1,868	252
Share of loss of a joint venture	136,588	40,513	–	–	–
Share-based payment	4,341	–	–	–	–
Operating profit before working capital changes	3,466,531	1,012,426	267,145	132,497	241,701
Inventories	(608,875)	(371,319)	654,772	648,534	(246,364)
Right of return assets	(18,481)	1,529	30,960	21,119	2,817
Trade and other receivables	205,755	66,472	375,916	447,679	(128,327)
Trade and other payables	4,217,970	2,845,223	2,409,625	989,531	715,552
Refund liabilities	33,685	(12,651)	(34,957)	(22,441)	(4,880)
Contract liabilities	131,719	(133,242)	(15,573)	(20,276)	16,693
Provision for product warranties and returns	(17,703)	(9,227)	(15,716)	(5,376)	(6,045)

HK\$'000	Audited			Unaudited	
	FY2021	FY2022	FY2023	1H2023	1H2024
Cash generated from operations	6,999,091	3,399,211	3,672,172	2,191,267	591,147
Interest paid	(20,215)	(32,551)	(59,306)	(35,163)	(15,408)
Income tax paid	(56,222)	(700,672)	(37,773)	(48,600)	(17,239)
<b>Net cash generated from operating activities</b>	<b>6,922,654</b>	<b>2,665,988</b>	<b>3,575,093</b>	<b>2,107,504</b>	<b>558,500</b>
<b>Investing activities</b>					
Payments to acquire property, plant and equipment	(55,908)	(534,177)	(33,073)	(25,782)	(7,772)
Prepayments to acquire property, plant and equipment	(10,352)	(3,387)	(8,736)	(1,555)	(2,409)
Proceeds from disposal of property, plant and equipment	126,271	390	40	34	281
Payments to acquire right-of-use assets	(19)	–	(15)	–	–
Placement of time deposit with initial maturity of over three months	–	(263,834)	(665,650)	(195,250)	(359,260)
Withdrawal of time deposit with initial maturity of over three months	–	265,460	274,400	–	390,500
Interest received	9,276	10,455	50,228	21,409	34,320
Net cash received on settlement of derivative financial instruments	651	61	506	312	164
Released of pledged time deposit	116	–	–	–	–
<b>Net cash generated from/(used in) investing activities</b>	<b>70,035</b>	<b>(525,032)</b>	<b>(382,300)</b>	<b>(200,832)</b>	<b>55,824</b>
<b>Financing activities</b>					
Issue of new shares	24,617	483	322	322	–
Dividends paid to owners of the Company	(410,267)	(934,318)	(135,759)	–	–
Proceeds from bank loans	–	193,930	–	–	–
Repayment of bank loans	(53,002)	(1,293)	(7,757)	(3,878)	(3,879)
Repayment of import loans	(3,889,146)	(2,887,326)	(3,119,178)	(2,044,779)	(797,546)
Repayment of principal of lease liabilities	(28,886)	(30,500)	(31,425)	(15,660)	(16,164)
<b>Net cash used in financing activities</b>	<b>(4,356,684)</b>	<b>(3,659,024)</b>	<b>(3,293,797)</b>	<b>(2,063,995)</b>	<b>(817,589)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,636,005</b>	<b>(1,518,068)</b>	<b>(101,004)</b>	<b>(157,323)</b>	<b>(203,265)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>1,124,143</b>	<b>3,764,766</b>	<b>2,206,987</b>	<b>2,206,987</b>	<b>2,100,381</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>4,618</b>	<b>(39,711)</b>	<b>(5,602)</b>	<b>(14,877)</b>	<b>(12,605)</b>
<b>Cash and cash equivalents at end of year, representing cash and bank balances (net of pledged deposit and time deposit with initial maturity of over three months)</b>	<b>3,764,766</b>	<b>2,206,987</b>	<b>2,100,381</b>	<b>2,034,787</b>	<b>1,884,511</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*Shareholders and prospective investors should read the following discussion and analysis of our financial condition and results of operations in conjunction with the sections entitled "Risk Factors", "Selected Consolidated Financial Information" and our consolidated financial statements set out at "Appendix A – Independent Joint Auditors' Report and Consolidated Financial Statements of PC Partner Group Limited and its Subsidiaries for the Financial Years Ended 31 December 2021, 2022 and 2023" and "Appendix B – Independent Joint Auditors' Review Report and Interim Condensed Consolidated Financial Statements of PC Partner Group Limited and its Subsidiaries for the Financial Period from 1 January 2024 to 30 June 2024" and the related notes included elsewhere in this Introductory Document. Our audited consolidated financial statements have been prepared in accordance with the IFRS Accounting Standards.*

*This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results and timing of selected events may differ materially from those anticipated in these forward-looking statements that may cause future results to differ materially from those projected in these forward-looking statements as a result of various factors, including those described under the section entitled "Risk Factors" and elsewhere in this Introductory Document. Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by our Company, the Issue Manager or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as at the date hereof. Please refer to the sections entitled "Notice to Investors" and "Forward-Looking Statements" of this Introductory Document.*

### OVERVIEW

Our Group, founded in 1997, is principally engaged in (a) the design, manufacturing and trading of VGA Cards for desktop computers, (b) EMS, and (c) the manufacturing and trading of other PC-related products and components.

Our Group manufactures VGA Cards for ODM/OEM customers and also manufactures and markets VGA Cards and other products under its own brands, namely ZOTAC, Inno3D and Manli.

Our Group's ODM/OEM contract manufacturing business, serving a global customer base, includes several top-tier computer brands based on customer specifications. The business is executed from our Hong Kong headquarters, supported by a team who works closely with our customers worldwide. For products under our own brands, we sell to more than 70 countries across various regions, including APAC, EMEA, NALA, and the PRC, either directly from our Hong Kong headquarters or through our Group's subsidiaries in Japan, Korea, the PRC, and the USA. These subsidiaries act as importers for their respective regions and sell the products onward to regional customers and distributors.

Our Group's business relationships with NVIDIA and AMD, the two globally dominant GPU suppliers, enable our Group to develop cost-competitive, high-performance products and solutions to serve its customers.

### EMS business

Our Group provides EMS to globally recognised brands, including major providers of ATM and POS systems, industrial devices such as accelerator cards and control cards, and various types of consumer electronic products such as electronic clocks and wireless thermometers.

The EMS business of our Group is managed from the Hong Kong head office. Certain EMS customers of our Group are introduced to our Group through industry referrals from trade connections.

### **Other PC-related products and components**

Apart from the manufacturing of VGA Cards, our Group also designs and develops other PC-related products, such as mini-PCs and PC motherboards, under the ZOTAC brand or for other parties. In addition, our Group trades PC-related components.

The VGA Cards business, under our Group's own brands, is expected to remain a key driver of our Group's growth in the coming years. The increasing demand for high-performance gaming graphics, driven by the popularity of PC gaming, particularly immersive games, has resulted in strong demand from enthusiast consumers. The rise of electronic sports and streaming has also fuelled demand for VGA Cards capable of supporting high frame rates and resolutions. Technological advancements such as ray tracing and AI-accelerated rendering, continue to drive an uptrend in demand. In addition, the future of AI PCs will require powerful VGA Cards to deliver efficient performance and meet consumer expectations. The VGA Card industry remains dynamic and technologically driven, with continued innovation and evolution expected to meet the growing demand for PC gaming, content creation and other GPU-accelerated workloads.

Please refer to the section entitled "Business Overview" of this Introductory Document for more details on our Group's business.

### **Revenue**

Our Group's revenue amounted to HK\$15,459.1 million, HK\$10,775.3 million, HK\$9,167.2 million, HK\$4,175.4 million and HK\$4,944.2 million in FY2021, FY2022, FY2023, 1H2023 and 1H2024 respectively.

The revenue by major products/services, brand and non-brand businesses, and geographical markets segments are as follows:

Major products/ services	FY2021		FY2022		FY2023		1H2023		1H2024	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
VGA Cards	13,569,962	87.8%	8,994,816	83.5%	7,266,157	79.3%	3,333,862	79.8%	4,088,713	82.7%
EMS	819,114	5.3%	828,871	7.7%	738,958	8.0%	358,903	8.6%	346,008	7.0%
Other PC-related products and components	1,069,979	6.9%	951,621	8.8%	1,162,100	12.7%	482,676	11.6%	509,522	10.3%
Total	15,459,055	100.0%	10,775,308	100.0%	9,167,215	100.0%	4,175,441	100.0%	4,944,243	100.0%
<b>Brand and Non-brand businesses</b>										
	FY2021	FY2022	FY2023	1H2023	1H2024					
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Brand business	10,369,359	67.1%	7,047,288	65.4%	5,815,602	63.4%	2,842,550	68.1%	3,094,288	62.6%
Non-brand business	5,089,696	32.9%	3,728,020	34.6%	3,351,613	36.6%	1,332,891	31.9%	1,849,955	37.4%
Total	15,459,055	100.0%	10,775,308	100.0%	9,167,215	100.0%	4,175,441	100.0%	4,944,243	100.0%
<b>Primary geographical markets</b>										
	FY2021	FY2022	FY2023	1H2023	1H2024					
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Asia Pacific ("APAC") <sup>5</sup>	5,099,665	33.0%	3,733,959	34.6%	3,274,159	35.7%	1,438,821	34.4%	2,167,457	43.8%
North and Latin America ("NALA") <sup>6</sup>	2,654,140	17.2%	2,078,456	19.3%	1,282,346	14.0%	637,976	15.3%	580,425	11.7%
People's Republic of China ("PRC")	3,790,897	24.5%	1,999,731	18.6%	2,127,307	23.2%	939,322	22.5%	1,104,617	22.4%
Europe, Middle East, Africa and India ("EMEA") <sup>7</sup>	3,914,353	25.3%	2,963,162	27.5%	2,483,403	27.1%	1,159,322	27.8%	1,091,744	22.1%
Total	15,459,055	100.0%	10,775,308	100.0%	9,167,215	100.0%	4,175,441	100.0%	4,944,243	100.0%

<sup>5</sup> Includes: Armenia, Afghanistan, Australia / New Zealand, Azerbaijan, Bangladesh, Cambodia, Kazakhstan, Kyrgyzstan, Hong Kong, Indonesia, Japan, Korea, Malaysia, Pakistan, Philippines, Singapore, Sri Lanka, Myanmar, Republic of China, Tajikistan, Thailand, Turkmenistan, Uzbekistan and Vietnam.

<sup>6</sup> Includes: Argentina, Bolivia, Brazil, British Virgin Islands, Canada, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Jamaica, Mexico, Panama, Paraguay, Peru, Puerto Rico, USA and Uruguay.

<sup>7</sup> Includes: Albania, Austria, Belgium, Belarus, Bosnia and Herzegovina, Croatia, Bulgaria, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Hungary, Italy, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Netherlands, Norway, Poland, Portugal, Romania, Russia, Slovakia, Slovenia, Serbia, Switzerland, Spain, Sweden, Turkey, Ukraine, United Kingdom, Israel, Saudi Arabia, United Arab Emirates, Lebanon, Egypt, Algeria, Mauritius, Morocco, South Africa, Tunisia and India.



The majority of our brand business consists of our own brand VGA Cards, with only a small portion representing our own brand gaming-PCs, mini-PCs and other products. The non-brand business comprises ODM/OEM VGA Cards and mini-PCs, EMS business and trading of other PC-related products and components.

Our Group's revenue recorded a significant decline from FY2021 to FY2022 attributable to the war in Ukraine that started in the first quarter of 2022. The war in Ukraine caused an unstable geopolitical environment, and together with high inflation, the strong US\$, sharp interest rate increases and the lingering COVID-19 pandemic lockdown in the PRC, discouraged consumer spending and corporate investment which caused a further decline in revenue in FY2023.

Sales rebounded from 1H2023 to 1H2024 and the majority of the increase was contributed by the VGA Cards segment which was due to more ODM/OEM orders in 1H2024 and strong demand for NVIDIA's new "SUPER" series of GPUs which was launched in January 2024 and the "RTX 4090 D" model designated for the PRC market.

VGA Cards remained the core revenue driver for our Group, accounting for 87.8%, 83.5%, 79.3%, 79.8% and 82.7% of our revenue in FY2021, FY2022, FY2023, 1H2023 and 1H2024 respectively. The decline in revenue over FY2021 to FY2023 from the sale of VGA Cards was mainly due to the unstable geopolitical environment, higher inflation, high interest rates and strong US\$ against other foreign currencies resulting in the weakened purchasing power of our Group's customers in most countries outside of the USA, discouraging consumer purchases of new VGA Cards or the replacement of their existing VGA Cards over FY2021 to FY2023. Consumers were price sensitive and unwilling to pay a premium for more expensive products, leading to us offering more discounts and promotions to stimulate our Group's business. As a result, the average selling price and the sales volume recorded a decline from FY2021 to FY2023. Many ODM/OEM customers had cancelled or postponed projects due to a deteriorating economy resulting in weak demand for PC shipments over FY2021 to FY2023. Sales of VGA Cards experienced a rebound from 1H2023 to 1H2024, due to stronger ODM/OEM orders resulting in a greater increase in sales revenue. Besides an increase in regular orders under the ODM/OEM VGA Cards segment, new ODM/OEM projects utilising NVIDIA's "SUPER" series GPUs together with the "RTX 4090 D" model designated for the PRC market had contributed a significant part of the growth under both of our Group's ODM/OEM and own brand VGA Cards business segments.

Sales from our EMS business segment was relatively flat from FY2021 to FY2022 and then recorded a decline in FY2023, which was mainly caused by an unstable geopolitical environment and economic factors such as higher inflation and interest rates that affected the demand for EMS. Sales of the EMS business segment decreased by 3.6% from 1H2023 to 1H2024. Although our Group received more orders in relation to ATM and POS systems, it was not able to fully offset the decline in orders from EMS segment customers.

Sales of other PC-related products and components declined from FY2021 to FY2022 due to a decline in sales of mini-PCs which resulted from an unstable geopolitical environment and the deteriorating economy resulting in weak demand. Sales of other PC-related products and components rebounded in FY2023, primarily due to an increase in the component trade business which had offset the continued decline of mini-PCs. While sales of PCs and motherboards within this segment decreased from FY2021 to FY2023, the overall decline was partially offset by an increase in the component trade business over FY2021 to FY2023. Sales of other PC-related products and components increased from 1H2023 to 1H2024 due to an increase in the component trade business and more motherboard projects which offset the decline in sales of mini-PCs.

Both brand and non-brand businesses recorded a downtrend from FY2021 to FY2023. Consumers were very price sensitive and unwilling to pay a premium for more expensive products, leading to us offering more discounts and promotions to stimulate our Group's business. As a result, the average selling price and the sales volume recorded a decline from FY2021 to FY2023. A substantial decline in sales volume of ODM/OEM base VGA Cards had resulted in a decline of non-brand business from FY2021 to FY2023. Many ODM/OEM customers had cancelled or postponed projects due to a deteriorating economy resulting in weak demand for PC shipments over FY2021 to FY2023. The non-brand business recorded a higher growth rate as compared to the brand business from 1H2023 to 1H2024, mainly due to increased ODM/OEM orders for VGA Cards during 1H2024.

By geographical segments, the revenue decline over FY2021 to FY2023 was due to a global business slowdown across all regions except for an increase in revenue for the PRC market in FY2023, due mainly to a rebound in sales revenue for the other PC-related products and components segment as a result of higher volume of component trade activity in FY2023. Revenue peaked in FY2021 mainly due to strong demand for VGA Cards and computers driven by the COVID-19 pandemic, as large segments of the population were quarantined at home, significantly driving up the demand of VGA Cards and computers for work, study and entertainment, during this period. The war in Ukraine in 2022 caused the demand for VGA Cards and computers to decline as both consumers and corporations became more conservative with their spending and investment. Additionally, as countries began to reopen after the COVID-19 lockdown, spending patterns for VGA Cards and computer hardware began to normalise and decline in FY2022. Demand for VGA Cards and computers continued to decline in FY2023, as geopolitical factors, high inflation and the sharp rise in interest rates discouraged consumer spending and corporate investment. The ongoing strength of the US\$ also negatively impacted consumer purchasing power in countries outside of the USA such as Japan and Korea. In 1H2024, sales in the APAC region outperformed other regions mainly due to strong growth in the ODM/OEM VGA Cards business in 1H2024.

### **Cost of sales**

Cost of sales represents 72.3%, 85.5%, 92.4%, 92.2% and 88.7% of total revenue in FY2021, FY2022, FY2023, 1H2023 and 1H2024 respectively. Cost of sales comprises mainly raw materials such as CPUs, GPUs, memory units, storage units, printed circuit boards, heat dissipation modules, power control integrated circuits, capacitors and other various electronic components, and conversion costs which consists of direct labour and production overheads. Labour cost is variable depending on the workforce required to assemble the products. Production overheads consist of both fixed and variable costs including rental expenses, depreciation, electricity, water, gas and other overhead items. The cost of raw materials represented 97.4%, 97.3%, 97.2%, 96.9% and 97.6% of the total cost of sales in FY2021, FY2022, FY2023, 1H2023 and 1H2024 respectively. Semiconductor chips such as GPUs directly purchased from NVIDIA represented 64.9%, 66.1%, 68.6%, 68.4% and 73.8% of the total purchases in FY2021, FY2022, FY2023, 1H2023 and 1H2024 respectively. The cost of such semiconductor chips did not exhibit significant fluctuation during the Period Under Review. The cost of other non-semiconductor raw material items does not typically have a significant impact on the cost of sales. Conversion costs represented a relatively small portion of the cost of sales at 2.6%, 2.7%, 2.8%, 3.1% and 2.4% in FY2021, FY2022, FY2023, 1H2023 and 1H2024 respectively.

### **Gross profit and margin**

Gross profit amounted to HK\$4,287.2 million, HK\$1,563.0 million, HK\$700.7 million, HK\$323.7 million and HK\$558.4 million for FY2021, FY2022, FY2023, 1H2023 and 1H2024 respectively. The gross profit margin was 27.7%, 14.5%, 7.6%, 7.8% and 11.3 % for FY2021, FY2022, FY2023, 1H2023 and 1H2024 respectively. The decline in gross profit and gross profit margin over FY2021 to FY2023 was mainly due to price discounts and promotions offered by our Group to stimulate sales volume, and price cuts to clear the end-of-life generation of VGA Cards and slow-moving products that were not selling well over the period. Pricing of products under the brand business had a significant impact to gross profit and gross profit margin as the brand business represents a significant portion of our Group's revenue at 67.1%, 65.4%, 63.4%, 68.1% and 62.6% of revenue for FY2021, FY2022, FY2023, 1H2023 and 1H2024 respectively. Any price increase or decrease on product sales would drive a change of gross profit and the gross margin since both raw material costs and conversion costs are relatively stable compared to product selling prices. The non-brand business mainly comprises ODM/OEM products and the EMS business segment selling to customers which normally has a more stable gross profit margin relative to the brand business which sells to retail consumers.

### **Other revenue and other gains and losses, net**

Other revenue and other gains and losses, net comprised mainly government grants, interest income, net foreign exchange losses, gain on disposal of property, plant and equipment, rental income and other miscellaneous income and expenses. Other revenue and other gains and losses, net amounted to HK\$124.0 million, loss of HK\$1.4 million, HK\$30.8 million, HK\$12.8 million and HK\$21.2 million for FY2021, FY2022, FY2023, 1H2023 and 1H2024 respectively. There was a one-off gain on disposal of machinery for leasing under property, plant and equipment for HK\$78.4 million and such machinery had generated HK\$37.7 million of rental income in FY2021. With a higher net exchange loss incurred and

lack of the above one-off disposal gain and rental income, other revenue and other gains and losses, net turned to a loss of HK\$1.4 million in FY2022. A significant increase in interest income of HK\$39.7 million, or 378.1% from HK\$10.5 million in FY2022 to HK\$50.2 million in line with the increase in interest rates in FY2023 together with a slightly lower net exchange loss resulted in other revenue and other gains and losses, net turning from a loss of HK\$1.4 million in FY2022 to HK\$30.8 million in FY2023. The change in other revenue and other gains and losses, net in 1H2024 as compared to 1H2023 was mainly due to a significant increase in interest income of HK\$17.5 million from HK\$21.4 million in 1H2023 to HK\$38.9 million in 1H2024, due to the Company allocating more surplus cash to time deposits.

### **Selling and distribution expenses**

Selling and distribution expenses mainly consists of advertising, promotion and marketing development, sales commissions paid, provision for product warranties and returns, and freight and transportation expenses. Selling and distribution expenses declined by 34.6% from HK\$185.8 million in FY2021 to HK\$121.5 million in FY2022 and increased by 13.7% to HK\$138.2 million in FY2023. Selling and distribution expenses recorded a decline of 10.1%, from HK\$60.3 million in 1H2023 to HK\$54.2 million in 1H2024.

Provision for product warranties and returns was increased in line with higher sales in FY2021. Furthermore, the COVID-19 pandemic disrupted logistics which resulted in a significant increase in freight and transportation expenses for FY2021. A decline in sales together with easing logistics congestion resulted in lower selling and distribution expenses in FY2022 as compared to FY2021.

Provision for product warranties and returns changed from a reversal of HK\$12.5 million in FY2022 to an addition of HK\$17.4 million in FY2023 which caused an increase in selling and distribution expenses in FY2023 as compared to FY2022. This addition was mainly due to higher spending on components consumed to repair returned products.

Provision for warranties and returns was reduced from HK\$1.9 million in 1H2023 to HK\$0.3 million in 1H2024. A decrease in advertising and marketing expenses of HK\$6.3 million from HK\$23.9 million in 1H2023 to HK\$17.6 million in 1H2024 which was partially offset by an increase in sales commissions paid of HK\$0.5 million from HK\$8.5 million in 1H2023 to HK\$9.0 million in 1H2024 were the main causes for the decline of selling and distribution expenses by 10.1% from 1H2023 to 1H2024.

### **Administrative expenses**

Administrative expenses mainly consists of staff costs, directors' remuneration, depreciation, rental expenses and other administrative expenses. Administrative expenses decreased by 35.9% from HK\$816.7 million in FY2021 to HK\$523.3 million in FY2022 and further declined by 15.4% to HK\$442.8 million in FY2023, and increased by 35.7% from HK\$210.3 million in 1H2023 to HK\$285.4 million in 1H2024.

Staff costs and directors' remuneration recorded in our Group's administrative expenses amounted to HK\$675.4 million, HK\$416.2 million, HK\$323.0 million, HK\$151.8 million and HK\$221.3 million for FY2021, FY2022, FY2023, 1H2023 and 1H2024 respectively, and represented 82.7%, 79.5%, 72.9%, 72.2% and 77.5% of administrative expenses for FY2021, FY2022, FY2023, 1H2023 and 1H2024 respectively. The decrease from FY2021 to FY2023 was mainly associated with a decline in the staff performance bonus and directors' profit sharing which aligned with the declining profitability of our Group from FY2021 to FY2023. An increase of administrative expenses was mainly due to a higher provision for staff performance bonus and directors' profit sharing in 1H2024 as compared to 1H2023. For the avoidance of doubt, any reference to staff costs here relates solely to staff costs recorded under our Group's administrative expenses which when aggregated with staff costs incurred as part of our Group's cost of sales and depreciation charges related to housing allowances, amounted to HK\$822.8 million, HK\$530.7 million, HK\$410.8 million, HK\$194.0 million and HK\$265.2 million for FY2021, FY2022, FY2023, 1H2023 and 1H2024 respectively.

Other administrative expenses amounted to HK\$141.3 million, HK\$107.1 million, HK\$119.8 million, HK\$58.5 million and HK\$64.1 million for FY2021, FY2022, FY2023, 1H2023 and 1H2024 respectively. Other administrative expenses decreased by HK\$34.2 million or 24.2% from HK\$141.3 million in FY2021 to HK\$107.1 million in FY2022 which was mainly due to a decrease in depreciation as our Group disposed of machinery categorised as property, plant and equipment, which was leased out to a third party in FY2021. The increase in other administrative expenses from FY2022 to FY2023 resulted mainly from an increase in depreciation of property, plant and equipment as our Group acquired an office and car parks with the relevant leasehold improvements in Hong Kong for HK\$403.1 million to consolidate operations in Hong Kong in one location and purchased new machinery to upgrade factory facilities during FY2022 further resulting in higher depreciation in FY2023 as compared to FY2022. The increase in other administrative expenses from 1H2023 to 1H2024 was mainly due to additional expenses on professional and consulting fees relating to the Introduction.

### **Impairment losses on financial assets**

Our Group recognises loss allowances for expected credit losses on trade receivables and financial assets measured at amortised cost. Impairment losses on financial assets decreased by HK\$321.2 million, or 99.8%, from HK\$321.7 million in FY2021 to HK\$0.5 million in FY2022. Our Group entered into an installment payment scheme under a sales contract with Fuzhou Genesis Technology Limited, which was in the cryptocurrency mining and trading business, for the sale of VGA Cards in 2019. However, the COVID-19 pandemic resulted in the lockdown of the customer's operations and a delay in payment. A revised repayment schedule was agreed by both parties with the last installment falling due in September 2022. The customer resumed regular repayments from October 2020 to June 2021 and the total amount collected was HK\$298.6 million as at 31 December 2021. However, the crack down on cryptocurrency mining and trading in the PRC in FY2021 led to the customer ceasing operations resulting in a repayment issue of the remaining installments. Our Group reviewed the collectability of the installments, and determined it was uncertain when the customer would be able to repay the remaining balance according to the installment payment scheme. Therefore, our Group decided to make a full impairment of the outstanding receivable of HK\$315.6 million in FY2021. There was no material impairment loss on financial assets incurred in FY2022.

The impairment losses on financial assets increased by HK\$2.6 million, or 520.0% from HK\$0.5 million in FY2022 to HK\$3.1 million in FY2023 primarily due to higher expected credit losses. This was driven by certain customers (who are not major customers of our Group) having longer payment terms and higher forward-looking interest rates, based on the economic environment of their respective countries at the end of the period.

The impairment losses on financial assets decreased by HK\$7.3 million from provision for a loss of HK\$1.0 million in 1H2023 to a reversal of provision for impairment loss of HK\$6.3 million in 1H2024. This was mainly due to a reversal of a provision for impairment losses associated with a customer in 1H2024.

### **Finance costs**

Finance costs amounted to HK\$20.2 million, HK\$32.6 million, HK\$59.3 million, HK\$35.2 million and HK\$17.8 million for FY2021, FY2022, FY2023, 1H2023 and 1H2024 respectively. Such costs represented 0.13%, 0.30%, 0.65%, 0.84% and 0.36% as a percentage to total revenue for FY2021, FY2022, FY2023, 1H2023 and 1H2024 respectively. The change in finance costs was mainly associated with interest rate increases over FY2021 to FY2023. The decrease in finance cost in 1H2024 as compared to 1H2023 was mainly due to lower bank borrowings as our Company relied on surplus internal reserves and cash to finance the majority of its procurement needs in 1H2024 as compared to 1H2023.

### **Share of loss of a joint venture**

Share of loss of a joint venture decreased from HK\$136.6 million in FY2021 to HK\$40.5 million in FY2022 and no further loss was incurred in FY2023, 1H2023 and 1H2024. Our Group and another independent third party formed a sino-foreign joint venture enterprise in the PRC on 25 March 2019 and each had a 50% interest in the joint venture enterprise, Fuzhou Partner Cloud Technology Co., Limited. The joint venture enterprise ceased operations since July 2021 due to the crack down on cryptocurrency mining and trading in the PRC in FY2021 where the PRC State Council's Financial Stability and



Development Committee had in May 2021 announced that the PRC would crack down on bitcoin mining and trading activities as part of its efforts to fend off financial risks. As the joint venture enterprise ceased operations since July 2021, our Group decided to fully recognise the Group's share of losses up to our Group's carrying value of the joint venture investment in FY2022.

### **Income tax expense**

Income tax expense decreased by 74.5% from HK\$553.6 million in FY2021 to HK\$141.3 million in FY2022 and further decreased by 80.0% to HK\$28.2 million in FY2023. The decline in income tax expense was aligned with a decrease in operating profit from FY2021 to FY2023. Income tax expenses increased by 244.8%, from HK\$10.5 million in 1H2023 to HK\$36.2 million in 1H2024. The increase in income tax expense was aligned with the increase in operating profit from 1H2023 to 1H2024.

The effective tax rates for our Group were 18.9%, 16.8%, 32.1%, 35.5% and 15.8% for FY2021, FY2022, FY2023, 1H2023 and 1H2024 respectively. The variance in the effective tax rates was mainly due to the profit or loss contributed by our Group's subsidiaries. In particular, due to the unfavourable market conditions as elaborated above, certain subsidiaries incurred losses in FY2023 and did not recognise any income tax credit as it was deemed improbable that taxable income will be available for any tax credit to be utilised. This had the overall impact of increasing the Group's effective tax rate in FY2023 as the losses of these subsidiaries lowered the Group's profit before tax, and the Group's tax expenses were higher than it would have been if corresponding tax credit had been recognised from the taxable losses. Our Company was not subject to any changes in tax rates that had a material impact on net profit during the Period under Review.

### **Profit for the year attributable to owners of the Company**

Due to the reasons stated above, profit for the year attributable to owners of the Company declined by 70.4% from HK\$2,374.3 million in FY2021 to HK\$702.5 million in FY2022 and further decreased by 91.3% to HK\$60.8 million in FY2023.

Our Group recorded profit attributable to owners of the Company of HK\$194.1 million in 1H2024 as compared with profit attributable to owners of the Company of HK\$20.1 million in 1H2023. The change was mainly due to a substantial increase in gross profit before income tax during the period in 1H2024 as compared to 1H2023.

### **Inflation**

During the Period Under Review, inflation did not have a material impact on our Group's financial performance.

### **Seasonality**

The business of our Group is subject to seasonality effects. Such effects had an impact on our Group's sales revenue and financial performance during the Period Under Review. The sales of our Group including both brand and non-brand businesses tends to increase in the fourth quarter of each year due to consumer spending increasing around seasonal holidays such as Black Friday in the USA and Christmas holidays.

Our Group's own brand VGA Cards, ODM/OEM VGA Cards for the consumer retail market, and ODM/OEM VGA Cards assembled for PC manufacturers are subject to similar seasonality driven by seasonal holidays. The seasonality effect is also applicable to the sales of other PC-related products and some EMS products such as consumer electronic products sold by our Group, which share the same seasonality effect driven by seasonal holidays.

As a result, comparisons of sales and operating results between different periods within a single financial year, or between different periods in different financial years, are not necessarily meaningful and cannot be relied on as indicators of our Group's performance. Any seasonal fluctuations which may occur in the future may not match the expectations of our Group's financial performance. Please refer to the section entitled "Risk Factors – Risks Relating to Our Business and Industry – Our business activities are subject to seasonality" of this Introductory Document for further details.

## REVIEW OF PAST PERFORMANCE

### Financial review FY2021 versus FY2022

#### Revenue

Our Group's total revenue decreased by HK\$4,683.8 million, or 30.3%, from HK\$15,459.1 million in FY2021 to HK\$10,775.3 million in FY2022. Sales performance was largely affected by the global economy slowdown which deteriorated quickly during the year. The war in Ukraine caused an unstable geopolitical environment, and together with high inflation, the strong US\$, sharp interest rate rises and the lingering COVID-19 pandemic lockdown in the PRC, discouraged consumer spending and corporate investment in FY2022.

Revenue from VGA Cards decreased by HK\$4,575.2 million, or 33.7%, from HK\$13,570.0 million in FY2021 to HK\$8,994.8 million in FY2022.

Sales of our Group's own brand VGA Cards decreased by HK\$3,032.4 million, or 30.5%, from HK\$9,935.0 million in FY2021 to HK\$6,902.6 million in FY2022. As compared to FY2021, both sales volume and average selling price ("**ASP**") of our Group's own brand VGA Cards had decreased by 26.0% and 6.1% respectively. The decline was mainly due to weak demand for VGA Cards and the price promotions and discounts offered by our Group to stimulate sales revenue in the second half of FY2022.

Sales of ODM/OEM VGA Cards decreased by HK\$1,542.8 million, or 42.4%, from HK\$3,635.0 million in FY2021 to HK\$2,092.2 million in FY2022. Sales contributed by cryptocurrency mining processor cards ("**CMP Cards**") to professional miners under the ODM/OEM VGA Cards business recorded a significant decline of HK\$771.5 million, or 98.1%, from HK\$786.7 million in FY2021 to HK\$15.2 million in FY2022. The decline was mainly attributable to a significant drop in cryptocurrency prices in FY2022 which dampened the demand for CMP Cards, and when Ethereum, one of the major crypto coins, no longer required VGA Cards for cryptocurrency mining during the year. Sales of ordinary VGA Cards to the ODM/OEM customers recorded a decrease of HK\$771.3 million, or 27.1%, from HK\$2,848.3 million in FY2021 to HK\$2,077.0 million in FY2022. The decrease mainly resulted from a decrease in sales volume as the global economy slowed down together with the weakening demand for PCs. In addition, many ODM/OEM customers had cancelled or postponed projects due to a deteriorating economy resulting in weak demand for PC shipments.

Revenue derived from the EMS business amounted to HK\$828.9 million in FY2022, representing an increase of HK\$9.8 million, or 1.2%, as compared to HK\$819.1 million in FY2021. This was mainly due to the sales revenue contribution by new customers which more than offset the decrease in sales from some existing customers during the year.

Sales of other PC-related products and components decreased by HK\$118.4 million, or 11.1%, from HK\$1,070.0 million in FY2021 to HK\$951.6 million in FY2022. The decrease was mainly attributable to a slowdown in the global economy together with a decrease in demand for PCs, as once countries started to re-open after the COVID-19 lockdown, consumer spending for computer hardware began to normalise and decline.

#### Revenue by geographical regions

In FY2022, regional business performance was largely distorted by global and regional political, economic and administrative policies throughout the year. The APAC region, the NALA region, the PRC and the EMEAI region recorded a drop in revenue by 26.8%, 21.7%, 47.2% and 24.3% relative to FY2021 respectively.

#### APAC Region

In the APAC region, revenue decreased by HK\$1,365.7 million, or 26.8%, from HK\$5,099.7 million in FY2021 to HK\$3,734.0 million in FY2022. This was mainly due to the strong US\$ negatively impacting consumer purchasing power in many countries such as Japan and Korea. In addition, the region experienced a slowdown in demand for VGA Cards and PCs due to consumer spending patterns for computer hardware beginning to normalise and decline post the COVID-19 lockdowns.



## **NALA Region**

In the NALA region, revenue amounted to HK\$2,078.4 million in FY2022, representing a decrease of HK\$575.7 million, or 21.7%, as compared to HK\$2,654.1 million in FY2021. The change was mainly due to a decline in demand for VGA Cards and PCs, and many Latin American countries experiencing depreciating currencies which discouraged consumer spending.

## **PRC**

In the PRC, revenue amounted to HK\$1,999.7 million in FY2022, representing a decrease of HK\$1,791.2 million, or 47.2%, as compared to HK\$3,790.9 million in FY2021. The decline was mainly associated with the COVID-19 lockdowns in some major cities that discouraged consumer spending and disrupted supply chains during the lockdown periods.

## **EMEA Region**

In the EMEA region, revenue amounted to HK\$2,963.2 million in FY2022, representing a decrease of HK\$951.2 million, or 24.3%, as compared to HK\$3,914.4 million in FY2021. The change was mainly associated with the war in Ukraine that discouraged consumer spending and corporate investment in Europe during FY2022. Regional business performance was also affected as products were unable to be sold in Russia which was under sanctions in FY2022.

## **Cost of sales**

Although material costs decreased by HK\$1,921.7 million, or 17.7%, from HK\$10,886.0 million in FY2021 to HK\$8,964.3 million in FY2022, raw material costs as a percentage of sales increased by 12.8% from 70.4% in FY2021 to 83.2% in FY2022, and this had mainly resulted from sales discounts and promotion offered by our Group to customers of our Group's own brand VGA cards. Our Group spent HK\$37.9 million lower on conversion cost, or 13.3%, from HK\$285.9 million in FY2021 to HK\$248.0 million in FY2022. The change was associated with the decline in sales volume which incurred a lower level of direct labour costs and variable production overheads. A continuous strategy of automating manufacturing processes to replace labour resources had also contributed to savings on direct labour costs.

## **Gross profit and margin**

Our Group's gross profit in FY2022 was HK\$1,563.0 million, representing a decrease of HK\$2,724.2 million, or 63.5%, as compared with HK\$4,287.2 million in FY2021. Gross profit margin was 14.5% in FY2022 as compared with 27.7% in FY2021. The decline in gross profit margin was mainly attributable to price discounts and promotion offered by our Group to stimulate sales its own brand VGA Cards and clearance of the end-of-life generation and slow moving brand of its own brand VGA Cards in the second half of FY2022. The fall in sales volume across all business segments had also resulted in a decline in gross profit and gross profit margin in FY2022.

## **Other revenue and other gains and losses, net**

Other revenue and other gains and losses, net decreased by HK\$125.4 million from a gain of HK\$124.0 million in FY2021 to a loss of HK\$1.4 million in FY2022. The change was mainly due to a significant decline in gain on disposal of property, plant and equipment of HK\$78.3 million, or 99.5%, from HK\$78.7 million in FY2021 to HK\$0.4 million in FY2022. There was a one-off gain on disposal of machinery for leasing under property, plant and equipment for HK\$78.3 million and such machinery had generated HK\$37.7 million of rental income in FY2021. With a higher net exchange loss incurred and absence of the above one-off disposal gain and rental income, other revenue and other gains and losses, net turned to a loss of HK\$1.4 million in FY2022.

Our Group's net foreign exchange loss increased by HK\$4.9 million, or 19.2%, from HK\$25.5 million in FY2021 to HK\$30.4 million in FY2022 due to unfavourable movements in foreign exchange rates. This was partially offset by an increase of HK\$2.2 million in government grants received in FY2022 as compared to FY2021 due to the FY2022 Employment Support Scheme under the Anti-epidemic Fund launched by the Hong Kong Government supporting the payroll of our Group's employees in Hong Kong. Our Group charged customers for additional logistics and transportation costs as such expenses increased significantly due to the logistics congestion as a result of COVID-19 in FY2021. Such sundry income declined by HK\$7.7 million, or 41.0% from HK\$18.8 million in FY2021 to HK\$10.9 million in FY2022 when sales demand started to drop in FY2022.

### **Selling and distribution expenses**

Selling and distribution expenses decreased by HK\$64.3 million, or 34.6%, from HK\$185.8 million in FY2021 to HK\$121.5 million in FY2022. In particular, freight and transportation expenses decreased by HK\$16.4 million, or 33.0%, from HK\$49.7 million in FY2021 to HK\$33.3 million in FY2022. A decline in sales demand together with the easing of the logistics congestion had resulted in lower selling and distribution expenses in FY2022 as compared to FY2021. Logistics congestion was mainly associated with the COVID-19 pandemic lockdowns which caused a shortage of manpower to handle logistics and transportation in many countries. Hence, logistics and transportation costs went up significantly in FY2021 until the war in Ukraine which had caused a decline in sales demand in FY2022. Provision for product warranties and returns, sales commission and marketing expenses decreased by HK\$58.6 million, or 70.2%, from HK\$83.5 million in FY2021 to HK\$24.9 million in FY2022, in line with the decline in revenue in FY2022.

### **Administrative expenses**

Administrative expenses in FY2022 were HK\$293.4 million or 35.9% lower than in FY2021, which decreased from HK\$816.7 million in FY2021 to HK\$523.3 million in FY2022. Staff costs and directors' remuneration decreased by HK\$259.2 million, or 38.4%, from HK\$675.4 million in FY2021 to HK\$416.2 million in FY2022. This was mainly attributable to lower staff performance bonus and directors' profit sharing due to the decline in profit for FY2022. Other administrative expenses decreased by HK\$34.2 million, or 24.2%, from HK\$141.3 million in FY2021 to HK\$107.1 million in FY2022 mainly due to a decrease in depreciation as our Group disposed of machinery categorised as property, plant and equipment, which was leased out to a third party in FY2021.

### **Impairment losses on financial assets**

Impairment losses on financial assets decreased by HK\$321.2 million, or 99.8%, from HK\$321.7 million in FY2021 to HK\$0.5 million in FY2022. Our Group entered into an installment payment scheme under a sales contract with Fuzhou Genesis Technology Limited, which was in the cryptocurrency mining and trading business, for the sale of VGA Cards in 2019. However, the COVID-19 pandemic resulted in the lockdown of the customer's operations and a delay of payment. A revised repayment schedule was agreed by both parties with the last installment falling in September 2022. The customer resumed regular repayments from October 2020 to June 2021 and the total collected amount of the receivable was HK\$298.6 million as at 31 December 2021. However, the crack down on cryptocurrency mining and trading in the PRC in FY2021 led to the customer ceasing operations resulting in a repayment issue of the remaining installments. Our Group reviewed the collectability of the installments, and determined it was uncertain when the customer would be able to repay the remaining balance according to the installment payment scheme. Therefore, our Group decided to make a full impairment of the outstanding receivable of HK\$315.6 million in FY2021. There was no material impairment loss on financial assets incurred in FY2022 as the Group had recognised full impairment loss for Fuzhou Genesis Technology Limited as at 31 December 2021.

### **Finance costs**

Finance costs increased by HK\$12.4 million, or 61.4%, from HK\$20.2 million in FY2021 to HK\$32.6 million in FY2022. The increase was mainly due to increases in interest rates and a higher utilisation of bank borrowings to finance our Group's business operations during the year.

### **Share of loss of a joint venture**

Share of loss of a joint venture decreased by HK\$96.1 million, or 70.4%, from HK\$136.6 million in FY2021 to HK\$40.5 million in FY2022. The change was due to the cessation of operations of the joint venture since July 2021 and with the full recognition of our Group's share of losses up to our Group's carrying value of the joint venture investment of HK\$40.5 million. Our Group and another independent third party formed a sino-foreign joint venture enterprise in the PRC, on 25 March 2019 and each had a 50% interest in the joint venture enterprise, Fuzhou Partner Cloud Technology Co., Limited. The joint venture enterprise ceased operations since July 2021 due to the crack down on cryptocurrency mining and trading in the PRC in FY2021 where the PRC State Council's Financial Stability and Development Committee had in May 2021 issued a statement that the PRC would crack down on bitcoin mining and trading activities as part of its efforts to fend off financial risks. As the entity ceased operation since July 2021, our Group decided to fully recognise the Group's share of losses up to our Group's carrying value of the joint venture investment in FY2022.

## **Income tax expenses**

Income tax expenses of HK\$141.3 million were recorded in FY2022 which decreased by HK\$412.3 million, or 74.5%, from HK\$553.6 million in FY2021. The change was mainly due to a decrease in our Group's profit during the year.

## **Profit for the year attributable to owners of the Company**

As a result of the above factors, our Group recorded a profit attributable to owners of the Company of HK\$702.5 million in FY2022 as compared with HK\$2,374.3 million in FY2021.

## **Financial review FY2022 versus FY2023**

### **Revenue**

Our Group's revenue decreased by HK\$1,608.1 million, or 14.9%, from HK\$10,775.3 million in FY2022 to HK\$9,167.2 million in FY2023. The change was mainly due to a decline in revenue from both the VGA Cards and EMS segments which was partially offset by an increase in revenue from the other PC-related products and components segment. Revenue was largely affected by lower consumer demand and corporate investments due to various geopolitical and economic factors such as the war in Ukraine, high inflation, the sharp rise in interest rates and a strong US\$ negatively impacting consumer purchasing power resulting in a decrease in sales for FY2023.

Revenue from VGA Cards decreased by HK\$1,728.7 million, or 19.2%, from HK\$8,994.8 million in FY2022 to HK\$7,266.1 million in FY2023. Geopolitical issues, high inflation, the sharp rise in interest rates and a strong US\$ discouraged consumer spending and demand for PC hardware resulting in a decline in demand for VGA Cards and also a slowdown of the VGA Cards replacement cycle.

Sales of our Group's own brand VGA Cards decreased by HK\$1,241.4 million, or 18.0%, from HK\$6,902.6 million in FY2022 to HK\$5,661.2 million in FY2023. Sales demand of VGA Cards continued to slow down due to the unstable economy with high inflation and high interest rates affecting consumer confidence and spending power. In response to the decline in demand of certain older generation VGA Cards, our Company adopted a conservative approach and negotiated with NVIDIA to reduce the allocation of GPUs, although there are no minimum order quantities imposed by NVIDIA on our Group for the different series of GPUs, in respect of such VGA Card series in order to minimise overstocking of inventory which contributed to the decline in revenue in FY2023.

ODM/OEM orders of VGA Cards decreased by HK\$487.3 million, or 23.3%, from HK\$2,092.2 million in FY2022 to HK\$1,604.9 million in FY2023. Many ODM/OEM customers had cancelled or postponed projects during FY2023 due to the factors described above.

Revenue derived from the EMS business amounted to HK\$739.0 million in FY2023, representing a decrease of HK\$89.9 million, or 10.8%, as compared to HK\$828.9 million in FY2022. This change was mainly due to a decline in orders from certain major customers primarily caused by geopolitical and economic factors which affected the demand for EMS.

Sales of other PC-related products and components increased by HK\$210.5 million, or 22.1%, from HK\$951.6 million in FY2022 to HK\$1,162.1 million in FY2023. Although motherboards, mini-PCs and gaming PCs under the other PC-related products and components business recorded a decline by 13.8%, it was fully offset by an increase in component trade by 46.1% during FY2023.

### **Revenue by geographical regions**

Regional business performance was driven by geopolitical issues, governmental policies, and the underlying economies of different regions and countries. The PRC recorded an increase in revenue of 6.4% in FY2023. The APAC region, NALA region and EMEA region recorded a drop in revenue of 12.3%, 38.3% and 16.2% respectively in FY2023.

## **APAC Region**

In the APAC region, revenue decreased by HK\$459.8 million, or 12.3%, from HK\$3,734.0 million in FY2022 to HK\$3,274.2 million in FY2023. This was mainly due to a decline in sales of both our Group's own brand VGA Cards and ODM/OEM VGA Cards as a result of weak demand for PCs. Depreciation of most Asian currencies such as the JPY and KRW against the US\$ during FY2023 had weakened consumer purchasing power in the region which resulted in a decline in demand of our Group's own brand VGA Cards and computer products. The demand for ODM/OEM VGA Cards continued to be negatively affected by the deteriorating economy in FY2023.

## **NALA Region**

In the NALA region, revenue amounted to HK\$1,282.3 million in FY2023, representing a decrease of HK\$796.1 million, or 38.3%, as compared to HK\$2,078.4 million in FY2022. The change was mainly due to lower sales volume in the USA, high inflation and the sharp rise in interest rates discouraging consumer demand and corporate spending resulting in a decline in sales of our Group's brand business products. In addition, the depreciation of currencies in Latin America also weakened consumer purchasing power in most Latin American countries in FY2023.

## **PRC**

In the PRC, revenue amounted to HK\$2,127.3 million in FY2023, representing an increase of HK\$127.6 million, or 6.4%, as compared to HK\$1,999.7 million in FY2022. Sales demand of VGA Cards and computer products remained weak since the economy had not fully recovered from the COVID-19 lockdown. However, an increase in component trade offset lower product sales during FY2023.

## **EMEI Region**

In the EMEI region, revenue amounted to HK\$2,483.4 million in FY2023, representing a decrease of HK\$479.8 million, or 16.2%, as compared to HK\$2,963.2 million in FY2022. High inflation and the sharp rise in interest rates discouraged consumer demand and corporate spending resulting in a decline in sales revenue in the region. In addition, the unstable geopolitical environment and war in Ukraine caused sanctions to be placed on exports to Russia which affected the regional business performance during FY2023.

## **Cost of sales**

Raw material costs decreased by HK\$739.0 million, or 8.2%, from HK\$8,964.3 million in FY2022 to HK\$8,225.3 million in FY2023. This was mainly due to lower sales volume for both our Group's own brand and ODM/OEM VGA Cards, a decline in orders from the EMS business as well as lower sales of PC products under the other PC-related products and components segment. Raw material costs as a percentage of sales increased by 6.5% from 83.2% in FY2022 to 89.7% in FY2023, the change mainly resulted from sales promotions and discounts offered by our Group to customers under its own brand VGA Cards. Our Group's conversion cost which consisted of direct labour and production overheads was lower by HK\$6.8 million, or 2.7%, from HK\$248.0 million in FY2022 to HK\$241.2 million in FY2023. Direct labour cost decreased by 13.0% as a result of the decline in sales volume during FY2023. This was partially offset by higher depreciation due to the higher capital expenditure incurred by our Group in FY2022 on production automation and additions to factory equipment.

## **Gross profit and margin**

Our Group's gross profit in FY2023 was HK\$700.7 million, representing a decrease of HK\$862.3 million, or 55.2%, as compared with HK\$1,563.0 million in FY2022. Gross profit margin was 7.6% in FY2023 as compared with 14.5% in FY2022. The decline in gross profit margin was mainly attributable to price discounts and promotions offered by our Group to stimulate sales of its own brand VGA Cards and clearance of end-of-life generation and slow-moving own brand VGA Cards during the year. In addition, the fall in sales volume for both of our Group's own brand and ODM/OEM VGA Cards together with a decline in orders from the EMS business as well as a lower sales level of PC products under the other PC-related products and components segment resulted in a decline in gross profit in FY2023.

### **Other revenue and other gains and losses, net**

Other revenue and other gains and losses, net increased by HK\$32.2 million from a loss of HK\$1.4 million in FY2022 to a gain of HK\$30.8 million in FY2023. The change was mainly due to a significant increase in interest income which was mainly due to an increase in free cashflow for deposits at higher interest rates. Interest income under other revenue and other gains and losses, net increased by HK\$39.7 million, or 378.1%, from HK\$10.5 million in FY2022 to HK\$50.2 million in FY2023. This was partially offset by the net foreign exchange losses resulting from unfavourable movements in foreign exchange rates in FY2023.

### **Selling and distribution expenses**

Selling and distribution expenses increased by HK\$16.7 million, or 13.7%, from HK\$121.5 million in FY2022 to HK\$138.2 million in FY2023. The change was mainly due to an increase in the provision for product warranties and returns, partially offset by the reduction of the other components of selling and distribution expenses during FY2023. The provision for product warranties and returns saw an increase in provision of HK\$17.4 million in FY2023, as opposed to a reversal of provision amounting to HK\$12.5 million in FY2022. This was mainly due to higher spending on components consumed to repair returned products.

### **Administrative expenses**

Administrative expenses were HK\$80.5 million, or 15.4%, lower from HK\$523.3 million in FY2022 to HK\$442.8 million in FY2023. Staff costs and directors' remuneration decreased by HK\$93.2 million, or 22.4%, from HK\$416.2 million in FY2022 to HK\$323.0 million in FY2023. This was mainly attributable to lower staff performance bonus and directors' profit sharing due to the decline in profit in FY2023. Other administrative expenses increased by HK\$12.7 million, or 11.9%, from HK\$107.1 million in FY2022 to HK\$119.8 million in FY2023. The increase was mainly due to the increase in depreciation of property, plant and equipment as our Group acquired an office and car parks with the relevant leasehold improvements in Hong Kong for HK\$403.1 million to consolidate its operations in Hong Kong in one location and purchased new machinery to upgrade the factory facilities during FY2022 further resulting in higher depreciation in FY2023 as compared to FY2022.

### **Impairment losses on financial assets**

The impairment losses on financial assets increased by HK\$2.6 million, or 520.0%, from HK\$0.5 million in FY2022 to HK\$3.1 million in FY2023 which was mainly due to a higher expected credit loss incurred resulting from customers having longer payment terms and higher forward looking interest rates based on the economic environment of the respective countries at the end of the period. There was no material impairment loss associated with customers in FY2023.

### **Finance costs**

Finance costs increased by HK\$26.7 million, or 81.9%, from HK\$32.6 million in FY2022 to HK\$59.3 million in FY2023. The increase was mainly due to a sharp increase in interest rates even though the utilisation of bank borrowings in FY2023 was lower relative to FY2022.

### **Share of loss of a joint venture**

There was no share of loss of a joint venture in FY2023 as the joint venture entity had ceased operations since July 2021, and our Group has fully recognised our Group's share of losses up to our Group's carrying value of the joint venture investment in FY2022.

### **Income tax expenses**

Income tax expenses of HK\$28.2 million were recorded in FY2023 which decreased by HK\$113.1 million, or 80.0%, from HK\$141.3 million in FY2022. The change was mainly due to a decrease in our Group's profit during the year.



## **Profit for the year attributable to owners of the Company**

As a result of the above factors, our Group recorded a profit attributable to owners of the Company of HK\$60.8 million in FY2023 as compared with HK\$702.5 million in FY2022.

## **Financial review 1H2023 versus 1H2024**

### **Revenue**

Revenue recorded an increase of HK\$768.8 million, or 18.4%, from HK\$4,175.4 million in 1H2023 to HK\$4,944.2 million in 1H2024, mainly driven by an increase in sales of VGA Cards especially under the ODM/OEM business segment.

The VGA Cards segment recorded an increase of HK\$754.8 million, or 22.6%, from HK\$3,333.9 million in 1H2023 to HK\$4,088.7 million in 1H2024. The launch of NVIDIA's "SUPER" series focusing on high-end GPUs had a positive contribution to the sales of both its own brand and ODM/OEM VGA Cards as the "SUPER" series had received positive consumer and market feedback in terms of its price to performance ratio. In addition, our Group received more ODM/OEM orders for both entry level and the "SUPER" series VGA Cards.

Sales of our Group's own brand VGA Cards increased by HK\$262.5 million, or 9.5%, from HK\$2,770.8 million in 1H2023 to HK\$3,033.3 million in 1H2024. The change was mainly attributable to an increase in sales volume especially in the PRC market. In addition, sales of our Group's own brand VGA Cards utilising NVIDIA's "SUPER" series GPUs with a better price to performance ratio achieved higher sales as compared to the non "SUPER" series GPUs.

Sales of ODM/OEM VGA Cards increased by HK\$492.3 million, or 87.4%, from HK\$563.1 million in 1H2023 to HK\$1,055.4 million in 1H2024. The change was mainly due to more ODM/OEM orders from a number of customers and additional projects utilising NVIDIA's "SUPER" series GPUs. In addition, ODM/OEM projects utilising the "RTX4090 D" model designated for the PRC market had also received strong demand from customers. Both the "SUPER" series and the "RTX4090 D" model generated higher sales revenue with higher ASPs and an overall increase in the sales volume of ODM/OEM VGA cards for 1H2024.

The EMS business recorded a decline of HK\$12.9 million, or 3.6%, from HK\$358.9 million in 1H2023 to HK\$346.0 million in 1H2024. Although our Group had received more orders in relation to ATM and POS systems, it was not able to fully offset the decline in orders from other EMS segment customers.

Sales of other PC-related products and components increased by HK\$26.9 million, or 5.6%, from HK\$482.6 million in 1H2023 to HK\$509.5 million in 1H2024. The change was mainly due to an increase in the component trade business and more motherboard projects which offset the decline in sales of mini-PCs.

Revenue of brand business increased by HK\$251.8 million, or 8.9%, from HK\$2,842.5 million in 1H2023 to HK\$3,094.3 million in 1H2024. The non-brand business recorded an increase in revenue of HK\$517.0 million, or 38.8%, from HK\$1,332.9 million in 1H2023 to HK\$1,849.9 million in 1H2024. The increase in revenue from non-brand business was mainly due to more orders from customers for ODM/OEM VGA Cards. New VGA Cards with NVIDIA's "SUPER" series GPUs also positively contributed to sales of both brand business and non-brand business segments for the period.

### **Revenue by geographical regions**

Regional business performance was affected by geopolitical issues, government policies, and the economies of different regions and countries. The APAC region and the PRC recorded an increase in revenue of 50.6% and 17.6% respectively. However, revenue from the NALA and EMEAI regions recorded a drop of 9.0% and 5.8% respectively.



## **APAC Region**

In the APAC region, revenue increased by HK\$728.7 million, or 50.6%, from HK\$1,438.8 million in 1H2023 to HK\$2,167.5 million in 1H2024. The change was mainly due to more ODM/OEM orders for VGA Cards as well as strong demand of both ODM/OEM and own brand VGA Cards utilising NVIDIA's "SUPER" series GPUs that had higher ASPs and volume for the period.

## **NALA Region**

In the NALA region, revenue amounted to HK\$580.4 million in 1H2024, representing a decrease of HK\$57.6 million, or 9.0%, as compared to HK\$638.0 million in 1H2023. The change was mainly due to an absence of the top-of-the-line "RTX 4090" VGA Cards being sold in 1H2024 as a result of the Trade Restrictions that contributed HK\$98.2 million to revenue in 1H2023. The sales of new VGA Cards with NVIDIA's "SUPER" series GPUs had mitigated the decline in sales volume for the region. In addition, stronger sales in Latin America had partly offset a decline in USA market sales.

## **PRC**

In the PRC, revenue amounted to HK\$1,104.6 million in 1H2024, representing an increase of HK\$165.3 million, or 17.6%, as compared to HK\$939.3 million in 1H2023. The change was primarily due to an increase in sales of our Group's own brand VGA Cards, and the new "RTX4090 D" GPU that was developed specially for the PRC market contributing to sales under both the brand and ODM/OEM business segments in 1H2024. In addition, the new VGA Cards with NVIDIA's "SUPER" series GPUs also contributed to the sales rebound for 1H2024 as compared to the same period in last year

## **EMEA Region**

In the EMEA region, revenue amounted to HK\$1,091.7 million in 1H2024, representing a decrease of HK\$67.6 million, or 5.8%, as compared to HK\$1,159.3 million in 1H2023. Demand in the region declined due to high interest rates which discouraged spending on high ASP products such as VGA Cards. In addition, there was an absence of the top-of-the-line RTX 4090 VGA Cards being sold in the region in 1H2024 as a result of the Trade Restrictions which previously contributed HK\$177.2 million in revenue in 1H2023. However, the launch of new VGA Cards utilising NVIDIA's "SUPER" series GPUs which had received positive market feedback mitigated part of the sales decline in 1H2024.

## **Cost of sales**

Raw material costs increased by HK\$550.5 million, or 14.8%, from HK\$3,731.6 million in 1H2023 to HK\$4,282.1 million in 1H2024 in-line with the sales increase in 1H2024. Raw material costs as a percentage of sales decreased by 2.7% from 89.3% in 1H2023 to 86.6% in 1H2024, the decline was mainly due to demand for the new VGA Cards with NVIDIA's "SUPER" series GPUs which did not require significant sales promotions or discounts in 1H2024. There was also significantly fewer price promotion activities and discounts for clearance of end-of-life our Group's own brand VGA Cards for 1H2024 relative to 1H2023. Our Group's conversion cost which consists of direct labour and production overheads decreased by HK\$16.4 million, or 13.7%, from HK\$120.1 million in 1H2023 to HK\$103.7 million in 1H2024. The change was mainly due to the continuous enhancement of manufacturing efficiency with a greater level of automation to reduce the cost of production.

## **Gross profit and margin**

Our Group's gross profit in 1H2024 was HK\$558.4 million, representing an increase of HK\$234.7 million, or 72.5%, as compared with HK\$323.7 million in 1H2023. Gross profit margin was 11.3% in 1H2024 as compared with 7.8% in 1H2023. The increase was mainly due to an increase in sales of ODM/OEM VGA Cards together with a strong demand for new VGA Cards with NVIDIA's "SUPER" series GPUs which had contributed to a higher gross profit margin and did not require significant sales promotions or discounts in 1H2024. In addition, there was also significantly fewer price promotion activities and discounts for end-of-life of our Group's own brand VGA Cards in 1H2024.

### **Other revenue and other gains and losses, net**

Other revenue and other gains and losses, net increased by HK\$8.4 million, or 65.6%, from HK\$12.8 million in 1H2023 to HK\$21.2 million in 1H2024. The change was mainly due to a significant increase in interest income of HK\$17.5 million from HK\$21.4 million in 1H2023 to HK\$38.9 million in 1H2024. In addition, our Group received an increase in government grants of HK\$3.3 million from HK\$0.9 million in 1H2023 to HK\$4.2 million in 1H2024. The above items had fully offset the net exchange losses that increased by HK\$10.4 million from HK\$13.4 million in 1H2023 to HK\$23.8 million in 1H2024.

### **Selling and distribution expenses**

Selling and distribution expenses decreased by HK\$6.1 million, or 10.1%, from HK\$60.3 million in 1H2023 to HK\$54.2 million in 1H2024. The change was mainly due to a decrease in advertising and marketing expenses in 1H2024 as compared to 1H2023 because the new VGA Cards with NVIDIA's "SUPER" series GPUs received good market response which required fewer sales and marketing activities to stimulate product sales. In addition, our Group had incurred less on sales promotion activities on end-of-life of our Group's own brand VGA Cards since most of the end-of-life VGA Cards had been cleared in FY2023.

### **Administrative expenses**

Administrative expenses were HK\$75.1 million higher than the corresponding period, which represents an increase by 35.7% from HK\$210.3 million in 1H2023 to HK\$285.4 million in 1H2024. Staff costs and directors' remuneration increased by HK\$69.5 million, or 45.8%, from HK\$151.8 million in 1H2023 to HK\$221.3 million in 1H2024. This was mainly associated with a provision for staff performance bonus and directors' profit sharing due to the increase in profit in 1H2024. Other administrative expenses increased by HK\$5.6 million, or 9.6%, from HK\$58.5 million in 1H2023 to HK\$64.1 million in 1H2024 mainly due to increased spending on professional and consulting fees in 1H2024 relating to the Introduction.

### **Reversal of provision/(provision) for impairment losses on financial assets**

Impairment losses on financial assets decreased by HK\$7.3 million from a provision for impairment loss of HK\$1.0 million in 1H2023 to a reversal of provision for impairment loss of HK\$6.3 million in 1H2024. This was mainly due to a reversal of a provision for impairment losses associated with a customer in 1H2024.

### **Finance costs**

Finance costs decreased by HK\$17.4 million, or 49.4%, from HK\$35.2 million in 1H2023 to HK\$17.8 million in 1H2024. The change was mainly due to a decline in bank borrowings as our Group relied more on surplus internal reserves and cash to finance the majority of its procurement needs in 1H2024.

### **Income tax expenses**

Income tax expenses of HK\$36.2 million were recorded in 1H2024, which represents an increase of HK\$25.7 million, or 244.8%, from HK\$10.5 million in 1H2023. The change was mainly due to an increase in profit of some of the major operating subsidiaries of our Company for 1H2024.

### **Profit for the period attributable to owners of the Company**

As a result of the above factors, our Group recorded a profit attributable to owners of the Company of HK\$194.1 million in 1H2024 as compared to a profit attributable to owners of the Company of HK\$20.1 million in 1H2023. The increase in profit was mainly due to an improvement in gross profit margin which offset higher expenses for the period.

## REVIEW OF FINANCIAL POSITION

### (a) As at 31 December 2023

#### Financial Position

#### Non-current assets

Our Group's total non-current assets decreased by HK\$66.1 million, or 9.0%, from HK\$733.6 million as at 31 December 2022 to HK\$667.5 million as at 31 December 2023. The change was mainly due to a decrease in net book value of property, plant and equipment and right-of-use assets.

Property, plant and equipment consists of land and buildings, leasehold improvements, plant and machinery, office and testing equipment, furniture and fixtures, motor vehicles, moulds and electric generators. The net book value of property, plant and equipment decreased by HK\$39.0 million, or 6.5%, from HK\$596.4 million as at 31 December 2022 to HK\$557.4 million as at 31 December 2023 due to higher depreciation. Our Group acquired an office with car parks together with the relevant leasehold improvements in Hong Kong, plant and machinery as well as office and testing equipment for a total of HK\$538.9 million in FY2022 and had total capital expenditure of HK\$35.6 million in FY2023. Capital expenditure associated with factory automation to increase productivity amounted to HK\$7.8 million, HK\$2.9 million and HK\$1.3 million for FY2022, FY2023 and 1H2024 respectively.

Right-of-use assets comprises lease contracts of land and buildings for factories and offices, office and testing equipment, and motor vehicles, located mainly in PRC and Hong Kong. The terms of the lease contracts are generally from one to ten years which include the period covered by extension options. Right-of-use assets decreased by HK\$29.2 million, or 24.0%, from HK\$121.8 million as at 31 December 2022 to HK\$92.6 million as at 31 December 2023 mainly due to the depreciation of right-of-use assets under lease contracts of land and buildings, and a decline of lease contracts for land and buildings from HK\$120.1 million as at 31 December 2022 to HK\$90.9 million as at 31 December 2023. Our Group purchased a new office to consolidate operations in Hong Kong in one location in FY2022 resulting in a decline of lease contracts under right-of-use assets.

Intangible assets consist of brand name and goodwill which were acquired through acquisitions of businesses. Goodwill has been fully impaired. As the valuation of the brand name using the income-based approach is higher than its carrying value, there was no impairment loss of the brand name and the carrying value remained unchanged as at 31 December 2022 and 31 December 2023.

Other financial asset consists of an investment in 1% of the preferred stock of a private and unrelated company incorporated in the USA. Our Group had irrevocably elected at initial recognition to measure the investment at fair value through other comprehensive income and no dividends have been received since our Group made the investment in a virtual reality experience company in 2017. There was no impairment loss recognised, so the carrying value remained unchanged as at 31 December 2022 and 31 December 2023 at HK\$1.3 million.

Deferred tax assets increased by HK\$1.8 million, or 45.0%, from HK\$4.0 million as at 31 December 2022 to HK\$5.8 million as at 31 December 2023 and was mainly due to losses incurred by a number of subsidiaries during FY2023.

Trade and other receivables consists of rental deposits and other receivables amounting to HK\$4.5 million and HK\$1.2 million respectively as at 31 December 2023. Trade and other receivables under non-current assets increased by HK\$0.3 million, or 5.6% from HK\$5.4 million as at 31 December 2022 to HK\$5.7 million as at 31 December 2023. This was due to an increase in other receivables of HK\$0.8 million and a decline of rental deposits of HK\$0.5 million, as a part of rental deposits was reclassified as current assets during FY2023 to reflect the associated lease period.

### Current assets

Our Group's total current assets decreased by HK\$800.5 million, or 14.7%, from HK\$5,428.4 million as at 31 December 2022 to HK\$4,627.9 million as at 31 December 2023. The change was mainly due to a decrease in inventories and trade and other receivables.

Inventories as at 31 December 2023 was HK\$1,135.5 million which was lower by HK\$696.4 million, or 38.0%, as compared with HK\$1,831.9 million as at 31 December 2022. The change was mainly associated with a slowdown of business and our Group tightening inventory control and intakes especially end-of-life generation and less popular GPU items in order to minimise potential inventory risk in FY2023. Raw materials contributed the most to the decline by HK\$450.7 million, or 43.9%, from HK\$1,026.0 million as at 31 December 2022 to HK\$575.3 million as at 31 December 2023. In addition, finished goods also declined by HK\$239.4 million, or 30.7%, from HK\$780.5 million as at 31 December 2022 to HK\$541.1 million as at 31 December 2023. Work-in-process goods decreased by HK\$6.3 million, or 24.8%, from HK\$25.4 million in 31 December 2022 to HK\$19.1 million in 31 December 2023.

Trade and other receivables under current assets consisting of trade receivables at amortised cost, trade receivables at fair value through profit or loss, other receivables, deposits and prepayment, decreased by HK\$366.5 million, or 29.1%, from HK\$1,260.6 million as at 31 December 2022 to HK\$894.1 million as at 31 December 2023. Trade receivables at amortised cost decreased by HK\$403.1 million, or 34.9%, from HK\$1,155.8 million as at 31 December 2022 to HK\$752.7 million as at 31 December 2023. The change was mainly due to a faster collection cycle in the last quarter of FY2023. Trade receivables at fair value through profit or loss increased by HK\$33.0 million, or 114.2%, from HK\$28.9 million as at 31 December 2022 to HK\$61.9 million as at 31 December 2023. Trade receivables at fair value through profit or loss represents trade receivables which are subject to a factoring arrangement without recourse with specific customers. This factoring arrangement is not an uncommon practice and enhances the flexibility of our Group's working capital management. Under this arrangement, our Group may transfer the relevant receivables to the bank in exchange for cash after year end and the risk of accounts receivable being uncollectible transfers from the Group to the bank. Other receivables, deposits and prepayment under current assets increased by HK\$3.6 million, or 4.7%, from HK\$75.9 million as at 31 December 2022 to HK\$79.5 million as at 31 December 2023 mainly relating to deposits paid to suppliers for the acquisition of machinery under property, plant and equipment for factory use and leasehold improvements of factories.

Right of return assets represent the products expected to be returned from customers where customers exercise their right of return within two to three years from the date of sale ("**Warranty Period**"). Our Group uses its accumulated historical experience to estimate the expected level of returns. Right of return assets decreased by HK\$31.0 million, or 44.5%, from HK\$69.6 million as at 31 December 2022 to HK\$38.6 million as at 31 December 2023. The change was mainly due to a sales decline which resulted in a decrease of the sale return warranty provision under refund liabilities and the costs of return reported under the right of return assets as at 31 December 2023.

Current income tax recoverable increased by HK\$9.5 million, or 16.1%, from HK\$59.0 million as at 31 December 2022 to HK\$68.5 million as at 31 December 2023. The increase in income tax recoverable was mainly due to a decrease in assessable profit of certain of our subsidiaries.

Our Group's cash and bank balances increased by HK\$283.9 million, or 12.9%, from HK\$2,207.3 million as at 31 December 2022 to HK\$2,491.2 million as at 31 December 2023 mainly due to reduced purchases as a result of lower consumer demand during FY2023 together with faster collection of trade receivables in the last quarter of FY2023.

### Current liabilities

Our Group's total current liabilities decreased by HK\$761.6 million, or 23.7%, from HK\$3,213.7 million as at 31 December 2022 to HK\$2,452.1 million as at 31 December 2023. The change was mainly due to a decrease in borrowings, refund liabilities and contract liabilities.

Trade and other payables increased by HK\$42.3 million, or 3.4%, from HK\$1,237.8 million as at 31 December 2022 to HK\$1,280.0 million as at 31 December 2023. Trade payables increased by HK\$81.4 million, or 8.4%, from HK\$965.4 million as at 31 December 2022 to HK\$1,046.8 million as at 31 December 2023. This was mainly due to an increase in purchases of a new series of GPUs and raw materials before end of the year in order to prepare for new product launches in January 2024. Other payables decreased by HK\$39.2 million, or 14.4%, from HK\$272.4 million as at 31 December 2022 to HK\$233.2 million as at 31 December 2023. The change had resulted from a decrease in provision for staff performance bonus and directors' profit sharing as at 31 December 2023.

Refund liabilities relate to the customer's right of return of defective products within the Warranty Period for which a refund in cash will be disbursed to the customers upon the return of such products. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for products expected to be returned. Our Group uses its accumulated historical experience to estimate the sales amount of returned goods by assessing the average annual return rate by customers based on data from the most recent three years of operations. Based on this average annual return rate, a provision for refund liability will be made at the end of each reporting period by applying the average return rate to the total VGA sales for such period. Refund liability is also re-measured at the end of each reporting period if there are any changes in expectations about the amount of refunds and corresponding adjustments to revenue and refund liabilities will be made. The accounting for refund liabilities is in accordance with the requirements of IFRS 15 (Revenue from Contracts with Customers). Refund liabilities decreased by HK\$35.0 million, or 41.8%, from HK\$83.8 million as at 31 December 2022 to HK\$48.8 million as at 31 December 2023. The change was mainly due to a sales decline which resulted in a decrease of sales return warranty provision under refund liabilities and the costs of return reported under the right of return assets as at 31 December 2023.

Contract liabilities decreased by HK\$15.5 million, or 20.3%, from HK\$76.5 million as at 31 December 2022 to HK\$61.0 million as at 31 December 2023. The change was mainly due to a decrease of prepayments from customers to secure purchase of products as at 31 December 2023.

Our Group's borrowings decreased significantly by HK\$756.3 million, or 43.5%, from HK\$1,738.7 million as at 31 December 2022 to HK\$982.4 million as at 31 December 2023. This was mainly due to our Group's repayment of bank borrowings during FY2023 in order to reduce finance costs.

Under the terms of certain sales agreements of our Group, the Group will rectify any product defects and returns arising within the Warranty Period. As opposed to a cash refund described under refund liabilities, a provision for product warranties and returns refers to the provision for maintenance/replacement cost that may be incurred by our Group to repair, make good or replace defective products sent in by customers at no cost to them. A provision for product warranties and returns is therefore made for the best estimate of the expected settlement of warranty under such sales agreements in such circumstances.

The amount of provision takes into account our Group's recent claim experience and is only made where a warranty claim is probable. The provision for product warranties and returns increased by HK\$1.7 million, or 4.3%, from HK\$39.4 million as at 31 December 2022 to HK\$41.1 million as at 31 December 2023. This change was mainly due to a higher cost of repair associated with products under warranty for FY2023.

Our Group leases a number of properties in the jurisdictions where it operates. The terms of property leases vary from jurisdictions. The lease terms of contracts are generally from one to ten years and which include the period covered by extension options. Our Group also leases offices, testing equipment and motor vehicles. All leases comprise only fixed payments over the lease terms. The current lease liability decreased by HK\$0.7 million, or 2.3%, from HK\$30.9 million as at 31 December 2022 to HK\$30.2 million as at 31 December 2023. The change was mainly due to amortisation of the lease liabilities according to the lease terms of the properties.



Current tax liabilities increased by HK\$2.0 million, or 30.3%, from HK\$6.6 million as at 31 December 2022 to HK\$8.6 million as at 31 December 2023, the change was mainly associated with a higher profit being achieved under some of our Group entities.

#### Non-current liabilities

Non-current liabilities consist of non-current lease liabilities which decreased by HK\$28.1 million, or 28.9%, from HK\$97.2 million as at 31 December 2022 to HK\$69.1 million as at 31 December 2023. The decrease was mainly due to our Group purchasing an office with car parks to consolidate operations in Hong Kong in one location in FY2022 resulting in non-current lease liabilities for rental premises being reduced.

#### Equity

As at 31 December 2023, total equity amounted to HK\$2,774.2 million. This comprised issued capital of HK\$38.8 million, non-controlling interests of HK\$1.4 million and reserves of HK\$2,734.0 million comprising share premium, translation reserve, merger reserve, other reserve, legal reserve, financial asset reserve, shared-based payment reserve and retained earnings.

### (b) **As at 30 June 2024**

#### Financial Position

##### Non-current assets

Our Group's total non-current assets decreased by HK\$23.7 million, or 3.6%, from HK\$667.5 million as at 31 December 2023 to HK\$643.8 million as at 30 June 2024. The change was mainly due to a decrease in net book value of property, plant and equipment and the right-of-use assets.

Net book value of property, plant and equipment decreased by HK\$20.1 million, or 3.6%, from HK\$557.4 million as at 31 December 2023 to HK\$537.3 million as at 30 June 2024. The change was mainly due to depreciation of property, plant and equipment in 1H2024 of HK\$33.8 million which was more than the addition of fixed assets in 1H2024.

Right-of-use assets decreased by HK\$10.4 million, or 11.2%, from HK\$92.6 million as at 31 December 2023 to HK\$82.2 million as at 30 June 2024, mainly due to the depreciation of right-of-use assets under lease contracts of land and buildings.

Intangible assets consists of brand name and goodwill which was acquired through acquisitions of businesses. Goodwill has been fully impaired. As the valuation of the brand name using the income-based approach is higher than its carrying value, there was no impairment loss of the brand name and the carrying value remained unchanged as at 30 June 2024.

Other financial asset consists of an investment in 1% of the preferred stock of a private and unrelated company incorporated in the USA. Our Group had irrevocably elected at initial recognition to measure the investment at fair value through other comprehensive income and no dividends have been received since our Group made the investment in a virtual reality experience company in 2017. There was no impairment loss recognised, so the carrying value remained unchanged as at 30 June 2024 at HK\$1.2 million.

Deferred tax assets decreased by HK\$0.7 million, or 12.1%, from HK\$5.8 million as at 31 December 2023 to HK\$5.1 million as at 30 June 2024 mainly due to the utilisation of accumulated tax losses as higher profit was recorded in 1H2024.

Trade and other receivables consist of rental deposits and other receivables amounting to HK\$4.5 million and HK\$8.7 million respectively as at 30 June 2024. Trade and other receivables under non-current assets increased by HK\$7.5 million, or 131.6%, from HK\$5.7 million as at 31 December 2023 to HK\$13.2 million as at 30 June 2024 mainly due to a new rental deposit paid for a new leased property to house our new manufacturing facility in Batam, Indonesia and with prepayments made for the acquisition of property, plant and equipment.



### Current assets

Our Group's total current assets increased by HK\$137.8 million, or 3.0%, from HK\$4,627.9 million as at 31 December 2023 to HK\$4,765.7 million as at 30 June 2024. The change was mainly due to an increase in inventories and trade and other receivables which offset a decline in cash and bank balances.

Inventories of our Group as at 30 June 2024 were HK\$1,391.3 million which increased by HK\$255.8 million, or 22.5%, as compared with HK\$1,135.5 million as at 31 December 2023. Raw materials, work-in-progress goods and finished goods increased due to production ramping up to fulfill sales demand and purchase orders. Raw materials increased by HK\$97.5 million, or 16.9%, from HK\$575.3 million as at 31 December 2023 to HK\$672.8 million as at 30 June 2024. Finished goods increased by HK\$151.0 million, or 27.9%, from HK\$541.1 million as at 31 December 2023 to HK\$692.1 million as at 30 June 2024. Work-in-progress goods increased by HK\$7.3 million, or 38.2%, from HK\$19.1 million as at 31 December 2023 to HK\$26.4 million as at 30 June 2024.

Trade and other receivables under current assets consisting of trade receivables at amortised cost, trade receivables at fair value through profit and loss, other receivables, deposits and prepayment, increased by HK\$130.6 million, or 14.6%, from HK\$894.1 million as at 31 December 2023 to HK\$1,024.7 million as at 30 June 2024. Trade receivables at amortised cost increased by HK\$35.7 million, or 4.7%, from HK\$752.7 million as at 31 December 2023 to HK\$788.4 million as at 30 June 2024. The increase was mainly due to an increase in sales during 1H2024, which resulted in a higher trade receivables balance as at 30 June 2024. Trade receivables at fair value through profit or loss increased by HK\$8.0 million, or 12.9%, from HK\$61.9 million as at 31 December 2023 to HK\$69.9 million as at 30 June 2024. The increase was due to an increase in sales on credit subject to a factoring arrangement with banks during 1H2024 relative to 2H2023. Other receivables, deposits and prepayment under current assets increased by HK\$86.9 million, or 109.3%, from HK\$79.5 million as at 31 December 2023 to HK\$166.4 million as at 30 June 2024. This was mainly associated with the rectification in 1H2024 of duties payable to the USA Customs & Border Protection in respect of our Group's VGA Cards imported in FY2021.

Right of return assets decreased by HK\$2.8 million, or 7.3%, from HK\$38.6 million as at 31 December 2023 to HK\$35.8 million as at 30 June 2024. The change was mainly due to less products being returned for credit during 1H2024.

Current income tax recoverable decreased by HK\$3.3 million, or 4.8%, from HK\$68.5 million as at 31 December 2023 to HK\$65.2 million as at 30 June 2024. The decrease in income tax recoverable was mainly due to an increase in assessable profit of certain subsidiaries of our Company.

Our Group's cash and bank balances decreased by HK\$242.5 million, or 9.7%, from HK\$2,491.2 million as at 31 December 2023 to HK\$2,248.7 million as at 30 June 2024. This was mainly due to higher utilisation of surplus cash on hand to finance procurement and operations in 1H2024.

### Current liabilities

Our Group's total current liabilities were relatively stable and were HK\$2,452.1 million as at 31 December 2023 and HK\$2,467.6 million as at 30 June 2024.

Trade and other payables increased by HK\$20.3 million, or 1.6%, from HK\$1,280.1 million as at 31 December 2023 to HK\$1,300.4 million as at 30 June 2024. Trade payables decreased by HK\$78.5 million, or 7.5%, from HK\$1,046.9 million as at 31 December 2023 to HK\$968.4 million as at 30 June 2024. The change was mainly due to shorter credit terms in 1H2024. Other payables increased by HK\$98.8 million, or 42.4%, from HK\$233.2 million as at 31 December 2023 to HK\$332.0 million as at 30 June 2024. The increase resulted from an increase in dividend payable, the provision for staff performance bonus and directors' profit sharing as at 30 June 2024.

Refund liabilities relate to the customer's right of return of defective products within the Warranty Period. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for products expected to be returned. Our Group uses its accumulated historical experience to estimate the sales amount of returned goods. Refund liabilities decreased by HK\$4.8 million, or 9.8%, from HK\$48.8 million as at 31 December 2023 to HK\$44.0 million as at 30 June 2024, mainly due to lower returns of goods in 1H2024.

Contract liabilities increased by HK\$16.6 million, or 27.2%, from HK\$61.0 million as at 31 December 2023 to HK\$77.6 million as at 30 June 2024. The change was mainly due to an increase in customer prepayments to secure purchase of products as at 30 June 2024.

Our Group's bank borrowings decreased by HK\$26.2 million, or 2.7%, from HK\$982.4 million as at 31 December 2023 to HK\$956.2 million as at 30 June 2024. This was mainly due to a decrease in bank borrowings which resulted in a lower utilisation of import loans as our Group used free cash flow to finance procurement and operations in 1H2024 instead.

Under the terms of certain sales agreements of our Group, our Group will rectify any product defects and returns arising within the Warranty Period. A provision for product warranties and returns is therefore made for the best estimate of the expected settlement of warranty under such sales agreements. The amount of provision takes into account our Group's recent claim experience and is only made where a warranty claim is probable. The provision for product warranties and returns decreased by HK\$5.8 million, or 14.1%, from HK\$41.1 million as at 31 December 2023 to HK\$35.3 million as at 30 June 2024. This was mainly due to less spending on product warranties which resulted in a decrease of the provision.

Our Group leases a number of properties in the jurisdictions where it operates. The terms of property leases vary from jurisdictions. The lease terms of contracts are generally from one to ten years which include the period covered by extension options. Our Group also leases offices, testing equipment and motor vehicles. All leases comprise only fixed payments over the lease terms. The current lease liability increased by HK\$0.5 million, or 1.7%, from HK\$30.2 million as at 31 December 2023 to HK\$30.7 million as at 30 June 2024. The change was mainly due to an increase in lease liabilities in accordance with the modification of leases of leased properties.

Current tax liabilities increased by HK\$14.8 million, or 172.1%, from HK\$8.6 million as at 31 December 2023 to HK\$23.4 million as at 30 June 2024. The change was mainly associated with a higher profit being achieved under some of our Group entities.

#### Non-current liability

Non-current liability consists of non-current lease liabilities which decreased by HK\$11.4 million, or 16.5%, from HK\$69.0 million as at 31 December 2023 to HK\$57.6 million as at 30 June 2024. The decrease was mainly due to amortisation of the lease liabilities in accordance to the lease terms of leased properties.

#### Equity

As at 30 June 2024, total equity amounted to HK\$2,884.3 million. This comprised issued capital of HK\$38.8 million, non-controlling interests of HK\$0.4 million and reserves of HK\$2,845.9 million comprising share premium, translation reserve, merger reserve, other reserve, legal reserve, financial asset reserve, shared-based payment reserve and retained profits.

## **LIQUIDITY AND CAPITAL RESOURCES**

During the Period Under Review, our Group's operations, capital expenditures and other capital requirements have been funded through internal and external sources of funds. Internal sources of funds comprise cash generated from our Group's operating activities and shareholders' equity. External sources of funds comprise mainly bank borrowings.

As at 30 June 2024, we have cash and cash equivalents of HK\$1,884.5 million and net current assets of HK\$2,298.1 million, and as at the Latest Practicable Date, we have credit facilities of HK\$1,481.9 million which have not been utilised.

Our Directors are of the reasonable opinion that, after having made due and careful enquiry and after taking into account the net cash flows generated from our Group's operations, our Group's available credit facilities, and our Group's existing cash and cash equivalents, the working capital available to our Group as at the date of the Introductory Document, having regard to our Group's expected capital expenditure in relation to the relocation of the Group's headquarters to Singapore and the setting up of our new manufacturing facility in Batam, Indonesia, together with our Group's contingent liabilities, potential amounts to be paid by our Group in respect of our obligations under PRC labour laws and any potential tax exposure resulting from the Protective Assessment by the IRD, is sufficient for our Group's present requirements and for at least 12 months after the Introduction of our Company on the SGX-ST.

The following table sets out a summary of our Group's cash flow for FY2021, FY2022, FY2023, 1H2023 and 1H2024:

HK\$'000	FY2021	FY2022	FY2023	1H2023	1H2024
Net cash generated from operating activities	6,922,654	2,665,988	3,575,093	2,107,504	558,500
Net cash (used in)/generated from investing activities	70,035	(525,032)	(382,300)	(200,832)	55,824
Net cash used in financing activities	(4,356,684)	(3,659,024)	(3,293,797)	(2,063,995)	(817,589)
Net (decrease)/increase in cash and cash equivalents	2,636,005	(1,518,068)	(101,004)	(157,323)	(203,265)
Cash and cash equivalents at beginning of the year	1,124,143	3,764,766	2,206,987	2,206,987	2,100,381
Effect of foreign exchange rate changes, net	4,618	(39,711)	(5,602)	(14,877)	(12,605)
Cash and cash equivalents at end of the year	3,764,766	2,206,987	2,100,381	2,034,787	1,884,511

Note: Net cash = Pledged bank deposits + Time deposits + Cash and cash equivalents - Interest bearing bank borrowings

Our Group generated net cash from operating activities amounting to HK\$6,922.7 million, HK\$2,666.0 million, HK\$3,575.1 million and HK\$558.5 million for FY2021, FY2022, FY2023 and 1H2024 respectively. The net cash from operating activities experienced a significant decline of HK\$4,256.7 million, or 61.5% from HK\$6,922.7 million in FY2021 to HK\$2,666.0 million in FY2022. The decline was mainly due to a decline in profit in FY2022. Although profit declined further in FY2023, our Group was able to reduce inventory levels in FY2023 to improve the net cash flow from operating activities to HK\$3,575.1 million, or 34.1% in FY2023. Net cash generated from operating activities for 1H2024 was HK\$558.5 million and was significantly lower than 1H2023. Although profit before income tax was HK\$228.5 million for 1H2024, the increase in net working capital was significantly lower than previous periods, mainly due to cash outflows on purchases of inventories of HK\$246.4 million and trade and other receivables of HK\$128.3 million during 1H2024.

The proceeds from disposal of property, plant and equipment amounting to HK\$126.3 million in FY2021, accounted for the bulk of net cash generated from investing activities of HK\$70.0 million in FY2021. Our Group made payment for acquisition of an office with the relevant leasehold improvements with car parks in Hong Kong, plant and machinery, office and testing equipment for HK\$534.2 million in FY2022, which resulted in net cash used for investing activities of HK\$525.0 million in FY2022. Our Group made more time deposits with maturity over three months as compared to the withdrawal of time deposits with maturity over three months in FY2023, resulting in net cash used in investing activities of HK\$382.3 million in FY2023. Net cash generated from investing activities in 1H2024 was HK\$55.8 million. This comprised mainly of interest income received of HK\$34.3 million, the withdrawal of time deposits with initial maturities of over three months of HK\$390.5 million, which was offset by the placement of time deposits with initial maturities of over three months of HK\$359.3 million, which led to a net withdrawal of time deposit of HK\$31.2 million in 1H2024.

Net cash used in financing activities amounted to HK\$4,356.7 million, HK\$3,659.0 million, HK\$3,293.8 million and HK\$817.6 million for FY2021, FY2022, FY2023 and 1H2024 respectively. Majority of the cash used in financing activities was for the repayment of import loans from banks and dividends paid to owners of the Company. The repayment of import loans in 1H2024 was mainly associated with utilisation of surplus cash to finance procurement and operations instead of bank borrowings which resulted in a lower utilisation of import loans in 1H2024.

(a) FY2021 Cash Flow Analysis

Net Cash from Operating Activities

Our Group recorded strong net cash generated from operating activities in FY2021. This was mainly due to strong profitability of HK\$2,930.1 million in profit before income tax, and strong net working capital inflow, mainly due to (1) an increase in trade and other payables of HK\$4,217.9 million, (2) an increase in refund liabilities of HK\$33.7 million and (3) an increase in contract liabilities of HK\$131.7 million. It was partially offset by (1) an increase in inventories of HK\$608.9 million, and (2) an increase in trade and other receivables of HK\$205.7 million.

Net Cash from Investing Activities

Our Group disposed of property, plant and equipment which generated cash inflow of HK\$126.3 million which partially offset the cash outflow for the acquisition of property, plant and equipment of HK\$55.9 million in FY2021.

Net Cash used in Financing Activities

Net cash used in financing activities of HK\$4,356.7 million mainly comprised of the repayment of import loans from banks of HK\$3,889.1 million and dividends paid to owners of the Company of HK\$410.3 million in FY2021.

(b) FY2022 Cash Flow Analysis

Net Cash from Operating Activities

Net cash generated from operating activities declined to HK\$2,666.0 million in FY2022. The change was aligned with the decrease in profit before income tax to HK\$843.2 million. Net working capital inflow continued to contribute to positive cash inflow mainly due to (1) an increase in trade and other payables of HK\$2,845.2 million. It was partially offset by an increase in inventories of HK\$371.3 million and decrease in contract liabilities of HK\$133.2 million.

Net Cash used in Investing Activities

Our Group made payment for the acquisition of an office with the relevant leasehold improvements with car parks in Hong Kong, plant and machinery, office and testing equipment for HK\$534.2 million in FY2022, which resulted in net cash used for investing activities of HK\$525.0 million in FY2022.

Net Cash used in Financing Activities

Repayment of import loans from banks amounted to HK\$2,887.3 million with dividends paid to owners of the Company for HK\$934.3 million resulting in a net cash used in financing activities of HK\$3,659.0 million for FY2022.

(c) FY2023 Cash Flow Analysis

Net Cash from Operating Activities

Net cash generated from operating activities was HK\$3,575.1 million in FY2023. This was mainly due to profit before income tax declining to HK\$88.1 million in FY2023, and net working capital inflow was mainly due to (1) a decrease in inventories of HK\$654.8 million, (2) a decrease in trade and other receivables of HK\$375.9 million, and (3) an increase in trade and other payables of HK\$2,409.6 million.

#### Net Cash used in Investing Activities

Net cash used in investing activities was HK\$382.3 million in FY2023. This was mainly due to more placements of time deposits with maturity over three months as compared to the withdrawal of time deposits with maturity over three months in FY2023.

#### Net Cash used in Financing Activities

Net cash used in financing activities of HK\$3,293.8 million in FY2023 mainly comprised repayment of import loans of HK\$3,119.2 million and HK\$135.8 million of dividends paid to owners of the Company.

#### (d) 1H2024 Cash Flow Analysis

##### Net Cash from Operating Activities

Net cash generated from operating activities was HK\$558.5 million in 1H2024. This was significantly lower than 1H2023. Although profit before income tax was HK\$228.5 million for 1H2024, the net working capital inflow was mainly due to an increase in trade and other payables of HK\$715.6 million, which was partially offset by (1) cash outflows on purchases of inventories of HK\$246.4 million, and (2) an increase in trade and other receivables of HK\$128.3 million during 1H2024.

##### Net Cash from Investing Activities

Net cash generated from investing activities was HK\$55.8 million in 1H2024. This was mainly due to more withdrawal of time deposits with maturity over three months as compared to the placements of time deposits with maturity over three months in 1H2024, as well as higher interest received for the period.

##### Net Cash used in Financing Activities

Net cash used in financing activities of HK\$817.6 million in 1H2024 mainly comprised of repayment of import loans of HK\$797.5 million. Our Group utilised surplus cash to finance procurement and operations instead of bank borrowings which resulted in a lower utilisation of import loans for 1H2024.

#### **Capital Expenditures, Divestments and Commitments**

Our material capital expenditures and divestments during the Period Under Review and for the period from 1 July 2024 to the Latest Practicable Date are set out below:

#### **Capital Expenditures**

HK\$'000	FY2021	FY2022	FY2023	1H2024	From 1 July 2024 to the Latest Practicable Date
Freehold land and buildings	–	–	–	–	–
Leasehold land and buildings	–	403,126	–	–	–
Leasehold improvements	1,417	19,056	7,116	5,540	6,667
Plant and machinery	38,196	84,678	7,271	1,530	13,299
Office and testing equipment	9,049	25,459	19,347	6,753	2,704
Furniture and fixtures	7	3,973	607	–	15
Motor vehicles	142	217	418	–	334
Moulds	261	2,426	807	–	–
Machinery leased out under operating leases	–	–	–	–	–
Electric generator	7,008	–	–	–	–
<b>Total</b>	<b>56,080</b>	<b>538,935</b>	<b>35,566</b>	<b>13,823</b>	<b>23,019</b>



The capital expenditure during the Period Under Review and the period from 1 July 2024 to the Latest Practicable Date was HK\$23,019 million mainly for the purchase of leasehold improvement, plant and machinery, office and testing equipment, furniture and fixtures and motor vehicles. Funding for capital expenditures was from internally generated funds and bank loans.

As our Company is seeking to relocate our global headquarters in Singapore and set-up a high-end VGA Cards manufacturing facility in Batam, Indonesia which is envisaged to be operational by 1Q2025, we expect to incur capital expenditure of approximately HK\$14.6 million and HK\$110.9 million, for renovation of the office premises of our new headquarters in Singapore and the installation of three production lines at the factory premises of our new production facility in Batam, Indonesia respectively.

## Divestments

HK\$'000	FY2021	FY2022	FY2023	1H2024	From 1 July 2024 to the Latest Practicable Date
Freehold land and buildings	–	–	–	–	–
Leasehold land and buildings	–	–	–	–	–
Leasehold improvements	1,265	2,253	2,484	–	–
Plant and machinery	17,542	28,121	3,364	9,963	346
Office and testing equipment	1,909	4,009	2,783	1,217	360
Furniture and fixtures	92	331	–	–	–
Motor vehicles	–	–	486	125	–
Moulds	1,230	–	–	–	–
Machinery leased out under operating leases	151,836	–	–	–	–
Electric generator	–	–	–	–	–
<b>Total</b>	<b>173,874</b>	<b>34,714</b>	<b>9,117</b>	<b>11,305</b>	<b>706</b>

Divestments during the Period Under Review and the period from 1 July 2024 to the Latest Practicable Date was HK\$706 million, consisted mainly of assets written off after the useful life for plant and machinery, office and testing equipment, furniture and fixtures, motor vehicles and moulds. In addition, our Group had disposed of machinery leased out to a third party in FY2021.

Save as disclosed above, there were no other material capital expenditure and/or divestments made by our Group during the Period Under Review and for the period from 1 July 2024 to the Latest Practicable Date, or save as provided for in the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Capital Commitments” below, any material capital expenditure and/or divestments which is in progress.

## Capital Commitments

Our Group had entered into capital commitment contracts for the acquisition of property, plant and equipment amounting to HK\$65.5 million as at the Latest Practicable Date, consisting mainly of HK\$58.7 million for manufacturing facilities in Batam, Indonesia, HK\$3.4 million for setting up the global headquarters in Singapore and HK\$3.4 million for manufacturing facilities in Dongguan, the PRC. All the capital commitments will be financed by internally generated funds.

## Lease Commitments

As at the Latest Practicable Date, our Group had the following lease commitments for future minimum lease payments under non-cancellable operating leases in respect of the rental of our warehouse and office equipment in Hong Kong and Korea and certain of our motor vehicles for business use. Our non-cancellable operating lease commitments for rental payable relate to the leased premises as disclosed under the section entitled “Business Overview – Material Properties and Fixed Assets” of this Introductory Document.

Lease commitments HK\$'000	As at				Latest Practicable Date
	31 Dec 2021	31 Dec 2022	31 Dec 2023	30 Jun 2024	
<b>Building</b>					
Not later than 1 year	309	5,665	5,780	2,768	757
Later than 1 years and not later than 5 years	–	–	–	–	–
Later than 5 years	–	–	–	–	–
	<u>309</u>	<u>5,665</u>	<u>5,780</u>	<u>2,768</u>	<u>757</u>
<b>Others</b>					
Not later than 1 year	562	6	22	19	20
Later than 1 years and not later than 5 years	3	15	27	15	8
Later than 5 years	–	–	–	–	–
	<u>565</u>	<u>21</u>	<u>49</u>	<u>34</u>	<u>28</u>
<b>Right of use assets</b>					
Not later than 1 year	30,596	35,504	33,711	33,814	42,408
Later than 1 years and not later than 5 years	89,593	104,753	73,130	60,405	84,688
Later than 5 years	15,030	–	–	–	–
	<u>135,219</u>	<u>140,257</u>	<u>106,841</u>	<u>94,219</u>	<u>127,096</u>
<b>Total</b>	<b><u>136,093</u></b>	<b><u>145,943</u></b>	<b><u>112,670</u></b>	<b><u>97,021</u></b>	<b><u>127,881</u></b>

We intend to finance the above lease commitments from internally generated funds. Save as disclosed above, we do not have any other material lease commitments as at the Latest Practicable Date.

### Foreign Exchange Management

Our reporting currency is in HK\$. As at 30 June 2024, our Group was exposed to currency risk primarily through sales and purchases denominated in currencies other than the functional currency of the operations to which they relate. The currencies giving rise to the risk are primarily RMB, EUR, KRW, JPY, HKD and USD, which will affect our earnings. The appreciation or depreciation in the value of other currency other than the functional currencies of our subsidiaries will have either a positive or negative effect on the financial results of our Group. Details of the net exchange losses of our Group during the Period Under Review are as follows:

	FY2021	FY2022	FY2023	1H2024
Net exchange losses (HK\$'000)	25,516	30,355	29,133	23,760
As a percentage of revenue	0.2%	0.3%	0.3%	0.5%
As a percentage of profit before income tax	0.9%	3.6%	33.1%	10.4%

Our Group entered into one forward exchange contract in FY2021, a structured investment contract in FY2022 and three structured investment contracts in FY2023 for investment purposes (“**FY2021, FY2022 and FY2023 Contracts**”). In FY2021, the forward exchange contract had a notional amount of US\$2.0 million. In FY2022, the structured investment contract had a notional amount of US\$3.0 million. In FY2023, the three structured investment contracts had notional amounts of RMB24.5 million, RMB35.0 million and US\$8.0 million respectively. In 1H2024, our Group entered into one structured investment contract with a notional amount of RMB60.0 million (collectively, together with the FY2021, FY2022 and FY2023 Contracts, the “**Contracts**”). As at 30 June 2024 and the Latest Practicable Date, the Contracts have matured and are no longer outstanding.

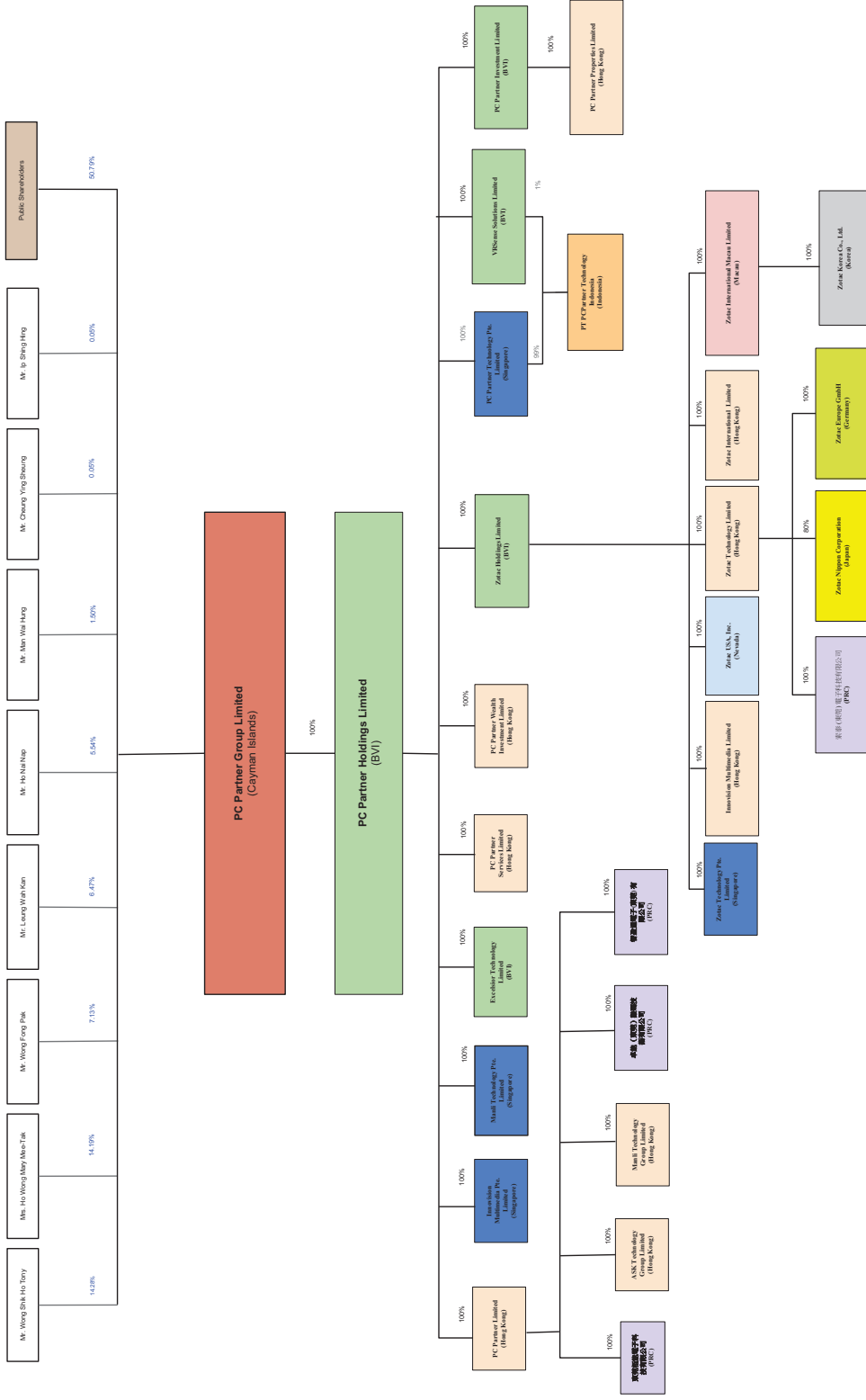
We currently do not have a formal hedging policy. We may, subject to the approval of our Board, enter into relevant transactions where necessary, to hedge our exposure to foreign currency fluctuations. We will also put in place, where necessary, procedures to hedge our exposure to foreign currency fluctuations. Such procedures, if in place, will be reviewed and approved by our Audit Committee and our Board to be in line with the foreign exchange management policy.

### **Significant changes in Accounting Policies**

Please refer to the sections entitled “3. Accounting Policies” and “2. Basis Of Preparation and Accounting Policies” as set out in “Appendix A – Independent Joint Auditors’ Report and Consolidated Financial Statements of PC Partner Group Limited and its Subsidiaries for the Financial Years Ended 31 December 2021, 2022 and 2023” and “Appendix B – Independent Joint Auditors’ Review Report and Interim Condensed Consolidated Financial Statements of PC Partner Group Limited and its Subsidiaries for the Financial Period from 1 January 2024 to 30 June 2024”. Our Group does not expect to change its accounting policies that will result in material adjustments to the disclosed financials.

# CORPORATE STRUCTURE AND OWNERSHIP

The following chart shows the corporate structure of our Group. (1) (2) (3)



### Notes:

- (1) Please refer to Appendix F of this Introductory Document for details of our subsidiaries and associated entities.
- (2) Save as disclosed in Appendix F of this Introductory Document, there are no other subsidiaries, subsidiary entities, associated companies and associated entities of our Group.
- (3) None of our subsidiaries is listed on any stock exchange.

## BUSINESS OVERVIEW

### BACKGROUND

The inception of our Group can be traced back to PCPL, which was established in Hong Kong in February 1988. PCPL, formerly known as VTech Computers International Limited, was a wholly-owned subsidiary and the computer products division of VTech Holdings Limited and its group of companies, a company whose shares are listed on the HKEX.

Our Group was co-founded by the late Mr Ho Hin Wun Bosco, Mr Wong Shik Ho Tony, Mr Wong Fong Pak, and Mr Leung Wah Kan. PCPHL was incorporated in the British Virgin Islands on 2 May 1997 to acquire PCPL when VTech Group redirected its focus to other business sectors. The transaction was completed in June 1997. Mr Ho Hin Wun Bosco, a former director of certain VTech Group subsidiaries, resigned from all directorships with VTech Group on 23 June 1997, while Mr Wong Fong Pak, Mr Wong Shik Ho Tony, and Mr Leung Wah Kan, former members of VTech Group's senior management team in the computer division, resigned from their positions on 1 June 1997 in VTech Group.

At the time of the acquisition by PCPHL, PCPL operated within the computer division of the VTech Group, and its principal business was the supply of computer motherboards, computer cases, power supplies and other computer components.

Following the acquisition by PCPHL, PCPL's primary business of supplying computer motherboards, computer cases, power supplies, and other computer components continued. On top of that, our Group expanded its operations into the VGA Cards manufacturing industry. In 2005, we introduced the ZOTAC brand and commenced sales of ZOTAC-branded VGA Cards in EMEA region in the year 2007.

In 2008, our Group agreed with each of (i) ASK Technology and Mr Ho Nai Nap (the beneficial owner of ASK Technology in 2008), and (ii) Manli Technology, Mr Man Wai Hung and Mr Lee Wing Chung (the two beneficial owners of Manli Technology in 2008) to set up ASK Group and Manli Group. ASK Group and Manli Group were established in 2008 to acquire 60% interests in ASK Technology and Manli Technology, and in 2011 ASK Technology and Manli Technology became wholly-owned subsidiaries of our Group. Both ASK Technology and Manli Technology were principally engaged in trading of VGA Cards and through the acquisitions of their businesses, we bolstered our market share in NVIDIA-based VGA Cards and leveraged on the economies of scale to qualify and become an AIC partner of NVIDIA.

Our Group's main factory for the Period Under Review is located in Dongguan, the PRC, and is equipped with 23 SMT lines which are used for the assembly of components of our Group's products, plus associated assembly and packing facilities occupying a total gross floor area of approximately 122,940 sq m. Our production facility boasts extensive testing and quality assurance setups and as at 30 June 2024, employed 1,886 staff in Dongguan, the PRC. Over the years, our Group has continuously re-configured our production lines with existing and/or additional machines to deal with ever-changing factors like product complexity, mix, and usual lot sizes.

Our Group takes pride in our engineering competencies and the wealth of knowledge accumulated across the years, particularly in the innovation and refinement of VGA Cards. As at 30 June 2024, our research and development team comprised 133 engineers and support staff, stationed across Hong Kong, Shenzhen, Dongguan and Taiwan and as at the Latest Practicable Date, our Group has 29 registered patents and 96 registered trademarks worldwide.

The Directors believe that producing high-quality products for our customers is a fundamental pillar of our Group's success. To uphold this commitment, we have implemented a suite of Quality Management Systems based on ISO9001, Environmental Management Systems based on ISO14001, Occupational Health and Safety Management Systems based on ISO45001, and Hazardous Substance Process Management Systems based on QC080000. These internationally recognised standards focus on specific areas crucial to our operations.



To date, our Group has been operating for approximately 27 years and we have established offices worldwide across four main geographical markets, including the APAC region, NALA region, the People's Republic of China, and the EMEAI region. With our extensive distribution network, our Group extends its products, offerings and services to customers across more than 80 countries.

Our Group is dedicated to becoming a leading provider of innovative and reliable products, with a focus on VGA Cards and EMS solutions offerings. In FY2021, FY2022, FY2023 and 1H2024, our Group generated revenue of approximately HK\$15,459 million, HK\$10,775 million, HK\$9,167 million, and HK\$4,944.2 million respectively (equivalent to approximately S\$2,624.9 million, S\$1,829.6 million, S\$1,556.6 million and S\$839.5 million respectively). The profit for the year attributable to owners of the Company for the same periods was approximately HK\$2,374.3 million, HK\$702.5 million, HK\$60.8 million and HK\$194.1 million respectively (equivalent to approximately S\$403.2 million, S\$119.3 million, S\$10.3 million and S\$33.0 million respectively).

## KEY MILESTONES

A summary of our Group's key corporate milestones is set out below.

Year	Milestone
1997	<ul style="list-style-type: none"> <li>Mr Ho Hin Wun Bosco, Mr Wong Shik Ho Tony, Mr Wong Fong Pak and Mr Leung Wah Kan founded PCPHL to acquire PCPL from VTech Group.</li> </ul>
1998	<ul style="list-style-type: none"> <li>Our Group was awarded ISO 9001 accreditation.</li> <li>Our Group was engaged by ATI Technologies Inc. (now AMD) as a contract manufacturer for AMD VGA Cards.</li> <li>Our Group became an EMS provider for a world-leading POS system supplier.</li> </ul>
2001	<ul style="list-style-type: none"> <li>Our Company invested in Sapphire Global Holdings Limited ("<b>Sapphire</b>"), a business partner, by acquiring 40% of Sapphire's shares. This reinforces our Company's experience and enlarge its customer base in contract manufacturing of VGA Cards.</li> <li>Our Group was awarded ISO 9001:2000 accreditation.</li> </ul>
2002	<ul style="list-style-type: none"> <li>Our Group was awarded ISO 14001 accreditation.</li> <li>Our Group became an EMS provider for a world-leading flash memory card supplier.</li> </ul>
2005	<ul style="list-style-type: none"> <li>After the passing of Mr Ho Hin Wun Bosco, his wife, Mrs Ho Wong Mary Mee-Tak, became the major shareholder of PCPHL and was appointed as its non-executive director in 2005.</li> <li>Our Group launched its brand, "ZOTAC".</li> <li>Our Group was awarded OHSAS 18001 accreditation.</li> </ul>
2006	<ul style="list-style-type: none"> <li>Our Group started the manufacturing of VGA Cards that used NVIDIA GPUs.</li> <li>Our Group started distributing VGA Cards under our Group's ZOTAC brand.</li> </ul>
2007	<ul style="list-style-type: none"> <li>Zotac USA was established by our Group to serve the NALA region.</li> <li>Our Group commenced the distribution of VGA Cards under ZOTAC brand in the EMEAI and NALA regions.</li> </ul>

<b>Year</b>	<b>Milestone</b>
2008	<ul style="list-style-type: none"> <li>● Our Group was awarded AS 9100 accreditation which is colloquially known as the gold standard of quality manufacturing certifications in the aerospace industry, illustrating the high industry standards which our Group's production processes meet.</li> </ul>
2009	<ul style="list-style-type: none"> <li>● PCPL established a wholly owned subsidiary, PC Partner Dongguan, in Dongguan, the PRC, to set up the production facilities of our Group.</li> <li>● Our Group's launched its mini-PC series designed and sold under the ZOTAC brand.</li> </ul>
2010	<ul style="list-style-type: none"> <li>● Our Group established Zotac Korea for the trading of ZOTAC products in Korea.</li> <li>● PC Partner Dongguan established a branch office in Shenzhen, the PRC, to provide design, research and development services (on computers and computer accessories) to our Group.</li> <li>● Our Group set up our Company in the Cayman Islands as a holding company of our Group. A series of corporate and shareholding restructuring was then carried out for the listing of our Company's shares on the HKEX.</li> </ul>
2011	<ul style="list-style-type: none"> <li>● Our Group fully acquired the ASK Group and Manli Group.</li> </ul>
2012	<ul style="list-style-type: none"> <li>● Our Group was listed on the Main Board of HKEX.</li> <li>● Our Group acquired the entire share capital of Zotac Europe. The principal business of Zotac Europe is the provision of technical support services to other companies of our Group.</li> </ul>
2013	<ul style="list-style-type: none"> <li>● Our Group established an office in Europe under the ZOTAC brand.</li> </ul>
2016	<ul style="list-style-type: none"> <li>● Our Group established ZOTAC (Dongguan) Electronic Technology Company Limited for trading of ZOTAC products in the PRC.</li> </ul>
2017	<ul style="list-style-type: none"> <li>● Our Group started a joint venture company in Singapore, Innopartner Pte. Ltd., for research and development purposes.</li> </ul>
2018	<ul style="list-style-type: none"> <li>● Our Group acquired an 80% share interest in Zotac Nippon from a business partner and established a Japan sales office for our ZOTAC brand products. The principal business of Zotac Nippon is the trading of ZOTAC products in Japan.</li> </ul>
2019	<ul style="list-style-type: none"> <li>● Established a joint venture in the PRC, Fuzhou Partner Cloud Technology Limited.</li> <li>● Disposal of our Group's entire interest in Innopartner Pte. Ltd.</li> </ul>
2022	<ul style="list-style-type: none"> <li>● Our Group acquired our current principal place of business in Hong Kong and relocated from a rented place to the its current Hong Kong headquarters with the intention to better consolidate administration within the Group, reduce rental expenses and benefit in the long run from any potential appreciation in value of the property.</li> </ul>
2024	<ul style="list-style-type: none"> <li>● Disposal of our Group's entire interest in Fuzhou Partner Cloud Technology Limited.</li> </ul>

## PRODUCTS

Our Group specialises in electronics manufacturing, focusing on the design, development, and production of VGA Cards for PCs. In addition, we manufacture a range of other products, including computer base units for POS and ATM systems, industrial products such as controller cards and accelerated cards as well as consumer electronics products such as electronic clocks and wireless thermometers. Our Group's products are grouped into three main segments: (1) VGA Cards, (2) EMS, and other (3) PC-related products and components.

### (1) VGA Cards segment

The VGA Cards manufactured by our Group are PC components that process graphics display data and interface between a PC and its video display. Our Group utilises its SMT production lines to assemble the components of the VGA Cards such as ASIC (including GPUs), RAM, PCBs, heatsinks (including fansinks) and other electronic and mechanical components, followed by other testing and inspection processes. Our Group also has the capability to produce VGA Cards, which support over-clocking features that allow increasing of speed beyond default settings to get higher frame rates. The VGA Cards designed by our Group utilise discrete plug and play GPUs that are automatically recognised and configured by the operating system when they are installed into the computer. Plug and play GPUs allow users to dispense with the requirement to manually install the GPU driver and to configure hardware.

Our Group does not envisage there to be any new product or technology that will completely replace discrete plug and play GPUs in the near future.

Our Group's ZOTAC, Inno3D and Manli VGA Cards use GPUs supplied by NVIDIA. To develop these cards, our Group will obtain a kit from NVIDIA typically containing (1) datasheet of the GPU, (2) thermal design guide, (3) VGA Cards design guide, (4) application notes or engineer change notes (where applicable), (5) bill of materials, (6) PCB layout design, (7) schematic, (8) design source file (job file), (9) mechanical parts drawing (e.g. brackets and fansinks) and (10) VGA Cards specifications or qualification report in respect of the relevant GPU.

Our Group's research and development team will conduct a thorough analysis of the components within the kit to assess the functional capabilities of the GPU and identify opportunities for optimisation. Our product development team determines the product specifications based on market-driven cost considerations and the required functionalities for various models of VGA Cards. Nevertheless, we continue to rely on GPU providers, such as NVIDIA to develop VGA Cards for our own brands and AMD and NVIDIA for ODM/OEM projects, as well as on CPU providers, such as AMD, NVIDIA and Intel to develop mini-PCs for both our own brand business in respect of other products sold by our Group and for our ODM projects.

Our research and development team enhances the VGA Cards by augmenting the reference design through modifications or complete redesigns, incorporating refined circuitries, optimised printed circuit board layouts, carefully selected components, and enhanced thermal dissipation capabilities. In certain cases, our research and development team may develop distinct models of VGA Cards tailored to the businesses of our Group's different brands.

NVIDIA is a forerunner in GPU and AI semiconductor technologies. In 2006, our Group embarked on a strategic initiative to produce our own brand VGA Cards, powered by NVIDIA GPUs, aimed to reduce our dependence on ODM/OEM customers. Our proprietary brand's VGA Cards utilise NVIDIA technologies and are targeted towards the retail market. Our Group integrates NVIDIA GPUs into our VGA Card products, demonstrating the commitment to delivering high-quality and performance-driven solutions to consumers.

NVIDIA typically offers VGA Cards brands an MSRP for VGA Cards utilising NVIDIA GPUs. These brands often enhance the performance of NVIDIA's VGA Cards through overclocking, enabling them to charge a premium. However, the gross profit margin of VGA Cards can be subject to significant fluctuations due to various factors, including supply and demand, the release of new products, component shortages, as well as other variables such as a sharp rise on interest rates and a strong USD.

The product life cycle of VGA Cards based on NVIDIA GPUs are usually around 24 months and it depends on whether the GPU manufacturers introduce new GPUs to the market. New VGA Cards installed with the latest GPUs may have an impact on the demand for older VGA Card models which do not have the newest GPUs.

Sales of VGA Cards accounted for approximately 87.8%, 83.5%, 79.3% and 82.7% of the revenue of our Group in FY2021, FY2022, FY2023 and 1H2024 respectively.

**(a) ODM/OEM contract manufacturing of VGA Cards**

Apart from our Group's own brand NVIDIA VGA Cards, which make up a bulk of our VGA Cards sold by our Group, our Group also engages in ODM/OEM contract manufacturing of VGA Cards. ODM/OEM clients of our Group include renowned computer companies such as Acer Incorporated ("**Acer**"), and these clients utilise the VGA Cards manufactured by our Group for the assembly of their PCs and gaming PCs sold under their respective brands, which further solidifies our presence within the industry. These customers have specific quality and testing requirements, for which our Group charges additional fees. An agreed percentage premium is included in the selling price to cover potential return costs. Quotations provided to ODM/OEM customers are typically on a cost-plus basis. Our Group has also been manufacturing VGA Cards for AMD since 1998 on an OEM basis. These VGA Cards serve as reference designs, demonstrating specific features of the new AMD GPUs and a proven implementation of the new GPUs into VGA Cards in terms of circuitry, choice of electrical and mechanical components, and operating environmental conditions. VGA Cards manufacturers purchase our Group's AMD VGA Cards to use as a reference guide for developing the manufacturers' own variants of VGA Cards utilising the new AMD GPUs, which such AMD VGA Cards are designed to demonstrate.

Regarding slow-moving or obsolete inventory of components and materials, procured specifically for designated ODM/OEM contract manufacturing customers, our Group claims reimbursement for these costs from its customers. It is customary within the industry for ODM/OEM contract manufacturing customers to absorb such expenses.

In the ODM/OEM contract manufacturing business, our Group typically procures all necessary components and materials for VGA Cards assembly, expensing these as cost of sales. Sales to ODM/OEM customers accounted for approximately 23.5%, 19.4%, 17.5%, and 21.3% of our Group's turnover for FY2021, FY2022, FY2023 and 1H2024 respectively.

**(b) Our Group's brands of VGA Cards utilising NVIDIA's GPUs**

Our Group started to produce its own brands of VGA Cards in 2005 as a means to reduce its reliance on the ODM/OEM customers. Unlike the VGA Cards manufactured for AMD and the other ODM/OEM customers, our Group's own brands of VGA Cards are mostly sold in the consumer market. Our Group only uses NVIDIA GPUs in its branded VGA Cards. In general, NVIDIA would provide a MSRP to the manufacturers of VGA Cards using NVIDIA GPUs. Sales of our Group's house VGA Cards accounted for approximately 64.3%, 64.1%, 61.8%, and 61.4% of our Group's turnover for FY2021, FY2022, FY2023 and 1H2024 respectively.

**(i) ZOTAC**



Our Group designs, develops, manufactures, sells and markets VGA Cards for PCs under our Group's ZOTAC brand, which targets the mid- to high-end market. Products under the ZOTAC brand are marketed and sold in the PRC, EMEAI, NALA and APAC regions. ZOTAC branded VGA Cards have received awards and compliments from various magazines and websites, such as PC Magazine, PCPOP, ZOL and Tom's Hardware. Some notable awards won by our Group's ZOTAC products in recognition of the quality and design in recent years include:

Year	Title of Award	Awarding Organisation
2021	2021 Outstanding Product of the Year ZOTAC RTX3080 TiPGF OC	PCPOP.com
2021	Annual Quality Graphics Card – ZOTAC RTX3080 Ti Apocalypse	PCOnline
2022	Recommended Product of the Year 2022 – ZOTAC RTX4080 – 16GB OC	ZOL
2022	Zhizhen Technology Awards Top 100 Selected Products: ZOTAC RTX4080-16GB and ZOTAC RTX4090	PCOnline
2022	Gold Award – ZOTAC GeForce RTX4090 AMO Extreme AIRO	MicroComputer
2023	Zhizhen Technology Award – Best annual design: ZOTAC RTX 4090 PGF OC	PCOnline
2023	Popular Product of the Year – ZOTAC RTX4070Ti AMP Spiderman co-branded graphics card	PCPOP.com

As at the Latest Practicable Date, all ZOTAC branded VGA Cards used NVIDIA discrete GPUs and ZOTAC remains as one of the few brands authorised by NVIDIA for global distribution.

(ii) **Manli**



Our Group also designs, develops, manufactures, sells and markets NVIDIA based VGA Cards for PCs under the Manli brand, which targets the mass market. These products are tailored for specific markets, including the PRC and Korea. Unlike ZOTAC and Inno3D brands, the Manli brand focuses on project-based business-to-business sales rather than the retail market, catering to a distinct target product segment.

(iii) **Inno3D**



Our Group designs, develops, sells and markets NVIDIA based VGA Cards for PCs under ASK Group's own brand Inno3D, which are tailored for specific markets such as Europe, the PRC, Japan, Korea and the Middle East.

## (2) EMS

As an EMS provider, our Group manufactures electronic components and products for its customers according to such customers' product designs and specifications. The components and products that our Group manufactures include largely the computer base unit of POS and ATM systems. Although the ATM and POS systems continue to represent the primary focus within the EMS business segment, our Group also engages in the manufacturing of various other industrial and consumer electronics products. These include accelerator cards and controller cards, as well as consumer electronics such as electronic clocks and wireless thermometers.

Sales from our Group's EMS business accounted for approximately 5.3%, 7.7%, 8.1% and 7.0% of the revenue of our Group in FY2021, FY2022, FY2023 and 1H2024 respectively.

## (3) Other PC-related products and components

Apart from the manufacturing of VGA Cards, our Group also designs, develops and manufactures other PC-related products, such as mini-PCs and PC motherboards, under the ZOTAC brand, or for other parties. PCs assembled by our Group range from the entry level PCs to the latest AI devices with the highest CPU and GPU calculation powers, catering to both consumer and industrial markets. Our Group remains committed to advancing our product offerings in these categories moving forward. Our Group also engages in the trading of PC-related components.

Sales of other PC-related products and components accounted for approximately 6.9%, 8.8%, 12.7% and 10.3% of the turnover of the Group for FY2021, FY2022, FY2023 and 1H2024 respectively.

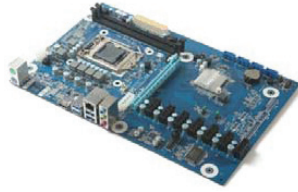
### (a) Mini-PC



Since 2009, our Group manufactures mini-PCs, known as ZBOX under the ZOTAC brand. Our Group also develops and manufactures custom made mini-PCs to serve the needs of different project customers. Our Group's ZBOX mini-PCs are classified into different series, each designed for a different purpose, ranging from entry level PCs to high-end PCs with GPUs potentially for AI applications. Our Group's latest ZBOX mini-PCs/PC are equipped with the latest Intel Core Ultra processors featuring integrated neural processing units for efficient workload offloading, making our Group's mini-PCs/PC suitable to handle sustained workloads in extended periods. Certain ZBOX models are also capable of running generative AI applications and those designed for the healthcare industry are certified with the EN60601-1 certification required for medical devices.



**(b) PC Motherboard**



A motherboard is the main circuit board in a PC that holds many of the crucial components of the computer system, such as the CPU, main memory and Input/Output functions, while providing connectors for other peripherals. Motherboards produced by our Group are currently only sold to ODM clients.

**(c) VR PC and Backpack**



Launched in 2018, our Group's ZOTAC VR Go is a line of portable, wearable VR-ready gaming PCs marketed under the ZOTAC brand. The ZOTAC VR Go series is popular among VR enthusiasts and professionals who require high performance and mobility in their VR setups. Specifically designed as a backpack and built to provide users with a high-quality VR experience without the limitations of cables tethering the user to a stationary computer or gaming console, the ZOTAC VR Go is equipped with top-of-the-line gaming components such as the NVIDIA's RTX GPUs and Intel Processors to handle demanding VR applications and games smoothly.

**(d) Embedded PC**



Our Group's ZBOX Pro is a series of embedded computer systems designed for professional and industrial applications that demand reliability, performance, and flexibility. These PCs are tailored to customers' requirements to support a wide range of applications across digital signage, healthcare, industrial automation, and more.

**(e) External GPU Box**



Our Group's ZOTAC ZBOX External GPU Box (EGB) Series is one of our Group's latest product lines. The ZBOX EGB Series is equipped with a workstation grade NVIDIA RTX Ada Generation GPU to accelerate compute and AI performance on Thunderbolt 3-compatible devices, providing a portable solution for graphical work, rendering, AI inference, and beyond. The compact, transportable, and wide compatibility of the EGB series also gives small to mid-sized teams the benefit of cost efficiency, allowing GPU power to be shared on-demand, minimising idle GPU time.

**(f) Handheld PC**



First introduced at Computex in June 2024 and launched at GAMESCOM in August 2024, our Group's ZOTAC ZONE series is a line of compact and powerful gaming systems designed to deliver high-end performance gaming experiences in a small form factor, making them ideal for users who prioritise both power and space efficiency. Equipped with the latest processors and GPUs, users are given the flexibility to customise their ZOTAC ZONE PCs according to their preferences and budget. Despite their compact size, ZOTAC ZONE PCs are equipped with advanced cooling solutions and a range of connectivity options, making them a compelling choice for gamers who require high-performance gaming rigs that fit seamlessly into smaller spaces.

**(g) ZOTAC Gaming PCs**



ZOTAC gaming PCs, marketed under the brand's premium PC series MEK HERO, feature our latest graphics cards, powerful Intel or AMD processors, and high-speed memory, ensuring smooth gameplay and the ability to handle demanding applications. These PCs are equipped with advanced cooling systems which include efficient fans and sometimes liquid cooling, maintaining optimal performance during intensive gaming sessions. Many ZOTAC PCs are VR-ready, making them an excellent choice for gamers exploring VR. Designed with customisation and upgradability in mind, ZOTAC gaming PCs allow gamers to enhance their systems as new technologies emerge, delivering an immersive gaming experience with reliability and stability, catering to both casual and avid gamers.

## (h) ZOTAC Enterprise Product Lines



Our Group has also developed and introduced new enterprise product lines which include workstations and GPU servers under the ZOTAC brand. These products are specialised computing systems designed to harness the power of multiple GPUs for high-performance computing tasks and are tailored for applications that require intensive parallel processing capabilities.

### INDUSTRY OVERVIEW

*Information found in this section of the Introductory Document has been extracted from various sources, the authors of which have not provided its consent to the inclusion of the information cited to it and is therefore not liable for such information. While our Company and the Issue Manager have taken reasonable actions to ensure that such information has been reproduced in its proper form and context and that such information is extracted accurately and fairly in this Introductory Document, neither our Company, our Directors, the Issue Manager nor any other party has conducted an independent review of such information or verified the accuracy of the contents of such information.*

### INTRODUCTION

The display system of a PC is crucial for user interaction, enabling users to see the immediate results of their input. It includes components like a display medium (monitor) and a graphics controller, with overall performance depending on the quality of these components.

PCs generally fall into two categories: desktop and mobile (notebook), each using either discrete or integrated graphics controllers. Graphics controllers, which are essential in every PC, can be discrete GPUs, integrated graphics processors (“**IGP**”), or embedded/heterogeneous/integrated processor graphics (“**EPG/HPG/IPG**”), with the latter considered integrated for this overview.

Discrete GPUs are mounted on add-in VGA Cards with dedicated memory and are installed in motherboard bus slots. In contrast, IGPs integrate the graphics controller with the memory manager, using the PC’s system memory.

#### The evolution of GPUs

PC video graphics technology has evolved significantly since the 1980s, from simple graphics display controllers to supporting 2-D GUIs in the early 1990s and real-time 3-D graphics in the mid-1990s. In 2004, add-in VGA Cards with high-speed interface standards were introduced for advanced 3-D graphics.

Parallel processing GPUs and GPU-embedded CPUs emerged to meet the demands of online applications, enabling smaller PC units but with graphics capabilities similar to mainstream add-in VGA Cards. In the 2010s, GPUs expanded beyond graphics processing, becoming crucial for scientific simulation, machine learning, and data analytics due to their parallel processing power.

In 2018, NVIDIA launched the GeForce RTX series, the first real-time ray-tracing gaming GPUs, enhancing gaming realism and visuals.<sup>8</sup> GPUs have become vital in AI for machine learning and deep learning, with companies like NVIDIA, AMD, and Intel continuously innovating GPU architectures tailored for AI workloads, driving advancements and adoption across industries.

### **The technology and market segments of gaming VGA Cards**

The technology of an add-in gaming VGA Cards is viewed from its performance in terms of processing power, memory capacity and speed. The add-in VGA Card processing power has been developed to have the capability of multiple or parallel processing of image signals. The speed of a processing unit is measured by clock rate or clock frequency. The memory capacity and speed together with the processing unit determines whether a VGA Card can function and perform to the highest effectiveness, with each new generation of VGA Cards offering substantially faster and more powerful performance than the previous.

The VGA Cards segment encompasses a wide range of graphics processing hardware available in the market, catering to various performance and budget requirements, which can be categorised into a few product segments: (i) integrated graphics, (ii) entry-level discrete graphics, (iii) mid-range discrete graphics, (iv) high-end discrete graphics, and (v) workstation-class graphics.

**Integrated graphics:** The graphics solution is integrated onto the CPU and is typically targeted at users with basic graphics requirements, such as office productivity, web browsing, and casual gaming. Examples include Intel HD Graphics and AMD Radeon Graphics.

**Entry-level discrete graphics:** The add-in cards offer basic to mid-range graphics performance. These VGA Cards are suitable for casual gaming, light video editing, and everyday tasks. Examples include NVIDIA's GTX 1650 and AMD's Radeon RX 560 series.

**Mid-range discrete graphics:** These VGA cards provide higher performance compared to the entry-level options and are aimed at enthusiast gamers, content creators, and users who require more graphics horsepower. Examples include NVIDIA's RTX 4060 and AMD's Radeon RX 6600 XT.

**High-end discrete graphics:** These are the top-of-the-line VGA Cards designed for the most demanding gaming applications, professional video editing, and advanced 3D rendering processing. Targeted at enthusiasts seeking unmatched graphics performance and computational power, these VGA Cards offer consumers the highest levels of graphics processing power, featuring the latest GPU architectures and technologies. Examples include NVIDIA's RTX 4080 Super and RTX 4090.

**Workstation-class graphics:** These specialised VGA Cards are designed for professional workloads, such as 3D modelling, computer-aided design, scientific computing, and artificial intelligence. They often feature larger amounts of video random-access memory hardware-accelerated features, and optimisations for specific software applications. Examples include NVIDIA's Quadro RTX series and AMD's Radeon Pro series.

**Mobile graphics:** These solutions are found in laptops, mobile devices, or small form factor PCs, ranging from integrated to discrete graphics. They are designed to balance performance, power efficiency, and thermal management for the mobile form factors. In recent times, mobile graphic solutions have played a pivotal role in the rise of AI notebooks by allowing such devices to operate AI applications through performing rapid matrix multiplications and other operations needed for training and inference in ML models. Examples include NVIDIA's GeForce RTX and AMD's Radeon RX mobile GPU series.

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<sup>8</sup> Information obtained from a report titled "GeForce RTX Propels PC Gaming's Golden Age with Real-Time Ray Tracing" published by NVIDIA <<https://blogs.nvidia.com/blog/geforce-rtx-real-time-ray-tracing/>> (last accessed on 11 November 2024). NVIDIA has not provided its consent to the inclusion of the information cited to it and is therefore not liable for such information. While our Company and the Issue Manager have taken reasonable actions to ensure that such information has been reproduced in its proper form and context and that such information is extracted accurately and fairly in this Introductory Document, neither our Company, our Directors, the Issue Manager nor any other party has conducted an independent review of such information or verified the accuracy of the contents of such information.

## INDUSTRY CHARACTERISTICS

### Market size of GPUs

Graphics controllers, also known as graphic processing units or GPUs, are the leading indicator of the health of the PC market. Main platforms which GPU are used in include the desktop platform and mobile platform, of which, these GPUs are designed to meet the specific requirements and constraints of the respective platforms.

Mobile graphics controllers are distinguished from desktop graphics controllers by power management capabilities and smaller package sizes and often run at lower voltages and frequencies than desktop versions. Desktop GPUs (e.g. as implemented via an add-in VGA Card) are larger in size and feature more robust cooling solutions such as fans, heatsinks and liquid cooling systems. Unlike mobile GPUs, desktop GPUs are not constrained by the device's battery life and are designed to deliver higher frame rates, graphical fidelity and compute power for gaming, content creation, cryptocurrency mining and professional workloads.

NVIDIA and AMD are the two key technology providers of discrete desktop GPUs to global manufacturers of add-in VGA Cards. According to a research report by Jon Peddie Research, a marketing, research and management consulting firm specialising in graphics hardware development, high-end computing and digital media industries, add-in VGA Cards based on NVIDIA GPUs and AMD GPUs shared approximately 88% and 12% respectively, out of the total of approximately 9.5 million shipment units in 2Q2024.<sup>9</sup>

Today, GPUs have extended their utility far beyond traditional PCs. In data centers, GPUs accelerate complex computations for AI and machine learning (“ML”) tasks, enabling faster processing of large datasets and efficient training of neural networks. In scientific research, GPUs facilitate high-performance computing (“HPC”) applications, such as simulations in physics, chemistry, and climate modelling, by handling parallel processing tasks more effectively than CPUs.<sup>10</sup> Their high computational power also supports cryptocurrency mining, where they solve complex mathematical problems to validate transactions on blockchain networks. These diverse applications underscore the versatility and transformative impact of GPUs in modern technology. This trend is expected to continue especially as GPUs are used for more HPC applications, commonly known as general purpose GPU.

The prices of gaming VGA Cards sold by our Group may vary significantly depending on key factors such as performance, brand, and supply and demand. In general, higher-end VGA Cards with more powerful GPUs, more video memory, and advanced features typically cost more than entry-level or mid-range cards. VGA Cards with better overclocking performance are usually priced at a higher premium. Brand recognition can also affect the price of VGA Cards, with more established brands commanding a premium due to higher consumer demand. Consumer demand for gaming VGA Cards, especially NVIDIA's GeForce gaming series VGA Cards, has significantly increased in recent years. This surge is driven by the rising adoption of NVIDIA RTX gaming drivers, the growth of the gaming community and content creators, the launch of notebooks and PCs designed for gaming and generative AI, and the introduction of GeForce NOW Cloud gaming. As a result, NVIDIA reported a CAGR of 13% in its gaming VGA Cards segment between FY2021 and FY2024.<sup>11</sup>

<sup>9</sup> Information obtained from a report titled “Shipments of graphics AIBs see significant surge in Q2 2024” published by Jon Peddie Research <<https://www.jonpeddie.com/news/shipments-of-graphics-aibs-see-significant-surge-in-q2-2024/>> (last accessed on 11 November 2024). Jon Peddie Research has not provided its consent to the inclusion of the information cited to it and is therefore not liable for such information. While our Company and the Issue Manager have taken reasonable actions to ensure that such information has been reproduced in its proper form and context and that such information is extracted accurately and fairly in this Introductory Document, neither our Company, our Directors, the Issue Manager nor any other party has conducted an independent review of such information or verified the accuracy of the contents of such information.

<sup>10</sup> Information obtained from a report titled “The transformational role of GPU computing and deep learning in drug discovery” <<https://www.nature.com/articles/s42256-022-00463-x>> published by Nature Machine Intelligence (last accessed on 11 November 2024). Nature Machine Intelligence has not provided its consent to the inclusion of the information cited to it and is therefore not liable for such information. While our Company and the Issue Manager have taken reasonable actions to ensure that such information has been reproduced in its proper form and context and that such information is extracted accurately and fairly in this Introductory Document, neither our Company, our Directors, the Issue Manager nor any other party has conducted an independent review of such information or verified the accuracy of the contents of such information.

<sup>11</sup> Information obtained from a slide deck titled “NVIDIA – Company Overview” <[https://s201.q4cdn.com/141608511/files/doc\\_presentations/2024/Feb/NVDA-Company-Overview-2024-02-21.pdf](https://s201.q4cdn.com/141608511/files/doc_presentations/2024/Feb/NVDA-Company-Overview-2024-02-21.pdf) (Slide 28)> published by NVIDIA (last accessed 11 November 2024). NVIDIA has not provided its consent to the inclusion of the information cited to it and is therefore not liable for such information. While our Company and the Issue Manager have taken reasonable actions to ensure that such information has been reproduced in its proper form and context and that such information is extracted accurately and fairly in this Introductory Document, neither our Company, our Directors, the Issue Manager nor any other party has conducted an independent review of such information or verified the accuracy of the contents of such information.



Applications beyond gaming can also significantly impact the price of gaming VGA Cards. For instance, between 2020 and 2021, our Group observed a marked increase in demand for our VGA Cards, particularly in our ODM/OEM business segment. This surge was driven by active cryptocurrency trading, which led professional crypto miners to order crypto mining processor cards from our Group. The rise in the price of gaming VGA Cards during this period was further exacerbated by a shortage of key components and an increase in material costs. While cryptocurrency mining has since declined as VGA Cards are no longer required for this purpose due to changes in validation protocols, the growing adoption of AI and ML applications and their requirement for computational power is expected to continue driving the demand for gaming VGA Cards in the near future.

Competition among add-in VGA Card manufacturers extends beyond sales capabilities to include material sourcing. Raw materials, particularly GPUs—the core component of add-in VGA Cards—are provided by a number of suppliers. Specifically, the supply of GPUs is essentially tied to supply provided by NVIDIA.

Price, sales channel network, and the quality (in terms of performance and reliability) of add-in VGA Cards are important factors that the manufacturers are competing on in order to increase their competitiveness and penetration in the market. The manufacturers who also target the replacement or upgrade market are also pursuing brand-building strategies.

Material shortage may lead to add-in VGA Cards manufacturers being unable to fulfil market demand, which drives their customers away to purchasing other brands or from other manufacturers, thus losing their market share to other manufacturers.

### **Future opportunities**

In the coming years, the graphics card landscape is expected to undergo increasingly complex transformations, driven by a confluence of technological breakthroughs and evolving market demands. One of the most significant areas of growth is within the gaming and entertainment sector, where consumers are increasingly seeking richer and more immersive experiences. This demand is not only shaping advancements in graphics technology but also spurring innovation across various gaming platforms.

Beyond traditional television console gaming, where advancements continue to enhance visual and interactive elements, companies are pioneering new methods of gameplay. This includes the development of handheld gaming devices that provide high-quality graphics and VR-ready portable gaming solutions. These innovations aim to offer gamers more flexibility and immersive experiences on the go.

However, despite these advancements, handheld and portable gaming devices face limitations in performance and power compared to high-end gaming PCs. Gaming PCs, with their superior processing power and graphical capabilities, continue to lead the market in delivering the most demanding and visually stunning gaming experiences. As a result, the gaming PC segment is expected to remain a crucial driver of growth in the gaming industry. This segment is projected to grow by USD22.31 billion, with a CAGR of 9.71% between 2023 and 2028, providing exciting growth opportunities for our Group and the industry.<sup>12</sup>

In addition, each new generation of discrete gaming VGA Cards is anticipated to push the boundaries of performance, offering significant improvements over previous generations. These advancements typically come at increasingly competitive price points, making cutting-edge technology more accessible to a broader audience. This ongoing evolution in gaming VGA Cards is expected to sustain and potentially accelerate the growth of the adoption of gaming PCs and the gaming industry at large, as gamers and developers alike seek to leverage the latest hardware for the most immersive and visually impressive gaming experiences. As game developers push the boundaries of visual fidelity, demand for graphics cards capable of delivering lifelike graphics, real-time ray tracing, and high refresh rates intensifies. This creates an opportunity for VGA Cards manufacturers to innovate in areas such as advanced cooling solutions, efficient power management, and seamless integration with emerging display technologies like

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<sup>12</sup> Information obtained from a report titled "Gaming Computer Market Analysis North America, Europe, APAC, Middle East and Africa, South America" <<https://www.technavio.com/report/gaming-computer-market-industry-analysis>> published by Technavio (last accessed 11 November 2024). Technavio has not provided its consent to the inclusion of the information cited to it and is therefore not liable for such information. While our Company and the Issue Manager have taken reasonable actions to ensure that such information has been reproduced in its proper form and context and that such information is extracted accurately and fairly in this Introductory Document, neither our Company, our Directors, the Issue Manager nor any other party has conducted an independent review of such information or verified the accuracy of the contents of such information.



VR and AR. Moreover, the rise of cloud gaming services and streaming platforms presents a new frontier, where graphics cards can be optimised for low-latency, high-quality streaming experiences, catering to the growing segment of gamers seeking convenience and accessibility.<sup>13</sup>

Beyond gaming, the recent rate of growth in AI and ML holds great potential for graphics cards. As AI algorithms become increasingly sophisticated and data-intensive, GPUs have emerged as indispensable accelerators for training and inference tasks. This opens up opportunities for applications ranging from natural language processing and computer vision to autonomous systems and personalised recommendation engines. Graphics card manufacturers can capitalise on these trends by developing specialised hardware and software solutions tailored to the unique requirements of AI-driven applications, thereby solidifying their position in the burgeoning AI market.<sup>14</sup>

Today, AI applications are increasingly being adopted across specialised industries such as automotive, healthcare, finance, and scientific research. In automotive design and engineering, AI is crucial for rendering realistic simulations, analysing complex datasets, and accelerating the development of autonomous driving systems. In healthcare, AI applications are deployed in areas such as medical imaging, drug discovery, and personalised treatment planning, enabling healthcare professionals to make more accurate diagnoses and improve patient outcomes. Similarly, in finance, AI is employed for risk modelling, algorithmic trading, and fraud detection, assisting financial institutions in mitigating risks and optimising investment strategies. In scientific research, AI facilitates complex simulations, data visualisation, and molecular modelling, advancing our understanding of fundamental phenomena and driving innovation in fields like materials science, climate modelling, and drug discovery. As AI applications continue to evolve and address the specific needs of these industries, VGA Card manufacturers have the potential to unlock new revenue streams and forge long-term partnerships with leading AI solution providers.

The proliferation of edge computing and Internet of Things (“IoT”) devices also presents a fertile ground for graphics cards to expand their reach. As the volume of data generated at the edge continues to soar, there is a growing need for efficient, high-performance computing solutions capable of processing and analysing data in real time. Despite the introduction of NPUs into the AI and ML landscape in recent years, discreet VGA Cards, optimised for edge computing environments continue to outpace that of modern-day AI PCs with built-in NPUs in delivering processing power and parallel computing capabilities required to handle complex tasks such as image recognition, sensor fusion, and predictive analytics.<sup>15</sup> By focusing on energy efficiency, compact form factors, and robust security features, discreet VGA Cards manufacturers can tap into the burgeoning market for edge computing solutions and establish themselves as key players in the evolving IoT ecosystem.<sup>16</sup>

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<sup>13</sup> Information obtained from a report titled “Gaming GPU Market Size, Opportunities: Anticipating Growth Prospects from 2024-2031” <<https://www.linkedin.com/pulse/gaming-gpu-market-size-opportunities-anticipating-cuqhc/>> published by Verified Market Reports on LinkedIn (last accessed on 11 November 2024). Verified Market Reports and LinkedIn have not provided their consent to the inclusion of the information cited to it and are therefore not liable for such information. While our Company and the Issue Manager have taken reasonable actions to ensure that such information has been reproduced in its proper form and context and that such information is extracted accurately and fairly in this Introductory Document, neither our Company, our Directors, the Issue Manager nor any other party has conducted an independent review of such information or verified the accuracy of the contents of such information.

<sup>14</sup> Information obtained from a report titled “Artificial-intelligence hardware: New opportunities for semiconductor companies” <<https://www.mckinsey.com/~media/McKinsey/Industries/Semiconductors/Our%20Insights/Artificial%20intelligence%20hardware%20New%20opportunities%20for%20semiconductor%20companies/Artificial-intelligence-hardware.ashx>> published by McKinsey (last accessed on 11 November 2024). McKinsey has not provided its consent to the inclusion of the information cited to it and is therefore not liable for such information. While our Company and the Issue Manager have taken reasonable actions to ensure that such information has been reproduced in its proper form and context and that such information is extracted accurately and fairly in this Introductory Document, neither our Company, our Directors, the Issue Manager nor any other party has conducted an independent review of such information or verified the accuracy of the contents of such information.

<sup>15</sup> Information obtained from a report titled “Nvidia criticizes AI PCs, says Microsoft’s 45 TOPS requirement is only good enough for ‘basic’ AI tasks” <<https://www.tomshardware.com/tech-industry/artificial-intelligence/nvidia-criticizes-ai-pcs-says-microsofts-45-tops-requirement-is-only-good-enough-for-basic-ai-tasks>> (last accessed on 11 November 2024). Tom’s Hardware has not provided its consent to the inclusion of the information cited to it and is therefore not liable for such information. While our Company and the Issue Manager have taken reasonable actions to ensure that such information has been reproduced in its proper form and context and that such information is extracted accurately and fairly in this Introductory Document, neither our Company, our Directors, the Issue Manager nor any other party has conducted an independent review of such information or verified the accuracy of the contents of such information.

<sup>16</sup> Information obtained from a report titled “Top 10 IoT semiconductor design and technology trends” <<https://iot-analytics.com/iot-semiconductor-design-technology-trends/>> published by IoT Analytics (last accessed on 11 November 2024). IoT Analytics has not provided its consent to the inclusion of the information cited to it and is therefore not liable for such information. While our Company and the Issue Manager have taken reasonable actions to ensure that such information has been reproduced in its proper form and context and that such information is extracted accurately and fairly in this Introductory Document, neither our Company, our Directors, the Issue Manager nor any other party has conducted an independent review of such information or verified the accuracy of the contents of such information.

By leveraging technological innovation, market insights, and strategic partnerships, graphics card manufacturers can position themselves at the forefront of this dynamic landscape, driving growth, and differentiation in an increasingly competitive market. As the demand for high-performance computing solutions continues to soar, graphics cards will remain indispensable tools for enabling transformative experiences, empowering industries, and shaping the future of technology.

### **Barriers to entry**

There are substantial barriers to entering the add-in VGA Cards manufacturing business in terms of financial capability, technological know-how, reputation and distribution network. Significant initial investment and strong financial capability are required to set up and operate a manufacturing business equipped with advanced technology and research and development capabilities. Manufacturing in a fast-moving market with short product cycle, strong capital base and cash flow are necessary to support early stage development of a new entrant.

The add-in VGA Cards manufacturing industry is a technology-intensive industry. Strong research and development and engineering talents are necessary to sustain market share in the enthusiast segment by producing quality products yet maintaining short development time-line so as to beat competitors to launching new products.

New entrants face significant challenges due to their lack of a well-established sales network and distribution network and channels. They must navigate complex logistics to ensure their products reach consumers effectively, which requires building robust relationships with retailers and distributors. Furthermore, the market is dominated by a few major players with strong brand recognition and customer loyalty, making it difficult for newcomers to gain a foothold.

New entrants seeking to embed NVIDIA's GPUs must also meet stringent criteria to become NVIDIA's AIC partners. In recent years, the Company has not observed any new AIC partners being included to the network<sup>17</sup>, as such, our Company is of the view that maintaining a strong reputation for brand recognition and delivering high-quality, reliable, and high-performance products is crucial for sustaining market share in this competitive sector.

### **COMPETITIVE STRENGTHS**

We believe that we have the following competitive strengths:

#### **(1) Established and prominent brands**

Our internationally renowned house brand ZOTAC is known for its VGA Cards. With over 15 years of establishment, ZOTAC's distinct product design across various generations has established a reputation in the market. ZOTAC was one of the earlier players in the industry to introduce mini-PC solutions in 2009, reflecting our Group's commitment to innovation. ZOTAC has established a global sales network, strategically placing regional teams in key markets such as the PRC, Japan, Korea, the USA and Germany. These teams play pivotal roles in enhancing sales, executing marketing strategies, managing logistics, and providing customer service. Alongside ZOTAC, our Group also has in its portfolio the well-established brands of Inno3D and Manli, each with over 20 years of operations. This diverse portfolio contributes to our Group's sales revenue, showcasing our ability to cater to varied customer preferences and market segments.

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<sup>17</sup> Information obtained from NVIDIA's webpage titled "NVIDIA Partner Network Locator" published by NVIDIA <<https://www.nvidia.com/en-sg/about-nvidia/partners/partner-locator/?name=&page=1>> (last accessed 11 November 2024). NVIDIA has not provided its consent to the inclusion of the information cited to it and is therefore not liable for such information. While our Company and the Issue Manager have taken reasonable actions to ensure that such information has been reproduced in its proper form and context and that such information is extracted accurately and fairly in this Introductory Document, neither our Company, our Directors, the Issue Manager nor any other party has conducted an independent review of such information or verified the accuracy of the contents of such information.

**(2) Strong development and design capabilities**

Our Group attributes its success to the quality of its products, which are the result of innovative product design, extensive expertise in product development and planning, and the proficiency of our engineers in the research and development team. The collective depth of knowledge and experience of our Group's engineers allows us to devote our resources to creating targeted and curated products which are aimed at addressing the needs of our customers as well as the current trends in the industry.

Our Group's research and development efforts are primarily focused on optimising circuitry layout and component selection to reduce time-to-market and costs, while also improving manufacturing efficiency and product performance. As of 30 June 2024, our Group has a research and development team comprising 133 engineers and support staff, stationed across Hong Kong, Shenzhen, Dongguan and Taiwan.

**(3) Capable management team**

Our Group's management team, which has guided our Group's business since its establishment in 1997, brings extensive industry expertise and strong relationships with clients and vendors. Several senior members of our Group's management boast over three decades of experience in their respective domains within the electronics manufacturing industry. Leveraging on this wealth of experience and the collective know-how of its engineers, our Group consistently delivers quality reliable products while meeting stringent time-to-market demands.

**(4) Advanced manufacturing facilities**

Our Group operates 23 SMT production lines in our factories which are equipped with advanced machinery and equipment, including fully automated solder paste printing machines, high-speed surface mounting machines, and hot air reflow ovens. In addition, advanced testing equipment such as automatic optical inspection machines and X-ray machines are used.

With in-house manufacturing capabilities, our Group maintains control over production planning, enabling timely scheduling to meet stringent time-to-market demands. This internal oversight extends to production processes, allowing for the optimisation of product quality, efficiency, and cost-effectiveness.

**(5) Development and delivery of quality products**

Under the guidance of our management team over the years, a robust quality control system has been established, aligned with globally recognised standards such as ISO 9001, ISO 14001, ISO 45001, QC080000, ISO 13485, and the Responsible Business Alliance ("RBA") code. These standards govern various aspects of quality management, environmental protection, occupational health and safety, and hazardous substance management at our Group's production facility in Dongguan, the PRC.

Our Group has also implemented procedures for product design and development, accompanied by thorough reviews, verifications, and validations tailored to each phase. An array of tests, including real-time design rule checks, signal integrity measurements, system integration tests, environmental stress tests, and packaging tests, among others, are conducted to uphold the standards of quality and reliability.

In addition, our Group places emphasis on hazardous substance control throughout the manufacturing processes. Externally, stringent criteria are enforced in the procurement of raw materials through a green supplier quality management system, which mandates compliance with our Group's specifications for environmentally friendly products. Internally, a hazardous substance process management system is in place, reinforced by QC080000 certification to meet specific customer requirements, ensuring the exclusion of prohibited substances from our Group's products.

## **(6) Relationships with dominant suppliers of discrete GPUs**

Our Group maintains a close relationship with both AMD and NVIDIA, the dominant suppliers of discrete GPU technology. Since 1998, our Group has served as a contract manufacturer for ATI Technologies Inc. and subsequently AMD. This collaboration has enabled our Group to leverage on AMD GPUs effectively, situating itself in a favourable position in the production of new video graphics products for its clientele. For the avoidance of doubt, AMD only provides GPUs to our Group in respect of its ODM/OEM projects for AMD on a consignment basis where AMD retains title over such consigned GPUs

Our Group also initiated a close partnership with NVIDIA, a global powerhouse in discrete GPUs, which began with the OEM manufacturing of NVIDIA-based VGA Cards and later expanded to our Group's ZOTAC brand business in 2007. The acquisition of ASK Group and Manli Group in 2008 further bolstered our Group's presence in the brand channel business. There are no contractual obligations requiring our Group to maintain its partnership with NVIDIA. Nevertheless, NVIDIA remains our Group's largest supplier, accounting for a significant portion of its total purchases in recent years.

The VGA Cards market is highly competitive. NVIDIA and AMD stand out as the dominant players with their respective GeForce and Radeon graphics card lines. NVIDIA leads the market with its GeForce RTX series, known for its advanced ray-tracing capabilities and AI-driven features like Deep Learning Super Sampling. On the other hand, AMD provides competitive alternatives with its Radeon RX series, targeting both mainstream and performance market segments. While Intel entered the GPU market in 2022, its market share remains relatively smaller, with a focus on providing VGA Card solutions for mainstream consumers in the entry-level market segment.

## **BUSINESS STRATEGIES AND FUTURE PLANS**

Our Group's mission is to offer innovative and reliable technology products. Although the rising geopolitical uncertainties present a significant challenge to the global economy, our Group is in a strong financial position which allows continuous investment in product innovation and improvements in operations. We envisage our business strategies and future plans to focus on the following areas:

### **(1) Expand Geographical Presence and Diversify Operational Risk**

As a technology company with a global vision, our Group's strategic roadmap involves identifying trends and opportunities to expand its global footprint. Aside from unlocking potential avenues for growth, with the increasing geopolitical tensions, there is also greater imperative to also diversify its operational risk. In particular, our Group plans to expand operations into new markets such as Southeast Asia, including the shift of its global headquarters from Hong Kong to Singapore and the setting up of a new factory in Batam, Indonesia.

Our Company will be setting up its global headquarters in Singapore to be our Group's principal place of decision making to direct, control and coordinate all business and operational activities. Our Group's headquarter finance team will also be based out of Singapore and our Company has entered into a lease agreement commencing from 15 November 2024 for a period of five years for an office space in Singapore which will serve as its global headquarters. This move is part of our Group's intention to expand our footprint in the Southeast Asian region, including the set-up of a high-end VGA Cards manufacturing facility in Batam, Indonesia, which is expected to be operational by 1Q2025, and further elaborated on in the section entitled "Improving Manufacturing Capabilities" below.

In doing so, our Group intends to diversify from its "Greater China" nexus which will in turn not only allow our Group to navigate the Trade Restrictions but would also further enhance the growth of our Group's businesses as we see potential increase in orders after our Group has set up its manufacturing facility in Indonesia, in line with the "China+1 approach" that is becoming an increasingly common requirement amongst our customers. This also brings our Group closer to the APAC region (which does not include the PRC).

## **(2) Improving Manufacturing Capabilities**

Our Group is equipped with an advanced and flexible manufacturing system, complemented by extensive quality assurance and testing facilities. Our equipment is further enhanced by state-of-the-art technology, including X-ray inspection systems, automated optical inspection machines, and fluorescence spectroscopy analysers. These technologies facilitate customisable production, enabling the Group to engage in customisable production that adapts to varied customer specifications. In addition, the Group has established comprehensive quality control protocols, which include the rigorous testing of new equipment for position accuracy and stability before operational use, alongside the continuous monitoring of each stage of production to ensure full compliance with industry standards. We intend for the same manufacturing system and practices to be implemented at our production facility in Batam, Indonesia upon the commencement of its operations. Our Group intends to continuously enhance its manufacturing capabilities by expanding our Group's production capacity and efficiency. The prices of the VGA Cards sold by our Group may vary significantly depending on key factors such as performance, brand, and supply and demand. In general, higher-end VGA Cards with more powerful GPUs, more video memory, and advanced features typically cost more than entry-level or mid-range cards. VGA Cards with better overclocking performance are usually priced at a higher premium. Brand recognition also affects the price, as a well-recognised brand may command a premium. Supply and demand for desktop PCs and other applications, such as cryptocurrency mining, can significantly impact the price of VGA Cards. Additionally, component shortages, production yields, market competition, inventory levels, and consumer demand can all influence the price of VGA Cards.

Our Group has entered into a lease agreement with PT Batamindo Investment Cakrawala commencing from 1 November 2024 for a period of three years to rent a 9,217 sq m factory building. The fitting of the factory is scheduled to commence in the third quarter of 2024, with operations expected to commence by 1Q2025. The estimated proportion of production of our Group's products that are intended to be undertaken by the factory in Batam is approximately 15% to 20% of our Group's current manufacturing capacity.

Upon commencement of its operations, the factory in Batam will initially operate three SMT lines for one shift per day, with the potential to expand to two shifts per day if the demand for our Group's products increase, and has a combined capacity of 3,000 units of high-end VGA Cards per shift. This expansion serves to increase the overall production capacity of our Group and enables the handling of products that are not suitable for production in the PRC due to the Trade Restrictions. Furthermore, the Batam facility has the potential to further expand its production capacity with additional capital investment in machinery and equipment.

## **(3) Enhancing R&D Capabilities**

The add-in VGA Cards manufacturing industry is a technology-intensive industry. Our Group's add-in VGA Cards are based on GPUs mainly supplied by NVIDIA. In order to achieve product differentiation, it becomes essential to have strong research, development and engineering capabilities to provide short development lead-time and achieve early launch of new products.

Strong research and development and engineering talents are therefore necessary to sustain market share in the enthusiast segment by producing quality products yet maintaining short development timeline so as to beat competitors to launching new products. The Directors believe that our Group's research and development capability has been, and will remain to be, a key constituent to the continual success to our Group's operation. As at 30 June 2024, our Group operates a research and development team consisting of 133 engineers and support staff stationed across Hong Kong, Shenzhen, Dongguan and Taiwan. Along with the relocation of the global headquarters to Singapore, our Group intends to strengthen the research and development team with more engineers to be based in Singapore, focusing on the development of designs for our high-end VGA Cards and development of our Group's AI-related product lines. Equipped with experience in electronics engineering and manufacturing, our Group is able to add value to its customers' businesses by providing not only development support utilising our Group's engineering expertise, but also flexibility on the manufacturing requirements. Our Group intends to further strengthen its development, engineering and research and development teams and acquire equipment and technology in the relevant fields to develop products that can leverage on our Group's strength in exploiting GPU technology.



#### **(4) Develop New Product Offering**

Our Group believes that its ZOTAC, Inno3D and Manli brands are important to the future development and expansion of its business. Our Group's strategy is to leverage on its accumulated know-how and reputation in the manufacturing of discrete VGA Cards and other PC-related products to continue to develop new products and reach out to more customers and countries.

In particular, at COMPUTEX 2024 held in June 2024, ZOTAC showcased brand-new product categories including its first attempt at creating a gaming handheld PC with advanced controls and features, allowing gamers to enjoy their games on the go with a high-performance portable PC designed with quality controls and high-end specifications such as an AMOLED multi-touch display and a two-stage adjustable triggers. Also in ZOTAC's extensive lineup is a wide selection of AI-focused computational hardware, including a new workstation-grade external GPU box series for GPU compute and AI acceleration, ZBOX mini-PCs/PC powered by Intel Core Ultra CPUs equipped with integrated neural processing units (NPU), as well as other enterprise-grade solutions, such as GPU servers, offering users a broad selection of AI accelerators in various applications.

Some of these new products as described in this section above have only recently been launched in the second and third quarters of 2024, and our Company will keep investing in new product development as one of its core business strategies, optimising its product mix based on product cycles and the average selling prices of its various products.

#### **(5) Strengthen Marketing and Sales Resources and Network**

Recognising the pivotal role of brand differentiation and customer engagement, the Company employs a strong sales and marketing team of 166 employees as at 30 June 2024, and differentiates its sales and marketing strategies by brand business and non-brand business.

ZOTAC is one of the few global players in the industry with a presence across different regions. ZOTAC has regional offices set up with sales and marketing functions, warehousing, customer services, and RMA support in a number of major markets, including Japan, Korea, PRC, and the USA. In addition, the brand has set up a supporting office in Germany with a third-party logistics warehouse located in the Netherlands to support the regional business in Europe. ZOTAC promotes its products by highlighting unique features, performance capabilities, power efficiency, and compatibility, as well as emphasising technological advancements and advanced cooling solutions to create a competitive edge. ZOTAC focuses on small form factor and compact VGA Cards, as well as offering a wide range of powerful mini-PCs. The brand often comes up with unique RGB lighting designs and innovative cooling solutions on high-end signature VGA Cards.

ZOTAC engages with major customers in different regions and countries with frequent promotions on social media and a well-established online community. The brand leverages on influencers, streamers, and content creators to showcase the products as part of its marketing strategy to gain further brand awareness. For example, ZOTAC organises ZOTAC CUP, a series of e-sports tournaments and competitions broadcasted live on popular streaming platforms which allow followers to tune in and follow the action.

Furthermore, ZOTAC participates in major exhibitions such as COMPUTEX and GAMESCOM, as well as partnering with customers or marketing companies to present its products at various events in different regions and countries. ZOTAC creates its own product marketing content in different languages and promotes its products on major e-commerce platforms. The sales and marketing team conducts regular product training for major customers to educate front-end sales personnel on ZOTAC's product features to gain greater selling opportunities. ZOTAC has also established partnerships with major system integrators and PC builders to increase the exposure of its VGA Cards. ZOTAC will continue to enrich its product lines with the introduction of new products to the market, such as GPU servers, handheld PCs, and external GPU boxes.



Inno3D is another well-known brand for VGA Cards with a presence in several major regions, including Europe, the PRC, and the APAC region. Inno3D focuses more on entry-level to mid-range VGA Cards, as well as liquid cooling solutions in the high-end enthusiast product category. The brand actively engages with its online community, seeking feedback, addressing user concerns, and fostering a sense of brand loyalty. Inno3D aims to offer competitive pricing and value-added propositions, such as bundled games or accessories, to attract price-conscious customers. Inno3D has also participated in COMPUTEX and other regional events to promote its brand products.

Manli has been positioned as a regional brand focusing on VGA Cards with a presence mainly in the PRC market, as well as some APAC countries. The Manli brand aims to deliver unique industrial and corporate customers with a focus on ODM-based VGA Card solutions. Manli has also participated in COMPUTEX.

The non-brand business, including our ODM/OEM and EMS business segments share a very similar strategy. Non-brand business emphasises the ability to customise and integrate products to meet the specific needs of customers. Our Group provides tailored design solutions, engineering design and support, and works closely with customers' design and development teams to manufacture products. Our Group offers robust supply chain management services to ensure on-time delivery, consistent product availability, and the ability to scale production to meet customers' demands. Effective inventory management, logistics, vendor relationships, and cost efficiency are crucial to maintaining a competitive edge in the non-brand business. Different business units within the non-brand business may adopt various approaches to gain new opportunities, including attending trade or specific industrial events or obtaining referrals from business connections.

Our Company's future plan entails a multi-faceted approach, combining targeted digital advertising campaigns, attending computer and technology trade shows such as COMPUTEX, to drive brand awareness. Moreover, our Company aims to forge strategic partnerships with key retailers and e-commerce platforms to expand its market reach and accessibility. By harnessing the power of social media influencers, our Company also seeks to cultivate a loyal following of brand advocates and enthusiasts.

Our Group aims to cement its position in the VGA Cards industry by offering high performance, reliability and value to customers worldwide.

## **PRODUCTION FACILITIES AND PROCESS**

Our Group operates a 122,940.23 sq m factory in Dongguan, the PRC, which was established in 1998 and has undergone several expansions to accommodate our Group's growth. As at the Latest Practicable Date, the leased factory in Dongguan is our only production facility, aside from the factory in Batam which is currently being established. The factory houses a total of 23 SMT lines of various configurations which are used for the assembly of our Group's products, as well as six production lines for our assembly and testing processes, alongside associated assembly and packing facilities. SMT processes are utilised by our Group to manufacture almost all of our products. The modules of machineries and equipment of the SMT and assembly and testing lines can be configured to manufacture VGA Cards, EMS products and other PC-related products.

Our Group's production lines have been continuously reconfigured to adapt to factors such as product complexity, variety, and typical lot sizes. As a result, the number of lines may fluctuate annually, while the output per machine remains relatively consistent.

At our PRC factory, our current setup enables us to produce approximately 10,000 high-end VGA Cards per eight-hour shift. The capacity for lower-end graphic boards or other EMS products can range from 50% to 100% more, depending on factors such as component counts and testing requirements.

To support production, our Group has also established partnerships with contract manufacturers in the PRC and Taiwan due to existing long business relationships with these contract manufacturers, enhancing our manufacturing capabilities and capacity. Over the Period Under Review, approximately 7.5% of our total annual production output was outsourced to contract manufacturers, while 92.5% was

produced at our factory in Dongguan. A majority of our Inno3D VGA Cards have been outsourced to a third-party manufacturer. However, our Group is actively working towards progressively bringing this production back in-house to strengthen our internal capabilities and improve control over the manufacturing process.

### **Production Capacity, Output and Utilisation Rate**

The following table illustrates our maximum production capacity, actual production output and average utilisation rate for each of FY2021, FY2022, FY2023 and 1H2024:

	<b>Maximum Production Capacity (‘000 unit)</b>	<b>Actual Production Output (‘000 unit)</b>	<b>Approximate Utilisation Rate<sup>(3)</sup> (%)</b>
<b>FY2021</b> <sup>(1)</sup>	12,162	7,586	62.4
<b>FY2022</b> <sup>(1)</sup>	10,839	6,137	56.6 <sup>(4)</sup>
<b>FY2023</b> <sup>(1)</sup>	9,516	5,554	58.4
<b>1H2024</b> <sup>(2)</sup>	4,814	2,901	60.3

#### **Notes:**

- (1) The maximum annual production capacity was calculated based on:
  - (i) 312 operating days per year, 2 shifts per operating day, and 10 hours per shift;
  - (ii) 6 production lines for our assembly and testing processes;
  - (iii) the estimated production output for the 6 assembly and testing lines of approximately 1,949 units, 1,737 units, 1,525 units and 1,543 units per hour for FY2021, FY2022, FY2023 and 1H2024 respectively. These assumptions are based on management’s estimates of the approximate time required for the production of each unit. As our product mix changed and complexity of our products increased, the approximate time required for production and testing of each product increased, leading to the decrease in estimated maximum production capacity over the years; and
  - (iv) any discrepancies between the calculations based on the above assumptions and the listed amounts in the table above are due to rounding.
- (2) Calculated on the same basis as footnote (1) above based on 156 operating days.
- (3) The approximate utilisation rate is calculated based on the actual production output during the year or period divided by the estimated maximum production capacity of that particular year or period.
- (4) The decrease in utilisation rate is caused by factors including a general decline in volume since the imposition of the China Section 301 Tariff and an increase in efficiency of production lines.

Our maximum production capacity decreased by 10.9%, from 12,162,000 units in FY2021 to 10,839,000 units in FY2022, and further declined by 12.2% to 9,516,000 units in FY2023. This reduction is attributed to the increasing complexity of our products, which now include more components. For further details, please refer to the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Introductory Document. Our utilisation rate declined from 62.4% in FY2021 to 56.6% in FY2022, and further to 58.4% in FY2023, before rebounding to 60.3% in 1H2024. This fluctuation was primarily due to a drop in sales volume from FY2021 to FY2023, followed by a sales rebound in 1H2024.

### **New Indonesian Facility**

Our Group has entered into a lease agreement with PT Batamindo Investment Cakrawala in April 2024 to rent a 9,217 sq m factory building. Operations are expected to commence by 1Q2025.

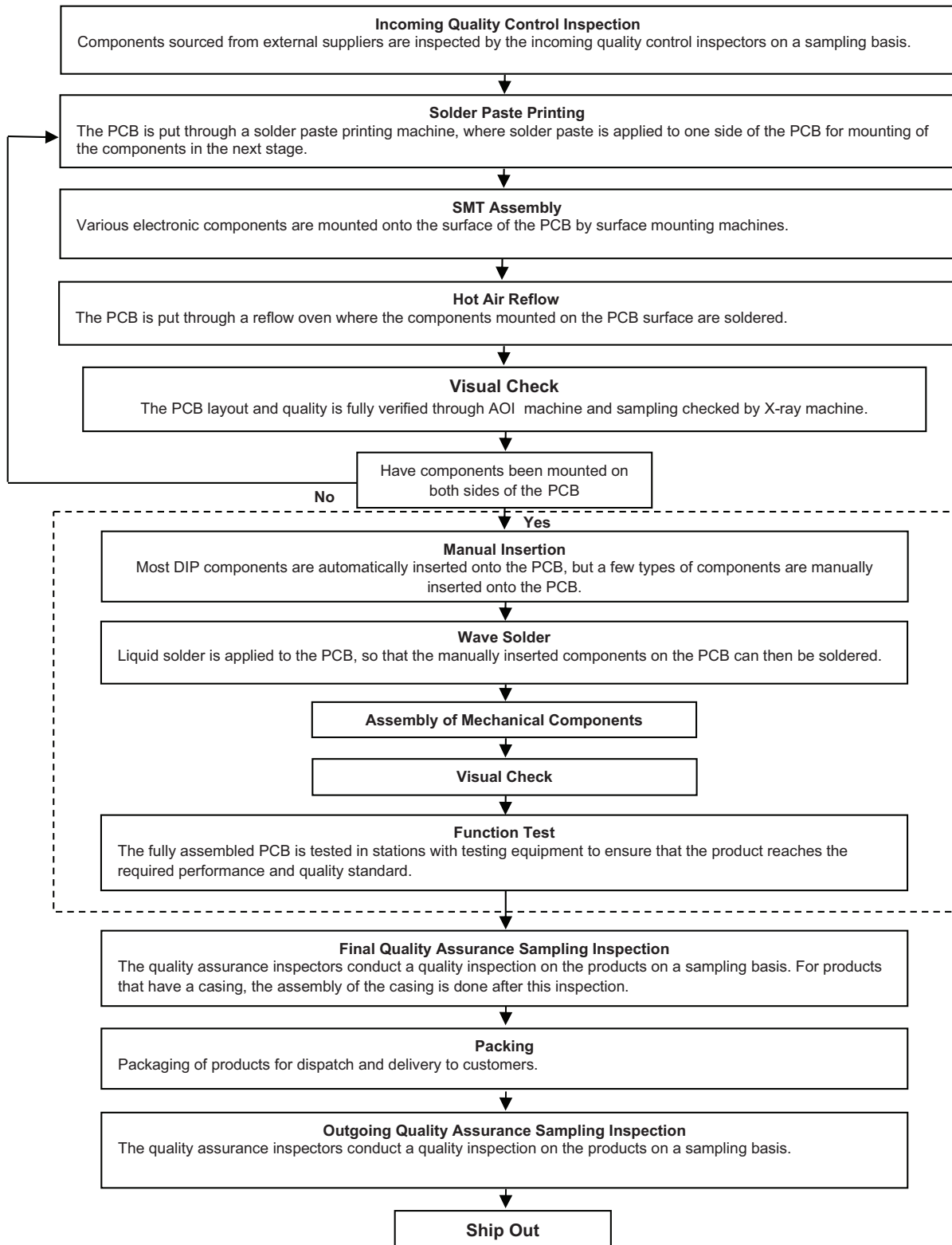
The Batam factory will operate three SMT lines for one shift per day, with the potential to expand to two shifts per day if orders increase, and has a combined capacity of 6,000 units of high-end VGA Cards based on two shifts. This expansion serves to increase the overall production capacity of our Group and enables the handling of products that are not suitable for production in the PRC.

The Group estimates that the amount of capital expenditure required for the Batam factory is approximately HK\$110.9 million (equivalent to approximately S\$18.8 million) to be financed by internally generated funds, of which, the Group has incurred capital expenditure of approximately HK\$12.9 million (equivalent to approximately S\$2.2 million) and paid for deposit of machines and equipment of approximately HK\$37.3 million (equivalent to approximately S\$6.3 million) as at the Latest Practicable Date.

## Production Process

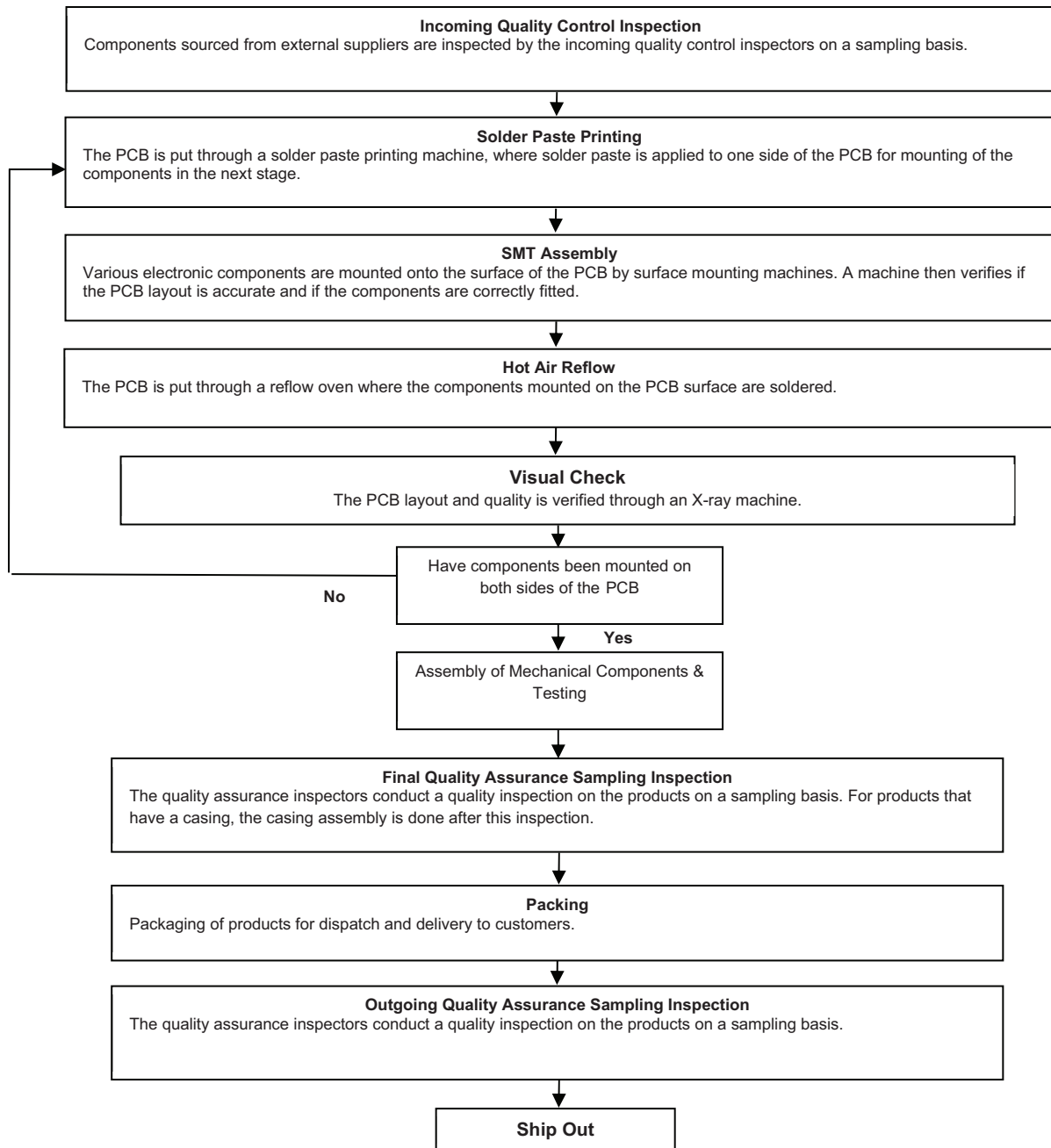
Similar to the manufacturing processes of most modern electronic products, our production process begins with the SMT process, where SMT components are placed and soldered onto the PCB. This is followed by the wave solder process, where through-hole components are placed and soldered. Subsequently, the semi-finished products undergo assembly and testing before being packed and shipped.

### General production flow diagram (such as for VGA Cards)

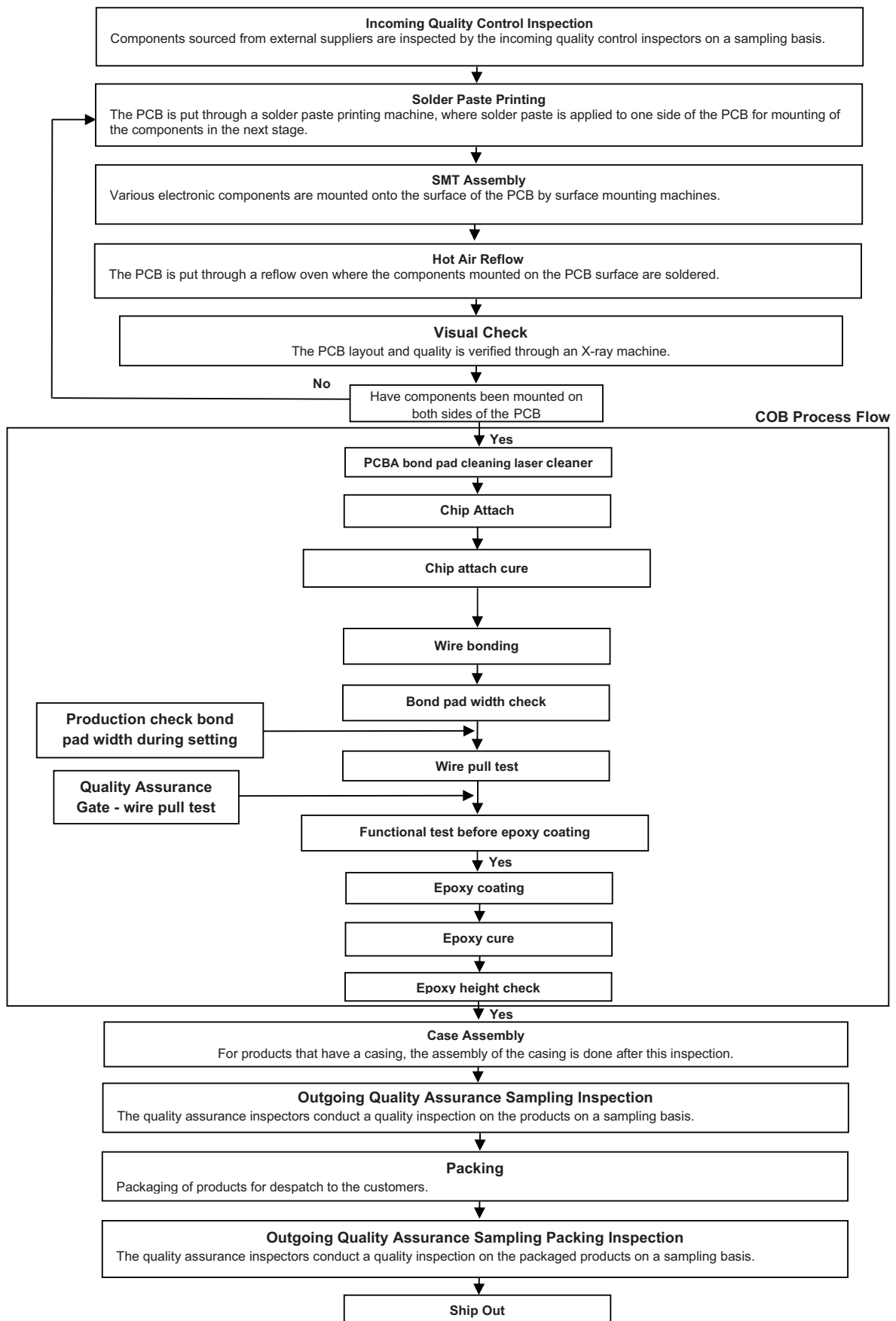


In the case of certain other PC-related products and EMS products such as LED video panels, the work-in-progress output from SMT processes are followed by inspection and packing. A diagram illustrating this process is set out below.

**EMS and PC-related products production flow diagram**



In the case of production of flash memory modules, which utilises COB processes, work-in-progress output from SMT processes are followed up by COB processes, inspection and packing. Details of the steps involved in the COB processes are illustrated in the following flow diagram.





## QUALITY CONTROL AND QUALITY ASSURANCE

Comprehensive product safety and quality management mechanisms are in place, encompassing quality management and control, customer services, data confidentiality and customer privacy, and research and innovation, with the aim to ensure continuous improvement in our Group's product quality and service standards, and establishing a reliable image to earn the long-term trust of customers in our Group's products and services.

### *Quality control*

Our Group places emphasis on product quality and compliance with established industrial standards. Our management has implemented a suite of internationally recognised standards including the Quality Management Systems based on ISO9001, Environmental Management Systems based on ISO14001, Occupational Health and Safety Management Systems based on ISO45001, and Hazardous Substance Process Management Systems based on QC080000.

Our production facility in Dongguan, the PRC, received ISO9001, ISO14001, ISO45001, and QC080000 certifications in August 2007, April 2008, June 2008, and September 2008 respectively. These management systems have since been upgraded and certified to the latest editions, including ISO9001:2015, ISO14001:2015, ISO45001:2020, and QC080000:2017. In addition, our Group has received accolades from customers for successfully establishing an environmental management system and meeting the requirements of customer award programs.

Our Group's Quality Management System comprises a comprehensive set of procedures covering various aspects such as supplier management, equipment management, inspection of incoming materials, production processes, and final inspection before delivery.

Our Group has implemented procedures to determine the required stages for its product design and development process, followed by reviews, verifications and validations tailored to each design and development stage. Various tests, including real-time design rules checking, signal integrity measurement, S&H compatibility testing, system integration testing, dynamic and static burn-in testing, environmental stress testing, accelerated life testing, and packaging testing, are conducted on the products designed by our Group. Through these tests, our Group aims to deliver products of the highest quality and reliability to its customers.

**Real time design rules checking:** Our Group's engineers input certain design parameters into a design software. During this process, the PCB design undergoes real-time checks against pre-set constraints, issuing warnings if any constraints are violated. Upon finalisation of the PCB design, the design is despatched to a third party designer to refine the design process.

**Signal integrity measurement:** This is a sophisticated product development process requiring advanced equipment and technical know-how. Our Group's engineers conduct tests on critical signals of newly designed products, such as a VGA Card, comparing the results against industry standards. This process enables the VGA Card to be utilised in PCs across various tolerance and quality levels.

**Software & Hardware compatibility test:** This involves evaluating the interaction between the GPU and other hardware components within a computer system, as well as various software applications. This testing process ensures that the GPU functions seamlessly with the CPU, motherboard, RAM, power supply, and other peripherals, and that it is compatible with different operating systems, drivers, and graphics-intensive software.

**System integration test:** This test involves assembling and testing individual hardware components, manufactured by our Group, to ensure they interact seamlessly within a computer system. This process includes verifying compatibility between components, checking proper connections and configurations, and testing the functionality of interfaces and communication protocols. System integration testing aims to identify and resolve any hardware incompatibilities, performance bottlenecks, or connectivity issues that may arise during the assembly process.

**Dynamic and static burn-in test:** The dynamic burn-in testing of computer products allows the computer to fully utilise its hardware performance and reach a stable state while running various complex programs and performing high-intensity tasks. Static burn-in of computer products keeps the computer in a powered-on state without actual calculations or running complex programs, allowing hardware components to run continuously in a stable environment for a period of time to achieve the purpose of running in and ensuring stable performance.

**Environmental stress test:** Our Group's products are subject to various extreme environmental conditions, such as temperature, humidity, vibration, and electrical stress, to assess its reliability and performance under adverse circumstances. For example, our Group's motherboards are tested in specially designed thermal chamber with temperature varying from -40 degrees to 80 degrees Celsius, which is beyond the commercial standard range of 0 to 40 degrees Celsius to evaluate the heat resistance of the product. This testing process aims to simulate real-world usage scenarios and identify potential weaknesses or failure points in the product's design.

**Accelerated life test:** This test stimulates our Group's products years of normal usage in a much shorter time frame, aiming to uncover potential reliability issues and failure modes. Doing so allows our Group to identify weaknesses in design or manufacturing early on, allowing them to improve product quality and durability.

**Packaging test:** Some of our Group's customers specify the design specifications for the packaging of products shipped to them. To ensure the quality of our products and the satisfaction of our customers, the packaging materials and designs are tested by our engineers to provide adequate protection during transportation and handling. These tests evaluate the packaging's ability to withstand impacts, vibrations, compression forces, and environmental conditions such as temperature and humidity. The goal is to prevent damage to our products during transit and storage, safeguarding them from potential issues like scratches, dents, or component misalignment.

Our Group's Quality Management System undergo annual audits and are regularly updated to address operational needs in alignment with our Group's adopted standards.

### ***Product recall and return***

As per our Group's product recall procedures, any product on sale in the market that is found to be substandard and is a potential safety hazard will be immediately recalled by the management. Our Group has also adopted a product return policy and promises consumers that it will exchange defective products after sales and will provide after sales repair service.

Our Group makes provisions for the expected settlement of warranties and sales returns under sales agreements. These provisions are based on recent claim experience and are made only when a warranty claim is probable. The provision for sales returns is estimated by management with reference to past experience and other relevant factors. For FY2021, FY2022, FY2023, and 1H2024, our Group's provisions for product warranties and returns were HK\$61.1 million, HK\$39.4 million, HK\$41.1 million, and HK\$35.3 million respectively (equivalent to approximately S\$10.4 million, S\$6.7 million, S\$7.0 million and S\$6.0 million respectively).

Our Group offers different warranty periods depending on the type of product. Generally, the warranty period for our own brand VGA Cards is three years, EMS products by a one-year warranty, other PC-related products, as well as mini-PCs, come with a two-year warranty. These warranty periods reflect our commitment to quality and customer satisfaction, providing our customers with confidence in the durability and reliability of our products. In 2023, no products have been returned by customers or subject to mass recalls for safety and health reasons. Some of our products were recalled by our Group for the purposes of undertaking general defect repairs, and have been returned to customers after repairs.

### ***Customer service***

Our Group strictly follows its customer complaint handling policy to handle after sales product servicing requests on a daily basis, and has setup in-house regional service centres including in Germany, the USA, Korea and Japan and 24-hour outsourced service centres to respond to the technical questions and product return requests in case there are quality issues with the products sold under own brands.

For ODM/OEM products, our Group has teams in the manufacturing plant and in-house sales coordinators to take care of customer requests directly. The above measures ensure the complaints will be investigated and handled with due care. Employees and outsourced staff are well trained to handle client complaints in a prompt and courteous manner. During the Period Under Review, our Group did not identify any incidents of non-compliance with laws and regulations concerning the provision and use of products or services in relation to our Group.

### ***Customer privacy and data protection***

Our Group's Regulation on Confidentiality and Protection of Intellectual Property Rights (保密及保护知识产权规定) requires all employees to protect clients' information in a professional and ethical manner in order to preserve the integrity of our Group's relationships with clients and comply with relevant laws and regulations such as the Personal Data (Privacy) Ordinance of Hong Kong, the Patent Law of the PRC (中华人民共和国专利法), the Trademark Law of the PRC (中华人民共和国商标法), the Copyright Law of the PRC (中华人民共和国著作权法), and the Anti-Unfair Competition Law of the PRC (中华人民共和国反不正当竞争法). Confidential information that are subject to disclosure requirements according to the applicable laws and regulations will be exchanged internally and exclusively on a "need-to-know" basis. Relevant rules and regulations are also specified in the Business Principles (商业原则) requiring employees to observe confidentiality and prevent abuse of data.

Employees are required to participate in trainings in relation to the privacy policy and enter into a privacy agreement upon joining our Group to safeguard our Group's confidential information. Our Group classifies confidential information and manages such information according to the respective classifications. Our Group arranges internal audits of the implementation of these duties each year to ensure the effective compliance with the relevant privacy requirements.

During the Period Under Review, whilst we have encountered a data breach in July 2024 involving customer return merchandise authorisation files and personal information as well as details of business-to-business transactions, we generally comply with standards that are consistent with industry practice and there were no complaints received concerning breaches of customer privacy and loss of data. Please also refer to "Risk Factors – Risks Relating to Our Business and Industry – Leaks of confidential information and/or cyber security breaches could result in significant reputational harm and monetary damage" for further details on the data breach.

### ***Intellectual property rights protection***

Our Group respects all intellectual property rights and actively encourages research and innovation. Any plagiarism, violation of intellectual property rights, piracy of any third parties' know-how and designs in the design and development of products are strictly prohibited as stated in our Group's intellectual property policy.

Our Group is also committed to protecting its own intellectual properties. Any inventions used or created by employees while carrying out their duties or using our Group's resources to invent, innovate, design, compose, or create shall be deemed as intellectual properties of our Group. All staff of our Group shall report their inventions, innovations, designs, compositions, or other creations to our Group for a decision on whether to apply for patents or copyrights to be made. The staff are obligated to surrender all files, drafts, designs, and other information on their creations to our Group and assist our Group in applying for patents or copyrights for their creations. Our Group implements a project management system for their sake to enhance the security of engineering designs on both the ODM/OEM projects and the projects for the brand's business sector. Data and information may only be accessed by engineering personnel who have proper authorisation.

### ***Vendor selection and assessment***

Our Group strictly controls the fairness of the process of selecting suppliers, and promotes standardisation of procurement to ensure a transparent and fair procurement process. Thus, a rigorous set of supplier selection criteria and procurement procedures has been established to select vendors that uphold the highest quality to our customers' requirements and in order to minimise impacts on the environment and society. Our Group performs strict selection and assessment procedures in accordance with our procurement policies such as supplier management procedures before engaging in business with our suppliers and service providers.

Examples include requiring suppliers to provide certification, documents and samples for laboratory testing as proof of the compliance with the Restriction of Hazardous Substances directive and Registration, Evaluation, Authorisation and Restriction of Chemicals regulations. In addition to the aforementioned, the suppliers' and service providers' attitude towards the environment and society are also a part of the assessment criteria. Qualified suppliers would be listed in the approved vendor list monitored by the vendor qualification committee. For purchasing direct and indirect materials, a control procedure for procurement documents has been specially formulated to provide guidance on the control and approval of procurement documents.

During the Period Under Review, our Group worked with over 500 suppliers in total, including distributors and contractors, around the world, all of which were engaged in accordance with the supplier engagement practices.

### ***Supply chain risk management***

Due diligence assessment procedures are conducted on-site for environmental and social matters, including but not limited to environment protection, occupational health and safety, labour interests, and human rights and ethics. During the Period Under Review, on-site inspections were carried out on 62 and 22 suppliers for the assessment of environmental and social impact respectively. Our Group does not deal with suppliers or service providers who have been involved in bribery cases, and material safety or environmental incidents. Our Group also conducts periodic reviews on the performance of its suppliers and service providers with the objective of better control and assurance on its products quality. Sampling inspections are also performed to ensure the quality of materials. Where there are instances of non-compliance with our guidelines for environmental and social impact, our vendor qualification committee will carry out follow-up actions as it deems necessary, including scheduling interview sessions with our vendors to determine the cause of the non-compliance and to determine any requisite rectification measures which our Group would require the vendor in question to undertake.

### ***Promoting environmentally preferable products***

To ensure that our Group's products and services meet environmentally friendly requirements, IECQ QC080000 Hazardous Substance Process Management System has been established and implemented through the production processes. Our Group also engages a third-party agency to conduct annual internal audit to assess the ongoing effectiveness of such management systems. In addition, our Group has been committed to pursuing the ISO14001 Environmental Management System, as well as the OHSAS18001 Occupational Health and Safety Management System. Suppliers have been notified of the requirements in terms of environmental protection, safety and health issues that they are expected to comply with. Our Group will continue to strengthen our communication and cooperation with the suppliers and service providers in order to maintain a long-term strategic relationship and promote sustainable development of the industry chain.

To ensure that the suppliers fulfil our Group's environmental and social responsibility requirements and that they are in line with our Group's sustainable development, our Group also offers relevant guidance and communicates with suppliers to help them understand our Group's expectations regarding environmental impact reduction and compliance with regulations, and other relevant requirements.

## **RESEARCH AND DEVELOPMENT**

Our Directors believe that our Group's research and development capability has been, and will remain to be, a key constituent to the continual success to our Group's operations. As at 30 June 2024, our Group operates a research and development team consisting of 133 engineers and support staff, and several of our senior engineers who lead our research and development team have more than 20 years of experience to their name.

Our Group's engineers are based in Hong Kong, Shenzhen, Dongguan and Taiwan and we have plans to establish a team in Singapore to focus on the development of designs for our high-end VGA Cards and development of our Group's AI-related product lines. Notwithstanding, our Group relies on the technology provided by GPU providers, such as NVIDIA to develop the VGA Cards for our own brands and AMD and NVIDIA for ODM/OEM projects. For the avoidance of doubt, AMD only provides GPUs to our Group in respect of our ODM/OEM projects for AMD on a consignment basis where AMD retains title over such consigned GPUs.

Similarly, our Group depends on CPU providers, such as AMD, NVIDIA, and Intel, to develop mini-PCs, which serve both our Group's own brand business and ODM projects. The primary responsibility of the research and development team is to develop products to meet complex criteria in relation to product features and specifications, quality, costing and time to market. Our Group's research and development team collaborates with a range of stakeholders, including universities and vendors, to undertake various projects in critical research areas such as thermal design, GPU fencing, and software development.

Our Group's research and development activities can be categorised into two main types: PC products (including VGA Cards) and EMS. With strong experience and technological know-how, our Group has the capability to design and develop its own VGA Cards but is reliant on the technology provided by GPU providers, such as NVIDIA to develop the VGA Cards for its own brands and AMD and NVIDIA for ODM/OEM projects. Our Group is also dependent on CPU providers, AMD, NVIDIA, and Intel, to develop mini-PCs, which serve both our Group's own brand business and ODM projects.

For PC-related products, the research and development team gathers chipsets information from the technology suppliers, together with market information from our Group's sales and marketing team to develop products as defined. The major steps in product design and development include component selection, circuit and PCB design, debugging, performance optimisation, reliability test, pilot run and mass production. The entire product development process complies with the ISO 9001 quality system wherein reviews are performed and documented at the completion of most of major steps. When necessary, technology suppliers are also engaged in reviewing our Group's product designs. In addition to regular design verification test, our Group also runs an Electromagnetic Interference ("EMI") pre-scan chamber to ensure that the products' EMI emission level and safety standards conforms to international standards. For EMS, the research and development team are involved in optimising the cost and manufacturability of products. Reliability tests are also conducted where applicable.

For FY2021, FY2022, FY2023, and 1H2024, we incurred research and development expenses of approximately HK\$58.1 million, HK\$64.3 million, HK\$75.0 million, and HK\$37.4 million respectively (equivalent to approximately S\$9.9 million, S\$10.9 million, S\$12.7 million and S\$6.4 million respectively), which accounted for approximately 0.4%, 0.6%, 0.8% and 0.8% of our revenue, respectively.

## **SALES AND MARKETING**

Our Group is principally engaged in the design, development, manufacturing, marketing and sales of VGA Cards and has three sales channels being: (1) ODM/OEM contract manufacturing of VGA Cards; (2) EMS business and (3) our Group's own brand products.

### **(1) ODM/OEM Contract Manufacturing of VGA Cards**

Our Group carries out contract manufacturing of add-in VGA Cards for various computer product manufacturers and has a stable customer base. As at the Latest Practicable Date, the top five customers of the ODM/OEM contract manufacturing business have been customers of our Group for at least three years. Majority of the ODM/OEM contract manufacturing business is led by a director of program management who oversees the sales and marketing of the division, the director also looks after a team in the embedded products business focusing on tailor made solutions for our Group's mini-PC and motherboards. Apart from our program management and embedded products teams based in our Hong Kong office who oversee and manage relationships with our customers, there is also a team of employees under our German subsidiary responsible for introducing new embedded solutions customers and projects to the Group.

### **(2) EMS Business**

Sales and marketing operations of our Group's EMS business are conducted from our head office. In the USA, an employee in our subsidiary is dedicated to building business relationships and securing new orders. This employee also collaborates with a sales agency to identify new business opportunities for our Group.



We occasionally receive referrals to new EMS customers through industry connections and trade relationships due to our Group's reputation in the industry. The EMS sector provides contract manufacturing services to clients, including major providers of ATM and POS systems and various consumer electronic products. Our key customers are primarily based in the USA, Europe, and Japan.

**(3) Group's own brand products**

ZOTAC

Corporate decisions, sales targets, and product roadmaps for our Group's ZOTAC brand are made at our Group's head office and are implemented by our regional teams to achieve business targets and enhance brand recognition.

ZOTAC is led by our Group CEO, who assumes overall responsibility for the brand. While all the regional heads for ZOTAC are based in Hong Kong, these executives regularly commute between Hong Kong and their respective regions and concurrently communicate with other regions to execute sales and product strategies, allowing ZOTAC to refine its operations and strategies. The ZOTAC brand is also supported by two product teams, one for VGA Cards and the other for mini-PC and ODM solutions.

An Executive Director leads the sales activities and marketing strategies in the EMEAI region. ZOTAC's European regional headquarters is based in Eching, Munich, for the DACH (comprising Germany, Austria, and Switzerland) team. There are ten staff in Germany handling sales, marketing, technical, and customer services. Across the EMEAI region, ZOTAC has over 20 sales and marketing professionals serving and representing the brand in the UK, Northern Europe, Spain, Portugal, the Mediterranean, Italy, Greece, Israel, Poland, Czech Republic, Eastern Europe, North and South Africa, France, UAE and the Middle East, Turkey, and India. ZOTAC has a robust and extensive presence in EMEAI, with over 100 active channel partners across 46 countries, including brand holders, system builders, distributors, retailers, and e-tailers. We offer a wide range of products in the region, including ZOTAC gaming cards, gaming PCs, mini-PCs, and high-performance PC solutions. ZOTAC has also set up five service centres located in the UK, Germany, Turkey, and India to provide technical support and services across the region.

Sales activities in the APAC region are managed by a sales director with a sales team in Hong Kong who frequently visit the different countries in the APAC region. They are ably assisted by sales and marketing staff who each represents the ZOTAC business in Australia, Singapore, Taiwan, and Thailand. For markets like Australia, Hong Kong, Indonesia, Malaysia, New Zealand, the Philippines, Singapore, Taiwan, Thailand, and Vietnam, our products are carried by importers who our Group closely works with. These importers, who are customers of the Group, place orders and purchase products from our Group, and then resell them to distributors, retailers, or e-tailers in their respective countries.

In the APAC region, a marketing personnel is also hired to focus on and support marketing activities in the region, save for those in Korea and Japan, which each have local marketing teams.

ZOTAC Korea was incorporated on 12 May 2010 and is currently led by a general manager located in Korea and supported by a team handling sales, marketing, customer service, and warehousing to enhance ZOTAC's presence in Korea. ZOTAC Korea sources its products from ZOTAC Technology Limited, which are manufactured by PC Partner Dongguan. Acting as an importer of ZOTAC products, ZOTAC Korea further distributes them to distributors in the Korean market. The local marketing team supports various marketing activities such as social media, events, and promotions to enhance exposure in Korea.

ZOTAC Nippon was incorporated on 18 December 2017. Like ZOTAC Korea, ZOTAC Nippon is led by a general manager and supported by a team of employees who handle sales, marketing, customer service, and logistics. The team in Japan focuses on selling ZOTAC products to system integrators and engaging with customers on projects involving VGA cards, mini-PCs, and motherboards. The marketing team promotes the ZOTAC brand through social media, events, and various marketing activities. In addition to the ZOTAC Nippon team, ZOTAC's Japanese sales operations are complemented by an importer with well-established sales networks that purchase directly from ZOTAC headquarters.



In the PRC region, the sale of ZOTAC products is mainly conducted through one of our Group's subsidiaries in the PRC. The PRC business is led by our Group CEO, who acts as the regional general manager. He is supported by a team of sales, marketing, and product management staff located in the Shenzhen office serving the PRC market. There are also sales personnel located in various regions of the PRC, including Nanjing, Guangzhou, Wuhan, and Chengdu, serving customers based in these provinces. All marketing activities in the PRC, including online graphics design, packaging design, and marketing events and promotions, are led by the marketing team in Shenzhen. The sales and marketing team also collaborates with a product development manager to develop VGA Cards specifically for the PRC market. Our Group also collaborated with key customers to set up customer service centres in different regions across the PRC to support and provide customer service and facilitate our Group's RMA operations in the PRC.

The ZOTAC brand business in the NALA region is led by our Group CFO from our head office, who also concurrently serves as the regional president of the NALA region. Our Group's sales and marketing initiatives and team are based out of our regional office in Los Angeles, California. The USA subsidiary acts as an importer, supporting ZOTAC's business in the USA and the Latin American market. ZOTAC works closely with major distributors, retailers, system integrators, and e-tailers such as Amazon.com, selling VGA Cards, mini-PCs, and gaming PCs. Additionally, the team develops customised solutions for mini-PCs and motherboards for project customers. The NALA marketing team frequently conducts product reviews and promotes the brand on social media in the USA, while also working on graphics design to enhance product marketing exposure. The NALA team participates in local exhibitions and events and engages with customers and local marketing companies to enhance brand and product exposure. Sales and marketing activities in the Canadian market are mainly conducted through an importer, supported by the sales and marketing team in the USA.

In Latin America, ZOTAC engages with sales representatives located in Brazil, Mexico, and Peru to penetrate different countries in the region. To better serve our Latin American customers, we have also engaged a third-party service provider in Brazil to offer customer service support and RMA repair of ZOTAC products.

#### Manli

Regarding the Manli brand, the business strategy and sales targets are determined and executed by one of our Group's Executive Directors based in Hong Kong. The main products are VGA cards catered to customers in the APAC region and the PRC. Manli has shifted its focus towards industrial and commercial customers, distinguishing itself from other brands by placing a stronger emphasis on regional retail channels. This strategic pivot allows Manli to carve out a unique position in the market and better cater to the specific needs of its industrial and commercial clientele.

#### Inno3D

Inno3D specialises in high-performance VGA Cards, catering to a wide range of customers from individual gamers to system builders and eCommerce clients. Led by an Executive Director and a sales director in Hong Kong, Inno3D operates in EMEA, APAC, and the PRC. A European team, comprising sales representatives and marketing professionals, has been established to support business needs in Europe. Although Inno3D does not have regional offices set up like the ZOTAC brand, it engages sales representatives and marketing professionals in its operating regions to execute its business strategy and engage with customers.

### ***Marketing of our Group's Branded Business Products***

Our Group's marketing strategy is developed based on the technology roadmaps created by our Group's product management teams. Our Group currently has three product management teams, each focusing on different products, namely (1) VGA Cards, (2) mini-PCs and motherboard, and (3) GPU server, guiding our marketing efforts.

Sales targets are determined in accordance with budgetary projections for the upcoming year. To support these targets, an annual marketing budget is allocated, taking into account the sales objectives. This strategic approach ensures alignment between marketing initiatives and the overall business objectives, fostering growth and market success.

## ZOTAC

Through a strategic marketing approach and dedication to design, quality excellence, and innovation, ZOTAC has built and fortified its brand presence across 70 regions.

With a robust network of regional offices in EMEA, APAC, PRC, and NALA, ZOTAC has now established itself as a wide-reaching brand that transcends borders, reinforcing its strong market position in the VGA Cards and PC products industry.

ZOTAC's robust network enables ZOTAC to engage effectively with local communities and audiences, adapt marketing initiatives to align with regional preferences, and forge strong relationships with customers, partners, and stakeholders. This allows ZOTAC to foster brand loyalty and fuel its business expansion. These localised strategies are instrumental in navigating market dynamics and capitalising on emerging trends to drive sustained growth and market penetration.

ZOTAC's presence across different regions allows the brand to collaborate with industry leaders and participate in key events and tradeshows such as the Consumer Electronics Show, Computex Taipei, Gamescom, PAX East and Hannover Messe, amplifying the brand's visibility and influence. Awareness of the ZOTAC brand has also enabled ZOTAC to successfully venture into high-profile IP collaborations with blockbuster movies like RESIDENT EVIL: WELCOME TO RACCOON CITY and SPIDER-MAN™: ACROSS THE SPIDER-VERSE, reinforcing its status as an industry trailblazer.

Through embracing a holistic digital marketing strategy, ZOTAC is able to seamlessly integrate online and offline sales conversion, thereby optimising the customer's journey through enhanced engagement and conversations. Targeted in-store promotions enable the brand to continuously bolster brand visibility and customers' interaction, while strategic partnerships with leading e-tailers amplify online sales channels, expanding the brand's reach and market share.

ZOTAC is highly active on social media and engages with fans and customers across platforms such as Facebook, Instagram, X (formerly Twitter), Threads, Reddit, and YouTube. We have cultivated a vibrant community of dedicated customers, fans and followers. These communities are invaluable in our efforts to enhance brand advocacy and community engagement. A key initiative is the ZOTAC CUP, a global e-sports tournament that has been running for over a decade and attracts players from 150 countries. To date, more than 300 ZOTAC CUP tournaments have been hosted for popular e-sports titles, including League of Legends, Fortnite, StarCraft II, Overwatch, and Valorant. Collectively, these events have attracted over one million participants, underscoring ZOTAC's strong commitment to the gaming community and reinforcing its position as a pioneer in the e-sports arena.

ZOTAC's brand excellence has been recognised through several prestigious accolades, including the iF Design Award, Red Dot Award, American Packaging Design Award, and Golden A' Design Award, all highlighting the brand's achievements in product design and marketing. Notably, at the 2024 Computex event, ZOTAC's innovation was honoured with six prestigious awards, including the esteemed Best of Computex 2024 accolades from renowned global media outlets such as PC Welt, Tom's Guide, Tweaktown, Shortcut, and Android Authority. These awards reaffirm ZOTAC's commitment to excellence and its leadership in the tech industry.

## Manli

The Manli team based in Hong Kong spearheads the marketing strategy for Manli products. Manli Group ensures its presence at industry-leading events such as Computex Taipei annually, except during the years affected by the COVID pandemic.

## Inno3D

Inno3D employs an integrated marketing approach that combines various channels, including online advertising, social media, content marketing, and participation in major industry events. By engaging in high-profile trade shows such as Computex Taipei, Gamescom, and Gitex Dubai, Inno3D showcases its latest products and innovations, thereby strengthening its brand presence in the competitive graphics card market.

A significant component of Inno3D's marketing strategy is its emphasis on digital marketing. The company actively interacts with its audience on social media platforms like Facebook, Instagram, X (formerly Twitter), and YouTube, fostering a vibrant community of gamers and tech enthusiasts. Through targeted campaigns, product launches, and interactive content, Inno3D builds brand loyalty and encourages customer advocacy.

## **INVENTORY MANAGEMENT**

Our Group adopts stringent inventory control policies to prevent obsolescence in raw materials, components, and finished products, which could adversely affect our Group's financial position. A monthly inventory review is conducted by an inventory manager to review obsolete and slow-moving inventories, during which aging reports are generated by the corporate system to identify slow-moving and obsolete stock items.

Our ODM/OEM and EMS customers provide our Group with rolling forecasts of their demand. Thereafter, they issue purchase orders to purchase the materials required for their orders. Upon receiving these instructions, our Group places the necessary orders with our suppliers and notifies the customers upon material receipt to confirm their instructions. Production of customer orders commences only after receiving their purchase orders, which are often divided into batches.

Inventories are classified as obsolete when they are deemed unsellable or no longer suitable for production. These items are scrapped with the management's approval, and efforts are made to sell them at a discount if possible. In addition, our Group conducts a half yearly and an annual physical stock-take to identify and write off damaged, defective, or obsolete inventory items with management approval. The results of the physical stock-take are compared with the inventory reports generated by the system, and any discrepancies are rectified by updating the system data.

Specific provisions for inventory are made for slow-moving or obsolete stock items. According to our Group's inventory policy, slow moving inventories over one year old are accounted for in the provisions for inventory. This policy was consistently applied during the Period Under Review. For FY2021, FY2022, FY2023 and 1H2024, our Group made provisions/(reversal of provisions) of HK\$5.7 million, HK\$51.0 million, HK\$41.8 million and HK\$(9.2) million (equivalent to approximately S\$1.0 million, S\$8.7 million, S\$7.1 million and S\$(1.6) million), respectively, which equated to 0.04%, 0.5%, 0.5% and (0.2)% of our turnover respectively. The reversal of provisions for 1H2024 was primarily due to a reduction in finished goods aged more than one year as of 30 June 2024 compared to 31 December 2023. This decrease occurred because our Group successfully found buyers for these older stocks for which provisions had been previously made.

Our Group's inventories consist of raw materials and components for our VGA Cards and other products, work-in-progress, and completed products to be sold to our customers. Inventories of our Group as at 31 December 2023 were HK\$1,135.5 million (equivalent to approximately S\$192.8 million) which decreased by HK\$696.4 million (equivalent to approximately S\$118.3 million), or 38.0%, as compared with HK\$1,831.9 million (equivalent to approximately S\$311.1 million) as at 31 December 2022. The change was mainly associated with a decline in demand in respect of certain older generation VGA Cards over the Period Under Review. In response to such decline in demand, our Company adopted a conservative approach and negotiated with NVIDIA to reduce the allocation of GPUs in respect of such VGA Card series, although there are no minimum order quantities imposed by NVIDIA on our Group for the different series of GPUs, in order to minimise overstocking of inventory. If our Company had not negotiated with NVIDIA to reduce the allocation of the GPUs in respect of such VGA Card series and reduced the risk of overstocking of inventory with regard to models of VGA Cards for which there was already an observed decline in demand, our Company would have had to consider measures such as offering greater discounts or selling the products at a loss in order to clear its inventory build-up of these particular models of VGA Cards, which would have had a negative impact on the Group's profit margins during the Period Under Review. Hence, by managing our inventory conservatively to be more in line with the demand, our Group registered a better profit margin than otherwise would have been in the case of an overstocking of inventory. Inventory turnover days decreased from 66 days in FY2022 to 52 days in 1H2024.

As a result of the foregoing, our inventory turnover days for FY2021, FY2022, FY2023 and 1H2024 are as follows:

	FY2021	FY2022	FY2023	1H2024
Inventory turnover (days) <sup>(1)</sup>	40	66	64	52 <sup>(2)</sup>
Provision for inventory obsolescence charged to profit and loss (HK\$ million)	5.7	51	41.8	(9.2)

**Notes:**

- (1) For FY2021, FY2022 and FY2023, average inventory turnover days = (average inventory / cost of sales) x 365 days.  
(2) For 1H2024, average inventory turnover days = (average inventory / cost of sales) x 182 days.

As at the Latest Practicable Date, our Directors are not aware of any information or reason that our Group may have to make a material provision or to write-down our inventory.

## MAJOR CUSTOMERS

We have a geographically diverse customer base, with the largest revenue contribution coming from the APAC region, followed by the PRC, EMEAI and NALA regions. Our Group's top five customers combined accounted for approximately 17.7%, 22.0%, 18.1%, and 17.7% of our Group's turnover for FY2021, FY2022, FY2023 and 1H2024 respectively. These customers mainly include those purchasing ODM/OEM VGA Cards, our Group's own branded products, and major EMS customers during the Period Under Review.

The following table sets out the customers which accounted for 5.0% or more of our total revenue for FY2021, FY2022, FY2023 and 1H2024:

Major Customer	Products or Services Provided by our Group	As a percentage of total revenue (%)			
		FY2021	FY2022	FY2023	1H2024
Acer <sup>(1)</sup>	Acer VGA Card	0.1	5.6	2.1	2.2
Amazon.com, KDYC, Inc	VGA Cards/ Mini-PCs/ Gaming PCs	1.3	5.9	4.0	1.2
广州商科信息科技有限公司	Chips/ RAM	0.9	2.1	5.6	2.8
深圳市洪溢兴业科技有限公司	VGA Cards/ Components	6.7	4.0	— <sup>(2)</sup>	—
兄弟海洋科技有限公司	VGA Cards	0.0	0.1	0.4	5.4

**Notes:**

- (1) Our Group manufactures VGA Cards for Acer on an OEM basis, and in turn, Acer supplies our Group with the relevant parts based on the size of the OEM purchase orders.  
(2) The Group ceased business relationship with 深圳市洪溢兴业科技有限公司 in October 2022 as we had established a wholly-owned subsidiary Zotac (Dongguan) Electronic Technology Company Limited which eventually took over the distribution of our products in the PRC from June 2016.

As our Group does not have any long-term purchase commitments from its customers, and sales are made on the basis of individual purchase orders, revenue contribution from its customers may vary from period to period depending on the new product launches, market demand and supply conditions for our products. However, most of its revenue are generated from recurring customers with whom our Group has established working relationships spanning more than 10 years in some instances.

Save as disclosed above, there are no other customers which contributed more than 5.0% of our Group's revenue for the Period Under Review.

As at the Latest Practicable Date and to the best of our knowledge, none of our Directors, Executive Officers, Substantial Shareholders or their Associates has any interest, direct or indirect, in any of our major customers.

## MAJOR SUPPLIERS

The following table sets out the suppliers which accounted for 5.0% or more of our total purchases for FY2021, FY2022, FY2023 and 1H2024:

Major Customer	Products or Services Provided by our Group	As a percentage of total revenue (%)			
		FY2021	FY2022	FY2023	1H2024
NVIDIA Singapore Pte Ltd	Chips/GPU/RAM	64.9	66.1	68.6	73.8
Acer <sup>(1)</sup>	ASIC/Memory	5.1	6.5	3.4	2.9

**Note:**

- (1) Our Group manufactures VGA Cards for Acer on an OEM basis, and in turn, Acer supplies our Group with the relevant parts based on the size of the OEM purchase orders.

For FY2021, FY2022, FY2023 and 1H2024, the suppliers which accounted for 5.0% or more of our total purchases collectively accounted for approximately, 70.0%, 72.6%, 72.0% and 76.7% of our total purchases respectively. We generally do not enter into long-term or exclusive agreements with any of our major suppliers.

NVIDIA has been one of our largest suppliers in respect of GPUs since 2006, including advanced GPUs used by our Group in the production of our high-end VGA Cards. Given that NVIDIA is our Group's sole supplier of advanced GPU, our Group's business and operations may be adversely affected if NVIDIA experiences disruptions in its production, supply chain or trade. Please refer to the section entitled "Risk Factors – Risks Relating to our Business and Industry – We are exposed to concentration risk of reliance on NVIDIA as our sole supplier of GPUs, and may be adversely affected by any disruption or termination of our business relationships with NVIDIA or fluctuations in their supply of GPUs" of this Introductory Document.

Purchases from NVIDIA of GPUs accounted for approximately 64.9%, 66.1%, 68.6% and 73.8% of our Group's purchases in FY2021, FY2022, FY2023 and 1H2024 respectively. Our Company has been approved by NVIDIA as both a preferred partner (embedded compute) of the NVIDIA Partner Network and an AIC partner in respect of NVIDIA's GeForce GPUs. Our Company's status as an AIC partner in respect of NVIDIA's GeForce GPUs is significant to our Group's business and revenue as it is through this partnership that our Group obtains allocation from NVIDIA of its GeForce GPUs to manufacture products under its own brands and is a recognition of our Company as one of NVIDIA's customers on its approved list. In respect of the NVIDIA Partner Network, it is stated on NVIDIA's website that the NVIDIA Partner Network is structured around partner types and competencies, enabling their customers to find the perfect NVIDIA partners to address current business needs. Accordingly, qualifying as a preferred partner of the NVIDIA Partner Network represents a recognition of our Company's status. This status recognition is a good marketing tool for our Company to promote or to engage with new potential customers in future. As an AIC partner, our Group is eligible for the rebate programmes and special discounts that NVIDIA offers from time to time, although the said status can also be achieved by other AIC partners of NVIDIA. There is no contractual fulfilling condition for our Group to maintain the AIC partner status and we have not entered into any long-term supply agreement with NVIDIA.

As NVIDIA leads the market as a forerunner in the gaming GPU industry, there are limited alternative suppliers who can match NVIDIA's technological offerings, capabilities, performance standard and brand recognition. In addition, the specialised nature of gaming GPUs, coupled with NVIDIA's dominance in the market, limits the availability of suitable alternatives for our Group as well as our competitors in the same industry. Accordingly, it would be advantageous for our Group to maintain its close business relationship with NVIDIA.

Save as disclosed above, there are no other suppliers which contributed more than 5.0% of our Group's purchases for the Period Under Review.

As of the Latest Practicable Date and to the best of our knowledge, none of our Directors, Executive Officers, Substantial Shareholders or their Associates has any interest, direct or indirect, in any of our major suppliers.



### ***Our Group's business relationship with NVIDIA of advanced GPUs***

NVIDIA has been one of our largest suppliers since the partnership was established in 2006, and purchases from NVIDIA of GPUs accounted for approximately 64.9%, 66.1%, 68.6% and 73.8% of our Group's purchases in FY2021, FY2022, FY2023 and 1H2024 respectively. The financial performance of our Group has accordingly been materially dependent on NVIDIA as our major supplier in respect of GPUs, including advanced GPUs used by our Group in the production of our high-end VGA Cards.

In general, the Trade Restrictions impose controls on certain types of SME, refine the restrictions on USA persons to ensure USA companies cannot provide support to advanced SME in the PRC, including Hong Kong and Macau, expand licence requirements for the export of SME to apply to additional countries, adjust the licensing requirement criteria for advanced ICs, and impose new measures to address risks of circumvention of the controls by expanding their applicability to additional destinations. It is noted that one of such measures introduced by the October 2023 IFRs is the inclusion of certain controls to destinations beyond the PRC, including Hong Kong and Macau.

For the avoidance of doubt, our Group does not have principal operations, business activities, customers, suppliers and/or Relevant Persons<sup>18</sup> that are located/incorporated in any country or jurisdiction or territory which is subject to any sanctions related law or regulation imposed by another jurisdiction and no entity within our Group has carried out any activity that is subject to and in violation of any Relevant Sanction. Accordingly, our Group does not have a Sanctioned Nation Principal Nexus and/or has not carried out any Sanctioned Activity. However, the Trade Restrictions would prevent technology companies in the USA, including NVIDIA, from exporting and selling their advanced GPUs (which fall within the Advanced ICs covered by the Trade Restrictions under the October 2023 IFRs) to our Group. For the avoidance of doubt, the Trade Restrictions have not resulted in a termination of our Group's business relationship with NVIDIA in respect of the products (other than the RTX 4090 model comprising the AD102-300-A1 and AD102-301-A1 sub-models ("**Restricted NVIDIA Products**") which our Group continues to procure from NVIDIA.

While the Restricted NVIDIA Products are subject to the Trade Restrictions currently, our Company is of the view that such business risk was, during the Period Under Review, and is currently, not a material risk to our Group. Our Group intends to expand our product offering to include more AI-driven products, which would require the use of advanced GPUs and potentially AI semiconductor chips, in the future. In this regard, we intend to continue to maintain and grow our business relationship with NVIDIA in respect of the advanced GPUs in order to enable our Group to continue to manufacture a wider range of VGA Cards and thereby effectively compete with our competitors in the industry in terms of the range of products we are able to manufacture and sell to our customers.

Failure of our Company to procure advanced GPUs from NVIDIA may therefore limit our ability to pursue such business strategies and expansion plans and the competitiveness of our Group will be affected if our Company is unable to obtain new generation advanced GPUs for a prolonged period. We are of the view that this is a business risk that applies to similar companies in the same industry with operations in the PRC, Hong Kong and Macau. Please refer to the section entitled "Risk Factors – Risks Relating to our Business and Industry – We are exposed to concentration risk of reliance on NVIDIA as our sole supplier of GPUs, and may be adversely affected by any disruption or termination of our business relationships with NVIDIA or fluctuations in their supply of GPUs" of this Introductory Document. In this regard, we believe that such business risk and the continued sustainability of our Group's business in light of the Trade Restrictions has been addressed in the immediate term and will continue to be mitigated by way of the following factors and/or safeguards:

- (a) **Pursuing sales of non-affected products:** our Company intends to continue to pursue the sales of our products which do not require advanced GPUs which are the subject of Trade Restrictions. In this regard, our Group will continue to pursue growth in respect of all our other products which have in aggregate contributed to 100.0%, 95.9%, 88.3% and 100.0% of our Group's revenue in FY2021, FY2022, FY2023 and 1H2024 respectively. Our Company has maintained a diverse portfolio of VGA Cards and computer related products that do not require advanced GPUs which are subject to Trade Restrictions (i.e. the Restricted NVIDIA Products), and such products remain in demand amongst our targeted consumer segments.

<sup>18</sup> "Relevant Person" refers to any substantial shareholder or director or executive officer of any Group entity.



This is evidenced by the improvement in financial performance of our Group in 1H2024 as compared to 1H2023, for which there was no sales of any VGA Cards that incorporated the Restricted NVIDIA Products in 1H2024. The launch by NVIDIA of other advanced GPUs such as the “SUPER” and “RTX4090 D” series that are not subject to Trade Restrictions helped stimulate sales of our Group’s VGA Cards in 1H2024. Aside from the specifications of the GPU used in the VGA Cards, our Company also focuses on differentiating our VGA Cards based on other factors such as the product design, cooling solution, speed, pricing, quality and after sales service provided. Our Company continues to focus on such other factors in promoting the sales of our products which are not affected by the Trade Restrictions.

- (b) **Relocation of affected business operations:** our Company is seeking a relocation of business and operations relating to the manufacturing of our high-end VGA Cards to manufacturing facilities located outside of the PRC. In this regard, our Company will be setting up our global headquarters in Singapore to be our Group’s principal place of decision making to direct, control and coordinate all business and operational activities, and majority of the executive management team including the Executive Chairman and CEO, the Executive Director and Chief Operating Officer, and the Chief Financial Officer will be relocating to Singapore to oversee the shifting of operations to the Southeast Asian region. Our Group’s headquarter finance team will also be based out of Singapore. In addition, meetings of the Board will be held in Singapore. To this end, preparatory work has commenced for the application of employment passes for the relocation of such employees of our Group to Singapore and our Company has entered into a lease agreement for an office space in Singapore which will serve as our global headquarters. This move is part of our intention to expand our footprint in the Southeast Asian region, including the set-up of a high-end VGA Cards manufacturing facility in Batam, Indonesia which is expected to be operational by 1Q2025. In doing so, we intend to diversify from our “Greater China” nexus which will in turn not only allow our Group to resume procuring advanced GPUs from NVIDIA but would also further enhance the viability of our Group’s non-affected business segments wherein we see potential increase in orders from existing customers and potentially secure orders from new customers after we have set up our manufacturing facility in Batam, Indonesia (in line with the “China+1 approach” that is becoming an increasingly common requirement amongst our customers). For completeness, in respect of our Group’s businesses which are not dependent on and do not require products which are the subject of the Trade Restrictions, which includes our consumer electronics business, we intend to continue to maintain our operations as they are currently located, i.e. in Hong Kong and the PRC (including our current manufacturing facility). In this regard, Dechert LLP has advised that BIS has not defined what factors are to be considered in assessing whether an entity is “headquartered in” the PRC, Hong Kong, or other countries of concern. The October 2023 IFRs that implemented these controls specifically requested comments on what should be included in such a definition. Based on the approach taken by other agencies (such as the Committee on Foreign Investment in the USA), Dechert LLP expects that BIS would expect parties to assess the company’s listings on a stock exchange as well as a company’s principal place of business, meaning the location from which the company’s management directs, controls, or coordinates the entity’s activities. Dechert LLP is of the view that if our Company completes the relocation of its affected business operations, BIS will likely consider our Group’s headquarters to be in Singapore.

Thus, upon our Company becoming an SGX-ST listed company and moving our Group’s principal place of decision making to control and coordinate all business and operational activities to Singapore as well as moving the production of our VGA Cards (that incorporate the Restricted NVIDIA Products) to our Group’s location in Indonesia, the Restricted NVIDIA Products may be shipped to Singapore and Indonesia (subject to usual USA export licensing requirements) for purposes of VGA Card production containing the Restricted NVIDIA Products provided that the Restricted NVIDIA Products are not re-exported and the VGA Cards containing the Restricted NVIDIA Products are not re-exported to the PRC, Hong Kong, Macau, or another restricted D:1, D:4, or D:5 country.<sup>19</sup>

<sup>19</sup> D:1, D:4, or D:5 countries as listed in <https://www.bis.doc.gov/index.php/documents/regulation-docs/2255-supplement-no-1-to-part-740-country-groups-1/file> published by the Bureau of Industry and Security (last accessed on 11 November 2024). The Bureau of Industry and Security has not provided its consent to the inclusion of the information cited to it and is therefore not liable for such information. While our Company and the Issue Manager have taken reasonable actions to ensure that such information has been reproduced in its proper form and context and that such information is extracted accurately and fairly in this Introductory Document, neither our Company, our Directors, the Issue Manager nor any other party has conducted an independent review of such information or verified the accuracy of the contents of such information.

- (c) **Shifting of listing venue:** our Company is undertaking the Introduction with the intention to undertake a conversion of our secondary listing status to a primary listing status on the SGX-ST upon the satisfaction of Rule 723 of the Listing Manual and delist from the Main Board of the HKEX subsequently. As advised by Dechert LLP, if our Company remains listed solely on the HKEX and maintains the Group's principal place of business in the PRC and Hong Kong but moves our Group's production of its VGA Cards outside of the PRC and Hong Kong, it would likely be considered headquartered in Hong Kong even if the relevant operations of our Group which would require the use of advanced GPUs are shifted outside of the PRC. In the event that the Company is dual-listed on the HKEX and the SGX-ST, Dechert LLP has advised that while the determination of "headquarters" does not turn on whether an entity is listed in a specific country, maintaining a dual-listing in this instance may weaken the argument that our Group has moved its global headquarters from Hong Kong to Singapore. Nevertheless, Dechert LLP is of the view that BIS will likely first look to our Company's principal place of business to determine the location of our Company's headquarters and accordingly: (1) if our Company moves its principal place of business to Singapore but remains dual-listed on the SGX-ST and HKEX, it is likely that BIS will consider the Company's headquarters to be in Singapore (and delisting from the HKEX will not be necessary); but (2) if our Company does not move its principal place of business to Singapore, BIS will likely still consider our Company to be headquartered in Hong Kong even if our Company is dual-listed on the SGX-ST and HKEX. Our Company's plans for a primary listing on the SGX-ST, coupled with our Company's delisting from the HKEX would, once completed, further help to divert the view of us being headquartered in Hong Kong to which the Trade Restrictions are applicable. This would in turn facilitate the supply by NVIDIA to our Group of advanced GPUs which are the subject of the Trade Restrictions for the purposes of our VGA Card production in Indonesia, provided that such advanced GPUs are not re-exported to the PRC, Hong Kong, Macau, or another restricted D:1, D:4, or D:5 country.
- (d) **Letter of support from NVIDIA:** our Company has obtained a written letter from NVIDIA dated 13 June 2024 ("**Letter of Support**"), stating its opinion that under USA law, the Trade Restrictions will not apply to our Company if it becomes a company headquartered in Singapore. The Letter of Support does not contain any conditions for NVIDIA to continue to supply advanced GPUs to the Group (apart from the requirement for the Company to be a Singapore-headquartered company). Please refer to the section entitled "Major Suppliers – Our Group's business relationship with NVIDIA of advanced GPUs – Relocation of affected business operations" above for Dechert LLP's advice on the requirements for our Company to be classified as a Singapore-headquartered company. It follows that NVIDIA expects to be able to continue to supply advanced GPUs to our Group for so long as our Company is a Singapore-headquartered company. To this end, our Company intends to delineate our operations involving advanced GPUs from the PRC (including Hong Kong and Macau) and will be setting up our global headquarters in Singapore and production facilities involving the Restricted NVIDIA Products in Indonesia with the intention of expanding our footprint in the Southeast Asian region and shifting our listing venue from the HKEX to the SGX-ST.

Our Company established our relationship with NVIDIA in 2006 and has been purchasing GPUs from NVIDIA continually over the years, being both a preferred partner (embedded compute) of the NVIDIA Partner Network and an AIC partner in respect of NVIDIA's GeForce GPUs. Despite the inclusion of the PRC (including Hong Kong and Macau) as a jurisdiction which is subject to the Trade Restrictions in October 2023, our Company has continued to maintain a strong relationship with NVIDIA in respect of GPUs that are not subject to the Trade Restrictions for the purposes of our Group's other business segments.

- (e) **Strengthening internal controls:** our Company has worked closely with our Group's internal auditor to implement supplier and customer assessment and selection procedures aimed at addressing money laundering risk and sanction screening. These procedures include requiring all prospective suppliers and customers to fill in application forms which require certain disclosures for review by our Group's finance team and for the finance team to run the relevant checks to ensure that such suppliers and customers are not located in Sanctioned Nations and/or are not Sanctioned Subjects and that the VGA Cards containing the Restricted NVIDIA Products are not re-exported to jurisdictions which are the subject of the Trade Restrictions. Upon the implementation of these procedures, our Group's internal auditors made no further observations concerning our Group's Trade Restrictions controls and the monitoring policies of its customers and suppliers.

In addition, our Group's sales, finance and legal teams will monitor developments and changes to sanctions laws applicable to our Group and update the finance team responsible of any such developments and/or changes in order to ensure that the relevant checks may be adequately conducted by the finance team. All prospective customers who intend to apply for credit are also required to complete a credit insurance application and will be subject to background checks by credit insurance companies as an independent verification of whether such customers have links to Sanctioned Nations. Such internal control measures are intended to guard against the risks of our Group inadvertently dealing with and/or having business ties to Sanctioned Nations and/or Sanctioned Subjects and prevent the re-export, or transfer (in-country) of any Restricted NVIDIA Products and/or products that incorporates any Restricted NVIDIA Products to persons in the PRC, Hong Kong, Macau or another restricted D:1, D:4, or D:5 country.

Further, our Company has also implemented the following enhanced internal control measures (a) screening third-party suppliers and customers against the UK's OFSI list and the EU's consolidated list of persons, groups, and entities subject to EU financial sanctions, (b) screening third-party suppliers and customers against USA Government lists, including BIS' Entity List, Denied Persons List, Unverified List, and MEU List, (c) refreshing due diligence disclosures upon receiving updates from third-party suppliers and customers regarding any changes to their information, (d) developing a new process within our system to check and block any sales order processing if it involves items with ties to Sanctioned Nations, with the system automatically preventing further processing and alerting management for further investigation, and (e) training the shipping and warehouse teams to pay closer attention to items with ties to Sanctioned Nations, including the addition of an extra sticker for easier identification of such items by staff.

In addition to the foregoing, our Executive Directors have confirmed that our Group does not have any operations or activities (including dealings with Sanctioned Subject(s)) which are or have been in violation of any sanction law or regulation.

Notwithstanding the foregoing, our Company has in any case provided an undertaking to the SGX-ST that:

- (i) our Group will not engage in any Sanctioned Activity;
- (ii) our Group will not appoint any sanctioned individual as a director of our board of directors ("**Board**") or executive officer of any Group entity. In the event any such director or executive officer becomes a Sanctioned Subject, we shall procure the removal and/or termination of employment of such individual;
- (iii) our Company will utilise the funds raised from any secondary fund-raising post-listing solely for the purposes disclosed in the relevant listing document (as the case may be) and to the SGX-ST, and not to benefit any Sanctioned Subject. Any material deviation from the use of funds as specified in the relevant listing document or disclosed to the SGX-ST will not be for the benefit of Sanctioned Subjects and will be subject to the review and approval of our Audit Committee ("**AC**"). We acknowledge that the SGX-ST will request for the AC's basis in having carried out satisfactory review of the matter and for such basis to be announced;
- (iv) our Board and AC will be responsible for (1) monitoring our risk of becoming subject to sanctions, and (2) ensuring timely and accurate disclosures to the SGX-ST and the relevant authorities should any enquiries be made regarding our Group's dealings with Sanctioned Subject(s);
- (v) we will make an immediate SGXNet announcement should our Group experience a material change in our risk of being subject to sanctions. On an ongoing basis, even if there is no change to the status quo, our Directors will provide a confirmation on the same in our annual report;
- (vi) our Company will not conduct any fundraising on the secondary market through the SGX-ST should we and/or any entity within our Group become a Sanctioned Subject;

- (vii) without prejudice to the SGX-ST's powers under Listing Rule 1303(6) to suspend the trading of our Company's securities, and remove our Company from the SGX-ST (without our agreement) pursuant to Listing Rule 1305(3), (1) our Board will undertake efforts to remediate and resolve material sanctions risks which arise post-listing to the satisfaction of the SGX-ST within a reasonable period and (2) our Company will seek a voluntary suspension from trading, and/or delisting from SGX-ST pursuant to Listing Rule 1307 in the event that material sanctions risks arise and it is unwilling or unable to remediate the sanctions risks to the satisfaction of the SGX-ST;
- (viii) our Board will provide a confirmation in our annual report that our Group has adequate and effective internal controls (including financial, operational, compliance controls, information technology controls and internal controls related to cash flows) and risk management systems to safeguard the interests of our Group and our Shareholders, in particular with respect to sanctions risks. A statement on whether the AC concurs with the Board's comment will also be provided; and
- (ix) the terms of reference of our AC will include assessing whether there is a need to obtain independent legal advice and/or appoint a compliance adviser, with respect to the applicable sanctions risks to our Group, and continuous monitoring of the written undertakings provided to the SGX-ST.

Please refer to the sections entitled "Management and Corporate Governance – Audit Committee" of this Introductory Document for further details of the terms of reference of our AC. Please also refer to "Risk Factors – Risks Relating To Our Business and Industry – We are exposed to concentration risk of reliance on NVIDIA as our sole supplier of GPUs, and may be adversely affected by any disruption or termination of our business relationships with NVIDIA or fluctuations in their supply of GPUs" and "Risk Factors – Risks Relating To Our Business and Industry – Continued or enhanced threats of trade tariffs, import and export restrictions, foreign regulations and/or other trade barriers may have a material adverse effect on our Group's business" for further details on the relevant risk factors relating to the impact which the Trade Restrictions may have on our business relationship with NVIDIA for the supply of GPUs.

Save as disclosed in respect of our Group's relationship with NVIDIA in this section above, we are not aware of any information or arrangements which would lead to a cessation or termination of our current relationship with any of our major suppliers.

## **CREDIT MANAGEMENT POLICY**

Our Group has implemented a credit policy and continuously monitors credit risk exposures. For trade receivables, individual credit evaluations are conducted for all customers seeking credit. Ongoing assessments of the financial condition of trade customers are also carried out. For debtors with overdue balances, further credit is granted only with management's approval; otherwise, debtors must settle all outstanding balances before receiving additional credit. Typically, our Group does not require collateral from our customers.

To mitigate credit risk, our Group has purchased credit insurance for its trade receivables. Credit insurance companies individually assess the creditworthiness of our Group's customers and set insured credit limits for each one. These companies charge an annual premium, based on a percentage of total insurable turnover, and compensate our Group for proven uncollectable trade receivables within the insured credit limits. The annual maximum liability of these insurance companies ranges from 50 to 75 times the actual premium paid by each company within our Group. However, no compensation was made by our Group's insurers in relation to uncollectable trade receivables for the Period Under Review, including the receivables from Fuzhou Genesis Technology Limited as these receivables were not insured by the credit insurance. Regardless, our Group has fully impaired receivables from Fuzhou Genesis Technology Limited. Please also refer to Note 22(d) of the section entitled "Appendix A – Independent Joint Auditors' Report And Consolidated Financial Statements Of PC Partner Group Limited and its Subsidiaries for the Financial Years Ended 31 December 2021, 2022, and 2023" of this Introductory Document for further information.

## Credit terms to our customers

We generally grant our customers credit terms of between 14 days and 90 days. The credit terms extended to our customers vary from customer to customer, depending on factors such as the length of our business relationship with them, our evaluation of their creditworthiness, and their historical track record for timely payment.

For customers requiring specific design requirements and customisations for mini-PC and motherboard orders, our Group typically requires an initial deposit to cover the costs associated with the development of the customised sample. The deposit amount is determined on a case-by-case basis, taking into account factors such as the complexity of the design, the quantity of samples required, and any non-recurring engineering expenses. While it is common for our Group to request the customer to cover these non-recurring engineering expenses, the exact terms, including the deposit amount, are subject to negotiation with the customer. Samples are typically produced within six to nine months if non-recurring engineering expenses are involved, although some projects may extend beyond a year. Once testing is completed to the satisfaction of the customers, our Group then requires the remaining amount due after delivery of the first samples.

The following table sets forth our average trade receivables turnover days for FY2021, FY2022, FY2023 and 1H2024:

	FY2021	FY2022	FY2023	1H2024
Average trade receivables turnover (days) <sup>(1)</sup>	31	41	40	31 <sup>(2)</sup>

### Notes:

- (1) For FY2021, FY2022 and FY2023, average trade receivables turnover days = (Average trade receivables/revenue) X 365 days.
- (2) For 1H2024, average trade receivables turnover days = (Average trade receivables/revenue) X 182 days.

Trade receivable turnover days increased from 31 days in FY2021 to 41 days in FY2022 and 40 days in FY2023 mainly due to a slowdown in sales demand with less prepayments being made to our Group during FY2022 and FY2023. This is largely associated with the volatile business environment during both years that had affected the receivables collection cycle. Trade receivable turnover days had decreased to 31 days in 1H2024 as the Group executed a faster collection cycle during the period.

Movement in the loss allowance account in respect of trade receivables at amortised cost during the Period Under Review is as follows:

	FY2021	FY2022	FY2023	1H2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January	9,924	338,123	313,948	308,741
Impairment losses/(Reversal of impairment loss) recognised during the year/period	320,410 <sup>(1)</sup>	533	3,118	(6,258)
As a % of gross trade receivables at amortised cost	20.6	0.0	0.3	(0.6)
Exchange difference	7,789	(24,708)	(8,325)	(7,117)
At 31 December or 30 June	338,123	313,948	308,741	295,366

### Note:

- (1) During the year ended 31 December 2019, the Group entered into a sales contract with a customer for sale of VGA Cards under which the sales amount would be paid by the customer in instalments the last of which would fall in May 2021. The crack down on cryptocurrency mining and trading in the PRC in 2021 led to the customer ceasing operation and resulted in a repayment issue of the remaining instalment receivable. Our Group reviewed the collectability of the debts as at 31 December 2021, and it was uncertain when the customer would be able to resume the payment of the remaining balance according to the instalment payment scheme. Therefore, our Group decided to make a full impairment of the total outstanding balance of the customer in the year ended 31 December 2021.



The Group measures loss allowances for trade receivables using expected credit loss based on lifetime expected credit loss. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over three years past due, whichever occurs sooner.

The ageing analysis of trade receivables (net of impairment losses) of our Group, based on invoice dates, as at 30 June 2024 is as follows:

	As at 30 June 2024	
	HK\$'000	%
Within 1 month	444,336	51.8
Over 1 month but within 3 months	400,317	46.6
Over 3 months but within 1 year	11,287	1.3
Over 1 year	2,350	0.3
	<b>858,290</b>	<b>100.0</b>

As at the Latest Practicable Date, we had collected approximately HK\$855.7 million (equivalent to approximately S\$145.3 million) of our outstanding trade receivables.

#### Credit terms from our suppliers

To respond to market dynamics while mitigating working capital constraints and minimising the impact of fluctuating raw material prices, our Group's purchasing teams prioritise maintaining strong relationships with our suppliers. Regular communication ensures that our suppliers are aware of our Group's future requirements for raw materials and components.

For raw materials and components with longer lead times and limited supplier options, such as GPUs, fansinks and PCBs, our Group strategically places purchase orders two to three weeks in advance. This approach balances the need for timely procurement with the necessity to avoid excessive inventory build-up.

Continual negotiation for price and volume discounts is a key aspect of the purchasing strategy, enabling our Group to remain competitive in terms of raw material costs. By actively engaging with suppliers, our Group aims to optimise procurement processes, minimise costs, and maintain flexibility in responding to market fluctuations.

The credit terms vary from supplier to supplier. Our suppliers generally grant us credit terms of between 30 and 60 days. The availability of credit and the credit terms extended to us by our suppliers vary from supplier to supplier, depending on factors such as the length of our business relationship with them, their evaluation of our creditworthiness, as well as the supplier's internal policies.

The following table sets forth our average trade payables turnover days for FY2021, FY2022, FY2023, and 1H2024 which is within the 30 to 60 days credit terms granted by our suppliers:

	FY2021	FY2022	FY2023	1H2024
Average trade payables turnover (days) <sup>(1)</sup>	47	51	43	42 <sup>(2)</sup>

#### Notes:

- (1) For FY2021, FY2022 and FY2023, average trade payables turnover days = (Average trade payables/cost of sales) X 365 days.
- (2) For 1H2024, average trade payables turnover days = (Average trade payables/cost of sales) X 182 days.

## MATERIAL LICENCES, PERMITS, REGISTRATIONS AND APPROVALS

Our Group's principal business activities are located in Hong Kong. We are subject to regulation by applicable laws, regulations, and government agencies in Hong Kong. These regulations require us to possess various licences, permits, registrations or approvals.

As at the Latest Practicable Date, our Group has the following material approvals, licences, and permits:

Licence Holder	Licensing body / Issuing body	Licence Name / Licence Number	Effective Date	Expiry Date
ZOTAC Technology Limited	Communications Authority in Hong Kong	Radio Dealers Licence (Unrestricted) RU00204557-RU	9 February 2018	28 February 2025
ZOTAC Technology Limited	Marine Department of Hong Kong	Shipper's Registration GMV000083314	20 May 2021	NIL
PC Partner Limited	Communications Authority in Hong Kong	Radio Dealers Licence (Unrestricted) RU00204545-RU	9 February 2018	28 February 2025
PC Partner Limited	Environmental Protection Department of Hong Kong	Registered Supplier under Product Eco-responsibility (Regulated Electrical Equipment) Regulation	14 February 2023	Not stated
PC Partner Limited	Marine Department of Hong Kong	Shipper's Registration GMV000012639	14 June 2016	NIL
Zotac Korea Co., Ltd.	Head of HSBC Bank, Seoul branch	Certificate of Registration of Foreign Invested Enterprise (Foreign investment and remittance filing purpose)	16 July 2010	NIL

As at the Latest Practicable Date, our Group has obtained all requisite approvals, and is in compliance with laws and regulations, that would materially affect our business operations. Please refer to the section entitled "Government Regulations" of this Introductory Document for further information.

In respect of the abovementioned licences, registrations, permits and approvals expiring in 2025, the application for renewal of such licences, registrations, permits or approvals is procedural or administrative in nature and these are renewed on an annual basis. We do not foresee any difficulties in renewing the abovementioned licences, permits or approvals when they expire.

For completeness, in respect of the Group's new factory in Batam, Indonesia, which is currently envisaged to be operational by 1Q2025, our subsidiary in Indonesia will be required to obtain the verified status of one of the standard certificate in order to commence operations at its factory in the computer and/or computer assembly industry after we take over possession of the factory premises and complete renovation works. We expect that our subsidiary in Indonesia will fulfil the requirements to obtain verified status of its standard certificate prior to the commencement of operations of the Batam factory and our Directors do not foresee any difficulties for the Group to obtain all the relevant licences, permits and/or approvals for the operations of its new factory in Batam, Indonesia.

As at the Latest Practicable Date, none of the aforesaid licences, permits and approvals have been suspended, revoked or cancelled and to the best of our Directors' knowledge and belief, we are not aware of any facts or circumstances which would cause such licences, permits and approvals to be suspended, revoked or cancelled as the case may be, or for any applications for, or renewal of, any of these licences, permits, approvals and certificates to be rejected by the relevant authorities. Please refer to the section entitled "Regulations" of this Introductory Document for further information.

## MATERIAL PROPERTIES AND FIXED ASSETS

### Properties Owned by our Group

As at the Latest Practicable Date, our Group owns the following material properties:

Group Entity	Location	Tenure	Approximate Land Area	Usage
PC Partner Properties Limited	28/F, NCB Innovation Centre, 888 Lai Chi Kok Road, Kowloon, Hong Kong <sup>20</sup>	6 June 2067	18,572 sq ft	For the head office of the Group

### Properties Leased by our Group

As at the Latest Practicable Date, our Group leases the following material properties:

Lessee	Location	Tenure	Approximate Gross Floor Area	Lessor	Usage by our Group
PC Partner Dongguan	Several newly built buildings in Santun Management Area, Houjie Town, Dongguan City (including permanent buildings and temporary buildings) (" <b>Haifu Facilities</b> ")	1 November 2016 to 30 September 2027	122,940.23 sq m	Dongguan Haifu Industry Co., Ltd. (东莞市海富实业有限公司)	Manufacturing plant and dormitory - Plant A & B
PT PCPartner Technology Indonesia	Jalan Beringin, Lot 5, Batamindo Industrial Park, Muka Kuning, Batam 29433, Indonesia	1 November 2024 to 31 October 2027	9,217 sq m	PT Batamindo Investment Cakrawala	Factory
Zotac Technology Limited	No.3, East 2nd Road, Santun Centre Avenue, Houjie Town, Dongguan City	1 October 2022 to 30 September 2027	27,378.59 sq m	Hong Yuan Investment Company Limited (鸿源投资有限公司)	Manufacturing plant
PC Partner Properties Limited	3rd Floor of China Resources Sha Tin Warehouse, Nos.36-42 Shan Mei Street, Shatin, New Territories, Hong Kong	1 December 2022 to 21 September 2025	28,851 sq ft	China Resources Logistics (Pak Sik Enterprises) Limited (as agent and lawful attorney of the landlord, Yuen Bou Properties Limited)	Warehouse
PC Partner Technology Pte. Limited	20 Pasir Panjang Road, #11-27, Mapletree Business City, Singapore 117439	15 November 2024 to 14 November 2029	885 sq m	DBS Trustee Limited (as trustee of Mapletree Pan Asia Commercial Trust)	Office

<sup>20</sup> The property at 28/F, NCB Innovation Centre, 888 Lai Chi Kok Road, Kowloon, Hong Kong is subject to a mortgage in favour of The Hongkong and Shanghai Banking Corporation Limited.

As at the Latest Practicable Date, we are not aware of any existing breach of any obligations under the abovementioned lease agreements that would result in their termination by the lessors or non-renewal, if required, when they expire.

As these are properties leased from independent third parties, we are unable to verify if any encumbrances have been created or given by the lessor or landlord. Please refer to the section entitled “Risks Relating to Our Business and Industry – Lease renewal, increase in lease rental rates and risk of relocation, may cause disruption to our business operations” of this Introductory Document for further details.

Some of the lessors of our Group’s production facility in Dongguan, the PRC have the right to unilaterally terminate the respective leases without cause.

Our Directors are of the view that, in the event of any unilateral termination by any one lessor, our Group’s business operations and/or financials would not be materially affected by the non-validity of the rights of usage and/or non-registration of the leases and that we will be able to secure leases for alternative premises in such event given that (a) there are properties available in Dongguan, the PRC, suitable for setting up factory or production facilities (b) our Group has not previously encountered difficulties in securing such locations, and (c) economic conditions in the PRC have slowed in recent years thereby resulting in a soft property market and more properties being available for rent. We are also in the process of setting up a new manufacturing facility in Batam and have entered into a lease agreement with PT Batamindo Investment Cakrawala in April 2024 to rent a 9,217 sq m factory building. Please refer to the section entitled “Business Overview – Production Facilities and Process – New Indonesian Facility” of this Introductory Document for more details.

As at the Latest Practicable Date, we do not lease or sub-lease any properties to third parties.






Save as disclosed in the sections entitled “Risk Factors” and “Regulations” of this Introductory Document, there are currently no regulatory requirements or environmental issues that may materially affect our Group’s utilisation of the above properties.

## INTELLECTUAL PROPERTY RIGHTS

Our business and profitability are not materially dependent on any intellectual property such as patents, trademarks, and associated rights and licences. We have not paid or received royalties for any licence or use of an intellectual property. During the Period Under Review and up to the Latest Practicable Date, we did not have any dispute or any other pending legal proceedings concerning intellectual property rights.






### Trademarks



















As at the Latest Practicable Date, the following trademarks have been registered by our Group:

Trademark	Place of Registration	Registered Owner	Application/Registration Number	Class	Application/Registration Date	Expiry Date
	The PRC	Zotac International Limited	19520397	9	21 May 2017	20 May 2027
	The PRC	Zotac International Limited	9233955	9	14 June 2012	13 June 2032
	The PRC	Zotac International Limited	10736306	9	14 June 2013	13 June 2033
	European Union	Zotac International Limited	011534468	9	31 January 2013	31 January 2033
	Singapore	Zotac International Limited	T1403244C	9	6 March 2014	6 March 2034

Trademark	Place of Registration	Registered Owner	Application/Registration Number	Class	Application/Registration Date	Expiry Date
	Hong Kong	PCPL	300484056	9	25 August 2005	24 August 2025, to be renewed
	Hong Kong	PCPL	302127285	9	30 December 2011	29 December 2031
						
	Australia	PCPL	1073738	9	5 September 2005	5 September 2025
	European Union	PCPL	004961661	9	2 March 2006	2 March 2026
	Taiwan	PCPL	01213767	9	16 June 2006	15 June 2026
	The USA	PCPL	3346604	9	4 December 2007	3 December 2027
	The PRC	PCPL	4891205	9	14 December 2010	13 December 2030
	The PRC	PCPL	8485704	9	14 December 2013	13 December 2033
<b>ZOTAC</b>	Hong Kong	Zotac International Limited	301250441	9	3 December 2008	2 December 2028
<b>ZOTAC</b>	Australia	Zotac International Limited	1275416	9	4 December 2008	4 December 2028
<b>ZOTAC</b>	European Union	Zotac International Limited	007437891	9	3 December 2008	3 December 2028
<b>ZOTAC</b>	New Zealand	Zotac International Limited	799941	9	4 December 2008	4 December 2028
<b>ZOTAC</b>	Switzerland	Zotac International Limited	585982	9	24 December 2008	24 December 2028
<b>ZOTAC</b>	Russia	Zotac International Limited	400644	9	24 December 2008	24 December 2028
<b>ZOTAC</b>	Turkey	Zotac International Limited	2008 73370	9	25 December 2008	25 December 2028
<b>ZOTAC</b>	Ukraine	Zotac International Limited	125963	9	5 January 2009	5 January 2029
<b>ZOTAC</b>	South Africa	Zotac International Limited	2009/00284	9	5 January 2009	5 January 2029
<b>ZOTAC</b>	Israel	Zotac International Limited	218213	9	6 January 2009	6 January 2029
<b>ZOTAC</b>	Indonesia	Zotac International Limited	IDM000261156	9	7 January 2009	7 January 2029
<b>ZOTAC</b>	Croatia	Zotac International Limited	Z20090055	9	12 January 2009	12 January 2029
<b>ZOTAC</b>	Thailand	Zotac International Limited	Kor320330	9	19 January 2009	18 January 2029



Trademark	Place of Registration	Registered Owner	Application/Registration Number	Class	Application/Registration Date	Expiry Date
<b>ZOTAC</b>	India	Zotac International Limited	1776063	9	20 January 2009	20 January 2029
<b>ZOTAC</b>	Malaysia	Zotac International Limited	09050015	9	22 January 2009	22 January 2029
<b>ZOTAC</b>	Iran	Zotac International Limited	183275	9	28 January 2009	28 January 2029
<b>ZOTAC</b>	Japan	Zotac International Limited	5270394	9	2 October 2009	2 October 2029
<b>ZOTAC</b>	Taiwan	Zotac International Limited	01385497	9	16 November 2009	15 November 2029
<b>ZOTAC</b>	The Philippines	Zotac International Limited	4-2009-000958	9	18 February 2010	18 February 2030
<b>ZOTAC</b>	The USA	Zotac International Limited	3805408	9	22 June 2010	22 June 2030
<b>ZOTAC</b>	Korea	Zotac International Limited	40-0829116	9	7 July 2010	7 July 2030
<b>ZOTAC</b>	The PRC	Zotac International Limited	7132740	9	14 October 2010	13 October 2030
<b>ZOTAC</b>	Canada	Zotac International Limited	TMA802846	9	22 July 2011	22 July 2026
<b>ZOTAC</b>	Brazil	Zotac International Limited	830163603	9	16 August 2011	16 August 2031
<b>ZOTAC</b>	Argentina	Zotac International Limited	2335403	9	11 December 2009	11 December 2029
<b>ZOTAC</b>	Saudi Arabia	Zotac International Limited	143200470 (1360/01)	9	9 May 2012	8 May 2030
	Malaysia	Manli Group	09003270	9	2 March 2009	2 March 2029
	Korea	Manli Group	40-0827469	9	23 June 2010	23 June 2030
	Hong Kong	Innovision Multimedia	200100548	9	3 February 2000	3 February 2027
	European Union	Innovision Multimedia	001608504	9	31 March 2000	31 March 2030
	Hong Kong	Innovision Multimedia	2002B16085	9	9 November 2000	9 November 2027
映众	The PRC	Innovision Multimedia	4003125	9	14 May 2006	13 May 2026

Trademark	Place of Registration	Registered Owner	Application/Registration Number	Class	Application/Registration Date	Expiry Date
 <b>iChill</b>	Hong Kong	Innovision Multimedia	300820773	9	26 February 2007	25 February 2027
 <b>iChill</b>	European Union	Innovision Multimedia	009304858	9	10 August 2010	10 August 2030
 <b>FREEZER</b>	The USA	Zotac International Limited	3500742	9	16 September 2008	16 September 2028
 <b>innoAX</b>	Hong Kong	Innovision Multimedia	301285245	9	11 February 2009	10 February 2029
 <b>innoAX</b>	Hong Kong	Innovision Multimedia	200304400	9	10 July 2002	10 July 2029
<sup>A.</sup>  <sup>B.</sup> 	Hong Kong	Zotac International Limited	301589743	9	16 April 2010	15 April 2030
 <b>Vapor Freeze</b>	The PRC	Zotac International Limited	8177849	9	7 April 2011	6 April 2031
  <b>ZOTAC</b>	Hong Kong	Innovision Multimedia	301634012	9	8 June 2010	7 June 2030
 <b>ZOTAC</b>	The PRC	Zotac International Limited	7961396	9	21 June 2011	20 June 2031
 <b>ASKTECH</b>	Saudia Arabia	Zotac International Limited	143200474 (1360/02)	9	18 December 2010	8 May 2030
   	Hong Kong	ASK Technology Group Limited	301024640	9	3 January 2008	2 January 2028
	European Union	Innovision Multimedia	012461257	9	23 December 2013	23 December 2033
	The PRC	Innovision Multimedia	13874419	9	14 March 2015	13 March 2025
	Hong Kong	Innovision Multimedia	302837809	9	16 December 2013	15 December 2033
 <b>ThunderGear</b>	The PRC	Innovision Multimedia	12219088	9	14 August 2014	13 August 2034
 <b>ThunderGear</b>	Hong Kong	Innovision Multimedia	302329461	9	30 July 2012	29 July 2032




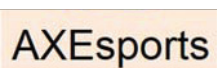



Trademark	Place of Registration	Registered Owner	Application/Registration Number	Class	Application/Registration Date	Expiry Date
	The PRC	Innovision Multimedia	10642012	9	28 May 2013	27 May 2033
	Hong Kong	Innovision Multimedia	302150306	9	1 February 2012	31 January 2032
	Hong Kong	Innovision Multimedia	304079845	7 and 9	17 March 2017	16 March 2027
	European Union	Innovision Multimedia	16673436	7, 9 and 35	3 May 2017	3 May 2027
	Korea	Innovision Multimedia	40-1471264-0000	9	19 April 2019	19 April 2029
	Hong Kong	Innovision Multimedia	306471603	9	6 February 2024	6 February 2034
	Hong Kong	Innovision Multimedia	305235002	9	31 March 2020	30 March 2030
	European Union	Innovision Multimedia	18234968	9 and 35	7 May 2020	7 May 2030
	United Kingdom	Innovision Multimedia	UK00918234968	9 and 35	12 September 2020	7 May 2030
	Hong Kong	Innovision Multimedia	305484330	9	21 December 2020	20 December 2030
	The PRC	Innovision Multimedia	47120319	9	21 February 2021	20 February 2031
	The PRC	Innovision Multimedia	52291019	9	14 September 2021	13 September 2031
	The PRC	Innovision Multimedia	6014267	9	14 January 2010	13 January 2030
	The PRC	Innovision Multimedia	39823952	9	21 April 2020	20 April 2030
	The PRC	Innovision Multimedia	14208016	9	28 April 2015	27 April 2025
	Hong Kong	Innovision Multimedia	306201675	9	23 March 2023	22 March 2033
	The PRC	Innovision Multimedia	18145844	0709, 0710, 0723, 0724, 0753	7 December 2016	6 December 2026

Trademark	Place of Registration	Registered Owner	Application/Registration Number	Class	Application/Registration Date	Expiry Date
	The PRC	Innovision Multimedia	18145907	0723, 0753, 0710, 0709, 0724	7 December 2016	6 December 2026
	European Union	Innovision Multimedia	01823498	9 and 35	12 September 2020	7 May 2030
	European Union	Innovision Multimedia	018861476	9 and 35	13 April 2023	13 April 2033
	United Kingdom	Innovision Multimedia	UK00901608504	9	28 May 2001	31 March 2030
	United Kingdom	Innovision Multimedia	UK00909304858	9	24 January 2011	10 August 2030
	United Kingdom	Innovision Multimedia	UK00912461257	9	19 May 2014	23 December 2033
	United Kingdom	Innovision Multimedia	UK00916673436	7, 9 and 35	15 September 2017	3 May 2027
	United Kingdom	Innovision Multimedia	UK00003899730	9 and 35	12 April 2023	12 April 2033
	Indonesia	Innovision Multimedia	IDM001152805	7 and 9	12 April 2023	12 April 2033
	Brazil	Innovision Multimedia	931035538	9	10 May 2023	Not applicable
	Hong Kong	Manli Technology Group Limited	302959282	9	9 April 2024	8 April 2034
						
	The PRC	Manli Technology Group Limited	14413409	9	7 September 2015	6 September 2025
	The PRC	Manli Technology Group Limited	46459750	9	14 January 2021	13 January 2031
	The PRC	Manli Technology Group Limited	18977931	9	21 May 2017	20 May 2027
	Thailand	Manli Technology Group Limited	231114266	9	22 July 2022	21 July 2032

Trademark	Place of Registration	Registered Owner	Application/Registration Number	Class	Application/Registration Date	Expiry Date
	European Union	Manli Technology Group Limited	018711064	9	1 June 2022	1 June 2032
	Hong Kong	PC Partner Limited	304849958	9 and 42	7 March 2019	6 March 2029
	Korea	Zotac International Limited	40-0915304	9	13 April 2012	13 April 2032

### Trademarks

As at the Latest Practicable Date, the following trademarks are pending registration by our Group:

Trademark	Place of Registration	Registered Owner	Application/Registration Number	Class	Application/Registration Date	Expiry Date
	The PRC	Innovision Multimedia	75880211	9	19 December 2023	–
	The PRC	Innovision Multimedia	75882365	9	19 December 2023	–
	The PRC	Innovision Multimedia	75886782	9	19 December 2023	–
	The PRC	Innovision Multimedia	77636770	9	29 March 2024	–
	The PRC	Innovision Multimedia	77647757	9	29 March 2024	–
	Singapore	PC Partner Technology Pte. Limited		9	15 May 2024	–
	Singapore	Zotac International Limited	T1403244C	9	6 March 2014	6 March 2034

Our Group does not foresee any difficulties in registering these trademarks and there is no material adverse impact on our Group's business or financials while the trademark registrations are pending.



## Patents

As at the Latest Practicable Date, the following patents have been registered by our Group:

Patent	Place of Registration	Registered Owner	Application/Registration Number	Period of Validity
PCB 板表面贴装系统及工艺	The PRC	PC Partner Dongguan	201310002918.5	4 January 2013 to 4 January 2033
多媒体动态广告播放系统及方法	Taiwan	柏景电子有限公司	I531224	21 April 2016 to 3 July 2034
影像处理装置及其投影影像融合方法	Taiwan	柏景电子有限公司	I552606	1 October 2016 to 10 July 2034
户外电子设备温度控制装置	The PRC	PC Partner Dongguan	201721791080.2	15 December 2017 to 15 December 2027
双向电压监控电路	The PRC	PC Partner Dongguan	201721780118.6	15 December 2017 to 15 December 2027
散热控制电路及显卡	The PRC	PC Partner Dongguan	201721780116.7	15 December 2017 to 15 December 2027
一种高效率散热显卡	The PRC	PC Partner Dongguan	201721779325.X	15 December 2017 to 15 December 2027
酒瓶及LED显示标贴	The PRC	PC Partner Dongguan	201721753840.0	15 December 2017 to 15 December 2027
视频输出电路及电脑主机	The PRC	PC Partner Dongguan	201721753579.4	15 December 2017 to 15 December 2027
一种螺丝供料抓取锁附装置	The PRC	PC Partner Dongguan	202021863848.4	1 September 2020 to 1 September 2030
一种螺丝锁附装置	The PRC	PC Partner Dongguan	202021927742.6	7 September 2020 to 7 September 2030
一种拼板装置	The PRC	PC Partner Dongguan	202021880038.X	2 September 2020 to 2 September 2030
一种自动包金手指设备	The PRC	PC Partner Dongguan	202021928951.2	7 September 2020 to 7 September 2030
一种板材翻转贴标装置	The PRC	PC Partner Dongguan	202021867691.2	1 September 2020 to 1 September 2030
一种过炉板材的移栽装置	The PRC	PC Partner Dongguan	202021863866.2	1 September 2020 to 1 September 2030
拼板治具	The PRC	PC Partner Dongguan	202030412443.8	27 July 2020 to 27 July 2030
一种基于过炉板的板卡拆卸撕胶装置及方法	The PRC	PC Partner Dongguan	202010851922.9	22 August 2020 to 22 August 2040
一种PCB双面拼板的控制装置	The PRC	PC Partner Dongguan	202010851923.3	22 August 2020 to 22 August 2040
一种用于充电接头的稳固锁	The PRC	PC Partner Dongguan	202220892291.X	18 April 2022 to 18 April 2032
一种端口固定支架	The PRC	PC Partner Dongguan	202221414470.9	7 June 2022 to 7 June 2032
一种PCB半自动拼板装置及其工艺	The PRC	PC Partner Dongguan	202310006266.6	4 January 2023 to 4 January 2043
一种显卡组装治具	The PRC	PC Partner Dongguan	202222543357.7	26 September 2022 to 26 September 2032

Patent	Place of Registration	Registered Owner	Application/Registration Number	Period of Validity
显卡组装夹具	The PRC	PC Partner Dongguan	202230635137.X	26 September 2022 to 26 September 2037
一种侧面螺丝锁附装置	The PRC	PC Partner Dongguan	202222575517.6	28 September 2022 to 28 September 2032
一种流水线式翻转贴标装置	The PRC	PC Partner Dongguan	202222630713.9	8 October 2022 to 8 October 2032
一种侧面螺丝供料抓取锁附装置	The PRC	PC Partner Dongguan	202222575532.0	28 September 2022 to 28 September 2032
一种螺丝整列装置	The PRC	PC Partner Dongguan	202222631707.5	8 October 2022 to 8 October 2032
应用于离型膜撕除机控制系统的优化方法及系统	The PRC	PC Partner Dongguan	202311653862.X	5 December 2023 to 5 December 2043
基于AI的自适应灯光效果控制方法及系统	The PRC	PC Partner Dongguan	202311438360.5	1 November 2023 to 1 November 2043

## Patents

As at the Latest Practicable Date, the following patents are pending application by our Group:

Patent	Place of Registration	Registered Applicant	Application/Registration Number	Period of Validity
一种搭载固态硬盘的主动散热电脑主机	The PRC	PC Partner Dongguan	202411306775.1	–
控制信号输入装置及掌上计算机	The PRC	索泰国际有限公司	202421734087.0	–

## INSURANCE

As at the Latest Practicable Date, we maintain the following comprehensive insurance policies to cover, amongst others, our risks relating to:

- directors and officers insurance;
- product liability insurance for certain EMS and contract manufacturing customers where insured products includes our own brand products, VGA Cards, EMS products, ODM/OEM products and other PC-related products of these customers;
- credit insurance;
- goods-in transit, vehicles and marine cover insurance;
- property all-risks insurance; and
- insurance covering damage to equipment and business interruptions.

Our Group maintains a property all-risk insurance for its stock and building contents, as well as product liability insurance for its own brand products, ODM/OEM products, and products within the EMS segment. The insured products include VGA Cards, specific EMS products, and other PC-related items. This insurance covers all sums that certain subsidiaries of our Group may be liable as compensation for injury or damage related to the insured products.

There have been no material insurance claims made by us, and our Group has not been subject to any material insurance claims or liabilities arising from our operations, during the Period Under Review and up to the Latest Practicable Date. Our Group maintains the foregoing policies in amounts we believe are sufficient, or as may be operationally appropriate to the businesses of the relevant subsidiary and risks that it faces, which may include risks related to, *inter alia*, fire, burglary, business interruption, legal liability to third parties and other losses. Majority of these insurance policies are renewable annually while our credit insurance policies are renewable once every two years.

As our business expands, we will continue to regularly review and assess our risk portfolio and adjust our insurance coverage based on our needs and industry practice. The cost and availability of insurance coverage has varied in recent years and may continue to vary in the future. While we believe that our insurance policies are adequate in amount and coverage for our operations, we may experience unanticipated issues or incur liabilities beyond our current coverage, and we may be unable to obtain similar coverage in the future.

Please refer to section entitled “Risk Factors – Risks Relating to Our Business and Industry – Our insurance coverage may not be adequate to indemnify us against all possible liabilities” of this Introductory Document for further details.

## **PROSPECTS**

*The following discussion about our prospects and trends include forward-looking statements that involve risk and uncertainties. Actual results could differ materially from those that may be projected in these forward-looking statements. Please refer to the section “Notice to Investors – Forward-Looking Statements”.*

The VGA Cards industry is currently experiencing steady growth, propelled by increasing demand from both the gaming and various sectors and industries increasingly adopting the use of AI applications.

Key technological advancements by companies such as NVIDIA and AMD, including innovations in ray tracing and AI-accelerated rendering, continue to drive demand in the VGA Cards industry. The growing popularity of PC gaming, particularly with respect to immersive games requiring high frame rates and resolutions, has further fuelled the demand for high-performance VGA Cards among enthusiast consumers. In parallel, the increased adoption of AI applications by businesses and services will continue to spur the demand of high-end GPUs with high computational power to perform multiple operations and handle large volumes of data simultaneously.

Since the latter half of 2023, our Company has observed an increase in business activity. The successful launch of a new series of GPU gaming cards launched in early 2024 by NVIDIA has generated demand from the gaming community. This strong demand from the gaming community has resulted in higher sales performance for our Company’s new products and our Group has also incurred less spending on sales and marketing promotion to stimulate sales under its own brand business. It is anticipated that the sales momentum of these new products will be sustained until the next generation of products is released. The introduction of these next-generation GPU gaming cards is expected to further drive robust demand, resulting in a strong sales performance and improved profit margins.

The VGA Cards industry remains dynamic and driven by the development cycles of technology used in the products being sold, with continued innovation and evolution expected to meet the growing demand for PC gaming, content creation, and other GPU-accelerated workloads. Furthermore, the rising popularity and prevalence of AI PCs represents a revolutionary advancement in the computer industry, with the potential to drive the future success of computer hardware companies. The Company also recognises that the future of AI PCs will require powerful VGA Cards to deliver efficient performance and meet consumer expectations. Therefore, a new product line of GPU servers designed specifically for AI and machine learning applications was launched by our Group in June 2024. In addition, the Company’s development pipeline for 2024 includes handheld PCs and workstation-grade external GPU box series. Our Group believes that these new products have the potential to contribute to the Company’s sales revenue and profits.

The VGA Card business, under our Group's own brand, remains a key growth driver for our Group in the coming years and our Company remains committed to investing in the development of innovative new products.

Despite the challenges posed by rising geopolitical uncertainties and their impact on the global economy, our Company is well-positioned to navigate these challenges due to its foundation and financial stability. Further, our Group is relocating our headquarters to Singapore and is diversifying into the Southeast Asian region. With our new production facilities in Batam, Indonesia, our Company can continue investing in product innovation and operational excellence, with the goal of increasing returns for shareholders.

## **TREND INFORMATION**

Our Directors have made the following observations for the next 12 months from the Latest Practicable Date based on current trends, in addition to the factors included in "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations – Factors affecting Our Business, Financial Condition and Results of Operations":

- as we intend to relocate our headquarters to Singapore, we expect an increase in operational costs due to the hiring of qualified local personnel and we expect our capital expenditures and depreciation expenses to increase due to the purchases of plant, equipment, furniture and fittings and renovation for the office premises of our new headquarters in Singapore, and the installation of three production lines at the factory premises of our new production facilities in Batam, Indonesia;
- we expect our rental expenses to increase due to the new lease agreements that have been entered into for our new office and factory premises in Singapore and Batam, Indonesia respectively;
- we expect our other operating expenses to increase due to a portion of our listing expenses incurred in FY2024 in connection with the listing;
- as with other businesses in the APAC region, we expect to face inflationary pressures and a general trend of increase in the costs of our raw materials and other overheads such as utilities; and
- we expect high inflation, interest rates, exchange rate fluctuations, geopolitical issues and wars to affect consumer demand and corporate spending in different regions. In particular, to the extent that geopolitical conflicts result in a further trade restrictions and tariffs being imposed on the import and export of technology and products between the PRC and the USA, this would increase the costs of our products.

Except as disclosed above, and in the sections entitled "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Industry Overview", to the best of our Board's knowledge and belief, there are no significant recent trends in production, sales and inventory, and in the costs and selling prices of our products and services since 30 June 2024, or other known trends, uncertainties, demands, commitments, or events that are reasonably likely to have a material effect on our net sales or revenues, profitability, liquidity, or capital resources for at least the current financial year ending 31 December 2024, or that may cause financial information disclosed in this Introductory Document to be not necessarily indicative of the future operating results or financial condition of our Company. Please also refer to the section entitled "Forward-Looking Statements" of this Introductory Document.

## **COMPETITION**

Our Group operates in a highly competitive environment across all its business segments, including VGA Cards, EMS, and other PC-related products and components.

## **Our Group's VGA Cards Business**

Our Group adopts NVIDIA-powered GPUs for our house brand VGA Cards, which is primarily targeted at electronic gamers. The AIC market for NVIDIA-powered GPUs is highly competitive, with several partners vying for market share. These partners differentiate themselves through factors such as pricing, cooling solutions, factory overlocking capabilities, customer support, and brand reputation. VGA Cards designed by NVIDIA's AIC partners are subject to NVIDIA's product qualification approval.

Each AIC partner offers a range of VGA Card models with varying specifications to target different consumer segments. While NVIDIA dominates the mid-range to high-end VGA Cards segments, the entry-level market faces competition from AMD and its board partners, who offer budget-friendly prices. Over the years, the AIC market has consolidated, leaving only a few global AIC partners. The barriers to entry are high, requiring substantial working capital to acquire GPUs and manufacture VGA Cards with strong design and development capabilities. Additionally, NVIDIA mandates that AIC partners have well-established sales channels, either regionally or globally, and has not approved any new GeForce AIC partners for years.

## **ODM/OEM VGA Cards Market**

The ODM/OEM VGA Cards market involves manufacturers producing VGA Cards specifically for pre-built PCs. These VGA Cards are typically not sold as standalone retail products but are supplied to computer companies who utilise them for their PCs. Our Group collaborates with PC manufacturers to provide customised solutions that meet specific requirements. ODM/OEM VGA Cards often differ from retail versions in design, specifications, and branding, including unique cooling solutions, power configurations, and form factors to fit the constraints of the PCs.

Competition in the ODM/OEM VGA Cards market is intense, with players competing on performance, power efficiency, compatibility, pricing, and post-sales support. VGA Cards manufacturers strive to build strong customer relationships, offer competitive products that meet specific design requirements, and provide reliable customer support.

## **EMS Market**

Our Group, like many other EMS players, offers a range of services, including assembly, testing, logistics, and design support to help customers bring their electronic products to market. Competition in the EMS market is driven by factors such as cost competitiveness, manufacturing capabilities, quality control, geographic presence, and the ability to provide value-added services. Our Group focuses on mid-sized customers who require more flexibility in production volume and support, as well as start-up companies with high growth potential.

## **Mini-PC Business**

Our Group competes in the mini-PC market through its house brand, ZOTAC and its project-based mini-PC business. The mini-PC market focuses on compact, small form factor computer solutions designed for portability, minimal space usage, and lower power consumption while offering substantial computing power and functionality. These small form factor PCs cater to various industries and commercial applications, often being integrated into larger systems and solutions.

The mini-PC market has experienced steady growth and increasing popularity due to technological advancements and rising demand for compact computer solutions. Our Group competes with major PC brands and manufacturers in the mini-PC segment, facing new entrants offering low-cost solutions. Our Group offers a wide range of mini-PC solutions under its brand and introduces unique mini-PC solutions with GPUs to differentiate itself from its competitors.

See the section entitled "Risk Factors – Risks Relating to our Business and Industry – We operate in a highly competitive landscape and any failure by us to compete or respond effectively to changes in market trends and customer preferences could result in us losing market share and revenue" of this Introductory Document for further details.



## **ORDER BOOK**

Due to the nature of our Group's business, our Group typically fulfils orders within 15 to 60 days from the time a purchase order is placed and we do not consider the concept of an order book as meaningful to our Group.

## **ENVIRONMENTAL, SOCIAL AND GOVERNANCE**

Our Group has annually published an ESG Report since FY2016. This report serves as a means of communicating our Group's corporate and social responsibility efforts, promote sustainable development, and provide updates on environmental and social issues that could affect stakeholders' interests.

Central to our Group's ESG philosophy is the commitment to create enduring value for stakeholders while aligning with the strategic development and sustainability of our business. The Board considers sound corporate governance as paramount in safeguarding stakeholders' interests and is dedicated to maintaining a strong governance framework. The Board is tasked with formulating strategies, monitoring and managing ESG-related risks, and ensuring the efficacy of ESG risk management and internal control systems, with discussions on ESG issues held annually.

Our Group has established a two-tier governance structure comprising the Board and the ESG Working Team. Led by our CFO, the ESG Working Team is responsible for collecting, analysing, and verifying ESG data to aid the Board in ESG-related decision-making. Their duties encompass identifying and assessing ESG-related risks, evaluating the implementation and effectiveness of corporate governance and ESG policies, ensuring compliance with regulatory requirements, reviewing ESG performance, and making recommendations for improvement. The findings and recommendations of the ESG Working Team are reported to the Board annually, with engagement of external advisers as necessary. The Board continually reviews its business strategies to minimise environmental and social impacts.

The ESG Report comprehensively addresses the environmental impacts of our Group's wholly owned manufacturing subsidiary, PC Partner Dongguan, located in the PRC, as well as the social impacts of our Group. Data for the ESG Report is sourced primarily from internal policies and documents, supplemented by information provided by key stakeholders.

## **ENVIRONMENTAL**

PC Partner Dongguan, operating in the manufacturing sector, impacts the environment through its electricity consumption, resulting in relatively minor emissions. Nevertheless, PC Partner Dongguan is committed to integrating green protection principles into its manufacturing processes to mitigate the adverse effects on the environment.

PC Partner Dongguan has implemented a range of environmental protection measures as part of its daily operations. These efforts are focused on reducing energy and water consumption, minimising carbon emissions, and improving waste management practices. By undertaking these initiatives, PC Partner Dongguan aims to achieve sustainable business practices while safeguarding the environment for the long term.

### ***Emissions***

PC Partner Dongguan primarily operates in the manufacturing sector, where certain air pollutants, such as nitrogen oxides ("**NOx**"), sulphur oxides ("**SOx**"), and particulate matter ("**PM**"), are generated, along with a negligible volume of hazardous waste during manufacturing operations. Electricity serves as the primary energy source for PC Partner Dongguan's business, contributing to its greenhouse gas (GHG) emissions. This is primarily due to the utilisation of tin furnaces, soldering furnaces, kitchen exhaust systems, and generators in daily operations. In addition, minor sources of emissions include paper waste disposed of in landfills and fuel consumed during business air travel by employees.

## ***Environmental Compliance***

PC Partner Dongguan is in strict compliance with laws and regulations, including but not limited to the Environmental Protection Law of the People's Republic of China (中华人民共和国环境保护法), the Air Pollution Prevention and Control Law of the People's Republic of China (中华人民共和国大气污染防治法), the Water Pollution Prevention and Control Law of the People's Republic of China (中华人民共和国水污染防治法), and the Emission Standard for Air Pollutants from Boilers (锅炉大气污染物排放标准), PC Partner Dongguan has formulated the GHG Management Guideline (温室气体管理指引), the Exhaust Gas Control Procedure (废气控制程序), the Waste Effluent Control Procedure (废水废液控制程序), the Litter Control Procedure (废弃物管理程序), and the Litter Management Guideline (废弃物管理工作指引) to provide guidance for its staff on managing the emissions and waste produced from manufacturing operations.

## ***Waste management***

### Non-hazardous waste management

Waste paper and waste plastic are PC Partner Dongguan's major sources of non-hazardous waste, often produced during its production process and from household garbage. Employees' daily activities also generate a small amount of non-hazardous domestic wastewater. Guided by the Litter Control Procedure (废弃物管理程序) and Litter Management Guideline (废弃物管理工作指引), non-hazardous waste generated from the production process is sorted and sold to respective recyclers, and any improper disposal of recyclable and reusable non-hazardous waste is strictly prohibited. Household garbage is brought to a central collection point and transported to municipal refuse treatment organisations for further processing. PC Partner Dongguan has also made considerable efforts to control the consumption and production of non-hazardous waste by implementing these measures.

### Hazardous waste

In addition to non-hazardous waste, PC Partner Dongguan's manufacturing processes also generate hazardous waste, including activated carbon, PCB trims, and other materials associated with industrial wastewater treatment. PC Partner Dongguan has established a comprehensive tracking and treatment process to manage this hazardous waste. All hazardous waste is sent to certified green service providers for neutralisation treatment, in compliance with Chinese laws and regulations.

To ensure the highest standards, PC Partner Dongguan verifies the qualifications of these green service providers and conducts regular audits to confirm they meet the selection criteria. The company is committed to minimising and ultimately eliminating all waste as part of its ongoing environmental sustainability efforts.

## ***Use of Resources***

PC Partner Dongguan is committed to the principles of "reducing consumption, optimizing efficiency, and protecting the environment." It actively responds to the national call for energy saving and emission reduction, adhering to relevant laws and regulations such as the Energy Conservation Law of the People's Republic of China (中华人民共和国节约能源法) and the Clean Production Promotion Law of the People's Republic of China (中华人民共和国清洁生产促进法). In alignment with these regulations, PC Partner Dongguan has developed an Energy Management Procedure to guide the optimal use of resources.

In addition, PC Partner Dongguan regularly reviews and assesses the efficiency, effectiveness, and outcomes of its energy management system throughout its production processes.

## ***Energy efficiency management***

PC Partner Dongguan's direct energy consumption is mainly from the use of natural gas and petrol by canteens and company vehicles respectively, while indirect energy consumption during daily operations is mainly from purchased electricity. PC Partner Dongguan takes a series of energy-saving measures to achieve efficient use of resources, such as using solar panel for electricity in factory dormitory, investigating the use of electricity of each premise and activity to optimise the use of electricity through upgrades and better scheduling of production, lighting, and air-conditioning.

### ***Water and effluent handling***

Due to the nature of its business and operations, water is seldom used in the production processes at PC Partner Dongguan. Water is primarily consumed by employees for daily activities within the premises, sourced from the local municipal supply. As such, its water policy emphasises encouraging employees to conserve water by setting consumption targets for each premise and continuously upgrading facilities to reduce water wastage and consumption.

### ***Use of packaging materials***

PC Partner Dongguan utilises various packaging materials and components in its production process. Our designers prioritise environmental friendliness by minimising material use; striving to select recyclable or environmentally friendly materials to reduce environmental impact. All materials are chosen with care to comply with relevant laws and regulations, as well as customer requirements, such as the Restriction of Hazardous Substances directive and the Registration, Evaluation, Authorisation, and Restriction of Chemicals regulations, to further mitigate environmental impact.

### ***The Environment And Natural Resources***

The environmental impacts of PC Partner Dongguan include greenhouse gas (“GHG”) emissions from business air travel, electricity usage, and paper consumption in office operations. As such, PC Partner Dongguan’s overall impact on the environment and natural resources is limited. It is committed to continually assessing the environmental risks of its business, reviewing its environmental practices, and adopting resource-saving and environmentally friendly measures to minimise its environmental footprint while complying with relevant laws and regulations.

To ensure its environmental impact is minimised, PC Partner Dongguan has implemented several policies, including the GHG Management Guideline, the Exhaust Gas Control Procedure, the Waste Effluent Control Procedure, the Litter Control Procedure, the Litter Management Guideline, and the Energy Management Procedure. These policies guide the efforts to reduce emissions and resource use.

PC Partner Dongguan is actively working to reduce reliance on natural resources such as oil and natural gas by increasing the use of environmentally friendly energy sources like solar energy. For instance, rooftop solar panels have been installed to generate heat for hot water consumption in the factory dormitory, paper consumption in daily operations has been reduced by upgrading the office automation system. Furthermore, PC Partner Dongguan is adopting more environmentally friendly packaging materials, using less paper in the packaging of branded products, and redesigning packaging to be more compact, thereby reducing the use of paper and plastic. These initiatives to reduce the consumption of natural resources are integrated into PC Partner Dongguan’s daily business operations.

### ***Climate Change***

Although the business operations of PC Partner Dongguan generate limited GHG, it believes that addressing the issue of climate change requires wide participation from each entity and individual. PC Partner Dongguan has formulated relevant policies to incorporate and manage climate-related risks in its internal control and risk management system. To cope with the threat of climate change, our Group has assessed the potential risks that may arise from its business operations.

## **SOCIAL**

In order to maintain competitiveness in the industry in the long run, our Group has been making every effort to protect employee interests and rights, and guarantee a working environment that allow employees to manifest their values, share their knowledge, and innovate. At the same time, our Group aims to fulfil its corporate social responsibility by constantly giving back to its employees and showing compassion to society.

### ***Employment practices***

Our Group recognises that its success depends on the contribution and performance of every employee, therefore, our Group pays attention to the diversified composition of employees and cares about the employees' career development. In accordance with the Employment Ordinance (Cap. 57 of the Laws of Hong Kong), the Labor Law of the PRC (中华人民共和国劳动法), the Labor Contract Law of the PRC (中华人民共和国劳动合同法) and the Social Insurance Law of the PRC (中华人民共和国社会保险法), our Group has formulated the human resources policy and employee handbook to regulate the recruitment process and standards, promotion system, and termination procedures to ensure all employees are treated as equals and that discriminatory treatment based on gender, age, ethnicity, or religion is prohibited. The company also conducts labour risk assessments and implements corresponding measures to mitigate these risks and consider various aspects, including but not limited to labor recruitment, working hours and rest, wages, and benefits. These efforts are aimed at safeguarding the well-being of the employees. As at 31 December 2023, the total number of employees of our Group reached 2,490 (2022: 2,714) where 171, 2,221 and 98 employees were situated in Hong Kong, PRC and rest of the world respectively.

### ***Recruitment, promotion, and dismissal***

Our Group rationalises its recruitment requirements based on the developmental needs of its strategic businesses. Its recruitment procedures are standardised to specify selection criteria and job qualifications of each position, which specifically request the integrity, academic achievements, expertise, and relevant experience for the respective positions as well as for gauging potential for further development. Interview assessment criteria have also been developed based on different levels so as to ensure all candidates are treated fairly.

Our Group has also set up a sound appraisal system to appropriately remunerate and recognise the efforts devoted by well-performing staff. Remuneration packages are reviewed annually and adjusted with reference to the trends of the labour market in different countries, and staff individual appraisal reviews. Based on standardised rating guidelines, the management of our Group conducts regular appraisals with employees individually, with reciprocal discussions on expectations and results from their performance. The remuneration increment reflects each employee's appraisal result respectively with reference to the market standard. Promotion reviews are conducted upon performance appraisals by management on a regular basis.

To achieve and maintain standards of conduct, and ensure consistent and fair treatment, our Group emphasises education and uses punishment as a complementary measure to discipline employees. Formal verbal warnings is given for unsatisfactory performance or breach of company rules, and improvements are expected in a specified period of time. If a further offence occurs, a formal written warning will be issued, outlining the nature of the warning and the required improvements. In cases of serious misconduct or recurring failure to meet the standards of performance, prior notice or payment in lieu of notice would be given to the employees involved concerning the termination of their employment contracts.

### ***Working hours and rest periods, compensation, benefits, and welfare***

Our Group encourages employees to maintain work-life balance and ensure employees adequately rest and maintain their well-being and health. Therefore, our Group allocates its employees' responsibilities properly so that they can fulfil their duties within pre-defined working hours. The manufacturing plant in the PRC also runs on a shift system approved by the local labour department, so that the working hours can be arranged flexibly based on the work needed. When overtime work is required, employees are provided with compensatory rest or overtime pay in accordance with the local laws and regulations, including the Minimum Wage Ordinance (Cap. 608 of the Laws of Hong Kong) and Employment Ordinance (Cap. 57 of the Laws of Hong Kong), and the Regulation on Paid Annual Leave for Employees (职工带薪年休假条例). The Regulations on Wage Calculation and Benefits (工资计算与福利规定) as adopted by our Group also outlines the employee benefits and holiday entitlements, serving as a channel for employees to understand wage calculations and the benefits offered by our Group.

Apart from the statutory welfare and holidays, maternity leave, paternity leave, and annual leave that our Group offers to its employees in accordance with the Employee Handbook and the relevant local laws and regulations, our Group's employees are also entitled to a comprehensive set of medical insurance benefits together with compassionate leave as well as various compensation and social insurance contributions for its employees in accordance with the Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong) and Mandatory Provident Fund Scheme Ordinance (Cap. 485 of the Laws of Hong Kong), and the Social Insurance Law of the PRC (中华人民共和国社会保险法). Please refer to the section entitled "Risk Factors – Risks Relating to doing Business in the PRC – Enforcement of stricter labour laws and regulations in the PRC may adversely affect the business and profitability" for further details. Employees can also enjoy employee purchase discounts for our Company's products, and a comprehensive set of insurance benefits, including medical, employee compensation, business travel, and personal accident insurance.

To strengthen the linkage between remuneration and performance and to ensure the employees' remuneration grows with our Group's performance, our Group offers discretionary annual allowances or year-end bonuses with an aim to recognise and reward eligible employees for their excellent performance and contributions for the year.

### ***Diversity and equal opportunity***

Our Group advocates diversity among employees and complies with applicable ordinances in Hong Kong and the PRC regarding equal employment opportunities including the Discrimination Ordinances of Hong Kong (namely, the Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong), the Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong) and the Family Status Discrimination Ordinance (Cap. 527 of the Laws of Hong Kong) and the Race Discrimination Ordinance (Cap. 602 of the Laws of Hong Kong)), the Hong Kong Bill of Rights Ordinance (Cap. 383 of the Laws of Hong Kong), and the Employment Promotion Law of the PRC (中华人民共和国就业促进法) to ensure discrimination against employees owing to their race, colour, religion, marital status, national origin, sex, physical disability or age are prohibited.

Our Group has policies in place to eliminate any discrimination in the workplace as well as policies governing the recruitment process to ensure equal employment, and strive to aid employees who are disadvantaged in competition to enjoy alternative development opportunities. As stipulated in our Group's Employee Handbook, harassment or any form of conduct that may cause employees embarrassment or discomfort at work are strictly prohibited. During the Period Under Review, there were no incidents reported by staff relating to workplace discriminations.

### ***Employee communication***

Our Group places emphasis on communication with employees and their feedback. To ensure a smooth channel for employee complaints, PC Partner Dongguan has established the Regulations for Grievances, Complaints, and the Prevention of Retaliation (申诉, 投诉及杜绝打击报复规定). These regulations are designed to guide internal employees in utilising internal complaint mechanisms in a reasonable and effective manner and to regulate the handling of internal employee complaints. Our Group values open communication with employees and actively encourages them to provide feedback and raise concerns through appropriate channels. By establishing a framework for addressing complaints and preventing retaliation, it aims to create a supportive and inclusive work environment where employees feel comfortable expressing their opinions and reporting any issues they may encounter.

### ***Anti-corruption and business ethics***

Our Group attaches great importance in conducting business with the highest level of business ethics and integrity. In order to enhance the employees' integrity and awareness, our Group ensures that the employee continuously complies with applicable laws and regulations including the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong), Anti-Unfair Competition Law of the PRC (中华人民共和国反不正当竞争法), Interim Provisions on Banning Commercial Bribery (关于禁止商业贿赂行为的暂行规定) and the Anti-Money Laundering Law of the PRC (中华人民共和国反洗钱法), business ethics policy including the Regulations on Ethical Business Conduct Management (廉洁经营管理规定) and the Regulations on the Prohibition of Unfair Interest Regulations (禁止不正当利益规定). They were established to provide sufficient internal guidelines on preventing potential corruption, bribery and other illegal actions during business transactions amongst stakeholders, such as its employees, customers, and



suppliers. Our Group always upholds the principles of honesty, integrity, uprightness, and fairness, and requests all employees to act impartially and fairly and not to abuse their positions for their own or a third parties' interests, or gain benefits while dealing with customers, suppliers, and other third parties. Our Group also prohibits its employees or agents from soliciting or receiving any benefits from any party that is involved in business transactions with our Group (e.g. customers, suppliers, and contractors). During the Period Under Review, there was no financial and in-kind political contributions made directly and indirectly by our Group. During the Period Under Review, there was neither complaints received related to misconduct, malpractices, or irregularities, nor any concluded legal cases regarding corrupt practices that were brought against our Group or its employees.

### ***Whistle-blowing***

To enable early identification and handling of corrupt practices with supervision by all employees and related parties, our Group has set up designated whistle-blowing channels to receive complaints from stakeholders. Employees are encouraged to disclose information relevant to misconduct, malpractices, or irregularities through the whistle-blowing channels. It is stipulated in the Business Principles (商业原则) that the personal information and content of the whistle-blower will be kept confidential in order to prevent retaliation, while the relevant complaints will be investigated and evaluated in a fair and proper manner. Solutions will be determined for each case, which may include punishment and legal action taken against any corruption in breach of the relevant laws and company policies.

### ***Anti-corruption training***

Our Group requires all employees in Hong Kong and abroad to sign an annual declaration to confirm compliance with the business ethics policy. Relevant employees are required to enter into an anti-corruption warranty in order to acknowledge the possible consequences of corruption. In 2023, policies and procedures have been disseminated to 5 Directors and 922 employees to get them familiarised with the guidance on anti-corruption. Our Group also provides training to the employees at least once every year with necessary and updated knowledge to deal with anti-corruption. Our employees attended training workshops for approximately 1,644 hours with discussion on business ethics, common instances of fraud, as well as methods of management and prevention of corruption. In addition, our Group also invites the Independent Commission Against Corruption to conduct seminars at the Hong Kong office to strengthen employees' awareness of corruption. Our Group will continue to promote ethical value and culture in workplace.

### ***Community support***

In active fulfilment of corporate social responsibility, our Group takes into consideration the impact of its business activities might have on the neighbourhood. Under the Business Principles (商业原则), our Group places great emphasis on cultivating social responsibility awareness among staff and encourages them to better serve the community at work and during their personal time. We actively look for opportunities and focus on supporting our local communities. During the Period Under Review, HK\$27,542 (equivalent to approximately S\$4,677) was donated by our Group to the needy.

Our Group will continuously support community and environmental programmes that align with the Group's missions and values in future years.

## **HEALTH AND SAFETY**

Our Group cares about the well-being of its employees and considers occupational health and safety as its utmost priority for successful operations. Our Group fully abides by the Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong), the Production Safety Law of the PRC (中华人民共和国安全生产法), the Fire Control Law of the PRC (中华人民共和国消防法), the Regulation on Work-Related Injury Insurance (工伤保险条例), the Law of the PRC on the Prevention and Control of Occupational Diseases (中华人民共和国职业病防治法) and the Regulations on the Reporting, Investigation and Disposition of Work Safety Accidents (生产安全事故报告和调查处理条例), and has fulfilled the requirements of the Responsible Business Alliance ("RBA") (负责任商业联盟) standards in PRC on top of the local labour laws and regulations.

In the manufacturing plant, annual internal audits will be conducted on occupational safety, hygiene, labour interests, ethics, and other social responsibilities in accordance with the requirements of the ISO45001 and RBA standards.

Our Group has put in place the occupational health and safety policy and procedures, which are certified by ISO45001 to provide guidance on handling accidents, work injuries, fire evacuations and emergencies.

Employees are expected to exercise reasonable care and attention, and avoid taking any undue risks that might lead to an accident or injury. Any work injury or accident cases will be investigated, and improvement measures will be implemented in order to prevent future occurrences. Our Group has also implemented assessment procedures in terms of occupational hygiene, safety, labour rights and ethical risks to assure that such risks are well identified and mitigated. Further, safety leaflets are always available in the offices to provide employees information and advice on occupational safety. In order to align with the requirements of the ISO45001 and RBA standards, our Group strived to integrate the requirements of the ISO45001 and RBA standards into the current health and safety policies. Our Group continues to evaluate the compliance level to ensure that business operations and activities meet the requirements of all relevant laws, regulations, and standards, and to assure a consistent implementation of all health and safety policies with clear guidelines and procedures, division of responsibilities, and broad staff training. Our Group will update policies, practices, training materials and internal audit documents and tools in the related areas in an ongoing basis.

In the past three years including the Period Under Review, our Group achieved zero work-related fatalities, and the work-related fatality rate is 0%. However, 9 work-related injuries with 640 lost days due to work-related injuries were recorded during the Period Under Review. None of our Group entities were penalised, fined or taken regulatory action by the PRC authorities in respect of such work-related injuries.

## **STAFF DEVELOPMENT AND TRAINING**

### ***Employee training***

To cope with our Group's pace of growth, we have formulated a training policy and continue to conduct various internal trainings for its employees which enables the employees to attain the necessary skills and knowledge, flexibly and quickly adapt to the ever-changing environment, and achieve career development. A decentralised approach is adopted in managing the training and development programs to meet the needs of employees in PC Partner Dongguan. For example, trainings on quality and occupational safety and health are provided to quality management officers and technicians. PC Partner Dongguan also continued to roll out an internal education certification project targeting at frontline staff in 2023 to increase their comprehensive knowledge in factory management and expertise, thereby facilitating their career development. After years of efforts, an effective staff development and training programme has been established and is well-received by staff. Further, new employees are also required to attend an introductory training session in order to gain a minimum understanding of the company policies, procedures and operating systems.

During the Period Under Review, our Group has organised several training events (excluding the induction training for new employees). Approximately 92.36% of the employees in PC Partner Dongguan have been provided with training with an average of approximately 14.04 hours of training completed by each employee. PC Partner Dongguan will continuously invest resources in providing various types of training to our employees in order to improve their professional competencies.

### ***Employee development and career advancement***

PC Partner Dongguan offers financial support to employees to encourage them to participate in external training programmes outside of work, such as cultural and technical certification programmes that will support their career aspirations. The employees have obtained their certifications through such support. The conditions are also specified under the Policy on External Training and Subsidy (外部培训及进修资助政策). PC Partner Dongguan ensures that the conditions are effectively communicated to the employees, and also provides them with essential RBA-related knowledge, as specified under the RBA Training Management Procedure (RBA培训管理程序).

### ***Labour standards***

Our Group places great emphasis on fairness, and strictly prohibits child and forced labour in our Group in accordance with the applicable laws and regulations such as the Employment Ordinance (Cap. 57 of the Laws of Hong Kong), the Labor Law of the PRC (中华人民共和国劳动法), the Labor Contract Law of the PRC (中华人民共和国劳动合同法), the Law of the PRC on the Protection of the Minors (中华人民共和国未成年人保护法), and the Provisions on the Prohibition of Using Child Labour (禁止使用童工规定). In compliance with these laws and regulations, our Group's Employee Handbook requires the Human Resources and Administration Department to verify the identity of job seekers during the recruitment process by ensuring the authenticity of the documents, and to verify that they have reached the legal working age.

To avoid forced labour, our Group also sets out provisions in the Employee Handbook on working hours, overtime work arrangements, leaves entitlement, and remuneration policies. Relevant guidelines are also expressly stipulated in the RBA Work Instruction (RBA工作指引) such as the Regulations on Recruitment Process and Freedom of Choice of Employment (招聘流程及自由择业规定) of PC Partner Dongguan in order to safeguard freedom of choice of occupation by standardising the recruitment process. Meanwhile, in order to protect the physical and mental health of children and regulate the recruitment process, PC Partner Dongguan has also established the Regulations for the Management and Control of Child Labour and Underage Workers (童工和未成年工管理控制规定), which outlines the procedures related to recruitment and relevant measures taken when violations are discovered.

In addition, whistle-blowing channels are in place to allow employees to give comments and express feelings about their work or any abnormality in workplaces, such as child or forced labour. Our Group will terminate the employment contract with any child immediately upon discovery. This will be followed by a detailed review of the recruitment procedures will be conducted to avoid wrongful recruitment of child labour in future. Our Group respects employees, ensures labour interests are protected, and prohibits any forced labour practice. Our Group will investigate any discovered forced labour case and will take corrective action to protect the best interests of employees in accordance with laws and regulations.

### ***Respect for human rights***

In addition to local legal compliance, our Group respects internationally recognised human rights relevant to its operations and requires its business partners and suppliers to do the same. Our Group's commitment to upholding human rights is integrated into the RBA Work Instruction (RBA工作指引). Various channels are in place for employees to express comments or grievances relating to non-conformance with the prevailing management systems, behaviour that may be detrimental to their personal interest, or that of our Group. To address the grievances, standardised grievance mechanisms and procedures are clearly outlined as remedies to the negative impacts. Under the policy, valid complaints will be duly dealt with, and the identity of the complainant is kept confidential in order to prevent retaliation.

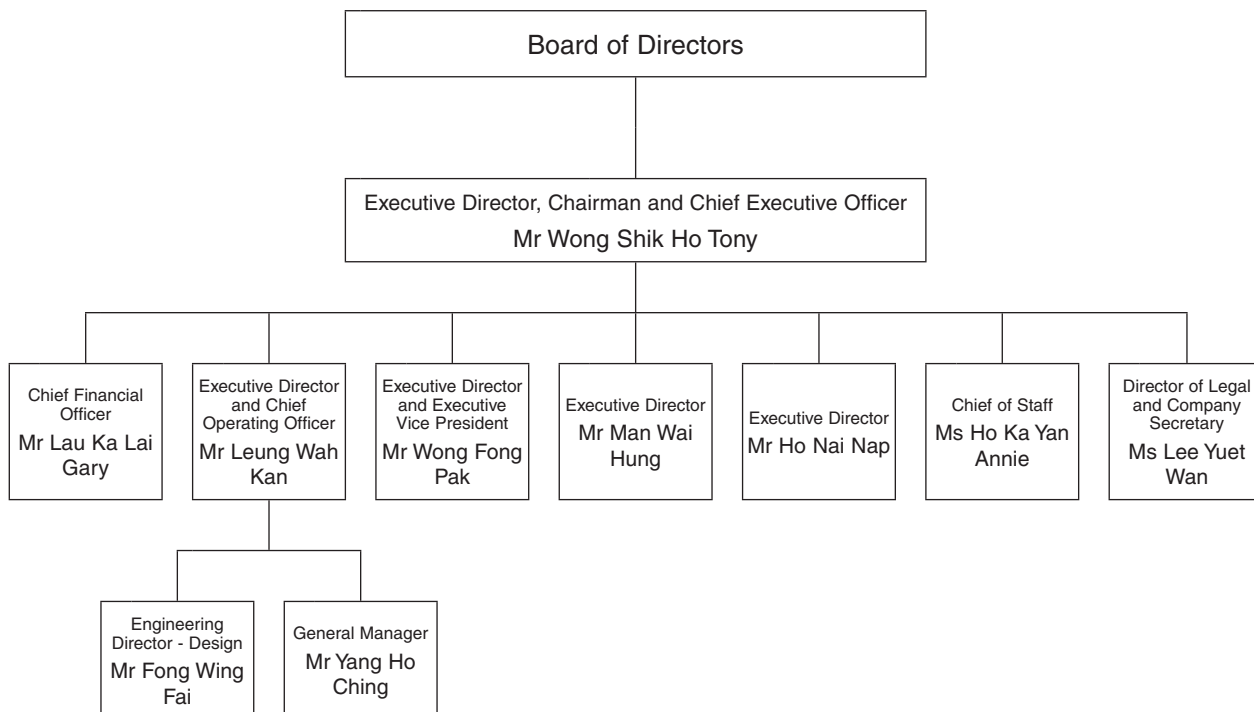
Every employee is entitled to the freedom of assembly and right of collective bargaining without our Group's interference, irrespective of his or her ethnicity, sex, position, religious belief, education background, age, and so on. They are allowed to organise and join labour unions, and will not be punished or discriminated against for doing so, such as being rejected for employment, threatened with dismissals, restricted in promotions or pay raises, being forced to work overtime excessively, or being relegated to inferior positions. During the Period Under Review, our Group was not aware of any violation of employee's rights to the freedom of association or collective bargaining.

Moreover, the responsibilities of a company should not be constrained within its own operations. Due diligence on human rights is conducted in management of supply chain risks. Further details are set out in the section headed "Supply chain risk management" above.

## MANAGEMENT AND CORPORATE GOVERNANCE

### MANAGEMENT REPORTING STRUCTURE

The management and reporting structure reflecting the reporting lines and functional responsibilities of our Executive Directors and Executive Officers are set out in the chart below:



### DIRECTORS

Our Board of Directors is entrusted with the responsibility for our overall management and direction.

The following table sets forth information regarding our Directors.

Name	Age	Address	Designation	Date of Appointment
Mr Wong Shik Ho Tony	65	20 Pasir Panjang Road, #11-27 Mapletree Business City, Singapore 117439	Executive Director, Chairman and CEO	1 April 2010
Mr Wong Fong Pak	75	20 Pasir Panjang Road, #11-27 Mapletree Business City, Singapore 117439	Executive Director and Executive Vice President	1 April 2010
Mr Leung Wah Kan	65	20 Pasir Panjang Road, #11-27 Mapletree Business City, Singapore 117439	Executive Director and COO	1 April 2010
Mr Ho Nai Nap	69	20 Pasir Panjang Road, #11-27 Mapletree Business City, Singapore 117439	Executive Director	24 January 2011

Name	Age	Address	Designation	Date of Appointment
Mr Man Wai Hung	59	20 Pasir Panjang Road, #11-27 Mapletree Business City, Singapore 117439	Executive Director	24 January 2011
Mrs Ho Wong Mary Mee-Tak	75	20 Pasir Panjang Road, #11-27 Mapletree Business City, Singapore 117439	Non-Executive Director	24 January 2011
Ms Alicia Kwan Xiuying	43	20 Pasir Panjang Road, #11-27 Mapletree Business City, Singapore 117439	Independent, Non-Executive Director	5 November 2024
Mr Chua Ser Miang	56	20 Pasir Panjang Road, #11-27 Mapletree Business City, Singapore 117439	Independent, Non-Executive Director	5 November 2024
Mr Jason Goh Hseng Wei	48	20 Pasir Panjang Road, #11-27 Mapletree Business City, Singapore 117439	Independent, Non-Executive Director	5 November 2024
Mr Kong Chee Keong	56	20 Pasir Panjang Road, #11-27 Mapletree Business City, Singapore 117439	Independent, Non-Executive Director	5 November 2024
Ms Chan Yim	52	20 Pasir Panjang Road, #11-27 Mapletree Business City, Singapore 117439	Independent, Non-Executive Director	5 November 2024
Professor Low Teck Seng	69	20 Pasir Panjang Road, #11-27 Mapletree Business City, Singapore 117439	Independent, Non-Executive Director	5 November 2024
Mr Teo Chun-Wei, Benedict	45	20 Pasir Panjang Road, #11-27 Mapletree Business City, Singapore 117439	Independent, Non-Executive Director	5 November 2024

### Experience of our Board of Directors

Information on the key business and working experience of our Directors is set out below:

**Mr Wong Shik Ho Tony**, aged 65, was appointed as a Director on 1 April 2010 and re-designated as an Executive Director and CEO on 24 January 2011 and was a co-founder of our Group in May 1997. Mr Wong is responsible for the overall strategic management and corporate development of our Group. He directly oversees our Group's finance and administration functions as well as the sales and marketing functions of our Group's VGA Cards, motherboards, mini-PCs/PC and other PC accessories businesses. He also sits on the boards of directors of various companies within our Group. Prior to co-founding our Group in 1997, he worked as a general manager at VTech Computers Limited. Mr Wong was conferred a Bachelor of Science degree in Electronics & Electrical Engineering by the University of Swansea, South Wales, the United Kingdom in 1982.

**Mr Wong Fong Pak**, aged 75, was appointed as a Director on 1 April 2010 and re-designated as an Executive Director and Executive Vice President on 24 January 2011 and a co-founder of our Group in May 1997. Mr Wong is responsible for managing our Group's materials management function and sales and business development function of our Group's EMS business. He also sits on the boards of directors of various companies within our Group. Prior to co-founding our Group in 1997, Mr Wong worked as a materials manager at VTech Computers Limited. Mr Wong was conferred a Final Certificate for Electrical Technicians by the Hong Kong Technical Institute (Morrison Hill) in the year 1977.



**Mr Leung Wah Kan**, aged 65 was appointed as a Director on 1 April 2010 and re-designated as an Executive Director and Chief Operating Officer on 24 January 2011 and a co-founder of our Group in May 1997. Mr Leung is responsible for the strategic management of our Group's manufacturing operations in the PRC and the product design and development engineering activities of our Group. He also sits on the boards of directors of various companies within our Group. Prior to co-founding our Group in 1997, he worked at VTech Computers Limited for more than 14 years, serving in various capacities from a testing engineer to a general manager. Mr Leung was conferred a Bachelor of Science in Engineering degree in 1981 by the University of Hong Kong.

**Mr Ho Nai Nap**, aged 69, was appointed as an Executive Director on 24 January 2011 and is the founder of ASK Technology in 1989. Mr Ho is now the general manager and managing director of ASK Group, a wholly-owned subsidiary of our Company which owns the Inno3D brand. He is responsible for the general management of the ASK Group, including product and sales. He also sits on the boards of directors of various companies within our Group. Before founding ASK Technology, Mr Ho worked for Plantronics Inc., Compression Labs Inc., Texas Instruments Hong Kong Ltd. and Telefunken Electronic Far East Ltd. Mr Ho was conferred a Bachelor of Science in Electrical and Computer Engineering degree in 1980 and a Master of Science degree in 1982 by the Oregon State University.

**Mr Man Wai Hung**, aged 59, was appointed as an Executive Director on 24 January 2011 and is the co-founder of Manli Technology in 1996. Since 2008, Mr Man has been the managing director of Manli Group, a wholly-owned subsidiary of our Company which owns the Manli brand and is in charge of functions of sales and marketing, and business development. He was conferred a Bachelor of Arts degree in 1988 by the University of Hong Kong.

**Mrs Ho Wong Mary Mee-Tak**, aged 75, was appointed as a Non-executive Director on 24 January 2011. Mrs Ho was the wife of the late Mr Ho Hin Wun Bosco, a co-founder of the Group. Mrs Ho also sits on the boards of directors as Non-executive Director of other companies within the Group. She completed a three-year program of study in interior design at Ryerson University (now known as Toronto Metropolitan University) in 1972.

**Ms Alicia Kwan Xiuying**, age 43, was appointed as an Independent Director on 5 November 2024. Ms Kwan is a Team and Professional Coach specialising in helping teams, leaders and professionals co-create connected and effective work environments by aligning behaviours and ways of communication to their vision. Prior to this, Ms Kwan has more than 15 years experience in the corporate finance and mergers & acquisitions industry where she worked for RTA Collab Capital Pte. Ltd., a subsidiary of Rajah & Tann Singapore LLP, and SAC Capital Private Limited. She was most recently a Director at RTA Collab Capital Pte. Ltd., a subsidiary of Rajah & Tann Singapore LLP, where she helped to set up and develop a new M&A origination department. Ms Kwan was conferred a Bachelor of Accountancy by the Nanyang Technological University in 2003 and completed the Newfield Coaching Program, an accredited program by the International Coaching Federation, in 2021. She is also an executive committee member of the Asia Pacific Alliance of Coaches and the Chair of the Team Coaching Committee.

**Mr Chua Ser Miang**, age 56, was appointed as an Independent Director on 5 November 2024. Mr Chua is a Director at Crowe Horwath Capital Pte. Ltd., specialising in the origination and execution of capital market transactions. Prior to joining Crowe Horwath Capital Pte. Ltd., he has worked for Eastwin Capital Pte. Ltd., Stamford Management Pte. Ltd. and DMG & Partners Securities Pte. Ltd. Mr Chua was conferred a Bachelor of Business Administration degree by the National University of Singapore in 1993 and a Master of Science in Global Finance & Banking by King's College London in 2021. He is also a Chartered Financial Analyst charter holder from the CFA Institute and is currently a member of the Institute of Singapore Chartered Accountants.

**Mr Jason Goh Hseng Wei**, age 48, was appointed as an Independent Director on 5 November 2024. Mr Goh is a Senior Vice President and the Head of Strategic Investments and Mergers and Acquisitions at SATS Ltd., a global leading provider of gateway services and food solutions based in Singapore and listed on the Main Board of the SGX-ST, where he oversees SATS Ltd's global strategic investments, acquisitions and other related business opportunities. Mr Goh has a background of more than 20 years in finance and corporate finance and has also previously worked as an investment banker and practised as a corporate lawyer. Mr Goh was conferred a Bachelor of Science (Social Sciences) in Accounting and Law (Double Honours) from the University of Southampton in 2001.

**Mr Kong Chee Keong**, age 56, was appointed as an Independent Director on 5 November 2024. Mr Kong was most recently the CEO and Executive Director of Darco Water Technologies Limited. Prior to joining Darco Water Technologies Limited, he was the Managing Director of Penvest Co. Pte Ltd., which he founded in 2011. Mr Kong was conferred a Bachelor of Accountancy degree by the National University of Singapore in 1991 and a Master of Business Administration by the University of Manchester in 2003. Mr Kong has been a Chartered Accountant with the Institute of Singapore Chartered Accountants since 2014 and is currently a member of the Singapore Institute of Directors.

**Ms Chan Yim**, aged 52, was appointed as an Independent Non-Executive Director on 1 January 2023. Ms Chan is a certified public accountant and a Fellow of the Hong Kong Institute of Certified Public Accountants, with over 25 years of experience in finance, auditing, accounting, and company secretarial matters. She previously served as company secretary for Great Wall Terroir Holdings Limited (formerly known as Great Wall Belt & Road Holdings Limited, and also formerly known as e-Kong Group Limited), an investment holding company listed on the HKEX, primarily engaged in telecommunications and information technology. Ms Chan was conferred a Bachelor of Business Administration in Accounting degree by the Hong Kong University of Science and Technology in 1995.

**Professor Low Teck Seng**, age 69, was appointed as an Independent Director on 5 November 2024. Professor Low is a Senior Vice President (Sustainability and Resilience) at the National University of Singapore, where he oversees, manages and coordinates sustainability initiatives across the university. He was the former CEO of the National Research Foundation (NRF) of Singapore, Managing Director for the Agency for Science Technology and Research (A\*STAR) and dean of engineering at the National University of Singapore. Professor Low received his Bachelor of Science in Electrical & Electronic Engineering in 1978 from the University of Southampton and subsequently received his Ph.D. from the same university in 1982. Professor Low is also a Fellow with the Institution of Engineers Singapore and Institute of Electrical and Electronic Engineers USA.

**Mr Teo Chun-Wei, Benedict**, age 45, was appointed as an Independent Director on 5 November 2024. Mr Teo is a Director of Dispute Resolution and Head of Banking & Financial Disputes at Drew & Napier LLC. He regularly advises and acts for major corporations on matters of corporate governance, issues relating to management as a leading lawyer in major law directories including Legal 500, Asialaw Leading Lawyers and Benchmark Litigation, and was named by the Singapore Business Review as one of “Singapore’s Most Influential Lawyers Under 40” in 2016. Mr Teo was conferred a Bachelor of Laws degree by the National University of Singapore in 2004.

#### Resignation of Retiring Directors and appointment of Independent Directors

In connection with the Introduction and the Company’s intention to convert to a primary listing status on the Main Board of the SGX-ST and delist from the HKEX, all of the independent non-executive directors (save for Ms Chan Yim) on the Board as at 5 November 2024 and Mr Chiu Wing Yiu (the alternate director to Mrs Ho Wong Mary Mee-Tak) (the “**Retiring Directors**”) had stepped down on 5 November 2024, and each of Ms Alicia Kwan Xiuying, Mr Teo Chun-Wei Benedict, Mr Chua Ser Miang, Mr Kong Chee Keong, Mr Jason Goh Hseng Wei and Professor Low Teck Seng was appointed as an Independent Director on 5 November 2024 to ensure that all the Independent Directors appointed to the Board meets the independence requirements as set out in the Listing Manual and the Code of Corporate Governance 2018 (the “**CCG**”). This is also because the then independent non-executive directors on the Board as at 5 November 2024, namely Mr Ip Shing Hing and Mr Cheung Ying Sheung, had sat on the Board for more than nine years, which precludes them from being Independent Directors for the purposes of complying with the requirements under the Listing Manual and the CCG.

We confirm that there have not been material disagreement(s) amongst the Board members in connection with the stepping down of the Retiring Directors from our Board.

### Nominating Committee's views on the resignation of Retiring Directors and the appointment of the Independent Directors

The Nominating Committee is of the view that our minority Shareholders would not be unfairly prejudiced by the change in Board composition as (a) there remains continuity in the oversight and management of the overall strategic direction, business and operations of our Group through the Executive Directors who are continuing as Executive Directors of our Company following the Introduction; and (b) the appointment of the six Independent Directors are being undertaken for the purposes of complying with the requirements of Rule 210(5)(c) of the Listing Manual and Provision 2.2 of the CCG.

### **Listed Company Experience of the Board of Directors**

As our Company has been listed on the HKEX since 2012, all our Executive Directors as well as Mrs Ho Wong Mary Mee-Tak and Ms Chan Yim have experience as a director of a public listed company in Hong Kong. As evidenced by their respective business and working experience set out above, our Directors possess the appropriate expertise to act as directors of our Company. In addition, Mr Chua Ser Miang, Mr Kong Chee Keong, Professor Low Teck Seng have prior and/or current experience as a director of a public listed company in Singapore and are familiar with the rules and responsibilities of a director of a public listed company in Singapore.

While the remaining Directors do not have prior experience as a director of an issuer listed on the SGX-ST, they have been briefed on their roles and responsibilities of a director of a public listed company in Singapore. Additionally, in accordance with the requirements under the Listing Manual, each of Mr Wong Shik Ho Tony, Mr Wong Fong Pak, Mr Leung Wah Kan, Mr Ho Nai Nap, Mr Man Wai Hung, Mrs Ho Wong Mary Mee-Tak, Mr Teo Chun-Wei, Benedict, Ms Alicia Kwan Xiuying, Ms Chan Yim and Mr Jason Goh Hseng Wei will, by the end of the first year of our Company's listing on the SGX-ST, attend the relevant courses on the roles and responsibilities of a director of a public listed company in Singapore for listed entity essentials, board dynamics, board performance, stakeholder engagement and environmental, social and governance essentials, as well as the courses on audit committee essentials, board risk committee essentials, nominating committee essentials and remuneration committee essentials, where relevant to their respective appointments to our Board.

### **Present and past principal directorships of our Directors**

The present and past principal directorships held by our Directors in the last five years preceding the date of this Introductory Document (excluding those held in our Company) are set out in the section entitled "Appendix G – List of Present and Past Principal Directorships" of this Introductory Document.

### **Significant Changes in Percentage of Ownership**

Save as disclosed in the section entitled "Share Capital and Shareholders" of this Introductory Document, there have not been any significant changes in the percentage of ownership of our Directors in our Company in the last three years up to the Latest Practicable Date.

### **Term of Office**

Save in respect of the appointments of the Executive Directors, with whom we have entered into Service Agreements as described below, our Directors do not currently have fixed terms of office. Our Articles of Association provides that at each annual general meeting of our Company, one-third of our Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. However, a retiring Director shall be eligible for re-election.

None of our Directors has entered, or proposes to enter, into any service agreement with our Company or any subsidiary or subsidiary entity of our Company which provides for benefits upon termination of employment.

## EXECUTIVE OFFICERS

Our Executive Officers, together with our Executive Directors, are responsible for our day-to-day management and operations as well as the implementation and execution of our operational policies. The following table sets forth information regarding our Executive Officers.

Name	Age	Address	Designation	Date of Appointment
Mr Lau Ka Lai Gary	54	20 Pasir Panjang Road, #11-27 Mapletree Business City, Singapore 117439	CFO	25 October 2010
Mr Yang Ho Ching	59	28/F, NCB Innovation Centre, 888 Lai Chi Kok Road, Kowloon, Hong Kong	General Manager	18 November 2013
Ms Ho Ka Yan Annie	50	28/F, NCB Innovation Centre, 888 Lai Chi Kok Road, Kowloon, Hong Kong	Chief of Staff	1 July 2023
Mr Fong Wing Fai	57	28/F, NCB Innovation Centre, 888 Lai Chi Kok Road, Kowloon, Hong Kong	Engineering Director – Design	1 April 2014
Ms Lee Yuet Wan	55	20 Pasir Panjang Road, #11-27 Mapletree Business City, Singapore 117439	Director of Legal and Company Secretary	1 September 2021

### Experience of our Executive Officers

Information on the key business and working experience, educational and professional qualifications, if any, and areas of responsibilities of our Executive Officers are set out below:

**Mr Lau Ka Lai Gary**, age 54, Chief Financial Officer, is responsible for overall financial, accounting, legal and information technology functions of our Group. He is also the President of Zotac USA Inc. (Nevada), a wholly-owned subsidiary of our Company in the USA. Mr Lau joined our Group in October 2010. Prior to joining our Group, he has worked for Rolex (Hongkong) Limited, Johnson Electric International Limited, Linyi Shansong Biological Products Company Limited, Oracle Systems Hong Kong Limited, e2e Business Solutions Limited and Deloitte Touche Tohmatsu. Mr Lau is a member of American Institute of Certified Public Accountants and a member of Hong Kong Institute of Certified Public Accountants. Mr Lau graduated from the University of Windsor, Canada, with a Bachelor's Degree in Commerce and the University of Western Ontario, Canada, with a Bachelor Degree in Science. He also holds a Master's Degree in Business Administration and a Master Degree in Business Systems from the University of Manchester and Monash University.

**Mr Yang Ho Ching**, age 60, General Manager, is responsible for our Group's VGA Cards, motherboard and mini-PCs/PC manufacturing operations in Dongguan. He joined our Group in November 2013. Mr Yang has more than 25 years' experience in electronic engineering and computer manufacturing in Taiwan and the PRC. Prior to joining our Group, he has held various quality and manufacturing management positions at Taiwan Micro-Star International, Xin Qiang Electronics and GVC Corporation etc. Mr Yang holds a Bachelor's Degree in Electrical & Engineering from Chien Hsin University of Science and Technology.

**Ms Ho Ka Yan Annie**, age 50, Chief of Staff, is responsible for our Group's human resource management and organisational administration. Ms Ho joined our Group in 2013 and has more than 18 years experience in human resource and administration in Hong Kong and the PRC. Prior to joining our Group, she has held various positions in G'Five Group as well as private equity management offices. Ms Ho holds a Bachelor of Business (Management) Degree from the Royal Melbourne Institute of Technology.

**Mr Fong Wing Fai**, age 57, Engineering Director, is responsible for our Group’s design engineering, product planning, design roadmap as well as advising our Group on the latest product technology trend and strategy. Mr Fong has over 25 years’ experience in engineering industry. Prior to joining our Group, he has worked for VTech Computers Limited as Project Manager. Mr Fong holds a Bachelor’s Degree in Electrical and Electronic Engineering from the University of Hong Kong.

**Ms Lee Yuet Wan**, age 55, Director of Legal and Company Secretary, is responsible for our Group’s legal and company secretarial functions. Ms Lee joined our Group in August 2011 and was appointed as our Company Secretary of the Company effective from 1 September 2021. Ms Lee holds a Bachelor of Laws (Hons) Degree from the University of London, a Master of Laws in International Economic Law from the Chinese University of Hong Kong and a Master of Arts in Language Studies (Language and Law) from the City University of Hong Kong.

### **Present and past principal directorships of our Executive Officers**

The present and past principal directorships held by our Executive Officers in the last five years preceding the date of this Introductory Document (excluding those held in our Company) are set out in the section entitled “Appendix G – List of Present and Past Principal Directorships” of this Introductory Document.

## **LEGAL REPRESENTATIVES**

### **Identities of the Legal Representatives**

As at the Latest Practicable Date, the legal representatives of our PRC subsidiaries are as follows:

Subsidiary	Name of Legal Representative	Position held in the subsidiary	Nationality	Paid-Up Capital
东莞柏能电子科技有限公司	Wong Shik Ho Tony (王锡豪)	Legal Representative	Canadian	US\$21,298,264.65
索泰(东莞)电子科技有限公司	Wong Shik Ho Tony (王锡豪)	Legal Representative	Canadian	RMB600,000
卓能(东莞)数码技术有限公司	Wong Shik Ho Tony (王锡豪)	Legal Representative	Canadian	RMB1,000,000
智盈通电子(东莞)有限公司	Cheung Hau Yin (张巧彦) <sup>21</sup>	Legal Representative	Hong Kong	RMB1,000,000

Our Company has put in place processes and procedures to safeguard against the risk of any of the legal representatives of our PRC subsidiaries taking any unauthorised action in the future as further described below.

### **Powers and Responsibilities of Legal Representatives in the PRC**

In accordance with applicable PRC laws, each of the above legal representatives has the following powers in relation to the respective PRC subsidiaries:

- (a) to act as representative of the respective PRC subsidiaries; and
- (b) to execute contracts on behalf of the respective PRC subsidiaries, with or without the company seal.

<sup>21</sup> Mr Cheung Hau Yin holds the title “senior manager” at PCPL and has been employed by our Group since September 2013. Mr Cheung Hau Yin does not have any other relationship with any of the Directors, Executive Officers, Controlling Shareholder/ Substantial Shareholders of the Group and their associates.



While the legal representatives of our Group's PRC subsidiaries can execute contracts on behalf of the respective PRC subsidiaries, with or without the company seal, there are several instances where the legal representative is required to use the company seals or chops. These include:

- counterparties transacting with our Group's PRC subsidiaries may require contracts to be affixed with the company's seals;
- documents to be submitted to governmental authorities, including various applications, filings, and reports, typically need to be affixed with company seals;
- financial seals may be required for our Group's PRC subsidiaries' accounting affairs and procedures with banks;
- in the case of a change in a company's legal representative, such changes must be updated with the corporate registration authority. For this purpose, the company seal is required to be affixed onto the application submitted to the authorities; and
- the company seals may also be used to execute contracts, with or without legal representatives' signatures.

Under PRC company law, the legal representative shall be appointed and removed in accordance with the M&AA of the company, and the legal representative shall be any director who carries out the company's affairs on its behalf or the general manager of the company. Any change in the legal representative shall be registered with the competent authorities. Further, the directors of a company shall be appointed by the shareholders and the general manager shall be appointed by the board or the sole director (in case no board is formed in the company). Therefore, the legal representative can be appointed and removed by the shareholders or through the appointed board or sole director as stipulated in the M&AA of the company. The removal of the legal representative can be effected without the legal representative's consent. The legal representative has the right to resign from such position in which case the company is obligated to determine a successor legal representative within 30 days.

Based on the above and the M&AA of each of our PRC subsidiaries, each of their respective shareholders shall be able to, either directly or indirectly, control the appointment and dismissal of its legal representatives. Procedurally, (a) shareholders can execute a new appointment letter and pass a shareholders' resolution for the appointment of a new legal representative and remove the existing legal representative, and (b) the PRC subsidiaries can make a submission signed by the new representative to the State Administration of Market Regulation (or its local counterpart) in the PRC, to effect the removal of the existing legal representative and the appointment of the new legal representative.

Considering the impact in the event that a legal representative represents our PRC subsidiaries or executes contracts on behalf of our respective PRC subsidiaries without having obtained prior authorisation, we have implemented the following measures in the event of a change to the legal representative of our PRC subsidiaries:

- (a) the implementation of internal control systems to ensure proper authorisation as to the delegation of authority and to ensure that payments require proper approvals;
- (b) the implementation of measures to safeguard the corporate, finance and legal seal in each of our PRC subsidiaries such as the safekeeping of such documents and items, which are presently kept in a secured location accessible only by our Group's COO and a designated employee (who is not a member of our Group's finance department) and not the legal representatives;
- (c) the timely filing of all signed written resolutions and documents relating to any changes and appointments of legal representatives with the competent authorities, with the original documents submitted being safely kept by dedicated personnel at the office of our PRC subsidiaries. Copies of these documents will also be maintained by our Group's legal and corporate secretarial department at our headquarters in Hong Kong, and subsequently in Singapore following the relocation of the Group's headquarters to Singapore;

- (d) the segregation of cash management duties, including receipt and payment procedures, whereby each PRC subsidiary has an employee specifically assigned to cash management duties in accordance with the relevant PRC laws;
- (e) maintaining records of all business interests held by the legal representatives outside of the Group's operations, including directorships, sole proprietorships, partnerships, or any shareholding exceeding 5% in any entity;
- (f) safekeeping of the originals of the business licences of each of our PRC subsidiaries by a dedicated personnel at our Group's headquarters in charge of safekeeping the licences in accordance with our licences management system; and
- (g) undertakings provided by each legal representative to obtain approval from the Executive Officers of the Company before assuming any executive role(s) outside of our Group.

As advised by Guantao Law Firm, we are of the view that the procedures in place to appoint and remove the legal representatives of our Group's PRC subsidiaries as stipulated in the M&AA of our Group's PRC subsidiaries are in compliance with the requirements of relevant PRC laws. Our Board is also of the view that with these measures and safeguards, our Group would be able to effectively limit the risks in relation to the appointment of the legal representatives and sufficiently protect the interests of our Group. Our Audit Committee will monitor and periodically review the processes and procedures in relation to the appointment and removal of the legal representatives of our PRC subsidiaries to ensure their effectiveness and robustness.

## **FAMILY RELATIONSHIPS**

Save as disclosed in the section entitled "Management and Corporate Governance – Related Employees" of this Introductory Document, as at the Latest Practicable Date, none of the Directors has any family relationship with one another, with any Executive Officers, with any of our employees whose work we are dependent on, with any Substantial Shareholder or any person expected to be a Substantial Shareholder as at the Listing Date.

## **CORPORATE GOVERNANCE**

Our Directors recognise the importance of corporate governance and the maintenance of high standards of accountability to our Shareholders. Our Board has established three committees: (a) the Audit Committee; (b) the Nominating Committee; and (c) the Remuneration Committee.

### **Audit Committee**

Our AC comprises Mr Chua Ser Miang, Mr Kong Chee Keong and Ms Alicia Kwan. The Chairman of our AC is Mr Chua Ser Miang. The AC is responsible for:

- (a) assisting our Board of Directors in discharging its statutory responsibilities on financing and accounting matters;
- (b) reviewing significant financial reporting issues and judgments to ensure the integrity of the financial statements and any formal announcements relating to financial performance;
- (c) reviewing the scope and results of external audits and its cost effectiveness, and the independence and objectivity of the external auditors;
- (d) reviewing the external auditor's audit plan and audit report, and the external auditor's evaluation of the system of internal accounting controls as well as reviewing our Group's implementation of any recommendations to address any control weaknesses highlighted by the external auditor;
- (e) reviewing the key financial risk areas which are identified from financial reporting issues and judgments, the risk management structure and any oversight of the risk management process and activities to mitigate and manage risk at acceptable levels determined by our Board;

- (f) reviewing the basis for and approving any material deviation from the use of funds raised from any secondary fund-raising post-listing or disclosed to the SGX-ST and ensuring that the use of such funds are not for the benefit of Sanctioned Subjects and where appropriate, appointing internal / external auditors to conduct agreed-upon procedures on the matter to form the basis of the AC's review;
- (g) reviewing the risk management structure and any oversight of the risk management process and activities to mitigate and manage risk at acceptable levels determined by our Board;
- (h) reviewing and reporting to the Board at least annually (a) the adequacy and effectiveness of our risk management and internal controls systems, including financial, operational, compliance controls, information technology controls and internal controls related to cash flows to safeguard the interest of our Group and our Shareholders, in particular with respect to sanctions risks and (b) the implementation of risk treatment plans in relation to the foregoing;
- (i) reviewing the statements to be included in the annual report concerning the adequacy and effectiveness of our risk management and internal controls systems, including financial, operational, compliance controls, information technology controls and internal controls related to cash flows, in particular with respect to sanctions risks, and providing a statement on whether the AC concurs with the Board's confirmations to be included in the annual report;
- (j) reviewing the statements to be included in the annual report of any material change in our Group's risk of being subject to sanctions or a confirmation that there is no change to the status quo;
- (k) reviewing any interested person transactions (including transactions under any general mandate approved by Shareholders pursuant to Chapter 9 of the Listing Manual) and monitoring the procedures established to regulate interested person transactions, including ensuring compliance with our Company's internal control system and the relevant provisions of the Listing Manual, as well as all conflicts of interests to ensure that proper measures to mitigate such conflicts of interests have been put in place;
- (l) ensuring that the internal audit function is adequately resourced and has appropriate standing within our Company;
- (m) reviewing the scope and results of the internal audit procedures, and at least annually, the adequacy and effectiveness of our internal audit function;
- (n) approving the hiring, removal, evaluation, and compensation of the head of the internal audit function, or the accounting / auditing firm or corporation to which the internal audit function is outsourced (if any);
- (o) appraising and reporting to our Board on the audits undertaken by the external auditors and internal auditors and the adequacy of disclosure of information;
- (p) making recommendations to our Board on the proposals to Shareholders on the appointment, reappointment, and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;
- (q) monitoring our Group's risk of becoming subject to sanctions, and ensuring timely and accurate disclosures to the SGX-ST and the relevant authorities should any enquiries be made regarding our Group's dealings with Sanctioned Subject;
- (r) assessing whether there is a need to obtain independent legal advice and/or appoint a compliance adviser, with respect to the applicable sanctions risks to our Group, and continuous monitoring of the written undertakings provided to the SGX-ST as set out in the section titled "Major Suppliers" above;
- (s) undertake such other reviews and projects as may be requested by our Board, and report to our Board its findings from time to time on matters arising and requiring the attention of our AC;

- (t) reviewing the assurance from the Executive Chairman and Chief Executive Officer, and the Chief Financial Officer on the financial records and financial statements;
- (u) reviewing the policy and arrangements by which the staff of our Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, and to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken;
- (v) monitoring and reviewing of the processes and procedures in relation to the appointment and removal of the legal representatives of our PRC subsidiaries to ensure its effectiveness and robustness; and
- (w) undertake generally such other functions and duties as may be required by law, the Listing Manual and/or the HKEX Listing Rules (as the case may be), and by amendments made thereto from time to time.

Apart from the duties listed above, our AC will ensure that arrangements are in place for employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters for appropriate follow-up action. Our AC will also commission and review the findings of internal investigations into such matters or matters where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any law, rule or regulation which has or is likely to have a material impact on our Group's operating results and financial position. In the event that a member of our AC is interested in any matter being considered by our AC, he will abstain from reviewing and deliberating on that particular transaction, or voting on that particular resolution.

#### ***Adequacy of Internal Controls and Risk Management Systems***

In preparation for our Listing, our AC has held discussions with the Independent Joint Auditors, in relation to our internal controls and risk management systems, and has been provided with an overview of the written policies in relation to (a) the financial, operational, compliance and information technology controls of our Group and (b) risk management systems of our Group, by the Executive Officers of our Company.

Our Board of Directors has also noted that no material internal control or risk management system weaknesses have been raised by the Independent Joint Auditors in the ordinary course of their audit of the consolidated financial statements of our Group for FY2021, FY2022, and FY2023.

Based on the foregoing and the risk management and internal control policies and procedures established and maintained by our Group, work performed by the internal and external auditors of our Group and reviews performed by management, our Board of Directors, after making all reasonable enquiries and to the best of its knowledge and belief, with the concurrence of our Audit Committee, is of the opinion that the risk management and internal control systems of our Group are adequate to address the financial, operational, compliance, information technology risks and internal control risks related to cash flows to safeguard the interest of our Group and our Shareholders including with respect to sanctions risks.

Following our Group's listing on the SGX-ST, our Audit Committee will continually review the effectiveness of our internal control procedures and, if necessary, outsource our internal audit function to ensure the adequacy and sufficiency of internal control procedures within our Group.

#### ***Audit Committee's Opinion on the Suitability of our CFO***

Our Audit Committee, after conducting an interview with Mr Lau Ka Lai Gary and having considered:

- (i) the qualifications and past working experience of Mr Lau Ka Lai Gary (as described in the section entitled "Management and Corporate Governance – Executive Officers" of this Introductory Document) which are compatible with his position as CFO of our Group;
- (ii) the length of Mr Lau Ka Lai Gary's working experience with our Group, having first joined our Company in 2010 as the Chief Financial Officer, and Mr Lau Ka Lai Gary's familiarity with our Group;

- (iii) Mr Lau Ka Lai Gary's demonstration of the requisite competency in finance-related matters of our Group in connection with the preparation for listing of our Company; and
- (iv) the absence of feedback from the representatives of the Independent Joint Auditors, BDO LLP and BDO Limited, that Mr Lau Ka Lai Gary is not suitable for the position of CFO of our Group,

is of the opinion that Mr Lau Ka Lai Gary has the necessary expertise and experience to discharge his duties as the CFO of our Company.

After making all reasonable enquiries, and to the best of the knowledge and belief of our Audit Committee, nothing has come to the attention of the members of our Audit Committee to cause them to believe that Mr Lau Ka Lai Gary does not have the competence, character and integrity expected of a chief financial officer (or its equivalent rank) of a listed issuer.

### **Nominating Committee**

Our Nominating Committee comprises Professor Low Teck Seng, Mr Teo Chun-Wei, Benedict and Ms Chan Yim. The Chairman of our Nominating Committee is Professor Low Teck Seng.

The Nominating Committee is responsible for:

- (a) making recommendations to our Board of Directors on relevant matters relating to (a) the review of board succession plans for directors, (b) the reviewing of training and professional development programs for our Board and (c) the appointment and re-appointment of our Directors (including alternate Directors, if applicable) and other persons having authority and responsibility for planning, directing and controlling the activities of our Company ("**Key Management Personnel**");
- (b) reviewing and determining annually, and as and when circumstances require, if a Director is independent, in accordance with the Code of Corporate Governance and any other salient factors;
- (c) reviewing the composition of our Board of Directors annually to ensure that our Board of Directors and our Board committees comprise Directors who as a group provide an appropriate balance and diversity of skills, expertise, gender, and knowledge of our Company, and provide core competencies such as accounting or finance or legal, business or management experience, industry knowledge, strategic planning experience, and customer-based experience and knowledge;
- (d) where a Director has multiple board representations, deciding whether the Director is able to and has been adequately carrying out his duties as Director, taking into consideration the Director's number of listed company board representations and other principal commitments; and
- (e) undertake generally such other functions and duties as may be required by law, the Listing Manual and/or the HKEX Listing Rules (as the case may be), and by amendments made thereto from time to time.

In addition, our Nominating Committee will make recommendations to our Board of Directors on the development of a process for evaluation of the performance of the Board, its board committees, and Directors. In this regard, our Nominating Committee will decide how our Board of Directors' performance is to be evaluated and propose objective performance criteria which addresses how our Board of Directors has enhanced long-term shareholder value. The Nominating Committee will also implement a process for assessing the effectiveness of our Board of Directors as a whole and our Board committees, and for assessing the contribution of our Chairman and each individual Director to the effectiveness of our Board of Directors. Our Chairman will act on the results of the performance evaluation of our Board of Directors and, in consultation with our Nominating Committee, propose, where appropriate, new members to be appointed to our Board of Directors, or to seek the resignation of Directors.

Each member of the Nominating Committee is required to abstain from voting, approving, or making a recommendation on any resolutions of the Nominating Committee in which he has a conflict of interest in the subject matter under consideration.



*The Board and Nominating Committee's view of our Independent Directors*

The Board, including the Nominating Committee, having taken into consideration the following:

- (a) the number of listed company directorships held by each of our Independent Directors;
- (b) the principal commitments of our Independent Directors;
- (c) the confirmations by our Independent Directors stating that they are each able to devote sufficient time and attention to the matters of our Company;
- (d) the confirmations by our Independent Directors that each of them is not accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of any controlling shareholder of our Company, has no relationship with our Company, our related corporations or with any directors of these corporations, our Substantial Shareholders or our officers that could interfere or be reasonably perceived to interfere, with the exercise of his or her independent business judgment with a view to the best interests of our Company;
- (e) our Independent Directors' working experience and expertise in different areas of specialisation; and
- (f) the composition of the Board,

is of the view that (a) each of our Independent Directors is individually able to devote sufficient time to the discharge of their duties, and are suitable and possess relevant experience as Independent Directors of our Company, and (b) our Independent Directors, as a whole, comprise the majority of our Board and therefore represent a strong and independent Board which is able to exercise objective judgment on corporate affairs independently.

**The views of the Board, including the Nominating Committee, on the suitability of Mr Chua Ser Miang as Independent Director**

Mr Chua Ser Miang, our Independent Director was previously an independent director of Yamada Green Resources Ltd whose executive director was the subject of a public reprimand issued by the SGX-ST. Please refer to the section entitled "General Information – Information on Directors and Executive Officers" of this Introductory Document for further details.

Our Board, including the Nominating Committee, has found no reason to believe that Mr Chua Ser Miang does not have the competence, character and integrity to fulfil his responsibilities as an Independent Director of our Company, and that Mr Chua Ser Miang complies with Rule 210(5)(b) of the Listing Manual, for the following reasons:

- (a) Mr Chua Ser Miang was not involved in the management or the operations of Yamada Green Resources Ltd or its subsidiaries at any point of time;
- (b) Mr Chua Ser Miang was also not the subject of any investigation by Foo Kon Tan LLP or any government or regulatory authorities;
- (c) Mr Chua Ser Miang was not implicated, sanctioned or reprimanded, nor was he disqualified as a director following the public reprimand by SGX-ST against the executive director of Yamada Green Resources Ltd;
- (d) Mr Chua Ser Miang is currently the non-executive chairman and independent director as well as chairman of the audit committee of Aoxin Q&M Dental Group Limited as well as an independent director of LS 2 Holdings Limited and Kori Holdings Limited, each of which are companies listed on the SGX-ST, which go to his experience and suitability to act as a director of a listed company;
- (e) Mr Chua Ser Miang has been a chartered financial analyst since 2001 and is currently a member of the Institute of Singapore Chartered Accountants;

- (f) Mr Chua Ser Miang has held management roles at several reputable firms, including Crowe Horwath Capital and DMG & Partners Securities Pte. Ltd., where he was involved in the origination and execution of capital market transactions. These roles have provided him with an understanding of corporate finance, capital markets, regulatory compliance, and market operations; and
- (g) as at the Latest Practicable Date, no adverse findings or feedback was noted on Mr Chua Ser Miang.

**The views of the Board, including the Nominating Committee, on the suitability of Mr Kong Chee Keong as Independent Director**

Mr Kong Chee Keong, our Independent Director, previously served as an independent director and later as executive director and chief executive officer of Darco Water Technologies Limited, a company listed on the SGX-ST. Darco Water Technologies Limited was issued a Notice of Compliance by the SGX-ST, requiring the company to disclose a detailed report on the status of a proposed investment project via SGXNet within a stipulated timeframe. For further details, please refer to the section titled “General Information – Information on Directors and Executive Officers” of this Introductory Document.

Our Board, including the Nominating Committee, has found no reason to believe that Mr Kong Chee Keong does not have the competence, character and integrity to fulfil his responsibilities as an Independent Director of our Company, and that Mr Kong Chee Keong complies with Rule 210(5)(b) of the Listing Manual, for the following reasons:

- (a) there were no investigations conducted by the SGX-ST or any government or regulatory authorities on DWT or Mr Kong Chee Keong;
- (b) Darco Water Technologies Limited had subsequently complied with the SGX-ST’s directives within the stipulated timeframe and no further action was taken by the SGX-ST;
- (c) Mr Kong Chee Keong has been a chartered accountant with the Institute of Singapore Chartered Accountants since 2014 and is currently a member of the Singapore Institute of Directors;
- (d) Mr Kong Chee Keong is currently the lead independent director and chairman of the audit committee of JEP Holdings Ltd. as well as an independent director and chairman of the remuneration committee of Ever Glory United Holdings Limited and formerly an independent director of Biolidics Limited and Libra Group Limited, each of which are companies listed on the SGX-ST, which go to his experience and suitability to act as a director of a listed company;
- (e) as at the Latest Practicable Date, no adverse findings or feedback was noted on Mr Kong Chee Keong.

**The views of the Board, including the Nominating Committee, on the suitability of Mr Jason Goh as Independent Director**

Mr Jason Goh Hseng Wei, our Independent Director, previously served as group chief financial officer of Otto Marine Limited, a shipbuilding, ship repair and conversion, and ship chartering company for the offshore oil and gas industry, from May 2017 to November 2017. On 22 March 2018, Otto Marine Limited was placed under judicial management and subsequently placed in liquidation on 5 October 2018. For further details, please refer to the section titled “General Information – Information on Directors and Executive Officers” of this Introductory Document.

Our Board, including the Nominating Committee, has found no reason to believe that Mr Jason Goh does not have the competence, character and integrity to fulfil his responsibilities as an Independent Director of our Company, and that Mr Jason Goh complies with Rule 210(5)(b) of the Listing Manual, for the following reasons:

- (a) Mr Jason Goh was appointed as group chief financial officer of Otto Marine Limited in May 2017 to oversee the restructuring efforts, financial activities and corporate affairs of Otto Marine Limited in the midst of the prolonged downturn in the oil and gas industry beginning in the early 2010s and which eventually led to the delisting of Otto Marine Limited from the SGX-ST in October 2016;

- (b) during his short tenure as group chief financial officer of Otto Marine Limited from May 2017 to November 2017, despite his efforts, it was assessed that it would be challenging to restructure the debts of the Otto Marine group successfully and overcome its financial difficulties which had predated Mr Jason Goh's appointment, and Otto Marine Limited was later placed under judicial management and subsequently in liquidation as aforesaid;
- (c) following his departure from Otto Marine Limited, Mr Jason Goh was appointed Vice President and Head of Strategic Investments and M&A at SATS Ltd. in December 2017, a Singapore based airport services company listed on the SGX-ST. Mr Jason Goh was promoted to Senior Vice President in April 2022 and continues to be part of SATS Ltd's senior management team to date and has not encountered any queries as regards his suitability to serve in such a role in a SGX-ST listed company; and
- (d) as at the Latest Practicable Date, no adverse findings or feedback was noted on Mr Jason Goh.

**The views of the Board, including the Nominating Committee, on the suitability of Professor Low Teck Seng as Independent Director**

Professor Low Teck Seng, our Independent Director, previously served as an independent director of Singapore Post Limited ("**SingPost**"), a designated postal licensee under the Postal Services Act 1999 of Singapore and a domestic and international postal company listed on the SGX-ST. The SGX-ST issued a public reprimand to SingPost for its breach of Rules 719(1), 703(4)(a) read with paragraph 25(a) of Appendix 7.1 of the Listing Manual. For further details, please refer to the section titled "General Information – Information on Directors and Executive Officers" of this Introductory Document.

Our Board, including the Nominating Committee, has found no reason to believe that Professor Low Teck Seng does not have the competence, character and integrity to fulfil his responsibilities as an Independent Director of our Company, and that Professor Low Teck Seng complies with Rule 210(5)(b) of the Listing Manual, for the following reasons:

- (a) Professor Low Teck Seng was not involved in the management or the operations of Singapore Post Limited or its subsidiaries at any point in time;
- (b) there were no investigations conducted by the SGX-ST or any government or regulatory authorities on Professor Low Teck Seng and Professor Low Teck Seng was not the subject of the public reprimand issued by the SGX-ST as referred to above;
- (c) Professor Low Teck Seng is currently Senior Vice President (Sustainability and Resilience) at the National University of Singapore, where he was also formerly the dean of its engineering faculty. Professor Low Teck Seng had also previously served as the chief executive officer of the National Research Foundation of Singapore and Managing Director of the Agency for Science, Technology and Research;
- (d) Professor Low Teck Seng is currently an independent non-executive director of the Trendlines Group Ltd., and was formerly an independent director of ISEC Healthcare Ltd. and Innotek Ltd., each of which are companies listed on the SGX-ST, which goes to his experience and suitability to act as a director of a listed company. Professor Low is also a board member of the Public Utilities Board, a statutory board regulating and overseeing Singapore's entire water supply system;
- (e) Professor Low Teck Seng was awarded the Public Administration Medal (Gold) by the President of Singapore in recognition of his outstanding contributions to the development of technical education and the management of science and technology in the nation; and
- (f) as at the Latest Practicable Date, no adverse findings or feedback was noted on Professor Low Teck Seng.

### **The views of the Board, including the Nominating Committee, on the suitability of the Executive and Non-Executive Directors and Executive Officers in view of certain non-compliances of our Group**

Our Board, including the Nominating Committee, has found no reason to believe that each of our Executive and Non-Executive Directors and Executive Officers does not have the competence, character and integrity to fulfil their respective responsibilities as Executive and Non-Executive Directors and Executive Officers of our Company, and have considered that each of our Executive and Non-Executive Directors and Executive Officers complies with Rule 210(5)(b) of the Listing Manual, for the following reasons:

- (a) (in respect of the tax audit by the IRD which is on-going) such audit relates to (a) 50:50 apportionment of profits, (b) payment of sub-contracting costs, (c) other transactions with related parties, and (d) deduction of certain expenses, which does not go towards any indication of tax evasion, fraud or dishonesty by our Group or any of the Executive and Non-Executive Directors and Executive Officers;
- (b) (in respect of our Group's PRC subsidiaries' underpayment of social insurance and housing fund contributions to their employees) at the Latest Practicable Date, our Group has made adequate provisions in its financial statements in respect of the social insurance and housing fund contributions to employees of its PRC subsidiaries and has implemented various rectification measures to prevent recurrence of the underpayment of such social insurance and housing fund contributions and the PRC Legal Advisers to our Company and PRC Legal Advisers to the Issue Manager have assessed that the likelihood of the PRC subsidiaries being penalised is low;
- (c) none of our Executive and Non-Executive Directors and Executive Officers were implicated, sanctioned or reprimanded following the audit by IRD which is on-going and/or our Group's PRC subsidiaries' underpayment of social insurance and housing fund contributions to their employees;
- (d) IRD and/or the relevant PRC authorities had not found any of our Executive and Non-Executive Directors and Executive Officers guilty of or individually responsible for the causing or permitting the said breaches;
- (e) none of our Executive and Non-Executive Directors and Executive Officers has been charged nor determined to have committed any offence or breach of laws or regulations in the PRC, Hong Kong, Singapore or elsewhere, and no judgement was entered against any of them; and
- (f) as at the Latest Practicable Date, no adverse findings or feedback was noted on our Executive and Non-Executive Directors and Executive Officers.

### **Remuneration Committee**

Our Remuneration Committee comprises Ms Chan Yim, Mr Teo Chun-Wei, Benedict and Mr Jason Goh Hseng Wei. The Chairman of our Remuneration Committee is Ms Chan Yim. Our Remuneration Committee is responsible for:

- (a) reviewing and recommending to our Board of Directors, in consultation with the Chairman of our Board of Directors, for endorsement, a comprehensive remuneration policy framework and guidelines for remuneration of our Directors and Key Management Personnel;
- (b) reviewing and recommending to our Board of Directors, for endorsement, the specific remuneration packages for each of our Directors and Key Management Personnel;
- (c) review and approve the design of all share option plans, performance share plans and/or other equity based plans;
- (d) in the case of service contracts, reviewing our Company's obligations arising in the event of termination of the executive Directors' or Key Management Personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with a view to being fair and avoiding the reward of poor performances;

- (e) approving performance targets for assessing the performance of each of the Key Management Personnel and recommend such targets as well as employee specific remuneration packages for each of such Key Management Personnel, for endorsement by our Board of Directors; and
- (f) undertake generally such other functions and duties as may be required by law, the Listing Manual and/or the HKEX Listing Rules (as the case may be), and by amendments made thereto from time to time.

Our Remuneration Committee also periodically considers and reviews remuneration packages in order to maintain their attractiveness, to retain, and to motivate our Directors to provide good stewardship of our Company and key executives to successfully manage our Company, and to align the level and structure of remuneration with the long-term interests and risk policies of our Company.

If a member of our Remuneration Committee has an interest in a matter being reviewed or considered by our Remuneration Committee, he will abstain from voting on the matter.

## ARRANGEMENTS OR UNDERSTANDINGS

None of our Directors or Executive Officers has any arrangement or understanding with any of our Substantial Shareholders, customers or suppliers, or other person pursuant to which such Director or Executive Officer was appointed as a Director or as an Executive Officer.

## REMUNERATION OF DIRECTORS AND EXECUTIVE OFFICERS

The compensation, in remuneration bands of S\$250,000,<sup>(1)</sup> paid to our Directors and the Executive Officers for services rendered to us in all capacities on an aggregate basis in FY2022 and FY2023 and the estimated amount of compensation to be paid for the current financial year ending 31 December 2024, is as follows:

	FY2022 <sup>(1) (2)</sup>	FY2023 <sup>(1) (2)</sup>	FY2024 <sup>(3)</sup>
Mr Wong Shik Ho Tony	F	E	E
Mr Wong Fong Pak	E	D	B
Mr Leung Wah Kan	F	D	C
Mr Man Wai Hung	F	D	B
Mr Ho Nai Nap	F	B	B
Mrs Ho Wong Mary Mee-Tak	A	A	A
Ms Alicia Kwan Xiuying	–	–	A
Mr Chua Ser Miang	–	–	A
Mr Jason Goh Hseng Wei	–	–	A
Mr Kong Chee Keong	–	–	A
Ms Chan Yim	–	–	A
Professor Low Teck Seng	–	–	A
Mr Teo Chun-Wei, Benedict	–	–	A
<b>Executive Officers (other than the Directors)</b>			
Mr Lau Ka Lai Gary	F	F	A
Mr Yang Ho Ching	B	B	A
Ms Ho Ka Yan Annie	A	A	A
Mr Fong Wing Fai	A	A	A
Ms Lee Yuet Wan	A	A	A

### Notes:

(1) Remuneration bands:

- (a) “A” refers to remuneration below the equivalent of S\$250,000.
- (b) “B” refers to remuneration between the equivalent of S\$250,001 and S\$500,000.
- (c) “C” refers to remuneration between the equivalent of S\$500,001 and S\$750,000.



- (d) “D” refers to remuneration between the equivalent of S\$750,001 and S\$1,000,000.
  - (e) “E” refers to remuneration between the equivalent of S\$1,000,001 and S\$1,250,000.
  - (f) “F” refers to remuneration from S\$1,250,001.
- (2) The amount of remuneration paid to Directors and Executive Officers for FY2022 and FY2023 includes bonuses (including additional payments from a profit-sharing bonus) as determined by the Remuneration Committee based on a percentage of (a) the current financial year’s net profit; and (b) additional net profit in the current financial year over the previous financial year, of our Company (and, in respect of certain Executive Directors, certain of our principal subsidiaries).
- (3) The estimated amount of remuneration excludes any bonus or profit-sharing plan or any other profit-linked agreement or arrangement payable for the financial year ending 31 December 2024 as such bonuses are variable in nature.

Compensation includes benefits in kind and any deferred compensation accrued for the relevant financial year and payable at a later date. The estimated amount of compensation payable in the current financial year excludes any bonus or profit-sharing plan or any other profit-linked agreement or arrangement.

As at the date of this Introductory Document, our Company does not have in place any formal bonus or profit-sharing plan or any other profit linked agreement or arrangement with any of our employees, and bonuses are expected to be paid on a discretionary basis.

## RELATED EMPLOYEES

As at the Latest Practicable Date, save as disclosed below, there are no family relationships between any of our full-time employees and our Directors, Executive Officers, and/or Substantial Shareholders or between any of our Directors, Executive Officers and Substantial Shareholders (“**Related Employees**”).

Name	Position Held	Relationship
Ricky Man Wai Kau	Financial Director of Manli Technology Group Limited	Brother of Man Wai Hung
Lau Mei Tuen	Director of Innovision Multimedia Limited; Director of Innovision Multimedia Pte. Limited; and Director of ASK Technology Group Limited	Wife of Ho Nai Nap

The compensation, in remuneration bands of S\$50,000<sup>(1)</sup> paid to the following employees of our Group who are immediate family members of a Director of our Company or our CEO, for services rendered to us in all capacities and which exceeds S\$50,000 on an aggregate basis in FY2022 and FY2023, is as follows:

	FY2022	FY2023
Ricky Man Wai Kau	C	B
Lau Mei Tuen	Nil	Nil

### Notes:

- (1) Remuneration bands:
- (a) “A” refers to remuneration between the equivalent of S\$50,001 and S\$100,000.
  - (b) “B” refers to remuneration between the equivalent of S\$100,001 and S\$150,000.
  - (c) “C” refers to remuneration between the equivalent of S\$150,001 and S\$200,000.
  - (d) “D” refers to remuneration between the equivalent of S\$200,001 and S\$250,000.
  - (e) “E” refers to remuneration between the equivalent of S\$250,001 and S\$300,000.
  - (f) “F” refers to remuneration between the equivalent of S\$300,001 and S\$350,000.

## Pension and Retirement Benefits

Other than the amounts set aside or accrued for compliance with applicable Singapore, PRC and Hong Kong laws and regulations and as disclosed in the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operation – Administrative Expenses” of this Introductory Document, no amounts have been set aside or accrued by our Company or our subsidiaries to provide for pension, retirement or similar benefits for our employees.

## EMPLOYEES

As at 30 June 2024, we employed a total of 2,343 persons. The following table sets forth the breakdown of our employees by function as at 31 December 2021, 2022, 2023 and 30 June 2024:

	As at 31 December 2021	As at 31 December 2022	As at 31 December 2023	As at 30 June 2024
Function				
Engineering	269	284	272	265
Finance, HRA & MIS	252	262	259	258
Sales & Marketing	158	152	158	166
Quality Control	302	283	254	242
Production	1,447	1,179	1,005	887
Research & Development	144	135	134	133
Materials & Logistics	450	413	402	386
Senior Management	7	6	6	6
<b>Total<sup>(1)</sup></b>	<b>3,029</b>	<b>2,714</b>	<b>2,490</b>	<b>2,343</b>

The following table sets forth the breakdown of the number of employees by geographic locations as at 31 December 2021, 2022, 2023 and 30 June 2024:

	As at 31 December 2021	As at 31 December 2022	As at 31 December 2023	As at 30 June 2024
Geographic Locations				
Hong Kong	187	179	171	165
Shenzhen, the PRC	183	182	187	195
Dongguan, the PRC	2,548	2,251	2,034	1,886
Beijing, the PRC	4	4	–	–
Taiwan	34	28	28	27
Korea	19	19	18	18
Japan	9	8	9	9
Germany	11	11	11	10
USA	34	32	32	33
<b>Total<sup>(1)</sup></b>	<b>3,029</b>	<b>2,714</b>	<b>2,490</b>	<b>2,343</b>

### Notes:

(1) Comprising, *inter alia*, our Executive Directors, Executive Officers, and operational management staff.

As at 30 June 2024, 503 of our employees employed by PC Partner Dongguan are unionised. We hold regular employee meetings with employee representatives, where suggestions and comments on various aspects of our management are provided for us to consider making the appropriate adjustments and improvements. The Group does not employ a significant number of temporary employees.

We believe that we maintain a good working relationship with our employees, and we did not experience any significant labour disputes or any difficulty in recruiting staff during the Period Under Review and up to the Latest Practicable Date. Please refer to the section entitled “Risk Factors – Risks Relating to doing Business in the PRC – Enforcement of stricter labour laws and regulations in the PRC may adversely affect the business and profitability” of this Introductory Document.

## **SERVICE AGREEMENTS**

Our Company has entered into separate Service Agreements and supplemental agreements (collectively, each, a “**Service Agreement**”) with each of our Executive Directors namely, Mr Wong Shik Ho Tony, Mr Wong Fong Pak, Mr Leung Wah Kan, Mr Ho Nai Nap and Mr Man Wai Hung. Each Service Agreement is for an initial term of 3 years commencing from the date of the listing of the Company on the HKEX and shall continue from such date and thereafter unless and until terminated in accordance with the terms of the service agreement (including by either party by giving to the other party not less than 3 months’ prior written notice or payment in lieu thereof, by the director giving the Company 2 months prior written notice if any money due and payable to the director by the Company is in arrears by 2 months and is not paid in full within 30 days from any written demand by the director or by the Company providing the director not less than 30 days prior written notice if the director becomes incapacitated or by summary notice if one the contractual grounds for termination is satisfied). Notwithstanding the foregoing, we may also forthwith terminate their Service Agreements if they, amongst other things, are guilty of any dishonesty, grave misconduct, or material breach of the Service Agreement, or if the Executive Director acts in a manner that is likely to bring himself and/or any member of our Group into disrepute.

Under the Service Agreements, the Executive Directors will receive a fixed monthly salary, a discretionary performance bonus, and a discretionary profit-sharing bonus which is determined by the Remuneration Committee each year. The Executive Directors will be reimbursed for all reasonable out-of-pocket expenses, including travelling, accommodation, entertainment, and other out-of-pocket expenses reasonably incurred by them in the discharge of their duties on behalf of our Group.

The Service Agreements also contain non-solicitation provisions and restrictive covenants that apply for the duration of the agreement and for 6 months following the termination of the respective Service Agreements. It prohibits, among others, the participation in any competing business and the solicitation of any person who at any time during the duration of the appointment has dealt with our Company or our Group or which on the termination of the appointment is in the process of negotiating with the Company or our Group. The Service Agreements also contain restrictions on the disclosure of confidential information, including trade secrets and information relating to the clients of our Group.

Our Non-Executive Director, namely, Mrs Ho Wong Mary Mee-Tak, has entered into a letter of appointment with our Company for a term of 3 years commencing from 12 January 2022 and shall continue from such date and thereafter unless and until terminated by either party by giving to the other party not less than 3 months’ prior written notice. All Directors are subject to retirement by rotation and re-election at the annual general meeting.

Directors’ fees do not form part of the terms of the Service Agreements as these require the approval of Shareholders in our Company’s annual general meeting.

Save as disclosed above, there are no existing or proposed service agreements between our Company and our subsidiaries, and any of our Directors.

None of our Directors has entered, or proposes to enter, into any service agreement with our Company or any subsidiary or subsidiary entity of our Company which provides for benefits upon termination of employment.

## SHARE CAPITAL AND SHAREHOLDERS

### Share Capital

Our Company (Company Registration No. 239079) was incorporated in the Cayman Islands on 1 April 2010 under the laws of the Cayman Islands as an exempted company with limited liability, and our shares have been listed on the Main Board of the HKEX since 12 January 2012.

At the date of incorporation, our Company's authorised share capital was HK\$100,000,000.00 (equivalent to approximately S\$16,980,000) divided into 1,000,000,000 shares of par value HK\$0.10 each. As of the Latest Practicable Date, the issued and paid-up share capital of our Company was HK\$38,788,366.80 (equivalent to approximately S\$6,586,265) comprising 387,883,668 Shares.

The table below sets out the issued share capital of our Company and the number of Shares issued and outstanding as at the beginning and end of the most recently completed financial year, being 1 January 2023 and 31 December 2023 respectively:–

	Number of Shares in Issue	Issued Capital (HK\$'000)	Treasury shares (HK\$'000)	Share premium account (HK\$'000)	Total (HK\$'000)
As at 1 January 2023	387,683,668	38,768	–	197,619	236,387
Share options exercised	200,000	20	–	417	437
As at 31 December 2023	387,883,668	38,788	–	198,036	236,824

Our Shares are issued in registered form. As at the Latest Practicable Date, there is only one class of shares in the capital of our Company, being the Shares. The rights and privileges attached to our Shares are stated in our M&AA. A summary of selected regulations of our M&AA relating to share rights and restrictions is set out in the section entitled "Appendix D – Summary of Certain Provisions of the Cayman Islands Companies Act and the M&AA of our Company" of this Introductory Document. There are no founder, management, deferred or unissued shares reserved for the issuance for any purpose. Substantial Shareholders of our Company are not entitled to any different voting rights from the other shareholders.

### Changes in Issued Share Capital

Details of the changes in the issued and paid-up share capital of our Company within the three years preceding the Latest Practicable Date and the resultant issued and paid-up share capital immediately after the Introduction are as follows:

Purpose of Issue	Number of Shares Issued / Increase in Share Capital	Issue Price per Share	Date of Issue	Resultant Issued Share Capital	Resultant issued and paid-up share capital	Reason for Issue/ Change
Share options exercised	30,000	HK\$1.61	October 2021	387,183,668	HK\$38,718,366.80	Exercise of share options
Share options exercised	200,000	HK\$1.61	19 November 2021	387,383,668	HK\$38,738,366.80	Exercise of share options
Share options exercised	200,000	HK\$1.61	May 2022	387,583,668	HK\$38,758,366.80	Exercise of share options
Share options exercised	100,000	HK\$1.61	June 2022	387,683,668	HK\$38,768,366.80	Exercise of share options
Share options exercised	200,000	HK\$1.61	3 March 2023	387,883,668	HK\$38,788,366.80	Exercise of share options
Shares issued as at the date of this Introductory Document		–		387,883,668	HK\$38,788,366.80	–

Pursuant to resolutions passed on 12 November 2024, our Board approved, amongst others, the following:

- (a) the listing and quotation of all the issued Shares on the Main Board of the SGX-ST; and
- (b) the adoption of the terms of reference for the Board committees. Please refer to the section entitled “Corporate Governance – Audit Committee”, “Corporate Governance – Nominating Committee” and “Corporate Governance – Remuneration Committee” of this Introductory Document for further details.

As at the date of this Introductory Document, there is only one class of shares in the capital of our Company, being the Shares. A summary of certain provisions of our M&AA relating to, amongst others, the voting rights of our Shareholders is set out in “Appendix D – Summary of Certain Provisions of the Cayman Islands Companies Act and the M&AA of our Company” and “Appendix E – Comparison of Selected Cayman Islands and Singapore Corporate Law Provisions” to this Introductory Document. An extraordinary general meeting will be convened following the completion of the Introduction for our Shareholders to approve the adoption of the amended and restated M&AA of our Company prior to the conversion to a primary listing of our Shares on the SGX-ST.

### Substantial Shareholding Disclosure

Where our Company obtains a primary listing on the SGX-ST, the following provisions under the SFA will apply. For the avoidance of doubt, no such requirements apply where our Company has a secondary listing status on the SGX-ST.

Under the SFA, a person has a substantial shareholding in a company if he has an interest or interests in one or more voting shares (excluding treasury shares) in that company, and the total votes attached to that share, or those shares, is not less than five per cent of the total votes (excluding treasury shares) attached to all the voting shares in that company, and a substantial shareholder is a person who holds a substantial shareholding.

The SFA requires a person who is or (if he has ceased to be one) had been a Substantial Shareholder in our Company to give notice in writing to our Company of particulars of the voting Shares in our Company in which he has or had interests and the nature and extent of those interests, in such form and containing such information as the Authority may prescribe, within two business days after the person:

- (a) becomes aware that he is or (if he has ceased to be one) had been a Substantial Shareholder in our Company; or
- (b) becomes aware of a change in the percentage level<sup>22</sup> of the interest or interests of the Substantial Shareholder in our Company in voting Shares in our Company.

While the definition of an “interest” in our voting shares for the purposes of substantial shareholder disclosure requirements under SFA is similar to that under the Companies Act, the SFA provides that a person who has authority (whether formal or informal, or express or implied) to dispose of, or to exercise control over the disposal of, a voting share is regarded as having an interest in such share, even if such authority is, or is capable of being made, subject to restraint or restriction in respect of particular voting shares.

Where a person (the “**beneficial owner**”) authorises another person (the “**legal owner**”) to hold, acquire or dispose of, on his behalf, voting Shares or an interest or interests in voting Shares in our Company, the beneficial owner shall take reasonable steps to ensure that the legal owner notifies him as soon as practicable and, in any case, no later than two business days after any acquisition or disposal of any of those voting Shares or interest or interests in voting Shares effected by the legal owner on his behalf which will or may give rise to any duty on the part of the beneficial owner to give notice under the SFA.

<sup>22</sup> “**Percentage level**”, in relation to a Substantial Shareholder in our Company, means the percentage figure ascertained by expressing the total votes attached to all the voting shares in which the Substantial Shareholder has an interest or interests immediately before or (as the case may be) immediately after the relevant time as a percentage of the total votes attached to all the voting shares (excluding treasury shares) in our Company, and, if it is not a whole number, rounding that figure down to the next whole number.



In addition, where a person holds voting Shares in our Company, being voting Shares in which another person has an interest, he shall give to the second-mentioned person a notice of any acquisition or disposal of any of those Shares effected by him, in the form as the Authority may prescribe, as soon as practicable and, in any case, no later than two business days after acquiring or disposing of the Shares.

Name	Shares Owned as of the Latest Practicable Date			
	Direct Interest		Deemed Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
<b>Directors</b>				
Mr Wong Shik Ho Tony	55,405,750	14.28%	–	–
Mr Wong Fong Pak	27,639,750	7.13%	–	–
Mr Leung Wah Kan	25,100,500	6.47%	–	–
Mr Ho Nai Nap	21,472,538	5.54%	–	–
Mr Man Wai Hung	5,807,065	1.50%	–	–
Mrs Ho Wong Mary Mee-Tak	55,050,000	14.19%	–	–
Ms Alicia Kwan Xiuying	–	–	–	–
Mr Chua Ser Miang	–	–	–	–
Mr Jason Goh Hseng Wei	–	–	–	–
Mr Kong Chee Keong	–	–	–	–
Ms Chan Yim	–	–	–	–
Professor Low Teck Seng	–	–	–	–
Mr Teo Chun-Wei, Benedict	–	–	–	–
<b>Total</b>	<b>190,475,603</b>	<b>49.11</b>	<b>–</b>	<b>–</b>

**Notes:**

(1) Calculated based on 387,883,668 Shares as at the Latest Practicable Date.

There are no family relationships between our Directors and Substantial Shareholders.

To our knowledge, save as disclosed in this Introductory Document, our Company is not directly or indirectly owned or controlled, whether severally or jointly, by any person or government.

We are not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of our Company, or any contractual undertakings for any of our Shareholders to observe a moratorium on the transfer or disposal of his or her interest in our Shares.

None of our Directors or Executive Officers have, or have the right to be given, an option to subscribe for or purchase any securities or securities-based derivatives contracts of our Company as at the Latest Practicable Date.

No securities or securities-based derivatives contracts were issued or agreed to be issued by our Company for cash or for a consideration other than cash during the last three years preceding the Latest Practicable Date.

**Control of our Company**

Save as disclosed in this Introductory Document, to the best of the knowledge of our Directors, our Company is not directly or indirectly owned or controlled whether severally or jointly, by any other person or government and there is no known arrangement, the operation of which may, at a subsequent date, result in a change in the control of our Company.

## INTERESTED PERSON TRANSACTIONS AND POTENTIAL CONFLICTS OF INTEREST

For purposes of this section, the following definitions will apply:

“**our Group**” means:

- (a) our Company;
- (b) a subsidiary of our Company that is not listed on the SGX-ST or any approved exchange; or
- (c) an associated company of our Company that is not listed on the SGX-ST or any approved exchange and which our Group and our interested person(s) have control over.

“**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles in Chapter 9 of the Listing Manual.

“**connected person**” has the meaning ascribed to it under the HKEX Listing Rules, namely:

- (a) a director, chief executive (as defined under the HKEX Listing Rules) or substantial shareholder (as defined under the HKEX Listing Rules) of the listed issuer or any of its subsidiaries;
- (b) a person who was a director of the listed issuer or any of its subsidiaries in the last 12 months;
- (c) a supervisor of a PRC issuer (as defined under the HKEX Listing Rules) or any of its subsidiaries;
- (d) an associate (as defined under the HKEX Listing Rules) of any of the above persons;
- (e) a connected subsidiary (as defined under the HKEX Listing Rules); or
- (f) a person deemed to be connected by the HKEX.

“**connected transactions**” are, according to the HKEX Listing Rules, transactions with connected persons, and specified categories of transactions with third parties that may confer benefits on connected persons through their interests in the entities involved in the transactions. They may be one-off connected transactions or continuing connected transactions.

“**interested person**” means:

- (a) a director, chief executive officer, or controlling shareholder of our Company; or
- (b) an associate of any such director, chief executive officer, or controlling shareholder.

Certain terms such as “**associate**”, “**control**”, “**controlling shareholder**”, and “**interested person**” used in this section have the meanings as provided in the Listing Manual and in the SFR, unless the context specifically requires the application of the definitions in one or the other as the case may be.

In general, transactions between our Group and any of our interested persons would constitute interested person transactions for the purposes of Chapter 9 of the Listing Manual.

Details of the present and ongoing transactions, as well as past transactions between our Group and our interested persons which are material in the context of the Introduction, are set out below. Save as disclosed in these sections, there are no interested person transactions that are material in the context of the Introduction for FY2021, FY2022, FY2023, and the period commencing 1 January 2024 to the Latest Practicable Date.

In line with the rules set out in Chapter 9 of the Listing Manual, a transaction which has a value of less than S\$100,000 is not considered material in the context of this Introductory Document and is not taken into account for the purposes of aggregation in this section.

## PAST INTERESTED PERSON TRANSACTIONS

Details of the past transactions between our Group and interested persons exceeding S\$100,000 and which are material in the context of the Introduction, for FY2021, FY2022, FY2023, and the period commencing 1 January 2024 to the Latest Practicable Date are as follows:

- (a) **Transaction with Joinrich (HK) Investments Limited** – ASK Technology Group Limited, a wholly owned subsidiary of our Company, had on 18 May 2020 entered into a tenancy agreement as a tenant with Joinrich (HK) Investment Limited (“**Joinrich**”) as landlord for the lease of the office spaces at Unit A and B on 21/F of Mai Wah Industrial Building, 1-7 Wah Sing Street, Kwai Chung, New Territories, Hong Kong. The tenancy agreement with Joinrich was subsequently renewed on 18 May 2022 and expired on 31 December 2022. The entire share capital of Joinrich is owned by Mr Ho Nai Nap, who is an Executive Director of our Group.

The aggregate amounts payable by ASK Technology Group Limited to Joinrich during this period were as follows:

	FY2021	FY2022	FY2023	1 January 2024 to the Latest Practicable Date
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Aggregate amount of rent payable to Joinrich (HK) Investment Limited	840	840	–	–

Our Directors are of the view that the above transactions that were entered into with Joinrich (HK) Investment Limited were carried out at an arm’s length basis and on normal commercial terms in the ordinary course of business, as the terms on which the transaction was conducted are similar to those extended to unrelated third parties and the rental rates were determined based on the prevailing market rates (after having conducted a market scan of rental rates of similar properties in the vicinity).

Accordingly, the above transaction is not prejudicial to our Group and our minority Shareholders.

- (b) **Transaction with BCL** – Manli Technology, an indirect wholly owned subsidiary of our Company, had between March 2020 to April 2021, sold VGA Cards to BCL in its ordinary and usual course of business of trading. The entire share capital of BCL was previously owned by Mr Man Wai Kau, a finance director of Manli Group, who is the brother of Mr Man Wai Hung, who is an Executive Director of our Group. However, Mr Man Wai Kau had disposed all his interest in BCL as of 4 June 2021 and since 4 June 2021, BCL is not considered a connected party or interested person of our Group.

The aggregate amounts of the transactions with BCL during this period were as follows:

	FY2021	FY2022	FY2023	1 January 2024 to the Latest Practicable Date
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales of VGA Cards to BCL	40,026	–	–	–

Our Directors are of the view that the above transactions that were entered into with BCL were carried out at an arm's length basis and on normal commercial terms in the ordinary course of business, as the terms on which the transaction was conducted are similar to those extended to unrelated third parties.

Accordingly, the above transaction is not prejudicial to our Group and our minority Shareholders.

## **PRESENT AND ONGOING INTERESTED PERSON TRANSACTIONS**

There are no present and ongoing transactions between our Group and interested persons which are material in the context of the Introduction, for FY2021, FY2022, FY2023, and the period commencing 1 January 2024 to the Latest Practicable Date.

### **Review Procedures for Future Interested Person Transactions**

All future interested person transactions will be reviewed and approved in accordance with the threshold limits set out under Chapter 9 of the Listing Manual, to ensure that they are carried out on normal commercial terms and are not prejudicial to our interests and the interests of our minority Shareholders. In the event that such interested person transactions require the approval of our Board and our Audit Committee, the relevant information will be submitted to the Board or the Audit Committee for review. In the event that such interested person transactions require the approval of Shareholders, additional information may be required to be presented to the Shareholders, and an independent financial adviser may be appointed for an opinion.

In the review of all future interested person transactions the following procedures will be applied:

- (a) where appropriate, contracts for the same or substantially similar type of transactions entered into between us and unrelated third parties will be used as a basis for comparison to determine whether the price and terms offered to or received from the interested person are no more favourable or no less favourable than those extended to or received from unrelated parties respectively. In respect of the procurement of supplies/services, our Group will obtain at least two quotations from unrelated third party suppliers for similar services, whenever appropriate and available;
- (b) transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding S\$100,000 in value but below 3.0% of the value of our Group's net tangible assets based on our latest audited financial statements will be subject to review by our Audit Committee at regular intervals;
- (c) transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of our Group's net tangible assets based on our latest audited financial statements will be subject to the review and prior approval of our Audit Committee. Such approval shall only be given if the transactions are on arm's length basis and normal commercial terms, and are consistent with similar types of transactions made with non-interested persons; and
- (d) transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding 5.0% of the value of our Group's net tangible assets based on our latest audited financial statements will be reviewed and approved by our Audit Committee, prior to such transactions being entered into, which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers.

A register will be maintained to record all interested person transactions (including the bases on which they are entered into, amount and nature). Our Audit Committee will review all interested person transactions at least on a quarterly basis to ensure that they are carried out on arm's length normal commercial terms and are in accordance with the procedures outlined above. All relevant non-quantitative factors will also be taken into account. Such review includes the examination of the transaction and its supporting documents, or such other data as deemed necessary by our Audit Committee. Our Audit Committee may request for any additional information pertaining to the transaction under review from independent sources, advisers, or valuers as it deems fit.

In addition, our Board of Directors will also ensure that all disclosures, approvals, and other requirements on interested person transactions, including those required by prevailing legislation, the Listing Manual (in particular, Chapter 9 thereof) and relevant accounting standards, are complied with. We will also endeavour to comply with the recommendations set out in the Code of Corporate Governance.

The annual internal audit plan will incorporate a review of all interested person transactions entered into. Our Audit Committee will review internal audit reports to ascertain that the guidelines and procedures established to monitor interested person transactions have been complied with. In addition, our Audit Committee will also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that transactions between us and our interested persons are conducted on arm's length basis and normal commercial terms.

In the event that a member of the Audit Committee is interested in any interested person transaction, he will abstain from reviewing that particular transaction. We will also disclose the aggregate value of interested person transactions conducted during the current financial year in our annual report.

### **COMPLIANCE WITH CONNECTED TRANSACTION REQUIREMENTS UNDER THE HKEX LISTING RULES**

As a company listed on the HKEX, our Company is required to comply with (among other things) the requirements in respect of connected transactions under Chapter 14A of the HKEX Listing Rules. Pursuant to the HKEX Listing Rules, our Company may, depending on the type and size of the connected transaction, be required to seek approval from our Shareholders in the event that our Group proposes to enter into a connected transaction with a connected person.

### **MEASURES AND PROCEDURES FOR APPROVING CONNECTED TRANSACTIONS**

Our Company will continue to comply with (where required) the requirements under the HKEX Listing Rules with respect to connected transactions including the applicable disclosure, shareholders' approval and annual reporting requirements in our Company's annual reports. These include the making of announcements and circulars containing the requisite details under Chapter 14A of the HKEX Listing Rules, as well as disclosing in each annual report of our Company a summary of the following details in respect of all non-exempted connected transactions conducted in the relevant financial year (including continuing connected transactions under agreements signed in previous years):–

- (1) the transaction date;
- (2) the parties to the transaction and a description of their connected relationship;
- (3) a brief description of the transaction and its purpose;
- (4) the total consideration and terms;
- (5) the nature of the connected person's interest in the transaction; and
- (6) for continuing connected transactions (i.e. connected transactions involving the provision of goods or services or financial assistance which are carried out on a continuing or recurring basis and are expected to extend over a period of time):–
  - (A) a confirmation from our independent non-executive Directors that they have reviewed those continuing connected transactions and a separate confirmation whether the transactions have been entered into:–
    - (i) in the ordinary and usual course of business of our Group;
    - (ii) on normal commercial terms or better (i.e. being terms which a party could obtain if the transaction were on an arm's length basis or terms no less favourable to our Group than terms available to or from independent third parties); and
    - (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of our Shareholders as a whole.



- (B) a statement by our Board whether the auditors of our Company have, in turn, confirmed whether anything has come to their attention that causes them to believe that the continuing connected transactions:–
- (i) have not been approved by our Board;
  - (ii) were not, in all material respects, in accordance with the pricing policies of our Group if the transactions involve the provision of goods or services by our Group;
  - (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and
  - (iv) have exceeded the cap (which is a monetary cap required under the HKEX Listing Rules to be set with respect to continuing connected transactions).

We will continue to comply with the relevant requirements under the HKEX Listing Rules with respect to connected transactions as summarised above when members of our Group enter into connected transactions in the future.

### **POTENTIAL CONFLICTS OF INTEREST**

Our Directors and their respective Associates in the future may hold, whether directly or by way of deemed interest, not more than a 5% interest in quoted or listed securities of companies that are in similar business as our Group, provided there is no involvement in the day-to-day management or operations, or the holding of any executive positions, or the provision of any advisory or consultancy services by such persons in or to such companies.

Save as set out above in this section entitled “Interested Person Transactions and Potential Conflicts of Interest – Potential Conflicts of Interest”, none of our Directors or any of their Associates have any interest, direct or indirect:

- (a) in any material transactions to which our Group was or is a party;
- (b) in any entity carrying on the same business or dealing in similar products which competes materially and directly with the existing business of our Group, save for their interests in quoted or listed securities which do not exceed 5.0% of the total amount of issued securities in that class; and
- (c) in any company that is our customer or supplier of goods or services, save for their interests in quoted or listed securities which do not exceed 5.0% of the total amount of issued securities in that class.

### **Interests of the Issue Manager, the Financial Adviser to our Company as to HKEX Listing Rules, and their respective affiliates**

The Issue Manager, the Financial Adviser to our Company as to HKEX Listing Rules, and their respective affiliates have, from time to time, engaged in transactions with, and/or performed services for our Group in the ordinary course of business and have engaged, and may in the future engage, in commercial banking, lending or investment banking transactions, private banking, securities trading, asset and funds management, research, insurance, advisory services and/or other commercial transaction with our Group, for which they have received, and may in the future receive, customary fees, expenses and/or commissions for these transactions.

In the ordinary course of their various business activities, the Issue Manager, the Financial Adviser to our Company as to HKEX Listing Rules, and their respective affiliates (or any of them) may, from time to time, make, issue or hold a broad array of investments and enter into secondary market transactions, or actively trade debt and equity securities (including but not limited to equity derivatives, warrants and other structured instruments) and financial instruments (including bank loans) for their own account and for the account of their customers, and after the Introduction such investments and securities activities may involve securities (including but not limited to Shares) and/or instruments of our Company. For the

avoidance of doubt, none of the Issue Manager, the Financial Adviser to our Company as to HKEX Listing Rules, and their respective affiliates is conducting any market making arrangements in respect of the Listing. The Issue Manager, the Financial Adviser to our Company as to HKEX Listing Rules, and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

In the reasonable opinion of our Directors, the Issue Manager, the Financial Adviser to our Company as to HKEX Listing Rules, and their respective affiliates do not have a material relationship with our Company.

## GOVERNMENT REGULATIONS

Our Group is subject to various laws and regulations applicable to our business in various countries in which we operate, in particular, Hong Kong, the PRC, Macau, Korea, the USA, Germany, and Japan. The regulations and policies set out below are not exhaustive and are only intended to provide some general information to the investors and are neither designed nor intended to be a substitute for professional advice. Prospective investors should consult their own advisers regarding the implication of these laws and regulations on our Group.

### HONG KONG

The following description is a summary of the material laws and jurisdictions applicable to our Group under Hong Kong law as at the Latest Practicable Date.

#### **Import and Export (Registration) Regulations (Cap. 60E of the Laws of Hong Kong) (the "IER Regulations")**

The IER Regulations provide that every person who imports or exports any article other than an exempted article shall lodge an accurate and complete import or export declaration relating to such article with the Commissioner of Customs and Excise within 14 days after the importation or exportation of the article.

Any person who fails or neglects to declare within 14 days after importation or exportation without reasonable excuse is liable to a fine of HK\$2,000 upon summary conviction and commencing on the day following the date of conviction, a fine of HK\$100 in respect of every day during which his failure or neglect to lodge such declaration continues. Furthermore, any person who knowingly or recklessly lodges any declaration with the Commissioner of Customs and Excise that is inaccurate in any material particular shall be guilty of an offence and liable to a fine of HK\$10,000 on summary conviction.

Further, a penalty is payable for any person who does not lodge the declaration within 14 days after the importation or exportation. If the total value of articles specified in a declaration does not exceed HK\$20,000, the penalty payable will be: (a) HK\$20 for lodgement of declaration after 14 days but within one month and 14 days after the importation or exportation; (b) HK\$40 for lodgement of declaration after one month and 14 days but within two months and 14 days after importation or exportation; and (c) HK\$100 for lodgement of declaration after two months and 14 days after the importation or exportation. If the total value of articles specified in a declaration exceeds HK\$20,000, the aforesaid penalty charges will be doubled to HK\$40, HK\$80 and HK\$200 respectively.

#### **Telecommunications Ordinance (Cap. 106 of the Laws of Hong Kong) (the "Telecommunications Ordinance")**

The Telecommunications Ordinance requires (among other things) any person who deals in or demonstrates with a view to sale, in the course of trade or business, radiocommunications apparatus or material to obtain a permit, unless he is a holder of a licence which permits him to possess and deal in the course of business in apparatus or material for radiocommunication.

Failure to obtain the requisite licence is an offence and the offender is liable on summary conviction to a fine of HK\$50,000 and to imprisonment for two years; and on conviction on indictment to a fine of HK\$100,000 and to imprisonment for five years. A director or other officer of a corporate offender may be liable to the same offence and penalty if he consented or connived to the commission of the offence by the company.

Certain radiocommunications apparatus satisfying the specified technical criteria are exempted from the above licensing requirement by the Telecommunications (Telecommunications Apparatus) (Exemption from Licensing) Order (Cap. 106Z of the Laws of Hong Kong).

The Communications Authority is an independent statutory body established under the Communications Authority Ordinance (Cap. 616 of the Laws of Hong Kong) and is empowered to perform its functions under the Telecommunications Ordinance.

### **Sale of Goods Ordinance (Cap. 26 of the Laws of Hong Kong) (the “SOG Ordinance”)**

The SOG Ordinance aims to codify the laws relating to the sale of goods which shall be applicable to our Group’s business activities. It provides that: (a) there is an implied condition that the goods shall correspond with the description where there is a contract for the sale of goods by description; (b) there is an implied condition that the goods supplied under the contract are of merchantable quality where a seller sells goods in the course of a business, except that there is no such condition (i) as regards defects specifically drawn to the buyer’s attention before the contract is made; or (ii) if the buyer examines the goods before the contract is made, as regards defects which that examination ought to reveal; or (iii) if the contract is a contract by sample, as regards defects which would have been apparent on a reasonable examination of the sample; and (c) where there is a contract for sale by sample, there are implied conditions that (i) the bulk shall correspond with the sample in quality, (ii) the buyer shall have a reasonable opportunity of comparing the bulk with the sample, and (iii) the goods shall be free from any defect, rendering them unmerchantable, which would not be apparent on reasonable examination of the sample.

Any right, duty or liability which arises under a contract of sale of goods by implication of law may be negated or varied by express agreement, or by course of dealings between the parties, or by usage if the usage is such as to bind both parties to the contract, subject to the Control of Exemption Clauses Ordinance (Cap. 71 of the Laws of Hong Kong).

### **Trade Descriptions Ordinance (Cap. 362 of Laws of Hong Kong) (the “TD Ordinance”)**

The TD Ordinance prohibits false trade description, false, misleading or incomplete information, false marks and misstatements in respect of goods provided in the course of trade or suppliers of such goods. Under the TD Ordinance, “trade description” in relation to goods is defined as an indication, direct or indirect, and by whatever means given, with respect to the goods or any part of the goods including an indication of the specified matters, including, *inter alia*, quantity, size or gage, method of manufacture, composition, fitness for purpose, availability, compliance with a standard specified or recognised by any person, price, place or date of manufacture, production, processing or reconditioning, person by whom manufactured, produced, processed or reconditioned. The labeling and advertisements in respect of our products are subject to the relevant provisions therein.

The TD Ordinance formulates that it is an offense to (a) in the course of any trade or business apply a false trade description to any goods, or supply or offer to supply any goods to which a false trade description is applied; (b) have in one’s possession for sale or for any purpose of trade or manufacture any goods to which a false trade description is applied; (c) apply a false trade description to a service supplied or offered to be supplied to a consumer; (d) supply or offer to supply to a consumer a service to which a false trade description is applied; or (e) have the importation or exportation of any goods to which a false trade description or forged trade mark is applied. The Trade Descriptions Ordinance further prescribes that a trader who engages in relation to a consumer in a commercial practice that is (a) a misleading omission; (b) aggressive; or (c) constitutes (i) bait advertising, (ii) a bait and switch, or (iii) wrongly accepting payment for a product, commits an offense.

Any person who commits an offense under the TD Ordinance shall be liable, on conviction on indictment, to a fine of HK\$500,000 and to imprisonment for five years, and on summary conviction, to a maximum fine of HK\$100,000 and to imprisonment for two years.

### **Business Registration Ordinance (Cap. 310 of the Laws of Hong Kong) (the “BR Ordinance”)**

The BR Ordinance requires every company incorporated in Hong Kong under Companies Ordinance or non-Hong Kong company that has established a place of business in Hong Kong to apply for business registration with the Business Registration Office of the Inland Revenue Department within one month from the date of commencement of the business, and to display a valid business registration certificate at the place of business.

### **Trade Marks Ordinance (Cap. 559 of the Laws of Hong Kong) (the “TM Ordinance”)**

The TM Ordinance provides for the registration of trademarks, the use of registered trademarks and connected matters. Hong Kong provides territorial protection for trademarks. Therefore, trademarks registered in other countries or regions are not automatically entitled to protection in Hong Kong. In order to enjoy protection by the laws of Hong Kong, trademarks must be registered with the Trade Marks Registry of the Hong Kong Intellectual Property Department under the HK TMO and the Trade Marks Rules (Cap. 559A of the Laws of Hong Kong) (the “**Trade Marks Rules**”).

According to section 10 of the TM Ordinance, a registered trademark is a property right acquired through due registration under such ordinance. The owner of a registered trademark has the rights and is entitled to the remedies provided by the TM Ordinance.

Our Group is the registered owner and proprietor of the trademarks as set out in the section entitled “Intellectual Property Rights” of this Introductory Document. Pursuant to section 14 of the TM Ordinance, the owner of a registered trademark is conferred exclusive rights in the trademark. The rights of the owner in respect of the registered trademark have effect from the date of the registration of the trademark which is the filing date of the application for registration, according to section 48 of the TM Ordinance.

Subject to the exceptions in section 19 to section 21 of the TM Ordinance, any use of trademark by third parties without the consent of the registered owner is an infringement of the trademark. Conduct which amount to infringement of the registered trademark are further specified in section 18 of the TM Ordinance. Under section 23 and section 25 of the TM Ordinance, an infringement proceeding will be conducted if an infringement of trademark takes place and the registered owner is entitled to remedies under the TM Ordinance.

Trademarks which are not registered under the TM Ordinance and the Trade Marks Rules may still be protected by the common law action of passing off, which requires proof of the owner’s reputation in the unregistered trademark and that use of the trademark by third parties will cause damage to the owner.

### **Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong) (the “OSH Ordinance”)**

The OSH Ordinance provides for the safety and health protection to employees in workplaces, both industrial and non-industrial. Employers must as far as reasonably practicable ensure the safety and health at work of all the employers’ employees by, without limitation:

- providing and maintaining plant and systems of work that are safe and without risks to health;
- making arrangements for ensuring safety and absence of risks to health in connection with the use, handling, storage and/or transport of plant and/or substances;
- providing all necessary information, instruction, training and supervision for ensuring safety and health at work;
- as regards any workplaces under the employers’ control, maintaining the workplaces in a condition that is safe and without risks to health, or providing and maintaining safe access to and egress from the workplaces; and
- providing and maintaining a working environment that is safe and without risks to health for the employees.

Failure to comply with any of the above requirements constitutes an offence and the employer is liable on conviction to a maximum fine of HK\$200,000. An employer who fails to do so intentionally, knowingly or recklessly commits an offence and is liable on conviction to a maximum fine of HK\$200,000 and to a maximum imprisonment for six months. Further, the Hong Kong Commissioner for Labour may, at its discretion, serve an improvement notice against non-compliance of the OSH Ordinance and/or a suspension notice against activity undertaken on the premises where a workplace is located which may create imminent risk of death or serious bodily injury. Failure to comply with an improvement notice or

contravention of a suspension notice without reasonable excuse constitutes an offence punishable by a maximum fine of HK\$200,000 and HK\$500,000 respectively and imprisonment of up to 12 months (and in the case of a suspension notice, knowing and intentional continuation of such contravention will attract a further fine of HK\$50,000 for each day or part of a day during the contravention).

### **Employment Ordinance (Cap. 57 of the Laws of Hong Kong) (the “Employment Ordinance”)**

The Employment Ordinance provides various employment-related benefits and entitlements to employees. All employees covered by the Employment Ordinance, irrespective of their hours of work, are entitled to basic protection under the Employment Ordinance including, among others, payment of wages (which is defined under the Employment Ordinance to include, among others, remuneration and overtime pay), restrictions on wages deductions and granting of statutory holidays. Employees who are employed under a continuous contract may be further entitled to such benefits as rest days, paid annual leave, sickness allowance, severance payment and long service payment.

Under section 25 of the Employment Ordinance, where a contract of employment is terminated, any sum due to the employee (other than severance payment, if any) shall be paid to him as soon as it is practicable and, in any case, not later than seven days after the day of termination. Any employer who wilfully and without reasonable excuse contravenes section 25 of the Employment Ordinance commits an offence and is liable to a maximum fine of HK\$350,000 and to imprisonment for a maximum of three years. Further, under section 25A of the Employment Ordinance, if any wages or any sum referred to in section 25(2)(a) of the Employment Ordinance are not paid within seven days from the day on which they become due, the employer shall pay interest at a specified rate on the outstanding amount of wages or sum from the date on which such wages or sum become due up to the date of actual payment. Any employer who wilfully and without reasonable excuse contravenes section 25A of the Employment Ordinance commits an offence and is liable on conviction to a maximum fine of HK\$10,000.

### **Employees’ Compensation Ordinance (Cap. 282 of the Laws of Hong Kong) (the “EC Ordinance”)**

The EC Ordinance establishes a no-fault and non-contributory employee compensation system for work injuries, and lays down the rights and obligations of employers and employees in respect of injuries or death caused by accidents arising out of and in the course of employment, or by prescribed occupational diseases.

Under the EC Ordinance, if an employee sustains an injury or dies as a result of an accident arising out of and in the course of his employment, his employer is, in general, liable to pay compensation, even if the employee might have committed acts of faults or negligence when the accident occurred. Similarly, under the EC Ordinance, an employee who suffers incapacity or dies arising from an occupational disease and is due to the nature of any employment in which the employee was employed at any time within the prescribed period immediately preceding such incapacity or death, is (subject to modifications under the EC Ordinance) entitled to receive the same compensation as that payable to employees injured in occupational accidents.

Under section 40 of the EC Ordinance, all employers are required to take out insurance policies to cover their liabilities under the laws (including the common law) for injuries at work in respect of all their employees (including full-time and part-time employees). An employer who fails to comply with the EC Ordinance to secure an insurance cover commits an offence and is liable on conviction upon indictment to a maximum fine of HK\$100,000 and to imprisonment for up to two years and on a summary conviction to a maximum fine of HK\$100,000 and to imprisonment for up to one year.

According to section 15(1) of the EC Ordinance, an employer shall report any accident which results in the death of the employee within three days after the accident to the Commissioner of Labour not later than seven days after the accident, irrespective of whether the accident gives rise to any liability to pay compensation. According to section 15(1A) of the EC Ordinance, an employer shall report any accident which results in the total or partial incapacity of the employee to the Commissioner of Labour not later than 14 days after the accident, irrespective of whether the accident gives rise to any liability to pay compensation.



According to section 48 of the EC Ordinance, an employer shall not, without the consent of the Commissioner for Labour, terminate, or give notice to terminate, the contract of service of an employee (who has suffered incapacity in circumstances which entitle him to compensation under the EC Ordinance ) before occurrence of certain prescribed events. Any person who commits a breach of this provision is liable on conviction to a maximum fine of HK\$100,000.

#### **Minimum Wage Ordinance (Cap. 608 of the Laws of Hong Kong) (the “MW Ordinance”)**

The MW Ordinance provides for a statutory minimum wage level for every employee employed under the Employment Ordinance, save and except for those specified under sections 7(2), (3), (4) and (5) of the MW Ordinance. Any provision of the employment contract which purports to extinguish or reduce the right, benefit or protection conferred on the employee by the MW Ordinance is void. The Minimum Wage Commission is established under section 11 of the MW Ordinance and its main function is, when required by the Chief Executive of Hong Kong, to report to the Chief Executive in Council its recommendations on the amount of the prescribed minimum hourly wage rate.

#### **Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong) (the “MPFS Ordinance”)**

The MPFS Ordinance provides that an employer shall enrol their regular employees (except for certain exempt persons) aged at least 18 but under 65 years of age and employed for 60 days or more in a Mandatory Provident Fund (“MPF”) scheme within the first 60 days of employment.

For both employees and employers, it is mandatory to make regular contributions to an MPF scheme. For an employee, subject to the maximum and minimum levels of income (HK\$30,000 and HK\$7,100 per month respectively on or after 1 June 2014), an employer will deduct five per cent. (5%) of the relevant income on behalf of an employee as mandatory contributions to a registered MPF scheme with a ceiling of HK\$1,500 on or after 1 June 2014. An employer will also be required to contribute an amount equivalent to five per cent. (5%) of an employee’s relevant income to the MPF scheme, subject only to the maximum level of income (HK\$30,000 on or after 1 June 2014). The Mandatory Provident Fund Schemes Authority established under the MPFS Ordinance regulates the operations of MPF schemes in accordance with the provisions under the MPFS Ordinance

## **KOREA**

The following description is a summary of the material laws and jurisdictions applicable to our Group under Korea law as at the Latest Practicable Date.

### **Dividends**

The incorporation, operation and management of a joint stock company in Korea, including payment of dividends, are generally governed by the Korean Commercial Act.

According to the Korean Commercial Act, a joint stock company may pay dividends, in the form of cash, shares or other payment in-kind, by a resolution of the general meeting of its shareholders and pay dividends within its distributable profits as prescribed by the Korean Commercial Act.

Distributable profit refers to a company’s net assets stated on the balance sheets minus (1) the amount of its share capital, (2) the total amount of capital reserve and earned surplus reserve accumulated until the pertinent period for the settlement of accounts of the company, (3) the amount to be accumulated for the pertinent period for the settlement of accounts of the company, and (4) unrealised profits.

A company may pay dividends by issuing new shares by a resolution of the general meeting of its shareholders, provided that such stock dividends may not exceed the amount equivalent to half of the total amount of dividends.

### **Foreign Investment**

Under the Foreign Investment Promotion Act of Korea, if an investment by a foreign investor in a Korean company qualifies as a “foreign direct investment” thereunder, the foreign investor must file a report of its investment to the Minister of Trade, Industry and Energy through the Korea Trade-Investment Promotion Agency or a designated foreign exchange bank in Korea before carrying out such investment in accordance with the Foreign Investment Promotion Act.

If an investment by a foreign investor in a Korean company qualifies as a foreign investment under the Foreign Investment Promotion Act, the foreign investor or the company must also complete a foreign-invested enterprise registration, and if there is a subsequent change in the reported foreign-investment ratio, such change may need to be reported pursuant to the Foreign Investment Promotion Act.

Remittance of proceeds accruing from shares acquired by a foreign investor, proceeds from the sale of shares shall be guaranteed under the details of the report or permission of foreign investment at the time of such remittance. Where a foreign investor intends to remit funds to a foreign country, the head of the foreign exchange bank shall verify the legitimacy of the remittance to a foreign country. Upon completion of remittance to a foreign country, the head of a foreign exchange bank shall notify the Minister of Trade, Industry and Energy.

### **Work Hours**

Under the Labour Standard Act of Korea, the maximum number of hours worked by employees may not exceed eight hours a day and 40 hours a week, though it may be extended up to 12 hours a week upon mutual agreement between the parties. Therefore, work hours, including extended work, night-time work, or holiday work, cannot exceed 52 hours a week.

If found to be in violation of the maximum 52-hour working hour restriction, the employer (i.e., the representative director) may be subject to criminal liability of an imprisonment up to two years or a fine of up to KRW 20 million.

### **Withholding Tax**

Korean withholding tax are deducted from dividends (whether in cash or in shares) paid to a non-resident without a permanent establishment in Korea at a rate of 22% (inclusive of local income tax). If a non-resident is a qualified resident in a country that has entered into a tax treaty with Korea, such non-resident may qualify for a reduced rate of Korean withholding tax.

As a general rule, Korean-sourced capital gains earned by non-residents without a permanent establishment in Korea upon the transfer of the common shares would be subject to Korean income tax at a rate equal to the lesser of (a) 11.0% (including local income tax) of the gross proceeds realised or (b) 22.0% (including local income tax) of the net realised gain (subject to the production of satisfactory evidence of the acquisition costs and certain direct transaction costs arising out of the transfer of such common shares), unless such non-resident is exempt from Korean income taxation under an applicable Korean tax treaty into which Korea has entered with the non-resident's country of tax residence. There is a tax treaty entered into between Korea and Hong Kong. No tax treaty has been entered into between Korea and Macau.

## **USA**

### **Tax Laws; Internal Revenue Code (26 U.S.C. § 1 et seq.)**

The Group's tax obligations in the USA are governed by the Internal Revenue Code (26 U.S.C. § 1 et seq.) ("IRC"), which includes federal tax regulations. The IRC outlines the rules and procedures for federal income tax, payroll taxes, and other federal taxes that the Group must comply with in the USA. Violations of the IRC can result in audits, significant fines, and corrective actions mandated by the Internal Revenue Service ("IRS"). The IRS is a bureau of the Department of the Treasury established under the IRC. It is empowered to administer and enforce federal tax laws, including the collection of taxes and the interpretation and implementation of the IRS.

The Group's tax obligations in the USA are also governed by state tax laws in jurisdictions where the Group sells products (or otherwise does business), such as states like California, Washington, and Ohio. Each state has its own tax regulations, including sales tax, income tax, and other state-specific taxes. Non-compliance with these state tax laws can result in significant fines and penalties.

### **Section 5 of the Federal Trade Commission Act ("FTC Act") (15 U.S.C. § 45)**

Section 5 of the FTC Act prohibits unfair or deceptive practices in and affecting commerce. The Federal Trade Commission ("FTC") is an independent agency of the USA government established under the FTC Act. Under Section 5 of the FTC Act, the FTC can take action against companies that fail to protect consumer data adequately, leading to potential fines and mandated changes to data security practices.

The FTC has brought legal actions against organisations that have violated consumers' privacy rights, or misled them by failing to maintain security for sensitive consumer information, or caused substantial consumer injury. In addition to the FTC Act, the agency also enforces other federal laws relating to consumers' privacy and security. Further, the FTC, and many state attorneys general are interpreting existing federal and state consumer protection laws to impose evolving standards for the online collection, use, dissemination and security of other personal data.

### **Magnuson-Moss Warranty Act (the "Warranty Act") (15 U.S.C. §§ 2301-2312)**

The Magnuson-Moss Warranty Act and accompanying regulations (together, the "Warranty Act") is a law that governs consumer product warranties and, among other things, establishes disclosure standards for written warranties. The Warranty Act prohibits warrantors of certain consumer products, such as ours, from conditioning their written warranties on a consumer's use of any article or service, such as repair service, which is identified by brand, trade, or corporate name, unless (1) the warranty states the article or service will be provided to the consumer for free, or (2) the warrantor has been granted a waiver by the commission. Similarly, warranty language that implies to a consumer acting reasonably under the circumstances that warranty coverage requires the consumer to purchase an article or service identified by brand, trade or corporate name is similarly deceptive and prohibited. Non-compliance with the Warranty Act is a violation of Section 5 of the FTC Act. The FTC has previously brought actions against companies for this type of violation, and we have received a written warning from the FTC for this type of violation in the past for their business in the USA. Certain USA states have implemented laws designed to supplement or strengthen the requirements under the Warranty Act, and we are subject to such laws.

### **California Consumer Privacy Act ("CCPA") (Cal. Civ. Code § 1798.100 et seq.)**

The CCPA, which came into force in 2020 in California, creates individual privacy rights for California consumers and increases the privacy and information security obligations of entities handling certain personal data. Non-compliance with the CCPA can result in fines and penalties, and the CCPA, along with similar legislation, provides a basis for private claims in the event of certain types of data breaches. Effective January 1, 2023, we became subject to the California Privacy Rights Act, which expands upon the consumer data use restrictions, penalties and enforcement provisions under the CCPA, and Virginia's Consumer Data Protection Act, another comprehensive data privacy law. Effective July 1, 2023, we became subject to the Colorado Privacy Act and Connecticut's An Act Concerning Personal Data Privacy and Online Monitoring, which are also comprehensive consumer privacy laws. Effective December 31, 2023, we also became subject to the Utah Consumer Privacy Act, regarding business handling of consumers' personal data.

### **Telephone Consumer Protection Act of 1991**

The Telephone Consumer Protection Act of 1991 ("TCPA") restricts the making of telemarketing calls and the use of automatic telephone dialing systems. The TCPA limits the use of automatic dialing systems, artificial or prerecorded voice messages, SMS text messages, and fax machines. It also applies to unsolicited text messages advertising the commercial availability of goods or services. Violators of the TCPA face regulatory enforcement action, substantial civil penalties, injunctions, and in some states, private lawsuits for damages.

### **Controlling the Assault of Non-Solicited Pornography and Marketing Act ("CAN-SPAM") (15. U.S.C. §§ 7701-7713)**

The Controlling the Assault of Non-Solicited Pornography and Marketing Act ("CAN-SPAM") regulates unsolicited commercial emails and creates criminal penalties for emails containing fraudulent headers, and control other abusive online marketing practices. The law also restricts data collection and use in connection with its opt-out process requirements for senders of commercial emails.

### **Payment Card Industry Data Security Standard ("PCI-DSS")**

As we accept debit and credit cards for payment, we are subject to the Payment Card Industry Data Security Standard ("PCI-DSS"), issued by the Payment Card Industry Security Standards Council. PCI-DSS contains compliance guidelines with regard to our security surrounding the physical and electronic storage, processing and transmission of cardholder data. Compliance with PCI-DSS and implementing related procedures, technology and information security measures requires significant resources and ongoing attention.

### **Environmental Laws and Regulations; Hazardous Materials Regulations (40 C.F.R. Part 260)**

Certain environmental laws, including the United States Comprehensive, Environmental Response, Compensation and Liability Act of 1980, or the Superfund Act, impose strict, joint and several liability on current and previous owners and/or operators of real property for the cost of removal or remediation of releases of hazardous substances and impose liability for damages to natural resources. Certain regulations govern the proper disposal of hazardous waste, including electronic waste, ensuring that such waste is handled in an environmentally responsible manner. The Group's failure to comply with present and future requirements under these and similar laws and similar laws and regulations, or these presence of environmental contamination or releases of or exposure to hazardous substances on our owned premises in the USA could cause us to incur substantial costs, including for clean-up costs, personal injury and property damage claims, and fines and penalties.

The United States Environmental Protection Agency is an independent agency of the USA government established. It is empowered to enforce federal environmental laws, including the Superfund Act, which imposes liability on current and previous owners or operators of real property for the cost of removal or remediation of hazardous substances and for damages to natural resources.

### **Intellectual Property Laws; Patent Act (35 U.S.C. § 1 et seq.), Copyright Act (17 U.S.C. § 101 et seq.); Lanham Act (15 U.S.C. § 1051 et seq.)**

The Group must comply with intellectual property laws in the USA, including the Patent Act, Copyright Act and Lanham Act.

The Patent Act governs the protection of inventions, providing inventors with exclusive rights to their discoveries for a limited time. Violations of patent rights of third parties can put the Group at risk of injunctions and damages. The United States Patent and Trademark Office ("USPTO") is an agency of the Department of Commerce responsible for handling the registration of patents and the recording of documents related to patents and patent applications, and it derives its authority from the Patent Act.

The Copyright Act governs the protection of original works of authorship, such as literary, musical, and artistic works. Infringement of copyright of third parties can result injunctions and damages (including statutory damages and actual damages). The United States Copyright Office, which is part of the Library of Congress, administers the Copyright Act.

The Lanham Act, also known as the Trademark Act of 1946, is the primary federal statute that governs trademarks, service marks, and unfair competition. It is administered by the USPTO. The USPTO handles the registration of trademarks, and the recording of documents related to registered trademarks and applications to register trademarks. Infringement of trademarks of third parties can result in injunctions and damages (including statutory damages and actual damages).

### **Employment Laws; Fair Labor Standards Act ("FLSA") (29 U.S.C. § 201 et seq.) & Americans with Disabilities Act ("ADA") (42 U.S.C. § 12101 et seq.)**

Because the Group has employees in the USA, the Group is also subject to a variety of federal & state employment and labor laws and regulations for employees in the USA, including the federal ADA, the FLSA and other laws and regulations related to working conditions, wages and hours (including overtime pay), employee benefits, anti-discrimination and termination of employment.

The ADA (along with Title VII and several other federal anti-discrimination laws) is primarily enforced by the Equal Employment Opportunity Commission. The FLSA is enforced by the Wage and Hour Division of the USA Department of Labor, which oversees compliance with labor standards. These and other statutes are also enforced by lawsuits brought by private individuals.

## **Sanctions Laws; USA Department of the Treasury Office of Foreign Asset Control Sanctions Programs**

Because the Group has a USA entity and operations, the Group is subject to USA economic sanctions laws, which are primarily administered by the USA Department of the Treasury's Office of Foreign Assets Control ("OFAC") (certain USA sanctions are also administered by the USA Department of State). USA economic sanctions laws prohibit almost all transactions involving designated countries, regions, jurisdictions, governments, companies and individuals. Prohibitions and restrictions applicable to the Group's activities under USA sanctions laws will differ based on the territory, person, or entity involved.

In certain situations, the Group may be required to apply for and obtain in advance a licence or other written authorisations from OFAC in order to participate in a transaction. With few exceptions, however, USA sanctions laws applicable to the Group prohibit almost all transactions with the following countries/regions subject to comprehensive restrictions ("Embargoed Destinations"): Cuba, Iran, North Korea, Syria, Russia, Crimea, the Donetsk People's Republic, and the Luhansk People's Republic.

### **Export Controls; Export Administration Regulations (15 C.F.R. Subchapter C)**

Because the Group's business involves items from the USA that are controlled for export under the Export Administration Regulations ("EAR"), such items are subject to U.S. export controls. U.S. export controls are administered by the U.S. Department of Commerce's Bureau of Industry and Security ("BIS") USA export controls are designed to restrict the export, re-export, or transfer (in country) of certain USA items and technologies.

USA export controls applicable to the Group's items will differ based on the territory, person, or entity involved. In certain situations, the Group may be required to apply for and obtain in advance a licence from BIS in order to proceed with an export, re-export, or transfer (in country).

On October 17, 2023, BIS imposed country-specific export controls on advanced computing/supercomputer and semiconductor manufacturing items to PRC, Hong Kong, or a restricted D:1, D:4, or D:5 country (which includes Macau) ("**AC/S & SME Controls**"). Accordingly, as of November 2023, the AC/S & SME Controls restrict the export of the Group's RTX 4090 (AD102-300-A1) and RTX 4090 (AD102-301-A1) model VGA Cards containing the Restricted NVIDIA Products to (a) the PRC, Hong Kong, Macau, and/or other countries listed as D:1, D:4, or D:5 countries on the BIS "Country List", and (b) any destination other than those listed as D:1, D:4, or D:5 countries for an entity that is headquartered in, or whose ultimate parent company is headquartered in, the PRC, Hong Kong, Macau or any other destination specified in country group D:5.

### **USA Import Tariffs; Harmonized Tariff Schedule & Section 301 of the Trade Act of 1974 (19 U.S.C. 2411)**

The group imports products into the USA, and such products are subject to USA import tariffs enforced by U.S. CBP and the Office of the United States Trade Representative ("**USTR**").

USA import tariffs can be ad valorem (percentage-based), specific (fixed fee per quantity), or compound (a combination of both). The HTSUS details the specific tariffs applicable for various products. The group must comply with USA import tariffs, including proper classification and valuation of their products by HTSUS code. In certain cases, importers (such as the Group) may seek relief through tariff exclusions or duty drawbacks.

In 2017, the USTR initiated an investigation into the PRC government's "acts, policies, and practices" as they related to "technology transfer, intellectual property, and innovation." Upon conclusion of the initial investigation, in April 2018 the USTR announced that it had reached a determination that the PRC government's relevant acts, policies, and practices were actionable under Section 301 of the Trade Act of 1974.

Accordingly, pursuant to Section 301 of the Trade Act, the USTR imposed an additional ad valorem duty of between 10% and 25% on products of the PRC that are covered in certain HTS Code subheadings. The China Section 301 Tariffs were implemented in four phases with effect from April 6, 2018 to May 17, 2019, each phase accompanied by a distinct list of targeted products based on HTS Code (List 1, List 2, List 3, and List 4). In response to public comment from the US private sector, in April 2018 the USTR created a process through which parties could request that a particular product be excluded from the additional Section 301 tariffs.



Through January 2020 the USTR received 52,746 exclusion requests across all four lists of products. Of the requested exclusions, 6,804 spanning 2,129 product descriptions (13%) were granted. Between January 2020 and October 2021, certain of the initially granted exclusions (516) were extended while others expired. In October 2021, the USTR established a process to reinstate any of 549 exclusions that had expired or were set to expire soon, ultimately reinstating 352 of the eligible exclusions. After three extensions, all active exclusions were set to expire on May 31, 2024. However, on May 24, 2024, the USTR released a notice which provided a 14-day transition period for certain exclusions (thus extending them through June 14, 2024) and extended certain other exclusions through May 31, 2025. Certain items manufactured in the PRC by the Group are captured by these tariffs.

Products listed under HTS Code 8473.30.1180, which covers “printed circuit assemblies, constituting unfinished logic boards” and which are products of the PRC, such as the Group’s VGA Cards, were included in List 3 of the Section 301 Tariffs. Presently, pursuant to a May 24, 2024 exclusion extension notice, List 3 products are excluded from the additional ad valorem duty of 25% until May 31, 2025, at which time the tariff exclusion will expire unless extended.

Products listed under HTS Code 8471.50.0150, which covers “automatic data processing machines and units other than those of subheading 8471.41 or 8471.49,” such as the Group’s mini PCs, were included in List 3 of the Section 301 Tariffs and were not granted an exclusion. Accordingly, such products presently are subject to an additional ad valorem duty of 25%.

## THE PRC

The following description is a summary of the material laws and jurisdictions applicable to our Group under the PRC law as at the Latest Practicable Date.

### Regulations relating to processing trade

The Customs Law of the PRC (中华人民共和国海关法) was promulgated by the Standing Committee of the National People’s Congress (“**SCNPC**”) on 22 January 1987 and most recently amended on 29 April 2021. The law requires that enterprises engaged in processing trade shall file with the PRC customs (“**Customs**”), materials may be imported for processing and finished products shall be re-exported within the prescribed timeframe. Where materials are imported in bond, verification and write-off procedures shall be completed with the Customs, and where taxes have been levied at the time of import, refunding procedures shall be made with the Customs, upon re-export of the finished products.

According to the Measures on Supervision by PRC Customs on Goods for Processing Trade (中华人民共和国海关加工贸易货物监管办法) issued by the General Administration of Customs (“**GAC**”) on 12 March 2014 and most recently amended on 9 March 2023, processing trade enterprises shall establish processing trade handbooks with the Customs and maintain their accounts in accordance with not only the accounting law but the Customs’ supervision requirements. Pursuant to the Measures on Online Supervision of Processing Trade Enterprises (中华人民共和国海关加工贸易企业联网监管办法) issued by GAC on 14 June 2006 and most recently amended on 9 March 2023, the Customs implement online supervision on processing trade enterprises. Processing trade enterprises are required to submit via data exchange platforms or other computer networks data on their logistics, production and operation which satisfy the requirements of Customs supervision. Customs will then calculate and check the data and verify against the physical objects.

The Ministry of Commerce (“**MOFCOM**”), Ministry of Ecology and Environment and GAC jointly issued the Announcement on Supporting Repair Business by Enterprises in Comprehensive Bonded Zones (关于支持综合保税区内企业开展维修业务的公告) in 2020 and expanded catalogues of products for such repair business in 2021 and 2024. Pursuant to the announcement and catalogues, enterprises in comprehensive bonded zones that intend to carry out repair business may file applications with the administration commissions of the zones. The administration commissions will consult with the local departments of commerce and Customs to make decisions on the applications. Once the enterprises obtain the consents from the administration commissions to carry out bonded repair business, they are required to comply with industrial standards, perform safety and environmental protection obligations and accept Customs’ supervision in the course of their business.



## **Regulations relating to import and export**

The Foreign Trade Law of the PRC (中华人民共和国对外贸易法) was promulgated by SCNPC on 12 May 1994 and most recently amended on 30 December 2022, and the Administrative Regulations on Import and Export of Goods (中华人民共和国货物进出口管理条例) were issued by the State Council of the PRC (“**State Council**”) on 10 December 2001 and most recently amended on 10 March 2024 with effect as of 1 May 2024. Pursuant to the law and regulations, goods are allowed to be imported into or exported out of the PRC freely unless otherwise prescribed in the laws and administrative regulations of the PRC. Certain goods are prohibited or restricted from being imported into or exported out of the PRC due to their impact on national security, life and health of people, animals or plants, the development of certain domestic industries, or other reasons stipulated in relevant laws and regulations. Catalogues of such goods prohibited and restricted from importing into and exporting out of the PRC are formulated, published and from time to time adjusted by MOFCOM jointly with other relevant departments of the State Council.

Pursuant to the Customs Law and the Administrative Rules on Filing of Customs Declaration Entities (中华人民共和国海关报关单位备案管理规定) issued by GAC on 19 November 2021 and taking effect on 1 January 2022, consignors or consignees of goods exported or imported are required to file with the Customs for declaration activities. Enterprises which are not filed with the Customs cannot conduct declaration activities.

Pursuant to the Regulations on Import and Export Tariff of the PRC (中华人民共和国进出口关税条例) issued by the State Council on 23 November 2003 and most recently amended on 1 March 2017, unless otherwise provided by the relevant laws and regulations, goods permitted to be imported into or exported out of the PRC shall be subject to payment of tariff. The consignees of imported goods, consignors of exported goods or owners of inward articles shall undertake the obligation of the payment of tariff. On 26 April 2024, the Tariff Law of the PRC (中华人民共和国关税法) was adopted by SCNPC, which will come into force on 1 December 2024. The Tariff Law elevates certain existing provisions and practices concerning the levy and payment of tariff to the level of law. It also specifies the administrative penalties that may be imposed on taxpayers failing to perform certain tariff payment obligations.

The Import and Export Commodity Inspection Law (进出口商品检验法) was promulgated by SCNPC on 21 February 1989 and most recently amended on 29 April 2021. Pursuant to the law and its implementation rules, the imported and exported goods that are subject to compulsory inspection listed in the catalogue compiled by the import and export commodity inspection department of the State Council shall be inspected by the commodity inspection organisations. The imported and exported goods that are not subject to such compulsory inspection shall be subject to random inspection. Consignees and consignors may apply for inspection to the commodity inspection organisations.

## **Regulations relating to Product Quality and Customer Protection**

Pursuant to the Product Quality Law of the PRC (中华人民共和国产品质量法) promulgated by SCNPC on 22 February 1993 and most recently amended on 29 December 2018, manufacturers and sellers shall be responsible for the quality of the products. Where a defective product causes physical injury to a person or damage to another person’s property, the victim may claim compensation from the manufacturer or from the seller of the product.

The PRC Regulations on Certification and Accreditation (中华人民共和国认证认可条例) were issued by the State Council on 3 September 2003 and most recently amended on 20 July 2023, and the Administrative Provisions on Compulsory Products Certification (强制性产品认证管理规定) were most recently amended by the State Administration for Market Regulation (the “SAMR”) on 29 September 2022 with effect from 1 November 2022. Under these regulations, certain products concerning health, safety, environment and national security are required to go through the compulsory certification and obtain the China Compulsory Certification or “CCC” mark. Pursuant to the catalogue of products subject to the compulsory certification and the description and definition table of the catalogue updated and published by SAMR in 2023, the compulsory certification must be conducted for certain electronic products including microcomputers. Such microcomputers must be imported into the PRC and sold on the PRC market with the CCC mark.

The PRC Consumer Rights and Interests Protection Law (中华人民共和国消费者权益保护法) was promulgated by SCNPC on 31 October 1993 and most recently amended on 25 October 2013 with effect from 15 March 2014. The law sets out the obligations of business operators and rights and interests of consumers in the PRC. In particular, business operators shall ensure that goods provided to consumers satisfy the requirements for personal and property safety, and shall not impose unfair or unreasonable terms on consumers or reduce or escape their civil liabilities for their infringement of the legitimate rights and interests of consumers by means of standard contracts.

## **Regulations relating to environment and safety**

### ***Environmental protection***

The Environmental Protection Law of the PRC (中华人民共和国环境保护法) was promulgated on 26 December 1989 and most recently amended on 24 April 2014 with effect as of 1 January 2015. Pursuant to the law, construction projects that have environmental impact shall be subject to environmental impact assessment. Facilities for prevention and control of pollution must be designed, built and put into operation simultaneously with the principal part of the construction projects. Entities which discharge or will discharge pollutants during the course of operations or other activities must implement effective environmental protection safeguards and procedures to control and properly treat waste gas, wastewater, waste residue, noise and other hazards produced during such activities.

### ***Work safety***

The Work Safety Law (安全生产法) of the PRC was promulgated on 29 June 2002 by SCNPC and most recently amended on 10 June 2021 with effect from 1 September 2021. Pursuant to the law, enterprises shall develop a well-established work safety responsibility system and work safety rules and policies for all employees, meet the conditions for safe production as stipulated by laws and regulations, national standards or industry standards, and those who do not have such production conditions shall not engage in production and operation activities. Enterprises are required to conduct safety production education and training for employees to ensure that they are equipped with necessary safety production knowledge and are familiar with safety production rules and regulations and safety operation procedures.

### ***Fire control***

The Fire Safety Law (消防法) of the PRC was promulgated by SCNPC on 29 April 1998 and most recently amended on April 29, 2021, and the Interim Provisions on Administration of Fire Control Design Review and Acceptance of Construction Projects (建设工程消防设计审查验收管理暂行规定) were issued by the Ministry of Housing and Urban-Rural Development on 1 April 2020 and most recently amended on 21 August 2023 with effect from 30 October 2023. Pursuant to these provisions, the design and installation of fire control facilities of construction projects shall conform to the applicable fire control technology standards. Construction projects that classified as special construction projects are subject to fire control design examination before commencement of construction and inspection and acceptance upon completion. Other construction projects are required to be filed with the competent authorities upon completion and subject to random inspections by such authorities.

## **Regulations relating to foreign investment**

The Foreign Investment Law of the PRC (中华人民共和国外商投资法) promulgated by the National People's Congress on 15 March 2019 and the Regulations on the Implementation of the Foreign Investment Law of the PRC (中华人民共和国外商投资法实施条例) issued by the State Council on 26 December 2019, both of which came into force on 1 January 2020, set forth the fundamental regime for administration of foreign investment in the PRC. The foreign investors are not allowed to invest in the prohibited categories of industries and are required to satisfy certain conditions to invest in the restricted categories of industries, in the PRC, as specified in the negative list issued or approved by the State Council. The foreign investment in industries outside the negative list in the PRC is subject to national treatment. The foreign investors and foreign invested enterprises may enjoy preferential treatment in accordance with laws, administrative regulations, and provisions of the State Council The Special Management Measures (Negative List) for the Access of Foreign Investment (2024 Version) (外商投资准入特别管理措施(负面清单) (2024年版) were jointly promulgated by MOFCOM and National Development and Reform Commission ("NDRC") on 6 September 2024 and became effective on 1 November 2024. The Catalogue of Industries for Encouraged Foreign Investment (2022 Version)

(鼓励外商投资产业目录(2022年版)) (“**Catalogue**”) was jointly promulgated by MOFCOM and NDRC on 26 October 2022 and became effective on 1 January 2023. The Negative List and Catalogue set out the industries and economic activities in which foreign investment in the PRC is restricted, prohibited or encouraged.

### **Regulations relating to foreign exchange**

Pursuant to the Regulations of the PRC on Foreign Exchange Control (中华人民共和国外汇管理条例) issued by the State Council on 29 January 1996 and most recently amended on 5 August 2008 and relevant regulations issued by the State Administration of Foreign Exchange of the PRC (“**SAFE**”), Renminbi is convertible into other currencies for current account items, such as trade and services-related receipts and payments and payment of interest and dividends. Such conversion is required to be made on true and legitimate transaction basis and can be processed directly at a bank against authentic and valid transaction documents. The conversion of Renminbi into other currencies and remittance of the converted foreign currencies outside the PRC under capital account items, such as direct equity investments and loans, requires the prior approval from, or registration with, SAFE or its local branch or its designated bank.

### **Regulations relating to dividends distribution**

Pursuant to the Company Law of the PRC (中华人民共和国公司法) promulgated by SCNPC on 29 December 1993 and most recently amended on 29 December 2023 with effect as of 1 July 2024, companies in PRC may pay dividends only out of their accumulated profits, if any, as determined in accordance with the PRC accounting standards and regulations. Additionally, companies are required to set aside 10% of their accumulated profits each year, if any, to the statutory reserve fund, until such time as the accumulative amount of such fund reaches 50% of the companies’ registered capital. The statutory reserve fund is not distributable as cash dividends.

### **Regulations relating to intellectual property rights**

#### ***Patent law***

According to the Patent Law of the PRC (中华人民共和国专利法) promulgated by SCNPC on 12 March 1984 and most recently amended on 17 October 2020 with effect from 1 June 2021 and its implementation rules, there are three types of patents in the PRC: invention patents, utility model patents, and design patents. The protection period is 20 years for an invention patent and 10 years for a utility model patent and 15 years for a design patent (or 10 years for design patents filed prior to 31 May 2021), commencing from their respective application dates. The patent system of the PRC adopts a first-to-file principle, under which the person who files the patent application first is entitled to the patent if two or more persons file patent applications for the same subject. Any person or entity that utilises a patent or conducts any other activities that infringe a patent without authorisation of the patent holder must compensate the patent holder and may be criminally liable in case of patent passing-off.

#### ***Trademark law***

Pursuant to the Trademark Law of the PRC (中华人民共和国商标法) promulgated by SCNPC on 23 August 1982 and most recently amended on 23 April 2019 with effect from 1 November 2019 and the relevant implementation regulations, trademarks approved for registration by the Trademark Office of National Intellectual Property Administration are registered trademarks protected by the law. The Trademark Office grants a ten-year term to registered trademarks and the term may be renewed for another ten-year period upon request by owners of registered trademarks. Trademark registrants may license their registered trademarks to other parties by entering into trademark license agreements, which shall be filed with the Trademark Office for record.

#### ***Domain names***

Pursuant to the Administrative Measures for Internet Domain Names (互联网域名管理办法) promulgated by the Ministry of Industry and Information Technology of the PRC (中华人民共和国工业和信息化部) (“**MIIT**”) on 24 August 2017 and coming into effect on 1 November 2017, the registration of domain name shall follow the principle of “first apply, first register”. The Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Internet Information Services (工业和信息化部关于规范互联网信息服务使用域名的通知) promulgated by the MIIT on 27 November 2017 and coming into effect on 1 January 2018 specifies that the domain name used by an Internet information service provider shall be that owned and registered by it in accordance with laws and regulations.

## **Regulations relating to employment and social welfare**

### ***Employment***

The Labor Law of the PRC (中华人民共和国劳动法), which was promulgated by SCNPC on 5 July 1994 and most recently amended on 29 December 2018, require employers to establish and improve their rules and policies in accordance with the law so as to ensure that employees enjoy labor rights and perform their labor obligations.

Pursuant to the Labor Contract Law of the PRC (中华人民共和国劳动合同法) promulgated by SCNPC on 29 June 2007 and revised on 28 December 2012 with effect from 1 July 2013 and the Regulations on the Implementation of the Labor Contract Law of the PRC (中华人民共和国劳动合同法实施条例) issued by the State Council on 18 September 2008, labor contracts in written form shall be executed to establish labor relationships between employers and employees. The wage paid to employees shall not be lower than the local minimum wage standard and shall be paid to employees on time. Employers are required to provide employees with safe and sanitary work conditions satisfying State rules. Upon reaching an agreement after due negotiation with an employee or under other circumstances in line with prescribed conditions, an employer may legally terminate a labor contract.

The PRC Employment Promotion Law (中华人民共和国就业促进法), which became effective on 1 January 2008 and was amended on 24 April 2015, requires that individuals have equal employment opportunities, both in hiring and in employment terms, without discrimination on the basis of ethnicity, race, gender, religious beliefs, whether they have communicable diseases or whether they are resident in rural areas. Under this law, enterprises are also required to provide employees with vocational training. Administrative authorities at the county level or above are responsible for implementing policies to promote employment.

### ***Social Insurances***

Pursuant to the Social Insurance Law of PRC (中华人民共和国社会保险法) promulgated by SCNPC on 28 October 2010 and most recently amended on 29 December 2018, the PRC establishes a social insurance system including basic pension insurance, basic medical insurance, work related injury insurance, unemployment insurance and maternity insurance. An employer shall pay the social insurances for its employees in full and on time in accordance with the prescribed base and ratio and shall withhold and pay the social insurances that should be assumed by the employees.

Employers who fail to register with the social insurance authority may be ordered to rectify the failure within a specific time period. If the employer fails to rectify the failure to register within a specified time period, a fine of one to three times the payable premium may be imposed. If the employer fails to make social insurance contributions on time and in full, the social insurance collecting agency shall order the employer to make up the shortfall within the prescribed time period and impose a late payment fee amounting to 0.05% of the unpaid amount for each day overdue. If the non-compliance continues, the employer may be subject to a fine ranging from one to three times the unpaid amount owed to the relevant administrative agency.

On 20 July 2018, the General Office of the Communist Party of the PRC and the General Office of the State Council of the PRC issued the Reform Plan of the State Tax and Local Tax Collection Administration System (the "**Reform Plan**"). Under the Reform Plan, beginning from 1 January 2019, tax authorities will be responsible for the collection of social insurance contributions in the PRC. Pursuant to the Urgent Notice of the MOHRSS, which was issued by the General Office of the MOHRSS on 21 September 2018, before the reform of the social insurance collection authorities being in place, the relevant levying policies, including the base and rate of the social insurance premiums, shall remain unchanged. The Urgent Notice also clarified that it is strictly prohibited for the local authorities themselves to organise and conduct centralised collection of enterprises historical social insurance arrears.

### ***Housing funds***

Under the Regulations on the Administration of Housing Fund (住房公积金管理条例) issued by the State Council on 3 April 1999 and most recently amended on 24 March 2019, an employer shall make registration for the housing fund contribution with the housing fund management center, complete the procedures for establishing housing fund accounts for its employees, pay the housing fund for its employees in full and on time in accordance with the prescribed base and ratio, and withhold and pay the housing fund that should be assumed by the employees.



## **Regulations On Taxation**

### ***Enterprise income tax***

Pursuant to the Law on Enterprise Income Tax Law of the PRC (中华人民共和国企业所得税法) promulgated by SCNPC on 16 March 2007 and most recently amended on 29 December 2018 and the Regulations on Implementation of the Law on Enterprise Income Tax of the PRC (中华人民共和国企业所得税法实施条例) issued by the State Council on 6 December 2007 and most recently amended on 23 April 2019, taxpayers of enterprise income tax include resident enterprises and non-resident enterprises. Resident enterprises refer to the enterprises established according to laws of the PRC in the PRC or established under the laws of foreign countries (regions) with the actual management located in the PRC. Non-resident enterprises refer to the enterprises established under the laws of foreign countries (regions) with the actual management located outside the PRC, which have establishment or place of business in the PRC or have no establishment or place of business in the PRC but have incomes originating from the PRC.

The statutory standard enterprise income tax rate is 25%. The non-resident enterprises that have no establishment or place of business in the PRC, or that have establishment or place of business in the PRC but their income is not actually related to such establishment or place of business, shall pay enterprise income tax at the reduced rate of 10% for their income originating from the PRC.

### ***Withholding tax on dividend***

Pursuant to the Arrangement Between the PRC and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (内地和香港特别行政区关于对所得避免双重征税和防止偷漏税的安排), if the beneficiary of the dividend is a qualified Hong Kong resident enterprise, which directly holds no less than 25% equity interests in a PRC company, the tax levied shall be 5% of the distributed dividend. The 10% withholding tax rate applies to dividend paid by a PRC company to a Hong Kong resident if such Hong Kong resident holds less than 25% of the equity interests in the PRC company.

Pursuant to the Measures for Administration of Non-Resident Taxpayers' Enjoyment of the Treatment under Tax Treaties (非居民纳税人享受协定待遇管理办法) issued by the State Taxation Administration on 14 October 2019 and taking effect on 1 January 2020, if non-resident taxpayers consider they are eligible for treatments under the tax treaties through self-assessment, they may, at the time of filing tax returns or making withholding tax filings through withholding agents, enjoy the treatments under the tax treaties, and shall concurrently collect and retain the relevant documents for inspection according to relevant regulations, and accept tax authorities' post-filing administration.

### ***Value-Added Tax***

Pursuant to the Interim Regulations on Value-added Tax of the PRC (中华人民共和国增值税暂行条例) issued by the State Council on 13 December 1993 and most recently amended on 19 November 2017, enterprises and individuals that sell goods or provide services of processing, repair or replacement, or sell services, intangible assets, or real estates or import goods within the territory of the PRC are taxpayers of value-added tax, and shall pay value-added tax in accordance with such regulations.

## **Regulations relating to data security**

The MIIT promulgated the new data security regulations entitled "The Administrative Measures on Data Security in the Field of Industry and Information Technology (for Trial Implementation)" ((工业和信息化领域数据安全管理办法(试行)) (the "Data Security Measures"), which came into effect on 1 January 2023. These regulations are applicable to data handling activities within the field of industry and information technology. Pursuant to the Data Security Measures, data in the field of industry and information technology shall include, *inter alia*, industrial data, telecommunications data and radio data; and data handlers in the field of industry and information technology shall refer to industrial enterprises, software and information technology service providers, telecommunications business operators who have obtained a licence for the operation of telecommunications business, entities using radio frequencies and stations and other entities in the field of industry and information technology that independently determine handling purposes and handling methods in the data handling activities.



Our Group's business and operations in the PRC do not involve handling of telecommunications data or radio data, nor does our Group have any intention to handle these data in future. Our Company's Director of Legal and other department heads and operation teams are responsible for monitoring all relevant regulations and rules applicable to our Group in the jurisdictions that we operate in, including any new regulations, rules and/or guidelines implemented that will be relevant to our Group. Such new regulations, rules and/or guidelines can be readily monitored from publicly available sources and updates from our Group's network within the industry.

### **Regulations relating to Overseas Securities Offering and Listing by Domestic Companies**

On 17 February 2023, the China Securities Regulatory Commission (“**CSRC**”) released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境内企业境外发行证券和上市管理试行办法) (the “**Trial Measures**”), which came into effect on 31 March 2023. On the same date, the CSRC circulated Supporting Guidance Rules No. 1 through No. 5, Notes on the Trial Measures, Notice on Administration Arrangements for the Filing of Overseas Offerings and Listings by Domestic Enterprises and relevant CSRC Answers to Reporter Questions (collectively, the “**Guidance Rules and Notice**”) on the CSRC's official website.

Under the Trial Measures and the Guidance Rules and Notice, domestic companies conducting overseas securities offering and listing activities, either in direct or indirect form, shall complete filing procedures with the CSRC. In particular, any overseas offering and listing made by an issuer that meets both the following conditions will be determined as indirect offering and listing in overseas market: (i) 50% or more of the issuer's operating revenue, total profit, total assets or net assets, as documented in its audited consolidated financial statements for the most recent accounting year, is accounted for by domestic companies; and (ii) the main parts of the issuer's business activities are conducted in the PRC, or its main places of business are located in PRC, or the senior managers in charge of its business operation and management are mostly PRC citizens or habitually reside in the PRC.

Pursuant to the Guidance Rules and Notice, if an issuer does not meet the abovementioned conditions but submits a listing application as non-domestic issuer to an overseas stock exchange in line with the relevant regulations, and the risk factors disclosed are mainly related to the PRC, the substance over form principle shall be followed and a comprehensive analysis shall be made on whether the issuer falls within the scope of the filing regime or not.

Pursuant to the Trial Measures, where a domestic company fails to fulfil the filing procedure as stipulated in the Trial Measures, the CSRC order the situation to be rectified, issue a warning to such domestic company, and impose a fine in a range between RMB1,000,000 and RMB10,000,000. Directly liable persons-in-charge and other directly liable persons shall be warned and each imposed a fine in a range between RMB500,000 and RMB5,000,000.

### **JAPAN**

The following description is a summary of the material laws and jurisdictions applicable to our Group under Japan law as at the Latest Practicable Date.

### **Regulations regarding Product Quality and Customer Protection**

In Japan, the Product Liability Act (Act No. 85 of July 1, 1994, as amended) and Consumer Contract Act (Act No. 61 of May 12, 2000, as amended) mainly regulate product quality and customer protection. The Product Liability Act sets forth the liabilities of a manufacturer, processor, or importer for damages caused by defects in a product. A seller who was not involved in the manufacturing, processing, or import of a product could still be liable under this Act if its name was indicated on the product and consumers are led to believe that the seller was the manufacturer, processor, or importer. Liability under this Act can be imposed even if the manufacturer, processor, or importer (and the said seller) was not negligent. The Consumer Contract Act invalidates certain provisions in contracts with consumers, such as exemption of compensation for damages to consumers and restrictions of termination by consumers due to the seller's breach of contract.

## **Regulations regarding Maintenance of Websites and E-commerce**

The Act on Special Provisions to the Civil Code Concerning Electronic Consumer Contracts and Electronic Acceptance Notice (Act No. 95 of June 29, 2001, as amended) and the Act on Specified Commercial Transactions (Act No. 57 of June 4, 1976, as amended) regulate sales of goods through e-commerce within Japan. For example, under these acts, we as a seller must explicitly show prices of products, timing and method of payment, timing of delivery, conditions for return of goods, our name and contact information, and name of representative person, among others.

## **Labor Laws**

There are various labor-related laws in Japan, including the Labor Standards Act (Act No. 49 of April 7, 1947, as amended), the Industrial Safety and Health Act (Act No. 57 of June 8, 1972, as amended), and the Labor Contracts Act (Act No. 128 of December 5, 2007, as amended). The Labor Standards Act regulates, among other things, minimum standards for working conditions, such as working hours, leave periods, and leave days. The Industrial Safety and Health Act requires, among other things, the implementation of measures to secure employee safety and protect the health of workers in the workplace. The Labor Contracts Act regulates, among others, the change of terms of employment contracts and working rules, and dismissal and disciplinary action.

## **Regulations on Advertising**

The Act against Unjustifiable Premiums and Misleading Representations (Act No. 134 of May 15, 1962, as amended) stipulates the restricted methods and means of various advertisements, representations, and sales promotions, in a broad sense. When we advertise our products, we must provide appropriate information under this Act, so as not to mislead our customers.

## **Regulations regarding Protection of Personal Information**

We are subject to laws and regulations regarding protection of personal information that we may obtain in the course of retailing or other businesses in Japan.

The Act on the Protection of Personal Information (Act No. 57 of May 30, 2003, as amended) and its related guidelines impose various requirements on businesses, including us, that use databases containing personal information. Under this act, we are required to lawfully use personal information we have obtained within the purposes of use we have specified and take appropriate measures to maintain security of such information. We are also restricted from providing personal information to third parties without obtaining prior consent of the corresponding individual, except for (i) cases based on laws and regulations, (ii) cases in which there is a need to protect a human life, body or fortune, and when it is difficult to obtain a principal's consent, (iii) cases in which there is a special need to enhance public hygiene or promote fostering healthy children, and when it is difficult to obtain a principal's consent, or (iv) cases in which there is a need to cooperate in regard to a central government organisation or a local government, or a person entrusted by them performing affairs prescribed by laws and regulations, and when there is a possibility that obtaining a principal's consent would interfere with the performance of the said affairs. Certain types of personal information, such as race, creed, social status, medical history, criminal record, and fact of having suffered damage by a crime, are classified as "special care-required personal information." We must not obtain such special care-required personal information without the prior consent of the principals.

## **Other Laws and Regulations**

Our current and planned manufacturing activities are subject to a variety of laws and regulations including the Electrical Appliance and Material Safety Act (Act No. 234 of November 16, 1961, as amended), the Product Liability Act, and the Antimonopoly Act (Act No. 54 of April 14, 1947, as amended).

# TAXATION

## SINGAPORE

*The following is a discussion of certain tax matters arising under the current tax laws in Singapore and is not intended to be and does not constitute legal or tax advice. The discussion is based on laws, regulations, and interpretations now in effect and available as of the date of this Introductory Document. These laws and regulations are subject to changes, which may be retrospective to the date of issuance of our Shares. These laws and regulations are also subject to various interpretations and the relevant tax authorities, or the courts of Singapore could later disagree with the explanations or conclusions set out below.*

*The discussion is limited to a general description of certain Singapore income tax, stamp duty, estate duty and GST consequences with respect to the subscription for, ownership and disposal of our Shares, and does not purport to be a comprehensive nor exhaustive description of all tax considerations that may be relevant to a decision to subscribe for, hold or dispose of our Shares.*

**Prospective investors should consult their own tax advisers concerning the tax consequences of subscribing for and/or purchasing, owning and disposing our Shares. Neither our Company, our Directors nor any other persons involved in the Introduction accepts responsibility for any tax effects or liabilities resulting from the subscription for, holding or disposal of our Shares.**

### Income Tax

#### **Corporate income tax**

A Singapore tax resident corporate taxpayer is subject to Singapore income tax on income accrued in or derived from Singapore, and foreign sourced income received or deemed received in Singapore, unless otherwise exempted.

Foreign-sourced income is deemed to be received in Singapore when it is:

- (a) remitted to, transmitted, or brought into Singapore;
- (b) used to pay off any debt incurred in respect of a trade or business carried on in Singapore; or
- (c) used to purchase any movable property brought into Singapore.

Foreign income in the form of branch profits, dividends, and service fee income (“**specified foreign income**”) received or deemed received in Singapore by a Singapore tax resident corporate taxpayer are exempted from Singapore tax provided that the following qualifying conditions are met:

- (a) such income is subject to tax of a similar character to income tax (by whatever name called) under the laws of the territory from which such income is received;
- (b) at the time such income is received in Singapore by the person resident in Singapore, the highest corporate tax rate levied under the law of the territory from which such income is sourced in the year the specified foreign income is received in Singapore is at least 15.0%; and
- (c) the Comptroller of Income Tax (“**the Comptroller**”) is satisfied that the tax exemption would be beneficial to the person resident in Singapore who is receiving or deemed to be receiving the specified foreign income.

A non-Singapore tax resident corporate taxpayer, subject to certain exceptions, is subject to Singapore income tax on income accrued in or derived from Singapore, and on foreign income received or deemed received in Singapore.

A company is regarded as tax resident in Singapore if the control and management of the company's business is exercised in Singapore. Control and management are defined as the making of decisions on strategic matters, such as those concerning the company's policy and strategy. Where the control and management of a company is exercised is a question of fact. Generally, the location of the company's board of directors' meetings where strategic decisions are made determines where the control and management is exercised. However, under certain scenarios, holding board meetings in Singapore may not be sufficient and other factors will be considered to determine if the control and management of the business is indeed exercised in Singapore.

The prevailing corporate tax rate in Singapore is 17.0%.

With effect from year of assessment 2020, the partial tax exemption scheme will be limited to the first S\$200,000 (instead of S\$300,000 previously) of the normal chargeable income – 75.0% of the first S\$10,000 and 50.0% of the next S\$190,000. The remaining chargeable income that exceeds S\$200,000 will be fully taxable at the prevailing corporate tax rate.

### **Individual income tax**

An individual taxpayer (both resident and non-resident) is subject to Singapore income tax on income accrued in or derived from Singapore. Foreign-sourced income received or deemed received by an individual is exempt from income tax in Singapore except for such income received through a partnership in Singapore.

An individual is regarded as a tax resident in Singapore if in the calendar year preceding the year of assessment, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he ordinarily resides in Singapore.

With effect from Year of Assessment 2024, a Singapore tax resident individual is subject to tax at the progressive resident rates, ranging from 0% to 24.0%. Deductions of qualifying personal reliefs may also be applicable. A non-Singapore tax resident individual is taxed at the tax rate of 24.0% with effect from Year of Assessment 2024 except that Singapore employment income and certain income are taxable at reduced rates. Singapore employment income of non-resident individuals is taxed at a flat rate of 15.0% with no personal reliefs or at progressive resident rates with relief for employment income or 24% for other income, whichever yields a higher tax. A non-resident individual (other than a director) exercising a short term employment in Singapore for not more than 60 days may be exempt from tax in Singapore. All foreign-sourced income received in Singapore by an individual is exempt from Singapore income tax.

### **Dividend Distributions**

Singapore adopted the one-tier corporate tax system from 1 January 2003. Under the one-tier corporate tax system, the tax paid by a Singapore resident company on its corporate profits is a final tax. Dividends payable by the Singapore resident company to its shareholders are exempt from Singapore income tax in the hands of the shareholders.

There is no withholding tax on the dividend payments to both resident and non-resident shareholders. Foreign shareholders receiving tax exempt (one-tier) dividends are advised to consult their tax advisers to take into account the tax laws of their respective countries of residence and the applicability of any double taxation agreement which their country of residence may have with Singapore.

### **Capital Gains Tax**

Any gains considered to be in the nature of capital made from the sale of the Shares will not be taxable in Singapore to the extent that they do not fall within the ambit of the new Section 10L of the Income Tax Act 1947 of Singapore (“**ITA**”), which came into effect on 1 January 2024. However, any gains derived by any person from the sale of the Class A Ordinary Shares which are gains from any trade, business, profession, or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Further, to the extent that they do not fall within the ambit of the new section 10L of the ITA, gains derived by a company (“**the Divesting Company**”) between 1 June 2012 and 31 December 2027 (both dates inclusive) from the disposal of ordinary shares which it legally and beneficially owns in another company (“**the Investee Company**”) may be exempt from income tax under section 13W of the ITA. Section 13W

of the ITA requires the Divesting Company legally and beneficially own at least 20% of the shares in the Investee company at all times during a continuous period of at least 24 months ending on the date immediately prior to the date of disposal of such shares.

Under Section 10L of the ITA, gains received in Singapore by an entity of a relevant group from the sale or disposal of any movable or immovable property outside Singapore will be treated as income chargeable to tax under Section 10(1)(g) of the ITA under certain circumstances. The foreign-sourced disposal gains will be subject to tax if the entity does not have adequate economic substance in Singapore and the sale or disposal of the foreign asset occurs on or after 1 January 2024. An entity is a member of a group of entities if its assets, liabilities, income, expenses, and cash flows are (a) included in the consolidated financial statements of the parent entity of the group; or (b) excluded from the consolidated financial statements of the parent entity of the group solely on size or materiality grounds or on the grounds that the entity is held for sale. A group is a relevant group if (a) the entities of the group are not all incorporated, registered or established in Singapore; or (b) any entity of the group has a place of business outside Singapore.

Investors are advised to consult their own tax advisers on the applicable tax treatment if they received gains in Singapore from the disposal of the Class A Ordinary Shares.

Holders of the Shares who apply or who are required to apply Financial Reporting Standard (“FRS”) 39, FRS 109 or Singapore Financial Reporting Standard (International) 9 (“SFRS(I) 9”) (as the case may be), for Singapore income tax purposes may be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Shares, irrespective of disposal, in accordance with FRS 39 or FRS 109 or SFRS(I) 9 (as the case may be).

### **Bonus Shares**

Any bonus shares received by our Shareholders are not taxable in Singapore.

### **Stamp Duty**

There is no stamp duty payable on the subscription, allotment or holding of our Shares.

Stamp duty is payable on the executed instrument of transfer for the transfer of our Shares at 0.2% on the consideration for, or market value of our Shares, whichever is higher.

The purchaser is liable for stamp duty unless there is an agreement to the contrary.

No stamp duty is payable if no dutiable document relating to the share transfer is executed or if the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the dutiable document which is executed outside Singapore is subsequently received in Singapore.

Stamp duty is not applicable to electronic transfers of our Shares through the scripless trading system operated by CDP, if such transfers are not pursuant to an instrument of transfer entered into.

Pursuant to recent amendments to the Stamp Duties Act 1929, stamp duty is payable on certain electronic instruments that effect a transfer of interest in our Shares, where such instruments are regarded or deemed to be executed in Singapore, or executed outside Singapore and received in Singapore. In this regard, an electronic instrument that is executed outside Singapore is received in Singapore if (a) it is retrieved or accessed by a person in Singapore; (b) an electronic copy of it is stored on a device (including a computer) and brought into Singapore; or (c) an electronic copy of it is stored on a computer in Singapore.

### **Estate Duty**

Singapore estate duty had been abolished with effect from 15 February 2008.

### **Goods and Services Tax (“GST”)**

The sale of our Shares by a GST-registered investor belonging in Singapore through an SGX-ST member or to another person belonging in Singapore is an exempt supply not subject to GST. Any GST incurred by the investor in making this exempt supply is not recoverable from the Comptroller of GST.



Where our Shares are sold by a GST-registered investor to a person belonging outside Singapore, the sale is a taxable supply subject to GST at zero-rate if certain conditions are met. Any GST incurred by a GST-registered investor in the making of this supply in the course of or furtherance of a business may be recoverable from the Comptroller of GST.

Services such as brokerage, handling and clearing charges rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor's purchase, sale or holding of our Shares are subject to GST at the prevailing standard rate of 9% with effect from 1 January 2024. Similar services rendered to an investor belonging outside Singapore may be subject to GST at zero-rate if certain conditions are met.

Investors should seek their own tax advice on the recoverability of GST incurred on expenses in connection with purchase and sale of our Shares.

## **HONG KONG**

### **Tax on Dividends**

No tax will be payable in Hong Kong in respect of dividends paid by our Company to our Shareholders. There is no withholding tax on dividends paid by our Hong Kong subsidiaries, as Hong Kong does not impose withholding taxes on dividend payments.

### **Profits Tax**

Hong Kong profits tax will not be payable by any Shareholders (other than Shareholders carrying on a trade, profession or business in Hong Kong and holding the Shares for trading purposes) on any capital gains made on the sale or transfer of our Shares. Trading gains derived from dealings in our Shares by persons carrying on a trade, profession or business in Hong Kong may be subject to Hong Kong profits tax at a maximum tax rate of 15% for unincorporated bodies and 16.5% for corporations if arising in or derived from Hong Kong in connection with such trade, profession or business. Trading gains derived from the sale of Shares effected on the HKEX will be deemed by the Inland Revenue Department as derived from or arising in Hong Kong for profits tax purposes. Shareholders are advised to seek advice from their own professional advisers as to their particular tax position.

### **Estate Duty**

Hong Kong estate duty had been abolished with effect from 11 February 2006.

### **Stamp Duty**

Dealings in our Shares registered on our Hong Kong branch register will be subject to Hong Kong stamp duty. The current rate of stamp duty in Hong Kong for transfer of Hong Kong stock is 0.1% on the higher of the consideration for and the market value of our Shares, and it is charged on the purchaser on every purchase and on the seller on every sale of our Shares. In other words, a total stamp duty of 0.2% is currently payable on a typical sale and purchase transaction involving our Shares. In addition, a fixed duty of HK\$5.00 is charged on each instrument of transfer (if required).

## **CAYMAN ISLANDS**

The Cayman Islands currently levy no taxes on exempted companies based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. Dividends remitted to Shareholders resident outside the Cayman Islands will not be subject to Cayman Islands withholding tax. There are no reciprocal tax treaties between the Cayman Islands and Singapore. There are no other taxes likely to be material to our Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands.

No stamp duty is currently payable in the Cayman Islands on transfers of shares of Cayman Islands exempted companies except those which hold interests in land in the Cayman Islands.

## CLEARING AND SETTLEMENT

A letter of eligibility has been obtained from the SGX-ST for the listing and quotation of our Shares.

For the purpose of trading on the SGX-ST, a board lot of our Shares will comprise 100 Shares. Upon listing and quotation on the SGX-ST, our Shares will be traded on the HKEX and the SGX-ST. The principal register of members will be maintained in the Cayman Islands (the “**Principal Share Register**”). Our Company has established the Hong Kong Share Register (the “**Hong Kong Share Register**”), being a branch register of members in Hong Kong which is maintained by the Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited, whose address is Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong. Further, our Company has established a branch register of members in Singapore (the “**Singapore Branch Share Register**”) which is maintained by the Singapore Share Transfer Agent, B.A.C.S. Private Limited whose address is 77 Robinson Road, #06-03 Robinson 77, Singapore 068896. The Principal Share Registrar will keep in the Cayman Islands, duplicates of the Hong Kong Share Register and the Singapore Branch Share Register, which will be updated from time to time.

### CLEARANCE, TRADING AND SETTLEMENT OF SHARES ON THE SGX-ST

Upon listing and quotation of the Shares on the SGX-ST, Shares that are traded on the SGX-ST will be cleared and settled under the book-entry settlement system of CDP, and all dealings in and transactions of the Shares through the SGX-ST will be effected in accordance with the terms and conditions for the operation of Securities Accounts with CDP, and the terms and conditions for CDP to act as depository for foreign securities as amended from time to time.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the Securities Accounts maintained by such accountholders with CDP. An investor may open a direct account with CDP or a sub-account with any CDP depository agent. A CDP depository agent may be a member company of the SGX-ST, bank, merchant bank, or trust company.

Our Shares that are traded on the SGX-ST will be scripless shares registered on the Singapore Branch Share Register in the name of CDP or its nominee, and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, Securities Accounts with CDP. The law of domicile of our Company, namely, the Cayman Islands, only recognises the registered holders of the Shares as its members. Persons named as direct securities account holders and depository agents in the Depository Register maintained by CDP will not be treated, under the Cayman Islands Companies Act and our Articles of Association, as members of our Company in respect of the number of our Shares credited to their respective securities accounts. Accordingly, the depositors and depository agents on whose behalf CDP holds Shares for may not be accorded the full rights of membership such as voting rights, the right to appoint proxies, or the right to receive shareholders circulars, proxy forms, annual reports, prospectuses and takeover documents. In such an event, depositors and depository agents will be accorded only such rights as CDP may make available to them pursuant to CDP’s terms and conditions to act as depository for foreign securities.

Dealings in the Shares will be carried out on the SGX-ST in Singapore Dollars and will be effected for settlement in CDP on a scripless basis. Settlement of trades executed on the SGX-ST will take place on the second Market Day after the trade date. When a seller does not have sufficient Shares in the account for settlement by the start of the final settlement run at 1:30pm on the second Market Day after the trade day, CDP will conduct a buy-in on that afternoon (unless the intended settlement date of the trades executed on the SGX securities market falls on a day with half day trading, buying-in will be conducted only for a day on the next business day). Securities bought in successfully will be used to fulfil the seller’s delivery obligation on the next business day.

Shareholders are responsible for ensuring the Shares are credited into their Securities Account maintained with CDP or securities sub-account with a depository agent, as the case may be, in time for the settlement of trades on the SGX-ST, as buying-in may be instituted against the relevant clearing member of the CDP if the Shares are not available in the balance of the Securities Accounts or securities sub-accounts of Shareholders for settlement pursuant to their trades.

#### **CLEARING FEES IN RESPECT OF TRADING ON THE SGX-ST**

A clearing fee for the trading of our Shares on the SGX-ST is payable at the rate of 0.0325% of the transaction value. The clearing fees, instruments of transfer deposit fees, and share withdrawal fees may be subject to GST at the prevailing rate of 9.0% (or such other rate prevailing from time to time).

#### **VOTING INSTRUCTIONS**

Investors who trade Shares listed on the SGX-ST would hold their Shares through the CDP system. Investors holding Shares through the CDP system may only exercise the voting rights for the deposited Shares through the CDP system and in accordance with the terms and conditions for the operation of Securities Accounts with CDP, and the terms and conditions for CDP to act as depository for foreign securities as amended from time to time.

Under the Cayman Islands Companies Act, a person who has agreed to become a member of a Cayman Islands company and whose name is entered on the register of members of such company is considered a member of the company. Under the Cayman Islands law, the register of members is *prima facie* evidence of any matters by the Cayman Islands Companies Act directed or authorised to be inserted therein. Accordingly, a CDP Depositor holding Shares through CDP would not be recognised as our Shareholder under the laws of the Cayman Islands and does not have the right to attend and vote at the general meetings of our Company. In the event that CDP Depositors wish to attend and vote at general meetings of our Company, CDP will have to appoint them as proxies, pursuant to our M&AA and the Cayman Islands Companies Act.

Our Company, through our Singapore Share Transfer Agent, will make arrangements with CDP to appoint the relevant CDP Depositors as proxies, in accordance with Article 92(b) of our M&AA, so that the appointed CDP Depositors can attend and vote at the general meetings of our Company. Our Company, through our Singapore Share Transfer Agent, will send notices of Shareholders' meetings to CDP Depositors by post. At any general meeting, CDP, as a clearing house, may appoint more than one proxy in accordance with Article 92(b) of our M&AA. Pursuant to Article 92(b) of our M&AA, provided that CDP is a member of our Company, it may appoint one or more proxies or authorise such persons as it thinks fit to act as its representatives at any general meeting of our Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under our M&AA shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the CDP.

#### **TRADING AND SETTLEMENT OF SHARES ON THE HKEX**

Settlement of transactions between CCASS Participants is required to take place in CCASS on the second Hong Kong business day after the relevant trading day. All activities under CCASS are subject to the CCASS Rules in effect from time to time. Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements as such arrangements may affect their rights and interests.

Investors in Hong Kong must settle their trades executed on the HKEX through their brokers directly or through custodians. For an investor in Hong Kong who has deposited his Shares in his designated CCASS Participant's stock account maintained with CCASS, settlement will be effected by CCASS in accordance with the CCASS Rules.

## TRANSACTION COSTS OF DEALING IN SHARES LISTED ON THE HKEX

The transaction costs of dealings in our Shares on the HKEX include:

- HKEX trading fee of 0.00565% of the consideration of the transaction, charged to each of the buyer and seller and rounded to the nearest cent;
- SFC transaction levy of 0.0027% of the consideration of the transaction, charged to each of the buyer and seller;
- Accounting and Financial Reporting Council (AFRC) transaction levy of 0.00015% of the consideration of the transaction, charged to each of the buyer and seller;
- Transfer deed stamp duty of HK\$5.00 per transfer deed (if applicable), payable by the seller;
- Stamp duty at a total rate of 0.2% of the value of the transaction, with 0.1% payable by each of the buyer and the seller;
- Brokerage commission, which is freely negotiable with the broker (other than brokerage commissions for initial public offering transactions, which are currently set at 1% of the subscription or purchase price and will be payable by the person subscribing for or purchasing the securities) and the applicable stock settlement fee; and
- Transfer fee, in which the Hong Kong Branch Share Registrar and Transfer Office will charge (at the rate of HK\$2.50 per certificate issued or cancelled) the higher of (i) the number of certificates to be issued; or (ii) the number of certificates to be cancelled, for each transfer of ordinary shares from one registered owner to another, each share certificate cancelled or issued by it and any applicable fee as stated in the share transfer forms used in Hong Kong.

## MOVEMENT OF SHARES BETWEEN HONG KONG AND SINGAPORE

Through the movement mechanisms discussed below, it is possible for investors to purchase Shares on the SGX-ST and sell them on the HKEX and *vice versa*. All of the linked movements between CDP and CCASS are effected only on a free-of-payment basis (that is, there is no related cash movement parallel to the securities movement, and any related cash transfers may only be effected outside CDP and CCASS directly between the buyer and seller through their own arrangements).

Investors should be aware that while there is no time difference between the Singapore and Hong Kong markets, the HKEX has shorter trading hours than the SGX-ST. The trading hours on the SGX-ST are from 9.00 a.m. to 12.00 p.m. and 1.00 p.m. to 5.00 p.m. on a Market Day, and the trading hours on the HKEX are from 9.30 a.m. to 12.00 p.m. and 1.00 p.m. to 4.00 p.m. on a trading day in Hong Kong.

### Transfer of Shares from Hong Kong to Singapore

Shareholders should note that only Shares which are registered on the Singapore Branch Share Register and deposited with CDP are valid for settlement of trades done on the SGX-ST. Therefore, Shareholders who currently hold their Shares on the Hong Kong Share Register and wish to trade on the SGX-ST must effect a removal of the Shares from the Hong Kong Share Register to the Singapore Branch Share Register, and must procure the deposit of the Shares with CDP. In this regard, the investor should ensure that (i) he has a Securities Account in his own name with CDP or a securities sub-account with a depository agent, and (ii) the Shares are credited to his Securities Account or securities sub-account before dealing in the Shares.

Under normal circumstances, the removal and deposit of the Shares generally require 15 business days to complete (excluding posting time, and the time taken to withdraw Shares deposited with CCASS in Step 2 below), and would involve the following procedures:

1. If the investor's Shares are registered in the investor's own name, the investor shall complete a combined removal and transfer form available from the Hong Kong Branch Share Registrar and submit the same together with the same share certificate(s) in his name to the Hong Kong Branch Share Registrar.

2. If the investor's Shares have been deposited with CCASS, the investor must first withdraw the said Shares from his investor participant stock account with CCASS or from the stock account of a CCASS Participant and submit the relevant share transfer form(s) executed by HKSCC Nominees Limited (for re-registration in his own name), the relevant share certificate(s) and a duly completed combined removal and transfer form to the Hong Kong Branch Share Registrar. The investor must also arrange for stamp duty clearance with the Hong Kong Stamp Office.
3. Upon receipt of the combined removal and transfer form, the relevant share certificate(s) and where appropriate, the completed share transfer form(s) executed by HKSCC Nominees Limited, the Hong Kong Branch Share Registrar shall take all actions necessary to effect the removal and the transfer of the Shares from the Hong Kong Share Register to the Singapore Branch Share Register.
4. The Hong Kong Branch Share Registrar shall then notify the Singapore Share Transfer Agent of the removal whereupon the Singapore Share Transfer Agent will update the Singapore Branch Share Register, and will issue share certificate(s) in the name of the investor or CDP, as the case may be, and deliver the Share certificate(s) to the investor or CDP. Upon receipt of the relevant documents and prescribed payment from the Singapore Share Transfer Agent, CDP shall credit the specified number of Shares into the investor's Securities Account or sub-account with a CDP depository agent. The investor should ensure that the Shares are credited to his Securities Account or sub-account with a CDP depository agent before dealing in our Shares.
5. Shareholders requesting removals of Shares from the Hong Kong Share Register to the Singapore Branch Share Register are required to pay the fees and charges set out below and the following must accompany the removal forms:

- (a) a cheque or bank draft in Hong Kong Dollars made payable to **COMPUTERSHARE HONG KONG INVESTOR SERVICES LIMITED** for: (i) the total sum of the issuance fees (HK\$25) for the Shares to be removed from the Hong Kong Share Register (the "**Removed Shares**"), HK\$2.50 for each share certificate rendered for cancellation on the Hong Kong Share Register (under standard service), and in each case, any applicable re-registration fees, or (ii) the total sum of the higher of 0.05% of market value (based on the closing price of our Company's Shares in Hong Kong on the preceding day when Hong Kong Branch Share Registrar receives instructions from the Shareholder) or HK\$20.00 for each share certificate rendered for cancellation whichever is higher (including re-registration) on the Hong Kong Share Register (under Express Service). The availability of the Express Service is subject to the discretion of the Hong Kong Branch Share Registrar and is not available during peak operation seasons of the Hong Kong Branch Share Registrar. Please refer to the combined removal and transfer form for the latest fees and charges.

if applicable, CCASS for withdrawal of Shares from CCASS are (a) HK\$3.50 per board lot (as well as per odd lot) while the Company continues to be listed on the HKEX; or (b) HK\$1.00 per board lot (as well as per odd lot) after the Company is no longer listed on the HKEX, and stamp duty on Hong Kong Share Transfer Form of HK\$5 per transfer.

- (b) bank drafts in Singapore Dollars (inclusive of Singapore prevailing 9% GST or such other rate prevailing from time to time) made payable to:-
 

**B.A.C.S. PRIVATE LIMITED** for the sum of S\$42.00 (S\$45.78 inclusive of Singapore prevailing 9% GST) comprising S\$2.00 (S\$2.16 inclusive of Singapore prevailing 9% GST) for each share certificate to be issued on the Singapore Branch Share Register, S\$30.00 (S\$32.70 inclusive of Singapore prevailing 9% GST) for each removal/deposit to be effected and the sum of S\$10.00 (S\$10.90 inclusive of Singapore prevailing 9% GST) as payment for the CDP deposit fee or such other amounts required by CDP; and
- (c) if applicable, the handling fee charged by the securities brokerage house in Singapore for establishing a sub-account with them as a depository agent.



6. To facilitate the deposit of Shares with CDP, for the period following the Introduction (i.e. from 15 November 2024 to until the withdrawal of the Company's Shares from the Main Board of the HKEX), the Company will bear the fees charged by (1) the Hong Kong Branch Share Registrar for removal of Shares from Hong Kong (under Standard Service only); and (2) the Singapore Branch Share Registrar for the deposit of the Shares into CDP. The Company will bear the fees charged by the Hong Kong Branch Share Registrar to the Company in respect of any amounts payable directly by the Shareholders to the Hong Kong Branch Share Registrar. The Shareholders will bear the fees charged by CCASS and/or CCASS Participant, and Hong Kong stamp duty (HK\$5 per transfer) on the withdrawal of Shares from CCASS. In addition, if you engage a Singapore securities brokerage house for establishing a trading account and a sub-account with them as a depository agent, all such costs charged by the securities brokerage house will be borne by you.

### **Transfer of Shares from Singapore to Hong Kong**

Shareholders should note that for the purposes of trading on the HKEX, the Shares must be registered on the Hong Kong Share Register and deposited into CCASS for credit to the Shareholder's investor participant stock account or his designated CCASS Participant's stock account. A Shareholder who holds his Shares through CDP and wishes to move his Shares from CDP to CCASS must effect a removal of the Shares from the Singapore Branch Share Register to the Hong Kong Share Register, and can do so in the following manner:

1. If the investor's Shares have been deposited with CDP, the investor must first request or instruct his depository agent to request on his behalf withdrawal of his Shares from CDP by completing and signing a Request for Withdrawal of Securities Form ("**Withdrawal Form**") available from CDP and submitting the same together with the duly completed transfer form ("**Transfer Form**") pre-signed by the investor(s) as transferee(s) to CDP.
2. The investor shall complete a share removal form for the removal of Shares from the Singapore Branch Share Register to the Hong Kong Share Register obtained from the Singapore Share Transfer Agent, and submit the share removal form to the Singapore Share Transfer Agent.
3. CDP will sign as transferor and send the duly completed Transfer Form together with share certificate(s) registered under the name of CDP to the Singapore Share Transfer Agent directly.
4. Upon receipt of the duly completed Transfer Form and share certificate(s) from CDP and the share removal form from the investor, the Singapore Share Transfer Agent shall take all actions necessary to effect the transfer and removal of Shares from the Singapore Branch Share Register.
5. The Singapore Share Transfer Agent shall then notify the Hong Kong Branch Share Registrar of the removal whereupon the Hong Kong Branch Share Registrar shall update the Hong Kong Share Register and issue share certificate(s) in the name of the investor and made such share certificate(s) available for collection by the investor(s) at Hong Kong Branch Share Registrar's office unless other delivery method is requested upon submission of the share removal form and relevant fees will be separately agreed. Despatch of share certificate(s) will be made at the risk and expense of the investor as specified in the share removal form.
6. If the investor's Shares, upon being registered in the Hong Kong Share Register, are to be deposited with CCASS, the investor must deposit the Shares into CCASS for credit to his investor participant stock account or his designated CCASS Participant's stock account. For deposit of Shares into CCASS or to effect a sale of Shares in Hong Kong, the investor should execute a transfer form which is in use in Hong Kong and which can be obtained from the offices of the Hong Kong Branch Share Registrar and deliver it together with his share certificate(s) issued by the Hong Kong Branch Share Registrar to HKSCC Nominees Limited directly if he intends to deposit the Shares into CCASS for credit to his investor participant stock account or via a CCASS Participant if he wants the Shares to be credited to his designated CCASS Participant's stock account.

Under normal circumstances, Steps 2 to 5 generally require 15 business days (excluding posting time) to complete. The time taken to deposit Shares into CCASS in Step 6 above may vary, depending on whether the investor arranges for the deposit of his Shares into CCASS directly, or via a CCASS Participant, and may take at least one Hong Kong business day or more.

Shareholders requesting removals of Shares from the Singapore Branch Share Register to the Hong Kong Share Register are required to pay the fees and charges set out below and item (a) must accompany the relevant form:

- (a) bank draft in Singapore Dollars (inclusive of Singapore prevailing 9% GST (or such other rate prevailing from time to time)) made payable to **B.A.C.S. PRIVATE LIMITED** for the sum of S\$32.70 as payment for transfer request fee; and
- (b) **(this fee is payable upon collection of the share certificate(s) in respect of the Shares to be issued from the Hong Kong Share Register)** a cheque or bank draft in Hong Kong Dollars made payable to **COMPUTERSHARE HONG KONG INVESTOR SERVICES LIMITED** for: (i) the total sum of the issuance fees (HK\$25) for the Shares and HK\$2.50 for each share certificate issued on the Hong Kong Share Register (under Standard Service) or (ii) the total sum of the higher of 0.05% of market value (based on the closing price of our Company's Shares in Hong Kong on the preceding day when the Hong Kong Share Registrar receives instructions from the Singapore Share Transfer Agent) or HK\$20.00 for each share certificate issued on the Hong Kong Share Register (under Express Service). The exact fee to be paid under Express Service will be calculated and advised by the Hong Kong Branch Share Registrar. The availability of the Express Service is subject to the discretion of the Hong Kong Branch Share Registrar and is not available during peak operation seasons of the Hong Kong Branch Share Registrar. Please refer to the share removal form for the latest fees and charges.

#### **WITHDRAWAL OR DEPOSIT OF SHARES FROM OR INTO CDP**

Persons holding Shares in a Securities Account with CDP or securities sub-account with a depository agent may withdraw any number of Shares they own and obtain physical share certificates by executing a Withdrawal Form and submitting the same, together with the Transfer Form pre-signed by the investor(s) as transferee(s) and the withdrawal fee, to CDP. CDP will then sign as transferor and send the duly completed and signed Transfer Form together with share certificate(s) registered under the name of CDP to the Singapore Share Transfer Agent as agent of the Singapore Branch Share Register. Upon receipt of the above documents, the Singapore Share Transfer Agent will effect the transfer of Shares from CDP to the investor(s) and issue physical Singapore share certificates in the name of the investor. Such share certificates will not, however, be valid for delivery pursuant to trades transacted on the SGX-ST, although they will be *prima facie* evidence of title and may be transferred in accordance with the M&AA.

Persons holding physical share certificates in their own names and who wish to trade on the SGX-ST must submit to CDP their physical share certificates together with the Request for Deposit of Securities Form for the Deposition of Shares into CDP, along with the duly executed Transfer Form in favour of CDP as transferee, to have their respective Securities Accounts or securities sub-accounts credited with the number of Shares before they can effect any trades.

In the absence of unforeseen circumstances, (i) in the case of a deposit of securities into CDP, CDP will credit the securities 12 Market Days or later after the date of lodgement of share certificate(s) with CDP and upon receipt of confirmation from the Singapore Share Transfer Agent that the securities have been registered in the name of CDP or its nominee (as the case may be), and (ii) in the case of a withdrawal of securities from CDP, CDP will debit the securities and lodge with the Singapore Share Transfer Agent the certificates from the securities withdrawn within six Market Days from the date of receipt of the Withdrawal Form to affect the registration of the securities to the transferee.

## LEGAL MATTERS

Certain legal matters in connection with this Introduction will be passed upon for us by Rajah & Tann Singapore LLP with respect to matters of Singapore law.

Certain legal matters in connection with this Introduction will be passed upon for the Issue Manager by Allen & Gledhill LLP with respect to matters of Singapore law.

Save as disclosed in the sections entitled “Risk Factors – Risks Relating to our Business and Industry – Continued or enhanced threats of trade tariffs, import and export restrictions, foreign regulations and/or other trade barriers may have a material adverse effect on our Group’s business”, “Risk Factors – Risks Relating to our Business and Industry – Our Group may not have valid rights to use certain properties”, “Risk Factors – Risks Relating to doing Business in the PRC – We may be subject to the requirements in relation to the filing with the China Securities Regulatory Commission “ and “ Risk Factors – Risks Relating to doing Business in the PRC – Enforcement of stricter labour laws and regulations in the PRC may adversely affect the business and profitability” and “Legal Representatives – Powers and Responsibilities of Legal Representatives in the PRC” of this Introductory Document, Guantao Law Firm does not make, or purport to make, any statement in this Introductory Document and is not aware of any statement in this Introductory Document which purports to be based on a statement made by it and it makes no representation, express or implied, regarding, and to the extent permitted by law takes no responsibility for, any statement in or omission from this Introductory Document.

Save as disclosed in the sections entitled “Risk Factors – Risks Relating to our Business and Industry – Continued or enhanced threats of trade tariffs, import and export restrictions, foreign regulations and/or other trade barriers may have a material adverse effect on our Group’s business”, “Risk Factors – Risks Relating to our Business and Industry – Our Group may not have valid rights to use certain properties”, “Risk Factors – Risks Relating to doing Business in the PRC – We may be subject to the requirements in relation to the filing with the China Securities Regulatory Commission”, “Risk Factors – Risks Relating to doing Business in the PRC – Enforcement of stricter labour laws and regulations in the PRC may adversely affect the business and profitability” of this Introductory Document, Jingtian & Gongcheng does not make, or purport to make, any statement in this Introductory Document and is not aware of any statement in this Introductory Document which purports to be based on a statement made by it and it makes no representation, express or implied, regarding, and to the extent permitted by law takes no responsibility for, any statement in or omission from this Introductory Document.

Save as disclosed in the sections entitled “Risk Factors – Risks relating to our Business and Industry – Continued or enhanced threats of trade tariffs, import and export restrictions, foreign regulations and/or other trade barriers may have a material adverse effect on our Group’s business” and “Major Suppliers – Our Group’s business relationship with NVIDIA of advanced GPUs” of this Introductory Document, Dechert LLP does not make, or purport to make, any statement in this Introductory Document and is not aware of any statement in this Introductory Document which purports to be based on a statement made by it and it makes no representation, express or implied, regarding, and to the extent permitted by law takes no responsibility for, any statement in or omission from this Introductory Document.

Each of Rajah & Tann Singapore LLP, Allen & Gledhill LLP, Conyers Dill & Pearman Pte. Ltd., Loeb & Loeb LLP, City-Yuwa Partners, Bae, Kim & Lee LLC and Assegaf Hamzah & Partners does not make, or purport to make, any statement in this Introductory Document and is not aware of any statement in this Introductory Document which purports to be based on a statement made by it and each of them makes no representation, express or implied, regarding, and to the extent permitted by law takes no responsibility for, any statement in or omission from this Introductory Document.

## INDEPENDENT JOINT AUDITORS

Our consolidated financial statements for FY2021, FY2022 and FY2023 included in this Introductory Document have been audited by BDO LLP and BDO Limited, the Independent Joint Auditors, as stated in their report appearing in this Introductory Document.

Each of BDO LLP and BDO Limited has given and has not withdrawn its written consent to the issue of this Introductory Document with the inclusion herein of, and all references to (i) its name; (ii) the Independent Joint Auditors' Report and Consolidated Financial Statements of PC Partner Group Limited and its Subsidiaries for the Financial Years Ended 31 December 2021, 2022 and 2023 set out in Appendix A of this Introductory Document, (iii) the Independent Joint Auditors' Review Report and Interim Condensed Consolidated Financial Statements of PC Partner Group Limited and its Subsidiaries for the Financial Period from 1 January 2024 to 30 June 2024 set out in Appendix B of this Introductory Document and (iv) the sections entitled "Risk Factors – Risks Relating to our Business and Industry – We have a contingent liability of US\$25 million due to the potential imposition of a 25.0% import tariff from the U.S. CBP's reclassification of our VGA Cards into USA from gaming components to computer components", "Risk Factors – Risks Relating to our Business and Industry – Revocation of favourable tax treatments may occur", "Risk Factors – Risks Relating to Doing Business in the PRC – Enforcement of stricter labour laws and regulations in the PRC may adversely affect the business and profitability" and "Capitalisation and Indebtedness – Contingent Liabilities", in the form and context in which they are included in this Introductory Document and to act in such capacity in relation to this Introductory Document.

The Independent Joint Auditors' Report and Consolidated Financial Statements of PC Partner Group Limited and its Subsidiaries for the Financial Years Ended 31 December 2021, 2022 and 2023, the Independent Joint Auditors' Review Report and Interim Condensed Consolidated Financial Statements of PC Partner Group Limited and its Subsidiaries for the Financial Period from 1 January 2024 to 30 June 2024 and statements attributed to it in the sections entitled "Risk Factors – Risks Relating to our Business and Industry – We have a contingent liability of US\$25 million due to the potential imposition of a 25.0% import tariff from the U.S. CBP's reclassification of our import of VGA Cards into USA from gaming components to computer components", "Risk Factors – Risks Relating to our Business and Industry – Revocation of favourable tax treatments may occur", "Risk Factors – Risks Relating to Doing Business in the PRC – Enforcement of stricter labour laws and regulations in the PRC may adversely affect the business and profitability" and "Capitalisation and Indebtedness – Contingent Liabilities" were prepared for the purpose of incorporation in this Introductory Document.

## GENERAL INFORMATION

### Information on Directors and Executive Officers

1. Save as disclosed below, as at the date of this Introductory Document, none of our Directors or Executive Officers has:
  - (a) at any time during the last ten years, had an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two years from the date he ceased to be a partner;
  - (b) at any time during the last ten years, had an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two years after the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;
  - (c) any unsatisfied judgment against him;
  - (d) ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty, which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;
  - (e) ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;
  - (f) at any time during the last ten years, had judgment entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;
  - (g) ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;
  - (h) ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;
  - (i) ever been the subject of any order, judgment or ruling of any court, tribunal, or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity;
  - (j) ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:
    - (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;
    - (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;
    - (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or



- (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere;

in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; or

- (k) been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

Mr Jason Goh Hseng Wei was appointed as group chief financial officer of Otto Marine Limited (“**Otto Marine**”), a shipbuilding, ship repair and conversion, and ship chartering company for the offshore oil and gas industry, from May 2017 to November 2017. Mr Goh joined Otto Marine during a time when the oil and gas industry was in the midst of a prolonged downturn beginning in the early 2010s.

During his appointment, Mr Goh was tasked with overseeing Otto Marine’s restructuring efforts, corporate finances, financial activities, and corporate affairs. In his capacity as group chief financial officer, Mr Goh oversaw a detailed and in-depth operational and financial review, with the aim of stabilising and revitalising Otto Marine and to prevent it from liquidation. However, it was ultimately determined that a restructuring of Otto Marine’s business and to overcome the company’s financial difficulties which had predated Mr Goh’s appointment was not practicable at the time due to prevailing market conditions. On 21 March 2018, Otto Marine was placed under judicial management and subsequently placed in liquidation on 5 October 2018. The company was also delisted from the Main Board of the SGX-ST in October 2016.

Professor Low Teck Seng served as an independent director of Singapore Post Limited (“**SingPost**”), a designated postal licensee under the Postal Services Act 1999 of Singapore and a domestic and international postal company listed on the SGX-ST, from October 2010 to July 2017. In July 2014, SingPost announced (“**FSM Acquisition Announcement**”) that its subsidiary, Famous Holdings Pte Ltd, had entered into a sale and purchase agreement to purchase the entire issued and paid-up share capital of F.S. Mackenzie Limited (“**FSM Acquisition**”). The FSM Acquisition Announcement also stated that none of SingPost’s directors or controlling shareholders had any interest, direct or indirect, in the FSM Acquisition. However, it was later determined that the FSM Acquisition Announcement was inaccurate as Mr Keith Tay Ah Kee (“**Mr Tay**”), then an independent director of SingPost, was also the non-executive chairman and 34.5% shareholder of Stirling Coleman Capital Limited (“**Stirling Coleman**”), the arranger for the FSM Acquisition. At Mr Tay’s request, on 19 January 2016, SingPost appointed PricewaterhouseCoopers LLP (“**PwC**”) as the special auditor (“**Special Auditor**”) to investigate issues raised in media reports in relation to the FSM Acquisition (the “**Special Audit**”). Subsequently, on 5 February 2016, Drew & Napier LLC was also appointed as a joint Special Auditor (together with PwC, the “**Joint Special Auditors**”) to provide additional assurance in respect of the Special Audit. During the Special Audit, the Joint Special Auditors found that the draft FSM Acquisition Announcement had not been circulated to SingPost’s board of directors before its publication on SGXNet. In addition, the Joint Special Auditors reported that Mr Tay identified the inaccuracy when a copy of the FSM Acquisition Announcement was only sent to SingPost’s board of directors on the same day after its publication on SGXNet. Mr Tay had enquired with SingPost’s then company secretaries if the FSM Acquisition Announcement should include a comment on (his) indirect interest (through) Stirling Coleman which acted for the seller and requested for a legal opinion to be sought if necessary. The legal advisor consulted took the view that it was not necessary to release another announcement, and it was “defensible” not to include a statement on Mr Tay’s interest in Stirling Coleman. Relying solely on the legal advisor’s advice, SingPost’s company secretaries decided that no clarification announcement was necessary and did not bring the inaccurate disclosure to the attention of the board of directors. As a result, SingPost failed to correct the inaccuracy in the FSM Acquisition Announcement promptly despite detecting it shortly after its release. A clarification announcement was only issued by SingPost 17 months after the inaccuracy was identified. Accordingly, on 4 May 2017, the SGX-ST issued a public reprimand to SingPost for its breach of Listing Rules 719(1), 703(4)(a) read with paragraph 25(a) of Appendix 7.1 of the Listing Rules and referred the matter

to the relevant authorities. No further actions have since been taken by the SGX-ST and/or any government or regulatory authorities on this matter. For the avoidance of doubt, Professor Low was not a subject of any investigation by the SGX-ST and/or the public reprimand issued by the SGX-ST as referred to above.

Mr Chua Ser Miang served as an independent director of Yamada Green Resources Ltd (“**Yamada**” and together with its subsidiaries, the “**Yamada Group**”) a major supplier of shiitake mushrooms listed on the SGX-ST from September 2013 to March 2021. In September 2017, Yamada Group’s then auditors, BDO LLP, made a confidential report to the Ministry of Finance of Singapore relating to the group’s financial records for FY2017. Deloitte & Touche Financial Advisory Services Pte Ltd (“**Deloitte**”) was appointed to perform a review of the Yamada Group’s financial records, and the key findings were announced on 1 April 2018. On 21 August 2018, Yamada subsequently announced that certain core assets of the Yamada Group had been disposed of without such disposals first being brought to the board of director’s attention for approval. The audit committee of Yamada decided to engage Foo Kon Tan LLP (“**FKT**”) to conduct a due diligence investigation into such disposal, and the key findings, in particular that the disposal was completed without the board of directors’ knowledge and approval, were announced on 28 January 2019. On 30 September 2022, the SGX-ST issued a public reprimand to the former executive director of Yamada, Lin Wei Bin, for breaches of Main Board Rules 1014(1), 1014(2) and 719(1) of the Listing Manual arising from the disposal of its assets. As an independent director, Mr Chua was not involved in the management or the operations of Yamada at any point in time (including at all material times when the management of Yamada had decided to undertake the disposals without first seeking board approval for the same), and he was not a subject of the abovementioned investigations by any of FKT, the SGX-ST and/or Deloitte (as the case may be). Mr Chua was also not a subject of any investigation by FKT and/or the public reprimand issued by the SGX-ST as referred to above.

Mr Kong Chee Keong was the independent director of Darco Water Technologies Limited (“**DWT**”), a water and wastewater engineering company listed on the SGX-ST, from July 2020 to August 2021 and subsequently re-designated as the executive director and chief executive officer from September 2021 to October 2022. The SGX-ST had issued a notice of compliance (“**Notice of Compliance**”) to DWT in September 2021 regarding a statement made by its former executive director and chief executive officer (the “**Former Executive**”) in his resignation announcement on SGXNet in August 2021, as well as DWT’s subsequent responses to the Former Executive. In his statement, the Former Executive expressed that, based on the information and documents available, the proposed investment in a project (the “**Investment**”) by DWT did not appear viable. He further noted that DWT had requested additional information and documents related to the Investment, which were still pending. As a result, the Former Executive recommended that DWT’s board of directors reject the Investment. In its response published on SGXNet on September 2021, DWT clarified that it was premature to make any definitive conclusions about the viability of the Investment, and that such a conclusion should only be reached once the requested information and documents were fully reviewed. The SGX-ST then issued the Notice of Compliance to direct DWT to disclose via SGXNet, by a certain timeframe, a detailed report, with inputs from its legal advisers, on the status of the Investment which was first announced by DWT in November 2018, prior to Mr Kong’s joining the board of directors of DWT in July 2020. On 23 September 2021, DWT announced that, the Investment was rejected by the board of directors of DWT after due deliberation having taken into account, among others, the inability to obtain critical information, documents and datapoints which DWT required to properly assess the suitability of the Investment as well as the uncertainty in terms of the tariffs and capacity requirements that the local government would impose in future. Accordingly, no further action was taken by the SGX-ST. There were no investigations conducted by the SGX-ST or any government or regulatory authorities on DWT or Mr Kong.

2. As at the date of this Introductory Document, we have no Controlling Shareholders.

### **Litigation**

3. From time to time our Group companies may be party to, and our properties may be the subject of, litigation, arbitration, or administrative proceedings. Save as disclosed in this Introductory Document, neither our Company nor any of our subsidiaries is engaged in any legal or arbitration proceedings as plaintiff or defendant, including those which are pending or known to be contemplated, which may have or have had in the 12 months before the date of this Introductory Document, a material effect on the financial position or the profitability, of our Group.

## Subsidiaries and Associated Companies

4. The details of our subsidiaries and associated entities are set out in the section entitled “Corporate Structure and Ownership” and in Appendix F of this Introductory Document.
5. None of our Independent Directors sits on the board of directors of our principal subsidiaries that are based in jurisdictions other than Singapore.

## Share Capital

6. Save as disclosed below, as of the Latest Practicable Date, there were no changes to the issued and paid-up capital of our Company and each entity in our Group within the three years preceding the Latest Practicable Date. No option to subscribe for any Shares in, or debentures of, our Company or our subsidiaries has been granted to, or was exercised by, any Director or Executive Officer within the three financial years preceding the date of this Introductory Document.

### (a) Changes in Share Capital in our Company

Purpose of Issue	Number of Shares Issued / Increase in Share Capital	Issue Price per Share	Date of Issue	Resultant Issued Share Capital	Resultant issued and paid-up share capital	Reason for Issue/ Change
Share options exercised	30,000	HK\$1.61	October 2021	387,183,668	HK\$38,718,366.8	Exercise of share options
Share options exercised	200,000	HK\$1.61	19 November 2021	387,383,668	HK\$38,738,366.8	Exercise of share options
Share options exercised	200,000	HK\$1.61	May 2022	387,583,668	HK\$38,758,366.8	Exercise of share options
Share options exercised	100,000	HK\$1.61	June 2022	387,683,668	HK\$38,768,366.8	Exercise of share options
Share options exercised	200,000	HK\$1.61	3 March 2023	387,883,668	HK\$38,788,366.8	Exercise of share options
Shares issued as at the date of this Introductory Document	387,883,668	–		387,883,668	HK\$38,788,366.80	–

### (b) Changes in Share Capital in our Hong Kong subsidiaries

#### i. PC Partner Properties Limited

Purpose of Issue	Number of Shares Issued / Increase in Share Capital	Issue Price per Share	Date of Issue	Resultant Issued Share Capital	Resultant issued and paid-up share capital	Reason for Issue/ Change
Registration of company	10,000	HK\$1	30 December 2021	10,000	HK\$10,000	Issuance of subscriber shares

(c) **Changes in Share Capital in our Singapore subsidiaries**

i. Zotac Technology Pte. Limited

<b>Purpose of Issue</b>	<b>Number of Shares Issued / Increase in Share Capital</b>	<b>Issue Price per Share</b>	<b>Date of Issue</b>	<b>Resultant Issued Share Capital</b>	<b>Resultant issued and paid-up share capital</b>	<b>Reason for Issue/ Change</b>
Registration of company	1,000,000	USD\$1	13 May 2024	1,000,000	USD \$1,000,000	Issuance of subscriber shares

ii. PC Partner Technology Pte. Limited

<b>Purpose of Issue</b>	<b>Number of Shares Issued / Increase in Share Capital</b>	<b>Issue Price per Share</b>	<b>Date of Issue</b>	<b>Resultant Issued Share Capital</b>	<b>Resultant issued and paid-up share capital</b>	<b>Reason for Issue/ Change</b>
Registration of company	30,000,000	USD\$1	8 May 2024	30,000,000	USD \$30,000,000	Issuance of subscriber shares

iii. Manli Technology Pte. Limited

<b>Purpose of Issue</b>	<b>Number of Shares Issued / Increase in Share Capital</b>	<b>Issue Price per Share</b>	<b>Date of Issue</b>	<b>Resultant Issued Share Capital</b>	<b>Resultant issued and paid-up share capital</b>	<b>Reason for Issue/ Change</b>
Registration of company	1,000,000	USD\$1	14 May 2024	1,000,000	USD \$1,000,000	Issuance of subscriber shares

iv. Innovision Multimedia Pte. Limited

<b>Purpose of Issue</b>	<b>Number of Shares Issued / Increase in Share Capital</b>	<b>Issue Price per Share</b>	<b>Date of Issue</b>	<b>Resultant Issued Share Capital</b>	<b>Resultant issued and paid-up share capital</b>	<b>Reason for Issue/ Change</b>
Registration of company	1,000,000	USD\$1	16 May 2024	1,000,000	USD \$1,000,000	Issuance of subscriber shares

**(d) Changes in Share Capital in our Indonesian subsidiaries**

i. PT PCPartner Technology Indonesia

Purpose of Issue	Number of Shares Issued / Increase in Share Capital	Issue Price per Share	Date of Issue	Resultant Issued Share Capital	Resultant issued and paid-up share capital	Reason for Issue/Change
Registration of company	100,000	IDR 1,000,000	14 June 2024	100,000	IDR 100,000,000,000	Issuance of subscriber shares

**(e) Changes in Registered Capital in our PRC subsidiaries**

i. 智盈通电子（东莞）有限公司

Purpose of Issue	Increase in Registered Capital	Issue Price per Share	Date of Issue	Resultant Registered Capital	Resultant registered capital	Reason for Issue/Change
Registration of company	RMB 1,000,000	N/A	30 May 2024	RMB 1,000,000	RMB 1,000,000	Incorporation

7. As of the Latest Practicable Date, no person has been, or has the right to be, given an option to subscribe for or purchase any securities of our Company or any of our subsidiaries.

**Material Contracts**

8. There are no contracts, not being contracts entered into in the ordinary course of business, that have been entered into by our Company and our subsidiaries within the two years preceding the date of this Introductory Document, which are or may be material.

**Miscellaneous**

9. There has not been any public take-over by a third party in respect of our Shares or by our Company in respect of the shares of another corporation or the units of a business trust which has occurred between 1 January 2023 and the Latest Practicable Date.
10. There is no known arrangement, the operation of which may, at a subsequent date, result in a change of control of our Company.
11. Save as disclosed in this Introductory Document, our business and/or profitability is not materially dependent on any patent, licence, industrial, commercial or financial contract (including a contract with a customer or supplier), or new manufacturing process.
12. Save as disclosed in the sections entitled “Risk Factors”, “Management’s Discussion and Analysis of Results of Operations and Financial Position” and “Business Overview – Trend Information” of this Introductory Document, our Directors are not aware of any event which has occurred between 30 June 2024 and the Latest Practicable Date, which may have a material effect on the financial position and results of operations of our Group or the financial information provided in this Introductory Document.
13. No expert is employed on a contingent basis by our Company or any of our subsidiaries, or has a material interest, whether direct or indirect, in the shares of our Company or our subsidiaries, or has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Introduction.
14. The details, including the name, address and professional qualifications including membership in a professional body of the auditors of our Company for the Period Under Review are set out in the section entitled “Corporate Information” of this Introductory Document and in paragraph 15 below.



15. We currently have no intention of changing our auditors after the listing of our Company on the SGX-ST. The names, addresses, and professional qualifications (including any membership in a professional body) of the auditors of our Company for FY2021, FY2022, FY2023, and the period from 1 January 2024 up to the date of this Introductory Document are set out below:

<b>Name, Membership and Address</b>	<b>Professional Body</b>	<b>Partner-in-charge / Professional Qualification</b>
<b>BDO Limited</b> 25/F., Wing On Centre 111 Connaught Road Central Hong Kong	Accounting and Financial Reporting Council	Ng Wai Man (Member of the Hong Kong Institute of Certified Public Accountants)
<b>BDO LLP</b> 600 North Bridge Road #23-01 Parkview Square Singapore 188778	Accounting and Corporate Regulatory Authority of Singapore	Aw Vern Chun Philip (Member of the Institute of Singapore Chartered Accountants)

### Consents

16. United Overseas Bank Limited, named as the Issue Manager in relation to the Introduction, has given and has not withdrawn its written consent to the issue of this Introductory Document with the inclusion herein of its name and references thereto, in the form and context which they are included in this Introductory Document and to act in such capacity in relation to this Introductory Document.
17. Dechert LLP, the Legal Adviser to our Company as to US Law, has given and has not withdrawn consent to the issue of this Introductory Document with the inclusion herein of, (i) its name and all references thereto and (ii) the statements attributed to it in the sections entitled “Risk Factors – Risks relating to our Business and Industry – Continued or enhanced threats of trade tariffs, import and export restrictions, foreign regulations and/or other trade barriers may have a material adverse effect on our Group’s business” and “Major Suppliers – Our Group’s business relationship with NVIDIA of advanced GPUs” in the form and context in which they appear in this Introductory Document and to act in such capacity in relation to this Introductory Document. The statements attributed to it in “Risk Factors – Risks relating to our Business and Industry – Continued or enhanced threats of trade tariffs, import and export restrictions, foreign regulations and/or other trade barriers may have a material adverse effect on our Group’s business” and “Major Suppliers – Our Group’s business relationship with NVIDIA of advanced GPUs” were prepared for the purpose of incorporation in this Introductory Document.
18. Guantao Law Firm, the Legal Adviser to our Company as to PRC Law, has given and has not withdrawn consent to the issue of this Introductory Document with the inclusion herein of, (i) its name and all references thereto and (ii) the statements attributed to it in the sections entitled “Risk Factors – Risks Relating to our Business and Industry – Continued or enhanced threats of trade tariffs, import and export restrictions, foreign regulations and/or other trade barriers may have a material adverse effect on our Group’s business”, “Risk Factors – Risks Relating to our Business and Industry – Our Group may not have valid rights to use certain properties”, “Risk Factors – Risks Relating to doing Business in the PRC – We may be subject to the requirements in relation to the filing with the China Securities Regulatory Commission” and “Risk Factors – Risks Relating to doing Business in the PRC – Enforcement of stricter labour laws and regulations in the PRC may adversely affect the business and profitability” and “Legal Representatives – Powers and Responsibilities of Legal Representatives in the PRC” in the form and context in which they appear in this Introductory Document and to act in such capacity in relation to this Introductory Document. The statements attributed to it in “Risk Factors – Risks Relating to our Business and Industry – Continued or enhanced threats of trade tariffs, import and export restrictions, foreign regulations and/or other trade barriers may have a material adverse effect on our Group’s business”, “Risk Factors – Risks Relating to our Business and Industry – Our Group may not have valid rights to use certain properties”, “Risk Factors – Risks Relating to doing Business in the PRC – We may be subject to the requirements in relation to the filing with the China Securities Regulatory Commission” and “Risk Factors – Risks Relating to doing Business in the PRC – Enforcement of stricter labour laws and regulations in the PRC may adversely affect the business and profitability” and “Legal Representatives – Powers and Responsibilities of Legal Representatives in the PRC” were prepared for the purpose of incorporation in this Introductory Document.

19. Jingtian & Gongcheng, the Legal Adviser to the Issue Manager as to PRC Law, has given and has not withdrawn consent to the issue of this Introductory Document with the inclusion herein of, (i) its name and all references thereto and (ii) the statements attributed to it in the sections entitled “Risk Factors – Risks Relating to our Business and Industry – Continued or enhanced threats of trade tariffs, import and export restrictions, foreign regulations and/or other trade barriers may have a material adverse effect on our Group’s business”, “Risk Factors – Risks Relating to our Business and Industry – Our Group may not have valid rights to use certain properties”, “Risk Factors – Risks Relating to doing Business in the PRC – We may be subject to the requirements in relation to the filing with the China Securities Regulatory Commission”, “Risk Factors – Risks Relating to doing Business in the PRC – Enforcement of stricter labour laws and regulations in the PRC may adversely affect the business and profitability” in the form and context in which they appear in this Introductory Document and to act in such capacity in relation to this Introductory Document. The statements attributed to it in “Risk Factors – Risks Relating to our Business and Industry – Continued or enhanced threats of trade tariffs, import and export restrictions, foreign regulations and/or other trade barriers may have a material adverse effect on our Group’s business”, “Risk Factors – Risks Relating to our Business and Industry – Our Group may not have valid rights to use certain properties”, “Risk Factors – Risks Relating to doing Business in the PRC – We may be subject to the requirements in relation to the filing with the China Securities Regulatory Commission”, “Risk Factors – Risks Relating to doing Business in the PRC – Enforcement of stricter labour laws and regulations in the PRC may adversely affect the business and profitability” were prepared for the purpose of incorporation in this Introductory Document.

#### **Responsibility Statement by our Directors**

20. The Directors collectively and individually accept full responsibility for the accuracy of the information given herein and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Introductory Document constitutes full and true disclosure of all material facts about the Introduction, our Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statements in this Introductory Document misleading. Where information in this Introductory Document has been extracted from published or otherwise publicly available sources, or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Introductory Document in its proper form and context.

#### **Responsibility Statement by the Issue Manager**

21. To the best of the Issue Manager’s knowledge and belief, this Introductory Document constitutes full and true disclosure of all material facts about the Introduction, the Company and its subsidiaries, and the Issue Manager is not aware of any facts the omission of which would make any statements in this Introductory Document misleading.

#### **Documents Available for Inspection**

22. Copies of the following documents may be inspected at our Singapore headquarters located at 20 Pasir Panjang Road, #11-27, Mapletree Business City, Singapore 117439, during normal business hours for a period of six months from the date of this Introductory Document:
- (a) the M&AA of our Company;
  - (b) the “*Independent Joint Auditors’ Report and Consolidated Financial Statements of PC Partner Group Limited and its Subsidiaries for the Financial Years Ended 31 December 2021, 2022, and 2023*” as set out in Appendix A to this Introductory Document;
  - (c) the “*Independent Joint Auditors’ Review Report and Interim Condensed Consolidated Financial Statements of PC Partner Group Limited and its Subsidiaries for the Financial Period from 1 January 2024 to 30 June 2024*” as set out in Appendix B to this Introductory Document;

- (d) the respective audited financial statements of our Company and each of our subsidiaries, for the Period Under Review, and in respect of each of FY2021, FY2022, and FY2023, all notes, reports or information relating to its audited financial statements which are required to be prepared under the Companies Act;
- (e) the letters of consent referred to in the sections entitled “Independent Joint Auditors” of this Introductory Document and in paragraphs 16 to 19 above; and
- (f) the Service Agreements, referred to in the section entitled “Management and Corporate Governance – Service Agreements” of this Introductory Document.

**APPENDIX A – INDEPENDENT JOINT AUDITORS’ REPORT AND  
CONSOLIDATED FINANCIAL STATEMENTS OF  
PC PARTNER GROUP LIMITED AND ITS SUBSIDIARIES  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2021, 2022 AND 2023**

**PC PARTNER GROUP LIMITED  
and its subsidiaries**

Independent Joint Auditors’ Report And  
Consolidated Financial Statements  
For the financial years ended 31 December 2021, 2022 and 2023

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2021, 2022 AND 2023**

**STATEMENT BY DIRECTORS**

We, Wong Shik Ho Tony and Wong Fong Pak, being two of the directors of PC Partner Group Limited (the “Company”), do hereby state that, in the opinion of the Board of Directors,

- the accompanying consolidated financial statements together with notes thereon as set out on pages A-9 to A-73 are drawn up in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board so as to give a true and fair view of the consolidated financial position of the Company and its subsidiaries (the “Group”) as at 31 December 2021, 2022 and 2023, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial years ended on those dates; and
- at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

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**Wong Shik Ho Tony**  
*Director*

12 November 2024

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**Wong Fong Pak**  
*Director*



**INDEPENDENT JOINT AUDITORS' REPORT ON THE CONSOLIDATED  
FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED  
31 DECEMBER 2021, 2022 AND 2023**

12 November 2024

The Board of Directors  
PC Partner Group Limited  
28/F, NCB Innovation Centre,  
888 Lai Chi Kok Road,  
Kowloon, Hong Kong.

**Report on the Audit of the Consolidated Financial Statements**

***Opinion***

We have audited the consolidated financial statements of PC Partner Group Limited (the “Company”) and its subsidiaries (collectively “Group”), which comprise the consolidated statements of financial position as at 31 December 2021, 2022 and 2023, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the financial years then ended, and notes to the consolidated financial statements, including material accounting policy information, as set out on pages A-9 to A-73.

In our opinion, the accompanying consolidated financial statements of the Group give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, 2022 and 2023, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial years ended on 31 December 2021, 2022 and 2023 in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”).

***Basis for Opinion***

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the *Auditors’ Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (“ACRA”) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (“ACRA Code”) with the ethical requirements that are relevant to our audit of the financial statements in Singapore and the Hong Kong Institute of Certified Public Accountants (“HKICPA”) *Code of Ethics for Professional Accountants* (“HKICPA Code”), and we have fulfilled our other ethical responsibilities in accordance with these requirements, the ACRA Code and the HKICPA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**INDEPENDENT JOINT AUDITORS' REPORT ON THE CONSOLIDATED  
FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED  
31 DECEMBER 2021, 2022 AND 2023 (CONTINUED)**

**Report on the Audit of the Consolidated Financial Statements (Continued)**

***Key Audit Matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

***Revenue recognition***

*Refer to notes 3(g) and 6 to the consolidated financial statements*

The Group's revenue principally comprises sales of video graphics cards, electronics manufacturing services and other personal computer ("PC") related products and components. Customers obtain control of the products when the goods are delivered to and have been accepted by the customers. Revenue is thus recognised when the customers accepted the products.

We identified the recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Group and it is significant to the consolidated financial statements.

Our response:

During our audit, we conducted the following audit procedures, amongst others, to address this key audit matter.

- Obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls over revenue recognition;
- Assessing the appropriateness of the Group's revenue recognition policy under IFRS 15 *Revenue from Contracts with Customers* by inspecting a sample of representative contracts with customers;
- Assessing the existence and identity of a sample of new customers of the Group during the year by performing background searches on these customers;
- Assessing whether revenue had been recognised in the appropriate accounting period and in accordance with the terms of the sales contracts by comparing a sample of sales transactions recorded immediately before and after the year end with relevant underlying documents, which included delivery notes or documentation indicating the customers' acknowledgement of delivery of the goods sold; and
- Identifying significant sales returns from the sales ledger after the year end and inspecting the underlying documentation in relation to these sales returns to assess if the related adjustments to revenue had been accounted for in the appropriate accounting period.

**INDEPENDENT JOINT AUDITORS' REPORT ON THE CONSOLIDATED  
FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED  
31 DECEMBER 2021, 2022 AND 2023 (CONTINUED)**

**Report on the Audit of the Consolidated Financial Statements (Continued)**

***Provision for obsolete inventories***

*Refer to notes 3(e), 4 and 21 to the consolidated financial statements*

As at 31 December 2021, 2022 and 2023, inventories net of provision for obsolescence of HK\$117,517,000, HK\$153,479,000 and HK\$149,940,000 amounted to HK\$1,511,577,000, HK\$1,831,959,000 and HK\$1,135,492,000 which represent approximately 21.8%, 29.7% and 21.4% of total assets of the Group. The inventories are measured at the lower of cost and net realisable value. Sale of video graphics cards and other PC related products and components can be extremely volatile with the launching in the market of new computer products based on more advanced technology. As a result, there is significant risk that the carrying amount of inventories exceed their net realisable value. In view of the above, management has made estimates based on certain assumptions relating to inventory obsolescence. Obsolescence provision considerations included inventories ageing profiles, as well as different market factors impacting the sales of these models of products. In addition, the determination of the method and period to use to determine the provisioning percentages to be applied to aged inventories as a result of changing trends, requires significant judgement based on experience.

Accordingly, the provision carried against inventories is considered to be a key audit matter.

Our response:

During our audit, we conducted the following audit procedures, amongst others, to address this key audit matter:

- Evaluating the assumptions and estimates applied to the determination of obsolescence provision by performing analytical procedures and comparison to historical records, taking into account recent developments in the market;
- Assessing whether there were inventories which were sold with a negative margin by checking to sales invoices or available market information subsequent to end of respective reporting period on a sample basis to validate management's assessment of inventory obsolescence; and
- Checking on a sample basis that items on the inventory ageing listing were classified in the appropriate ageing bracket.

**INDEPENDENT JOINT AUDITORS' REPORT ON THE CONSOLIDATED  
FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED  
31 DECEMBER 2021, 2022 AND 2023 (CONTINUED)**

**Report on the Audit of the Consolidated Financial Statements (Continued)**

***Impairment of trade receivables at amortised cost***

*Refer to notes 3(f), 4, 22 and 37(a) to the consolidated financial statements*

As at 31 December 2021, 2022 and 2023, the Group had trade receivables at amortised cost of HK\$1,553,726,000, HK\$1,469,736,000 and HK\$1,061,508,000, and accumulated impairment losses of HK\$338,123,000, HK\$313,948,000 and HK\$308,741,000 has been made over the balance.

Determining loss allowances for trade receivables at amortised cost is based on management's estimate of the lifetime expected credit losses to be incurred, which is estimated by taking into account the credit loss experience, ageing of trade receivables, customers' repayment history and customers' financial position and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgement. We identified assessing the recoverability of trade receivables at amortised cost as a key audit matter because the assessment of the recoverability of trade receivables and recognition of loss allowances are inherently subjective and require significant management judgement.

Our response:

During our audit, we conducted the following audit procedures, amongst others, to address this key audit matter:

- Obtaining an understanding of the model adopted by management in estimating lifetime expected credit losses and key controls which oversee credit control, debt collection and estimation of lifetime expected credit losses;
- Checking the ageing analysis of the trade receivables, on a sample basis;
- Assessing the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgement, including checking the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information; and
- Checking subsequent settlement of the year end trade receivables balances on a sample basis.

***Responsibilities of Management and Directors for the Consolidated Financial Statements***

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards, and for such internal control as the management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

**INDEPENDENT JOINT AUDITORS' REPORT ON THE CONSOLIDATED  
FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED  
31 DECEMBER 2021, 2022 AND 2023 (CONTINUED)**

**Report on the Audit of the Consolidated Financial Statements (Continued)**

***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a joint auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our joint auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our joint auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.



**INDEPENDENT JOINT AUDITORS' REPORT ON THE CONSOLIDATED  
FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED  
31 DECEMBER 2021, 2022 AND 2023 (CONTINUED)**

**Report on the Audit of the Consolidated Financial Statements (Continued)**

***Auditors' Responsibilities for the Audit of the Financial Statements (Continued)***

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our joint auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

***Restriction on Distribution and Use***

This report is made solely to you as a body for the inclusion in the Introductory Document of the Company to be issued in connection with the Company's listing on the Mainboard of the Singapore Exchange Securities Trading Limited.

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**BDO LLP**

Public Accountants and Chartered Accountants

Aw Vern Chun Philip  
Partner-in-charge

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**BDO Limited**

Certified Public Accountants

Ng Wai Man  
Partner-in-charge

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED 31 DECEMBER 2021, 2022 AND 2023**

	Notes	Year ended 31 December		
		2021 HK\$'000	2022 HK\$'000	2023 HK\$'000
Revenue	5, 6	15,459,055	10,775,308	9,167,215
Cost of sales		(11,171,893)	(9,212,346)	(8,466,469)
Gross profit		4,287,162	1,562,962	700,746
Other revenue and other gains and losses, net	7	123,966	(1,347)	30,770
Selling and distribution expenses		(185,831)	(121,532)	(138,183)
Administrative expenses		(816,658)	(523,278)	(442,773)
Impairment losses on financial assets		(321,712)	(533)	(3,118)
Finance costs	8	(20,215)	(32,551)	(59,306)
Share of loss of a joint venture		(136,588)	(40,513)	–
Profit before income tax	9	2,930,124	843,208	88,136
Income tax	10	(553,568)	(141,311)	(28,248)
<b>Profit for the year</b>		<b>2,376,556</b>	<b>701,897</b>	<b>59,888</b>
<b>Other comprehensive income, after tax</b>				
<b>Item that will not be reclassified to profit or loss:</b>				
Changes in fair value of equity instrument at FVTOCI		(4,001)	(2,249)	–
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Exchange differences on translating foreign subsidiaries		(7,128)	(5,010)	(1,381)
Exchange differences on translating a joint venture		2,446	–	–
<b>Total comprehensive income for the year</b>		<b>2,367,873</b>	<b>694,638</b>	<b>58,507</b>
<b>Profit for the year attributable to:</b>				
— Owners of the Company		2,374,320	702,484	60,843
— Non-controlling interests		2,236	(587)	(955)
		2,376,556	701,897	59,888
<b>Total comprehensive income for the year attributable to:</b>				
— Owners of the Company		2,365,637	695,225	59,462
— Non-controlling interests		2,236	(587)	(955)
		2,367,873	694,638	58,507
		HK\$	HK\$	HK\$
Earnings per share	14			
— Basic		6.21	1.81	0.16
— Diluted		6.14	1.81	0.16

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021, 2022 AND 2023

		As at 1 January	As at 31 December		
	Notes	2021 HK\$'000	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000
<b>Non-current assets</b>					
Property, plant and equipment	15	144,174	94,215	596,378	557,369
Right-of-use assets	16	136,459	114,182	121,766	92,559
Intangible assets	17	4,825	4,825	4,825	4,825
Other financial asset	18	7,518	3,517	1,268	1,268
Interest in a joint venture	19	174,655	40,513	–	–
Deferred tax assets	20	10,430	9,641	3,999	5,788
Trade and other receivables	22	205,137	2,705	5,383	5,664
<b>Total non-current assets</b>		<b>683,198</b>	<b>269,598</b>	<b>733,619</b>	<b>667,473</b>
<b>Current assets</b>					
Inventories	21	908,261	1,511,577	1,831,959	1,135,492
Trade and other receivables	22	1,218,270	1,307,096	1,260,597	894,097
Right of return assets	23	52,610	71,091	69,561	38,601
Derivative financial assets		452	–	–	–
Current tax recoverable		5,797	–	58,951	68,487
Cash and bank balances	24	1,124,592	3,765,101	2,207,323	2,491,217
<b>Total current assets</b>		<b>3,309,982</b>	<b>6,654,865</b>	<b>5,428,391</b>	<b>4,627,894</b>
<b>Total assets</b>		<b>3,993,180</b>	<b>6,924,463</b>	<b>6,162,010</b>	<b>5,295,367</b>
<b>Current liabilities</b>					
Trade and other payables	25	1,484,058	2,130,342	1,237,752	1,280,048
Refund liabilities	26	62,759	96,445	83,794	48,837
Contract liabilities	27	76,150	209,564	76,521	60,957
Borrowings	28	1,070,038	702,337	1,738,733	982,426
Provision for product warranties and returns	29	31,447	61,118	39,436	41,124
Lease liabilities	30	27,662	26,049	30,864	30,164
Current tax liabilities		23,005	513,042	6,571	8,546
<b>Total current liabilities</b>		<b>2,775,119</b>	<b>3,738,897</b>	<b>3,213,671</b>	<b>2,452,102</b>
<b>Net current assets</b>		<b>534,863</b>	<b>2,915,968</b>	<b>2,214,720</b>	<b>2,175,792</b>
<b>Total assets less current liabilities</b>		<b>1,218,061</b>	<b>3,185,566</b>	<b>2,948,339</b>	<b>2,843,265</b>
<b>Non-current liabilities</b>					
Lease liabilities	30	114,283	95,224	97,194	69,050
<b>NET ASSETS</b>		<b>1,103,778</b>	<b>3,090,342</b>	<b>2,851,145</b>	<b>2,774,215</b>
<b>Capital and reserves</b>					
Share capital	31	37,209	38,738	38,768	38,788
Reserves		1,065,879	3,048,678	2,810,038	2,734,043
<b>Equity attributable to owners of the Company</b>		<b>1,103,088</b>	<b>3,087,416</b>	<b>2,848,806</b>	<b>2,772,831</b>
Non-controlling interests		690	2,926	2,339	1,384
<b>TOTAL EQUITY</b>		<b>1,103,778</b>	<b>3,090,342</b>	<b>2,851,145</b>	<b>2,774,215</b>

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED 31 DECEMBER 2021, 2022 AND 2023**

	Equity attributable to owners of the Company											
	Share capital	Share premium	Translation reserve	Merger reserve	Other reserve	Legal reserve	Financial asset at FVTOCI	Share-based payment reserve	Retained profits	Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2021	37,209	165,033	7,442	6,702	21,770	7,165	(8,102)	4,871	860,998	1,103,088	690	1,103,778
Profit for the year	-	-	-	-	-	-	-	-	2,374,320	2,374,320	2,236	2,376,556
Other comprehensive income												
— exchange differences on translating foreign subsidiaries	-	-	(7,132)	-	4	-	-	-	-	(7,128)	-	(7,128)
— exchange differences on translating a joint venture	-	-	2,446	-	-	-	-	-	-	2,446	-	2,446
— changes in fair value of equity instrument at FVTOCI	-	-	-	-	-	-	(4,001)	-	-	(4,001)	-	(4,001)
Total comprehensive income	-	-	(4,686)	-	4	-	(4,001)	-	2,374,320	2,365,637	2,236	2,367,873
Share issued under share option scheme	1,529	31,960	-	-	-	-	-	(8,872)	-	24,617	-	24,617
Dividend paid (note 13)	-	-	-	-	-	-	-	-	(410,267)	(410,267)	-	(410,267)
Transfer to retained profits	-	-	-	-	-	(3,659)	-	-	3,659	-	-	-
Equity settled share-based transactions (note 32)	-	-	-	-	-	-	-	4,341	-	4,341	-	4,341
At 31 December 2021 and 1 January 2022	38,738	196,993	2,756	6,702	21,774	3,506	(12,103)	340	2,828,710	3,087,416	2,926	3,090,342
Profit for the year	-	-	-	-	-	-	-	-	702,484	702,484	(587)	701,897
Other comprehensive income												
— exchange differences on translating foreign subsidiaries	-	-	(5,011)	-	1	-	-	-	-	(5,010)	-	(5,010)
— changes in fair value of equity instrument at FVTOCI	-	-	-	-	-	-	(2,249)	-	-	(2,249)	-	(2,249)
Total comprehensive income	-	-	(5,011)	-	1	-	(2,249)	-	702,484	695,225	(587)	694,638
Share issued under share option scheme	30	626	-	-	-	-	-	(173)	-	483	-	483
Dividends paid (note 13)	-	-	-	-	-	-	-	-	(934,318)	(934,318)	-	(934,318)
At 31 December 2022 and 1 January 2023	38,768	197,619	(2,255)	6,702	21,775	3,506	(14,352)	167	2,596,876	2,848,806	2,339	2,851,145
Profit for the year	-	-	-	-	-	-	-	-	60,843	60,843	(955)	59,888
Other comprehensive income												
— exchange differences on translating foreign subsidiaries	-	-	(1,381)	-	-	-	-	-	-	(1,381)	-	(1,381)
Total comprehensive income	-	-	(1,381)	-	-	-	-	-	60,843	59,462	(955)	58,507
Share issued under share option scheme	20	417	-	-	-	-	-	(115)	-	322	-	322
Lapse of share options	-	-	-	-	-	-	-	(52)	52	-	-	-
Dividends paid (note 13)	-	-	-	-	-	-	-	-	(135,759)	(135,759)	-	(135,759)
At 31 December 2023	38,788	198,036	(3,636)	6,702	21,775	3,506	(14,352)	-	2,522,012	2,772,831	1,384	2,774,215

## **CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)**

*FOR THE YEARS ENDED 31 DECEMBER 2021, 2022 AND 2023*

Notes:

- (a) Share premium represents premium arising from the issue of shares at a price in excess of their par value per share. Under the Companies Law of the Cayman Islands, the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.
- (b) Merger reserve represents the difference between the share capital of the Company and the combined share capital and share premium of the subsidiaries (after eliminating intra-group investments and share capital) acquired by the Company pursuant to the Reorganisation underwent in December 2011.
- (c) Other reserve represents the excess of the fair value of shares issued as consideration for acquisition of the additional interests of the subsidiaries from their non-controlling shareholders pursuant to the Reorganisation over their nominal values.
- (d) Legal reserve included (i) reserve appropriated by a subsidiary established in Macau under the Macau Commercial Code which requires the subsidiary to retain not less than 25% of profits of the accounting period as legal reserve, until such reserve reaches 50% of the capital of this entity; and (ii) reserves appropriated by the Group's subsidiaries established in the People's Republic of China (the "PRC") pursuant to the PRC Company Law and the respective articles of association which require the PRC subsidiaries to appropriate 10% of its annual statutory net profit (determined in accordance with the PRC accounting principles and regulations and after offsetting any prior years' losses) to the statutory reserve fund until such reserve fund reaches 50% of the registered capital of these entities. The statutory reserve can be utilised, upon obtaining approval by the relevant authorities, to offset accumulated losses or to increase capital of the subsidiary, provided that the balance after such issue is not less than 25% of its registered capital.

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED 31 DECEMBER 2021, 2022 AND 2023**

	Notes	Year ended 31 December		
		2021 HK\$'000	2022 HK\$'000	2023 HK\$'000
<b>Operating activities</b>				
Profit before income tax		2,930,124	843,208	88,136
Adjustments for:				
Depreciation of property, plant and equipment		58,573	36,749	74,568
Depreciation of right-of-use assets		30,095	31,186	31,889
Interest income		(9,276)	(10,455)	(50,228)
Net fair value gains on derivative financial instruments		(199)	(61)	(506)
Interest expense		20,215	32,551	59,306
Bad debts written off		39	152	1,753
Gain on disposal of property, plant and equipment		(78,704)	(379)	(40)
Gain on termination of lease		(27)	(162)	(20)
Property, plant and equipment written off		10	28	2
Impairment losses on financial assets		321,712	533	3,118
Provision for obsolete inventories		5,666	51,018	41,763
Provision/(reversal of provision) for product warranties and returns, net		47,374	(12,455)	17,404
Share of loss of a joint venture		136,588	40,513	–
Share-based payment		4,341	–	–
Operating profit before working capital changes		3,466,531	1,012,426	267,145
Inventories		(608,875)	(371,319)	654,772
Trade and other receivables		(205,755)	66,472	375,916
Right of return assets		(18,481)	1,529	30,960
Trade and other payables		4,217,970	2,845,223	2,409,625
Refund liabilities		33,685	(12,651)	(34,957)
Contract liabilities		131,719	(133,242)	(15,573)
Provision for product warranties and returns		(17,703)	(9,227)	(15,716)
Cash generated from operations		6,999,091	3,399,211	3,672,172
Interest paid		(20,215)	(32,551)	(59,306)
Income tax paid		(56,222)	(700,672)	(37,773)
<b>Net cash generated from operating activities</b>		<b>6,922,654</b>	<b>2,665,988</b>	<b>3,575,093</b>



**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE YEARS ENDED 31 DECEMBER 2021, 2022 AND 2023**

	Notes	Year ended 31 December		
		2021 HK\$'000	2022 HK\$'000	2023 HK\$'000
<b>Investing activities</b>				
Payments to acquire property, plant and equipment		(55,908)	(534,177)	(33,073)
Prepayments to acquire property, plant and equipment		(10,352)	(3,387)	(8,736)
Proceeds from disposal of property, plant and equipment		126,271	390	40
Payments to acquire right-of-use assets		(19)	–	(15)
Placement of time deposit with initial maturity of over three months		–	(263,834)	(665,650)
Withdrawal of time deposit with initial maturity of over three months		–	265,460	274,400
Interest received		9,276	10,455	50,228
Cash received on settlement of derivative financial instruments		651	61	506
Release of pledged time deposit		116	–	–
<b>Net cash generated from/(used in) investing activities</b>		<b>70,035</b>	<b>(525,032)</b>	<b>(382,300)</b>
<b>Financing activities</b>				
Issue of new shares		24,617	483	322
Dividends paid to owners of the Company		(410,267)	(934,318)	(135,759)
Proceeds from bank loans		–	193,930	–
Repayment of bank loans		(53,002)	(1,293)	(7,757)
Repayment of import loans		(3,889,146)	(2,887,326)	(3,119,178)
Repayment of principal of lease liabilities		(28,886)	(30,500)	(31,425)
<b>Net cash used in financing activities</b>		<b>(4,356,684)</b>	<b>(3,659,024)</b>	<b>(3,293,797)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,636,005</b>	<b>(1,518,068)</b>	<b>(101,004)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>1,124,143</b>	<b>3,764,766</b>	<b>2,206,987</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<b>4,618</b>	<b>(39,711)</b>	<b>(5,602)</b>
<b>Cash and cash equivalents at end of year, representing cash and bank balances (net of pledged deposit and time deposits with initial maturity of over three months)</b>	24	<b>3,764,766</b>	<b>2,206,987</b>	<b>2,100,381</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

PC Partner Group Limited (the “Company”) was incorporated in the Cayman Islands on 1 April 2010 with limited liability under the Companies Act (Revised) of the Cayman Islands and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 12 January 2012. The address of its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands. Its principal place of business is situated at 28/F, NCB Innovation Centre, 888 Lai Chi Kok Road, Kowloon, Hong Kong.

The Company and its subsidiaries (referred to as the “Group”) are engaged in the business of design, manufacturing and trading of electronics and personal computer (“PC”) parts and accessories with its operation base in Mainland China and trading of electronics and PC parts and accessories with its operation bases in Hong Kong, Japan, Korea and the U.S.A..

Particulars of the Company’s subsidiaries and joint venture are set out in Note 39 of the financial statements.

### 2. BASIS OF PREPARATION

#### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (“Hong Kong Listing Rules”) and the applicable disclosure requirements of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “Listing Manual”).

These financial statements are the Group’s first financial statements prepared in accordance with IFRS Accounting Standards. The Group has previously prepared their financial statements in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRSs”). As required by IFRS 1 *First-time Adoption of International Financial Reporting Standards*, the Group has consistently applied the same accounting policies throughout all financial years presented, as if these policies had always been in effect subject to the mandatory exceptions and optional exemptions under IFRS 1.

Comparative information on its opening consolidated statement of financial position at 1 January 2021 has not been restated as the adoption of IFRS 1 does not result in any substantial changes on the accounting policies and amounts reported in the previous financial years. The adoption of IFRS 1 does not result in any substantial changes on the accounting policies and amounts reported in the previous financial years.

#### (b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values as explained in the accounting policies set out below.

#### (c) Functional and presentation currency

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company. All values presented are rounded to the nearest thousand (“HK\$’000”) unless otherwise stated.

## 2. BASIS OF PREPARATION (CONTINUED)

### (d) New standard, interpretations and amendments that have been issued but not yet effective

The Group has not adopted the following new and amendments to standards as issued by the IASB that have been issued but not yet effective:

		<b>Effective date (annual periods beginning on or after)</b>
Amendments to IFRS 10 and IAS 28	: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to IAS 1	: Classification of Liabilities as Current or Non-current	1 January 2024
Amendment to IFRS 16	: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 1	: Non-current Liabilities with Covenants	1 January 2024
Amendments to IAS 7 and IFRS 7	: Supplier Finance Arrangements	1 January 2024
Amendments to IAS 21	: Lack of Exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7	: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
IFRS 18	: Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	: Subsidiaries without Public Accountability: Disclosures	1 January 2027

For the Amendments to IFRS 9 and IFRS 7 — Amendments to the Classification and Measurement of Financial Instruments and IFRS 18 — Presentation and Disclosure in Financial Statements, the impact is still under assessment by the Group. Except this, the Group does not expect the adoption of the other new and amended standards will result in significant impact on the Group's results and financial position.

## 3. ACCOUNTING POLICIES

### (a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

### (b) Subsidiary

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. In the notes to the consolidated financial statements that discloses the Company's statement of financial position, investment in a subsidiary is stated at cost less impairment loss, if any. The results of subsidiary are accounted for by the Company on the basis of dividend received and receivable.

### 3. ACCOUNTING POLICIES (CONTINUED)

#### (c) Property, plant and equipment

Property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses. Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

The useful lives are as follows:

Freehold buildings	39 years
Leasehold land and buildings	45 years
Leasehold improvements	Shorter of remaining lease terms or 3 to 5 years
Plant and machinery	2 to 5 years
Office and testing equipment	2 to 5 years
Furniture and fixtures	2 to 5 years
Motor vehicles	3 years
Moulds	2 to 4 years
Electric generator	5 years

#### (d) Leasing

##### *The Group as a lessee*

All leases are required to be capitalised in the consolidated statements of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term of 12 months or less and do not contain a purchase option. The lease payments associated with those leases have been expensed on a straight-line basis over the lease terms.

##### *Right-of-use asset*

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Under the cost model, the Group measures the right-to-use asset at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

##### *Lease liability*

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the lessee's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

### 3. ACCOUNTING POLICIES (CONTINUED)

#### (d) Leasing (Continued)

##### *Lease liability (Continued)*

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the Group renegotiates the contractual terms of a lease with the lessor, if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease, in all other cases, where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date and the right-of-use asset is adjusted by the same amount.

#### (e) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs to completion and estimated costs necessary to make the sale.

#### (f) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("ECL") on trade receivables and financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

### 3. ACCOUNTING POLICIES (CONTINUED)

#### (f) Impairment loss on financial assets (Continued)

The Group measures loss allowances for trade receivables using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. For credit-impaired trade receivables, ECL are assessed individually. For other trade receivables, the Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when: (1) the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status.

The Group considers a financial asset to be credit-impaired when:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 3 years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets, interest income is calculated based on the gross carrying amount.



### 3. ACCOUNTING POLICIES (CONTINUED)

#### (g) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or services may be transferred over time or at a point in time. Control of the goods or services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or services.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15 *Revenue from Contracts with Customers*.

#### ***Sales of video graphics cards ("VGA Cards"), electronics manufacturing services ("EMS") and other PC related products and components***

Customers obtain control of the products when the goods are delivered to and have been accepted by the customer. Revenue is thus recognised when the customers accepted the products. There is generally only one performance obligation. Invoices are usually payable within 14–90 days.

Some of the Group's contracts with customers from the sale of products provide customers a right of return. The right of return allows the returned goods to be refunded in cash for specific customers. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the Group has a right to recover the product when customers exercise their right of return. Consequently, the Group recognises a right of return asset and a corresponding adjustment to cost of sales. The Group uses its accumulated historical experience to estimate sales amount of returned goods as refund liability. At the end of each reporting period, the refund liability is re-measured arising from any changes in expectations about the amount of refunds with corresponding adjustments as revenue (or reductions of revenue). The right of return asset is recognised by reference to the former carrying amount of the products less any expected costs to recover those products including potential decrease in the value to the Group of returned products. At the end of each reporting period, the carrying amount of the right of return asset is re-measured arising from any changes in expectations about products to be returned.

### 3. ACCOUNTING POLICIES (CONTINUED)

#### (h) Contract liabilities

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

#### (i) Contract costs

The Group applies the practical expedient in paragraph 94 of IFRS 15 and recognises the incremental costs of obtaining contracts relating to the sale of goods as an expenses when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

#### (j) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non- assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences and unused tax losses can be utilised, provided that the deductible temporary differences do not arise from initial recognition of assets and liabilities in a transaction other than in a business combination that affects neither taxable profit nor the accounting profit and does not give rise to equal taxable and deductible temporary differences. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period and reflect any uncertainty related to income tax.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Income taxes are recognised in profit or loss except when they relate to items directly recognised in other comprehensive income in which case the taxes are also directly recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

#### (k) Impairment of non-financial assets

At the end of each reporting period, the Group and the Company reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- right-of-use assets; and
- investment in a subsidiary and a joint venture.

Irrespective of whether there is any indication of impairment, the Group reviews goodwill and intangible assets with indefinite useful for impairment annually.

### **3. ACCOUNTING POLICIES (CONTINUED)**

#### **(k) Impairment of non-financial assets (Continued)**

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

An impairment loss on goodwill is not reversed. For other assets, an impairment loss is reversed, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Value in use is based on the estimated future cash flows expected to be derived from the asset or cash-generating unit, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

#### **(l) Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

#### **(m) Share-based payment**

Where share options are awarded to employees and others providing similar services, the fair value of the options at the date of grant is recognised in profit or loss over the vesting period with a corresponding increase in the share-based payment reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees and others providing similar services, the fair value of goods or services received is recognised in profit or loss unless the goods or services qualify for recognition as assets. A corresponding increase in equity is recognised. For cash settled share based payments, a liability is recognised at the fair value of the goods or services received.

#### **4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty are discussed below.

##### **Impairment of property, plant and equipment and right-of-use assets**

Property, plant and equipment and right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on the higher of value in use calculations and fair value less costs of disposal. These calculations require the use of judgements and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs of disposal and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to profit or loss.

##### **Useful lives of property, plant and equipment, right-of-use assets and intangible assets**

The Group's management determines the estimated useful lives, and related depreciation and amortisation charges for its property, plant and equipment, right-of-use assets and intangible assets. The estimates are based on the historical experience of the actual useful lives of property, plant and equipment, right-of-use assets and intangible assets of similar nature and functions. Management will increase the depreciation and amortisation charges where useful lives are less than previously estimated. It will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in the estimated useful lives and therefore affect the depreciation and amortisation charges in future periods.

##### **Fair value measurement of financial assets**

A number of assets and liabilities included in the Group's consolidated financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

#### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

##### **Fair value measurement of financial assets (Continued)**

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures a number of items at fair value:

- Other financial asset (note 18)
- Trade receivables at fair value through profit or loss (“FVTPL”) (note 22(b))

For more detailed information in relation to the fair value measurement of the items above, please refer to note 38.

##### **Provision for obsolete inventories**

Management estimates the net realisable value of inventories based primarily on the latest market prices and current market conditions. The Group carries out an inventory review at the end of each reporting period and makes allowance on obsolete and slow moving items to write off or write down inventories to their net realisable value. Where the expectation on the net realisable value is lower than the cost, an impairment may arise.

##### **Impairment of trade receivables**

The provision rate of trade receivables is determined on assessment of their recoverability and ageing analysis of trade receivables as well as other quantitative and qualitative information and on management’s judgement and assessment of the forward-looking information. At the end of each reporting period, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast of economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast of economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of customer’s actual default in the future. The information about the ECLs on the Group’s trade receivables is disclosed in note 37(a).

##### **Warranty provision and refund liabilities**

As explained in notes 26 and 29, the Group makes provisions under the warranties and right of return it gives on sales of its electronic products taking into account the Group’s cumulative past claim experience. As the Group is continually upgrading its product designs and launching new models, it is possible that the cumulative past claim experience is not indicative of future claims that it will receive in respect of past sales. Any increase or decrease in the provision would affect profit or loss in future years.

##### **Estimated provisions for litigation claims or custom tariff**

The Group evaluates whether a present obligation exists after taking into account all available evidence, including the opinion of experts. A provision is recognised if the Directors consider it is more likely than not that present obligation exists and a reliable estimate can be made on the settlement amount of the claim. If it is more likely than not that no present obligation exists, the Group should disclose a contingent liability, unless the possibility of any transfer of economic benefits in settlement is remote. Details of the provisions for litigation claims and the contingent liability for custom tariff are disclosed in note 25(b) and note 40, respectively.

#### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

##### **Determining the lease term of contracts with extension options — the Group as lessee**

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised by the Group. The Group has several lease contracts that include extension options which are exercisable at the discretion of the Group. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the extension option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control. The Group typically exercises its option to renew for these leases of properties used for production because there will be a significant negative effect on production if a replacement asset is not readily available and there was significant customisation to the leased asset. The majority of extension options held are exercisable only by the Group and not by the respective lessor. The Group assessed and concluded that it is reasonably certain that the Group will exercise extension options included in all of the lease arrangements of which the additional periods covered by extension options ranged from 1 to 5 years.

##### **Estimating the incremental borrowing rate — the Group as lessee**

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (“IBR”) of the relevant lessee to measure lease liabilities. The IBR is the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the lessee would have to pay, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease such as when leases are not in the subsidiary’s functional currency. The Group estimates the IBR using observable inputs such as market interest rates when available.

##### **Estimating the incremental borrowing rate — the Group as lessee**

To determine the IBR, the Group:

- Where possible, use recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, and
- Makes adjustments specific to the lease, e.g. term, country, currency and security.

##### **Recognition of deferred tax assets**

Deferred tax assets are recognised in respect of deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. The Group has recognised HK\$9,641,000, HK\$3,999,000 and HK\$5,788,000 as deferred tax assets mainly in respect of deductible temporary differences as at 31 December 2021, 2022 and 2023. These deductible temporary differences relate to subsidiaries that have taxable temporary difference or tax planning opportunities available that could partly support the recognition of these deductible temporary differences as deferred tax assets. Further details on deferred tax are disclosed in note 20.

##### **Determination of functional currency**

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the respective entities in the Group, judgement is required to determine the currency that mainly influences sales prices of goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on the local management’s assessment of the economic environment in which the entities operate and the respective entities’ process of determining sales prices.



## 5. SEGMENT REPORTING

### (a) Reportable segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker which is the board of directors that are used to make strategic decisions. The Group principally operates in one business segment, which is the design, manufacturing and trading of electronics and PC parts and accessories. The following summary describes the operation of the Group's reportable segments:

Revenue from contracts with customers within the scope of IFRS 15:

	Year ended 31 December		
	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000
Design, manufacturing and trading of electronics and PC parts and accessories	15,459,055	10,775,308	9,167,215

#### *Disaggregation of revenue from contracts with customers*

In the following table, revenue is disaggregated by primary geographical market, major products and services, brand and non-brand businesses and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

	Design, manufacturing and trading of electronics and PC parts and accessories Year ended 31 December		
	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000
<b>Primary geographical markets</b>			
Asia Pacific ("APAC")	5,099,665	3,733,959	3,274,159
North and Latin America ("NALA")	2,654,140	2,078,456	1,282,346
People's Republic of China ("PRC")	3,790,897	1,999,731	2,127,307
Europe, Middle East, Africa and India ("EMEA")	3,914,353	2,963,162	2,483,403
	15,459,055	10,775,308	9,167,215
<b>Major products/services</b>			
VGA Cards	13,569,962	8,994,816	7,266,157
EMS	819,114	828,871	738,958
Other PC related products and components	1,069,979	951,621	1,162,100
	15,459,055	10,775,308	9,167,215
<b>Brand and non-brand businesses</b>			
Brand businesses	10,369,359	7,047,288	5,815,602
Non-brand businesses	5,089,696	3,728,020	3,351,613
	15,459,055	10,775,308	9,167,215
<b>Timing of revenue recognition</b>			
At a point in time	15,459,055	10,775,308	9,167,215

## 5. SEGMENT REPORTING (CONTINUED)

### (b) Geographic information

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than financial instruments and deferred tax assets ("Specified non-current assets").

	Revenue from external customers (by customer location)			Specified non-current assets		
	Year ended 31 December			As at 31 December		
	2021	2022	2023	2021	2022	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
APAC	5,099,665	3,733,959	3,274,159	14,688	450,399	433,836
NALA	2,654,140	2,078,456	1,282,346	23,203	23,246	23,210
PRC	3,790,897	1,999,731	2,127,307	218,173	254,490	203,354
EMEA	3,914,353	2,963,162	2,483,403	376	217	17
	15,459,055	10,775,308	9,167,215	256,440	728,352	660,417

### (c) Information about the major customer

During the years ended 31 December 2021, 2022 and 2023, none of the customers contributed 10% or more of the Group's revenue.

## 6. REVENUE

Revenue represents the consideration to which the Group expects to be entitled in exchange for goods sold and service income earned by the Group excluding amounts collected on behalf of third parties. The following table provides information about contract liabilities from contracts with customers.

	As at	As at 31 December		
	1 January	2021	2022	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Contract liabilities (note 27)	76,150	209,564	76,521	60,957

The contract liabilities mainly relate to the advance consideration received from customers and volume rebates and sales allowances to customers. HK\$59,945,000 of the contract liabilities as at 1 January 2021, HK\$178,995,000 of the contract liabilities as at 1 January 2022 and HK\$50,876,000 of the contract liabilities as at 1 January 2023 has been recognised as revenue for the years ended 31 December 2021, 2022 and 2023 respectively from performance obligations satisfied when the goods were sold.

The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its contracts for sale of goods and services and therefore the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sale of goods and services which had an original expected duration of one year or less.

## 7. OTHER REVENUE AND OTHER GAINS AND LOSSES, NET

	Year ended 31 December		
	2021	2022	2023
	HK\$'000	HK\$'000	HK\$'000
Government grants (note)	4,774	7,009	2,447
Interest income	9,276	10,455	50,228
Net exchange losses	(25,516)	(30,355)	(29,133)
Net fair value gains on derivative financial instruments	199	61	506
Gain on disposal of property, plant and equipment	78,704	379	40
Gain on termination of leases	27	162	20
Sundry income	18,771	10,942	6,662
Rental income	37,731	–	–
	123,966	(1,347)	30,770

Note:

Included in 2021 government grants is HK\$3,046,000 obtained from Paycheck Protection Program launched by the U.S.A. Government supporting the payroll of the employees.

Included in 2022 government grants is HK\$4,134,000 obtained from 2022 Employment Support Scheme (“ESS”) under the Anti-Epidemic Fund launched by the Hong Kong SAR Government supporting the payroll of the Group’s employees. Under the ESS, the Group had to commit to spend these grants on payroll expenses, and retain current employees from May to July 2022. The Group does not have other unfulfilled obligations relating to this program. The remaining government grants of 31 December 2021, 2022 and 2023 were received from several PRC local government authorities on a discretionary basis before year end. There is no unfulfilled conditions and other contingencies attaching to the government grants that have been recognised.

## 8. FINANCE COSTS

	Year ended 31 December		
	2021	2022	2023
	HK\$'000	HK\$'000	HK\$'000
Interest on bank advances and other borrowings	14,973	27,915	54,766
Interest on lease liabilities	5,242	4,636	4,540
	20,215	32,551	59,306

## 9. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	Year ended 31 December		
	2021	2022	2023
	HK\$'000	HK\$'000	HK\$'000
Inventories recognised as expense	11,166,227	9,161,328	8,424,706
Provision for obsolete inventories	5,666	51,018	41,763
Cost of sales	11,171,893	9,212,346	8,466,469
Staff costs (note 11)	822,837	530,701	410,777
Audit fees paid to:			
— Auditors of the Company	1,420	1,470	1,510
— Other auditors	60	78	68
Non-audit fees paid to:			
— Auditors of the Company	212	160	160
— Other auditors	240	146	184
Bad debts written off	39	152	1,753
Depreciation of property, plant and equipment	58,573	36,749	74,568
Depreciation of right-of-use assets	30,095	31,186	31,889
Impairment losses on financial assets (note 37(a))	321,712	533	3,118
Short-term lease expenses	3,477	2,991	505
Low-value asset lease expenses	22	20	24
Property, plant and equipment written off	10	28	2
Provision/(reversal of provision) for product warranties and returns, net (note 29)	47,374	(12,455)	17,404
Research and development expenditure (note)	58,089	64,286	74,971

Note:

The research and development expenditure for the year represents depreciation of plant and machinery and office equipment and right-of-use assets and staff costs for research and development activities, which are also included in the total amounts disclosed above for each of these types of expenses.

## 10. INCOME TAX

- (a) The amount of income tax expense in the consolidated statements of comprehensive income represents:

	Year ended 31 December		
	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000
Current tax — Hong Kong			
— provision for the year	503,932	125,536	26,668
— over provision in respect of prior year	(316)	(314)	(989)
Current tax — PRC			
— provision for the year	14,390	2,063	4,446
— (over)/under provision in respect of prior year	(4,659)	4,545	—
Current tax — others			
— provision for the year	39,474	2,898	172
— (over)/under provision in respect of prior year	(2)	984	(267)
	552,819	135,712	30,030
Deferred tax			
— origination and reversal of temporary differences (note 20)	749	5,599	(1,782)
Income tax expense	553,568	141,311	28,248

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act (Revised) of the Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax.

The Company's Macau subsidiary is exempted from Macau Complimentary Tax pursuant to Decree Law No. 58/99/M, Chapter 2, Article 12, dated 18 October 1999.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces a two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, if the entity has one or more connected entity, the two-tiered profits tax rates would only apply to the one which is nominated to be chargeable at the two-tiered rates. Hong Kong profits tax of the nominated entity is calculated at 8.25% on assessable profits up to HK\$2 million and 16.5% on any part of assessable profits over HK\$2 million. For those entities which do not qualify for two-tiered profits tax rates, a profits tax rate of 16.5% on assessable profits shall remain in calculating Hong Kong profits tax. For the years ended 31 December 2021, 2022 and 2023, Hong Kong profits tax is calculated in accordance with the two-tiered profits tax rates regime. A significant subsidiary of the Company, PC Partner Limited, is entitled to claim 50% of all of its manufacturing profits as offshore in nature and non-taxable under Departmental Interpretation and Practice Notes No.21 issued by the Inland Revenue Department of Hong Kong ("HKIRD").

In February 2024, PC Partner Limited received a letter from HKIRD in respect of a compliance review to be conducted on PC Partner Limited. The review undertaken by HKIRD concerns, among others, whether the treatment of claiming 50% of all of its manufacturing profits as offshore in nature and non-taxable is appropriate. In March 2024, The HKIRD filed a notice of assessment of additional tax payable by PC Partner Limited for year of assessment 2017/18 of HKD16.5 million and PC Partner Limited filed an objection letter to the notice of assessment above. Based on the assumption that the HKIRD eventually rejects PC Partner Limited's application of the 50:50 Treatment and disallows the claim on capital allowances, the potential tax exposure of PC Partner Limited for the years of assessment from 2017/18 to 2022/23 estimated by the Group's tax advisor would be approximately HK\$60 million.

## 10. INCOME TAX (CONTINUED)

- (a) The amount of income tax expense in the consolidated statements of comprehensive income represents: (Continued)

PC Partner Limited had paid HK\$11.0 million under Tax Reserve Certificates for “Conditional Standover Order” as a form of security for the objection against the assessment on 29 April 2024.

The Group applied IFRIC INT 23 *Uncertainty over Income Tax Treatments* guidance on accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Group has not provided provision for additional income taxes relating to PC Partner Limited’s 50% non-taxable offshore manufacturing profit because the Directors are of the view that the contract processing arrangement between subsidiaries remained unchanged throughout the period and there was no significant change in applicable tax laws and practice of HKIRD on the source of profit derived from the contract processing arrangement in recent years.

The Company’s wholly-owned subsidiary located in the PRC, 東莞栢能電子科技有限公司 successfully obtained the “High Technology Enterprise” status during 2012 and renewed successfully for three years from 2021 to 2023 and the applicable PRC enterprise income tax rate for the years ended 31 December 2021, 2022 and 2023 is 15%. Other PRC subsidiaries of the Company are subject to PRC enterprise income tax at a statutory rate of 25% on the assessable profits as determined in accordance with the relevant income tax rules and regulations of the PRC for the years ended 31 December 2021, 2022 and 2023.

Other overseas tax is calculated at the rates applicable in the respective jurisdictions.

The Group has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

On 31 March 2023 and 21 December 2023, the governments of Japan and South Korea, where the subsidiaries are incorporated, enacted the Pillar Two income taxes legislation effective from 1 April 2024 and 1 January 2025 respectively. Under the legislation, the Group will be required to pay top-up tax on profits of its subsidiaries that are taxed at an effective tax rate of less than 15 per cent.

As at 31 December 2021, 2022 and 2023, only South Korea is currently taxed at the average effective tax rate of 10.3%, which is lower than 15% and might be subject to Pillar Two income taxes. However, this information is based on the profits and tax expense determined as part of the preparation of the Group’s consolidated financial statements without considering adjustments that would have been required applying the legislation. Because of the specific adjustments envisaged in the Pillar Two legislation which may give rise to different effective tax rates compared to those calculated based on accounting profit, the actual impact that the Pillar Two income taxes legislation would have had on the Group’s results if it had been in effect for the year ended 31 December 2023 may have been significantly different.

The Group is continuing to assess the impact of the Pillar Two income taxes legislation on its future financial performance.



## 10. INCOME TAX (CONTINUED)

- (b) The income tax expense for the year can be reconciled to the profit before income tax per the consolidated statements of comprehensive income as follows:

	Year ended 31 December		
	2021	2022	2023
	HK\$'000	HK\$'000	HK\$'000
Profit before income tax	2,930,124	843,208	88,136
Tax calculated at Hong Kong profits tax rate	483,470	139,129	14,542
Effect of different tax rates of subsidiaries operating in other jurisdictions	(5,099)	(2,059)	(18,748)
Tax effect of non-taxable net (income)/expenditure relating to offshore operation	(14,729)	(11,818)	6,276
Tax effect of expenses not deductible for tax purposes	33,887	10,515	1,780
Tax effect of revenue not taxable for tax purposes	(20,987)	(4,839)	(17,682)
Tax effect of tax losses and deductible temporary differences not recognised	84,918	10,102	48,030
Utilisation of tax losses and deductible temporary differences previously not recognised	—	(2,848)	(728)
(Over)/under provision in respect of prior year	(4,977)	5,215	(1,256)
Tax rebate and tax concession	(5,039)	(4,592)	(4,888)
Others	2,124	2,506	922
Income tax expense	553,568	141,311	28,248

## 11. STAFF COSTS

	Year ended 31 December		
	2021	2022	2023
	HK\$'000	HK\$'000	HK\$'000
Staff costs (including directors' emoluments) comprise:			
Wages and salaries	762,882	472,565	358,955
Pension contribution	5,115	4,275	3,924
Social insurance	39,341	38,391	36,036
Share-based payment (equity-settled)	4,327	—	—
Provision for long services payment, annual leave and others	11,172	15,470	11,862
	822,837	530,701	410,777

## 12. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS

### (a) Directors' emoluments

The emoluments paid or payable to each of the ten, ten and eleven directors for the years ended 31 December 2021, 2022 and 2023 were as follows:

#### Year ended 31 December 2021

Name of directors	Fees HK\$'000	Basic salaries HK\$'000	Discretionary bonuses HK\$'000	Pension contribution HK\$'000	Housing and other allowances and benefits in kind HK\$'000	Sub-total HK\$'000	Share- based payment (note (i)) HK\$'000	Total HK\$'000
<b>Executive Directors</b>								
Mr. WONG Shik Ho Tony	–	4,425	120,818	18	575	125,836	278	126,114
Mr. WONG Fong Pak	–	4,136	29,566	–	37	33,739	278	34,017
Mr. LEUNG Wah Kan	–	4,234	61,859	18	65	66,176	277	66,453
Mr. MAN Wai Hung	–	2,243	36,245	18	17	38,523	278	38,801
Mr. HO Nai Nap	–	2,456	32,472	–	–	34,928	278	35,206
<b>Non-executive Directors</b>								
Mrs. HO WONG Mary Mee-Tak	60	–	–	–	–	60	54	114
Mr. CHIU Wing Yui (note (iii))	60	–	–	–	–	60	–	60
Mr. IP Shing Hing, B.B.S., J.P.	240	–	–	–	–	240	54	294
Mr. LAI Kin Jerome	240	–	–	–	–	240	54	294
Mr. CHEUNG Ying Sheung	240	–	–	–	–	240	54	294
	840	17,494	280,960	54	694	300,042	1,605	301,647

#### Year ended 31 December 2022

Name of directors	Fees HK\$'000	Basic salaries HK\$'000	Discretionary bonuses HK\$'000	Pension contribution HK\$'000	Housing and other allowances and benefits in kind HK\$'000	Total HK\$'000
<b>Executive Directors</b>						
Mr. WONG Shik Ho Tony	–	4,580	24,684	18	580	29,862
Mr. WONG Fong Pak	–	4,281	2,606	–	–	6,887
Mr. LEUNG Wah Kan	–	4,382	6,364	18	34	10,798
Mr. MAN Wai Hung	–	2,321	5,357	18	–	7,696
Mr. HO Nai Nap	–	2,541	7,531	–	23	10,095
<b>Non-executive Directors</b>						
Mrs. HO WONG Mary Mee-Tak	75	–	–	–	–	75
Mr. CHIU Wing Yui (note (iii))	75	–	–	–	–	75
Mr. IP Shing Hing, B.B.S., J.P.	270	–	–	–	–	270
Mr. LAI Kin Jerome	270	–	–	–	–	270
Mr. CHEUNG Ying Sheung	270	–	–	–	–	270
	960	18,105	46,542	54	637	66,298

## 12. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS (CONTINUED)

### (a) Directors' emoluments (Continued)

Year ended 31 December 2023

Name of directors	Fees HK\$'000	Basic salaries HK\$'000	Discretionary bonuses HK\$'000	Pension contribution HK\$'000	Housing and other allowances and benefits in kind HK\$'000	Total HK\$'000
<b>Executive Directors</b>						
Mr. WONG Shik Ho Tony	–	5,003	1,928	18	333	7,282
Mr. WONG Fong Pak	–	4,436	–	–	65	4,501
Mr. LEUNG Wah Kan	–	4,539	104	18	45	4,706
Mr. MAN Wai Hung	–	2,404	2,587	18	–	5,009
Mr. HO Nai Nap	–	2,633	–	–	13	2,646
<b>Non-executive Directors</b>						
Mrs. HO WONG Mary Mee-Tak	90	–	–	–	–	90
Mr. CHIU Wing Yui (note (iii))	90	–	–	–	–	90
Mr. IP Shing Hing, <i>B.B.S., J.P.</i>	300	–	–	–	–	300
Mr. LAI Kin Jerome	300	–	–	–	–	300
Mr. CHEUNG Ying Sheung	300	–	–	–	–	300
Ms. CHAN Yim	300	–	–	–	–	300
	1,380	19,015	4,619	54	456	25,524

Notes:

- (i) This represents the estimated value of share options granted to the directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions.
- (ii) The remuneration of directors is determined by the remuneration committee having regard to the level and composition of pay and the general market conditions in the respective countries and businesses.
- (iii) As alternative director to Mrs. HO WONG Mary Mee-Tak.

### (b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, five, four and four were directors of the Company for the years ended 31 December 2021, 2022 and 2023, respectively, whose emoluments are included in the disclosure in note 12(a) above.

The emoluments of the remaining one non-director individual whose emolument is included in the band of HK\$18,000,0001 to HK\$18,500,000 and HK\$7,000,001 to HK\$7,500,000 for the years ended 31 December 2022 and 2023, respectively.

	Year ended 31 December		
	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000
Salary	–	2,206	2,285
Discretionary bonuses	–	15,869	5,111
Pension contribution	–	18	18
	–	18,093	7,414

## 12. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS (CONTINUED)

### (b) Five highest paid individuals (Continued)

During the years ended 31 December 2021, 2022 and 2023, no emoluments were paid or payable by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, none of the directors waived or agreed to waive any emoluments during the years ended 31 December 2021, 2022 and 2023.

### (c) Senior management's emoluments

The emoluments paid or payable to members of senior management, which exclude directors, were within the following bands:

	Year ended 31 December		
	2021	2022	2023
	No. of individuals	No. of individuals	No. of individuals
HK\$Nil to HK\$1,000,000	–	2	2
HK\$1,000,001 to HK\$1,500,000	5	6	5
HK\$1,500,001 to HK\$2,000,000	2	2	1
HK\$2,000,001 to HK\$2,500,000	3	–	–
HK\$2,500,001 to HK\$3,000,000	1	–	–
HK\$4,000,001 to HK\$4,500,000	1	–	1
HK\$5,500,001 to HK\$6,000,000	–	1	–
HK\$7,000,001 to HK\$7,500,000	–	–	1
HK\$18,000,001 to HK\$18,500,000	–	1	–

## 13. DIVIDENDS

	Year ended 31 December		
	2021	2022	2023
	HK\$'000	HK\$'000	HK\$'000
2022 Final dividend paid — HK\$Nil per share (2022: 2021 Final dividend paid — HK\$1.61 per share) (2021: 2020 Final dividend paid — HK\$0.22 per share)	85,058	624,171	–
2022 Special dividend paid — HK\$0.25 per share (2022: 2021 Special dividend paid — HK\$Nil per share) (2021: 2020 Special dividend paid — HK\$Nil per share)	–	–	96,971
2023 Interim dividend paid — HK\$0.10 per share (2022: 2022 Interim dividend paid — HK\$0.80 per share) (2021: 2021 Interim dividend paid — HK\$0.84 per share)	325,209	310,147	38,788
<b>Dividends paid for the year</b>	<b>410,267</b>	<b>934,318</b>	<b>135,759</b>

The directors of the Company propose a final dividend of HK\$0.2 per share, totalling HK\$77,577,000 after the year ended 31 December 2023. The final dividend has not been recognised as liabilities as at 31 December 2023.

#### 14. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share for the years ended 31 December 2021, 2022 and 2023 is based on the following data:

<b>Profit</b>	<b>Year ended 31 December</b>		
	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	2,374,320	702,484	60,843
<b>Shares in issue</b>	2021 (number of shares)	2022 (number of shares)	2023 (number of shares)
Weighted average number of ordinary shares for the purpose of basic earnings per share	382,364,939	387,559,833	387,850,243
Effect of dilutive potential ordinary shares:			
— share options	4,242,584	329,508	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	386,607,523	387,889,341	387,850,243

## 15. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings	Leasehold land and buildings	Leasehold improvements	Plant and machinery	Office and testing equipment	Furniture and fixtures	Motor vehicles	Moulds	Machinery leased out under operating leases	Electric generator	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Cost:</b>											
At 1 January 2021	24,934	–	35,665	285,297	83,149	1,859	5,272	11,769	151,836	–	599,781
Additions	–	–	1,417	38,196	9,049	7	142	261	–	7,008	56,080
Disposals/written off	–	–	(1,265)	(17,542)	(1,909)	(92)	–	(1,230)	(151,836)	–	(173,874)
Exchange adjustments	144	–	(57)	–	(118)	(7)	(8)	–	–	–	(46)
At 31 December 2021 and 1 January 2022	25,078	–	35,760	305,951	90,171	1,767	5,406	10,800	–	7,008	481,941
Additions	–	403,126	19,056	84,678	25,459	3,973	217	2,426	–	–	538,935
Disposals/written off	–	–	(2,253)	(28,121)	(4,009)	(331)	–	–	–	–	(34,714)
Exchange adjustments	39	–	(39)	–	(71)	(4)	(7)	–	–	–	(82)
At 31 December 2022 and 1 January 2023	25,117	403,126	52,524	362,508	111,550	5,405	5,616	13,226	–	7,008	986,080
Additions	–	–	7,116	7,271	19,347	607	418	807	–	–	35,566
Disposals/written off	–	–	(2,484)	(3,364)	(2,783)	–	(486)	–	–	–	(9,117)
Exchange adjustments	–	–	(15)	–	(12)	(3)	(2)	–	–	–	(32)
At 31 December 2023	25,117	403,126	57,141	366,415	128,102	6,009	5,546	14,033	–	7,008	1,012,497
<b>Accumulated depreciation:</b>											
At 1 January 2021	1,687	–	30,864	260,234	80,740	1,529	4,907	10,704	64,942	–	455,607
Depreciation	327	–	1,410	12,348	3,963	113	270	603	39,327	212	58,573
Written back on disposals/ written off	–	–	(1,265)	(17,542)	(1,899)	(92)	–	(1,230)	(104,269)	–	(126,297)
Exchange adjustments	11	–	(53)	–	(109)	(7)	1	–	–	–	(157)
At 31 December 2021 and 1 January 2022	2,025	–	30,956	255,040	82,695	1,543	5,178	10,077	–	212	387,726
Depreciation	330	1,507	1,682	18,952	11,757	171	137	812	–	1,401	36,749
Written back on disposals/ written off	–	–	(2,251)	(28,109)	(3,984)	(331)	–	–	–	–	(34,675)
Exchange adjustments	3	–	(36)	–	(61)	(4)	–	–	–	–	(98)
At 31 December 2022 and 1 January 2023	2,358	1,507	30,351	245,883	90,407	1,379	5,315	10,889	–	1,613	389,702
Depreciation	331	9,042	6,221	29,954	25,480	872	172	1,094	–	1,402	74,568
Written back on disposals/ written off	–	–	(2,484)	(3,364)	(2,781)	–	(486)	–	–	–	(9,115)
Exchange adjustments	(1)	–	(15)	–	(9)	(2)	–	–	–	–	(27)
At 31 December 2023	2,688	10,549	34,073	272,473	113,097	2,249	5,001	11,983	–	3,015	455,128
<b>Net book value:</b>											
At 31 December 2021	23,053	–	4,804	50,911	7,476	224	228	723	–	6,796	94,215
At 31 December 2022	22,759	401,619	22,173	116,625	21,143	4,026	301	2,337	–	5,395	596,378
At 31 December 2023	22,429	392,577	23,068	93,942	15,005	3,760	545	2,050	–	3,993	557,369

The Group had pledged certain leasehold land and buildings with an aggregate carrying amount of approximately HK\$369,790,000 and HK\$361,465,000 to a bank as at 31 December 2022 and 2023 respectively.



## 16. RIGHT-OF-USE ASSETS

	Land and buildings (note) HK\$'000	Office and testing equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
At 1 January 2021	135,632	624	203	136,459
Additions	–	137	–	137
Depreciation	(29,736)	(160)	(199)	(30,095)
Effect of modification to lease terms	7,767	–	–	7,767
Foreign exchange movement	(82)	–	(4)	(86)
At 31 December 2021 and 1 January 2022	113,581	601	–	114,182
Additions	32,653	–	1,415	34,068
Depreciation	(30,811)	(172)	(203)	(31,186)
Effect of modification to lease terms	16,442	–	–	16,442
Effect of termination of leases	(11,682)	–	–	(11,682)
Foreign exchange movement	(72)	–	14	(58)
At 31 December 2022 and 1 January 2023	120,111	429	1,226	121,766
Additions	581	733	–	1,314
Depreciation	(31,419)	(181)	(289)	(31,889)
Effect of modification to lease terms	2,118	472	–	2,590
Effect of termination of leases	(483)	(695)	–	(1,178)
Foreign exchange movement	(22)	–	(22)	(44)
At 31 December 2023	90,886	758	915	92,559

Note: The Group has lease contracts for factory and offices, which are mainly located in PRC and Hong Kong. The lease terms of contracts are generally from 1 to 10 years which include the period covered by extension options.

## 17. INTANGIBLE ASSETS

	Brand name HK\$'000	Goodwill HK\$'000	Total HK\$'000
<b>Cost:</b>			
At 1 January 2021, 31 December 2021, 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	6,196	1,530	7,726
<b>Accumulated impairment:</b>			
At 1 January 2021, 31 December 2021, 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	1,371	1,530	2,901
<b>Carrying amount:</b>			
At 31 December 2021	4,825	–	4,825
At 31 December 2022	4,825	–	4,825
At 31 December 2023	4,825	–	4,825

The brand name acquired through acquisition of businesses is considered by management of the Group as having indefinite useful life as there was no limit to the period the brand name would contribute to net cash inflows.

## 17. INTANGIBLE ASSETS (CONTINUED)

For impairment testing, brand name of Innovision's brand is allocated to the cash generating unit (CGU) — VGA Cards retailing business that contribute the cash flows.

The recoverable amount of the CGU for Innovision's brand name has been determined from value in use calculations. The Group prepares cash flow projections derived from the most recent financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period are extrapolated using the long-term growth rate stated below.

The key assumptions used for value in use calculations are as follows:

	Year ended 31 December		
	2021	2022	2023
Profit margin (average of next three years)	9.27%	0.8%	1.5%
Long-term growth rate	2%	2.5%	2.5%
Growth rate (2021: 2022; 2022: 2023; 2023: 2024)	-21%	-13.5%	6.0%
Growth rate (2021: 2023 to 2024; 2022: 2024 to 2025; 2023: 2025 to 2026)	-3%	2.5-5%	-0.9-5.0%
Discount rate	27.9%	19.22%	17.48%

Management determined the profit margin based on past performance and its expectations regarding market development. The long-term growth rate does not exceed the long-term average growth rate for the industry. The discount rate used is pre-tax and reflects specific risks relating to the CGU. The growth rates are based on industry growth forecasts.

The recoverable amount of the CGU based on the estimated value in use calculations was higher than its carrying amount at 31 December 2021, 2022 and 2023. Accordingly, no provision for impairment loss for Innovision's brand name is considered necessary.

## 18. OTHER FINANCIAL ASSET

	As at	As at 31 December		
	1 January	2021	2022	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Equity investment measured at fair value through other comprehensive income ("FVTOCI") — Non-current</b>				
— Preferred stock in Dreamscape Immersive Inc. (note)	7,518	3,517	1,268	1,268
<b>Total</b>	<b>7,518</b>	<b>3,517</b>	<b>1,268</b>	<b>1,268</b>

Note:

This is an investment in 1% interest of preferred stock in a private company incorporated in the U.S.A. It is not accounted for under the equity method as the Group does not have the power to participate in the formulation of its operating and financial policies, evidenced by the lack of any direct or indirect involvement at board level. The Group does not have the right to appoint any directors in the board.

The Group has irrevocably elected at initial recognition to measure the investment at fair value through other comprehensive income upon adoption of IFRS 9 as it is a strategic investment. No dividends were received on this investment during the financial years. The reconciliation of unlisted equity investment is disclosed under note 38.

## 19. INTEREST IN A JOINT VENTURE

	As at		As at 31 December	
	1 January	2021	2022	2023
	2021	2021	2022	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Share of net assets	174,655	40,513	–	–

The Group and another independent third party formed a sino-foreign equity joint venture enterprise in the PRC on 25 March 2019 and each has 50% interest in the joint venture, FuZhou Partner Cloud Technology Co., Limited (“Partner Cloud”). The primary activities of Partner Cloud is leasing of servers and projects involving cloud computing, container cloud and deep learning in the PRC.

The Group contributed cash of US\$2,317,200 (approximately HK\$18,146,000) and VGA Cards of US\$14,482,800 (approximately HK\$113,414,000). The other joint venture partner contributed computer servers and accessories of US\$16,800,000 (approximately HK\$131,560,000).

The contractual arrangement provides the Group with only the rights to the net assets of the joint arrangement, with the rights to the assets and obligation for the liabilities of the joint arrangement resting primarily with Partner Cloud. Under IFRS 11, this joint arrangement is classified as a joint venture and has been included in the consolidated financial statements using the equity method.

The joint venture enterprise has ceased operations since July 2021 as requested by the PRC provincial government to perform a self-investigation to identify whether there was computational power in data center serving cryptocurrency mining which are required to suspend immediately.

As at 31 December 2021, the carrying value of each of the underlying assets of the joint venture enterprise was stated at their respective estimated recoverable amount as the joint venture enterprise has ceased operations and the possibility of resumption of the business of the joint venture enterprise is highly uncertain in light of the regulatory environment of the PRC in relation to cryptocurrency mining. The directors performed an impairment testing of the carrying value of the interest in a joint venture in accordance with the Group’s accounting policy and conclude that the carrying value of the interest in a joint venture is a close approximation of the fair value less costs of disposal of the interest in a joint venture and no impairment is required to be recognised.

Summarised financial information of the joint venture, adjusted for any differences in accounting policies, is presented below:

	As at		Year ended 31 December	
	1 January	2021	2022	2023
	2021	2021	2022	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As 31 December				
Current assets	58,162	42,874	38,207	4,174
Non-current assets	755,065	582,726	274,382	73,857
Current liabilities	(463,918)	(544,575)	(504,933)	(489,042)
<b>Net assets/(liabilities)</b>	<b>349,309</b>	<b>81,025</b>	<b>(192,344)</b>	<b>(411,011)</b>
<i>Included in the above amounts are:</i>				
Cash and cash equivalents	7,995	42,872	38,205	4,174
Year ended 31 December				
Revenue		663,730	–	–
<b>Profit/(loss) for the year</b>		<b>8,965</b>	<b>(280,145)</b>	<b>(225,178)</b>
<i>Included in the above amounts are:</i>				
Depreciation and amortisation		(369,718)	(273,803)	(194,040)
Interest income		106	119	56
Interest tax expense		(1,127)	–	–

## 19. INTEREST IN A JOINT VENTURE (CONTINUED)

The Group has discontinued the recognition of its share of loss of the joint venture, because the share of loss of the joint venture exceeds the Group's interest in the joint venture and the Group has no obligation to take up further loss. The amount of the Group's unrecognised share of loss of the joint venture for the years ended 31 December 2022 and 2023 was HK\$99,560,000 and HK\$112,589,000 respectively. As at 31 December 2022 and 2023, the accumulated unrecognised loss of the joint venture was HK\$99,560,000 and HK\$212,149,000 respectively.

## 20. DEFERRED TAX

Details of the deferred tax assets recognised and movements during the year:

	<b>Decelerated/ (accelerated) tax depreciation</b>	<b>Provision for doubtful debts, annual leave and warranty</b>	<b>Tax losses</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2021	245	6,810	3,375	10,430
(Charged)/credited to profit or loss (note 10)	(73)	2,699	(3,375)	(749)
Exchange difference	(1)	(39)	–	(40)
At 31 December 2021 and 1 January 2022	171	9,470	–	9,641
Charged to profit or loss (note 10)	(360)	(5,239)	–	(5,599)
Exchange difference	(2)	(41)	–	(43)
At 31 December 2022 and 1 January 2023	(191)	4,190	–	3,999
(Charged)/credited to profit or loss (note 10)	(7)	458	1,331	1,782
Exchange difference	–	7	–	7
At 31 December 2023	(198)	4,655	1,331	5,788

Deferred tax asset has not been recognised for the following:

	<b>As at 1 January 2021</b>	<b>As at 31 December</b>		
	2021	2021	2022	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Unused tax losses	28,399	21,496	52,788	181,737
Other deductible temporary differences	30,882	378,732	373,037	393,632
	59,281	400,228	425,825	575,369

The PRC subsidiaries of the Company are subject to PRC withholding income tax at a statutory rate of 10% on any dividend declared during the year ended 31 December 2021, 2022 and 2023. The temporary difference associated with investment in subsidiaries for which deferred tax liabilities have not been recognised amounted to approximately HK\$158,754,000, HK\$194,983,000 and HK\$150,328,000 for the years ended 31 December 2021, 2022 and 2023 respectively. The Group has determined that the undistributed profits of its subsidiaries will not be distributed in the foreseeable future.

## 20. DEFERRED TAX (CONTINUED)

No deferred tax asset has been recognised in respect of the unused tax losses of HK\$21,496,000, HK\$52,788,000 and HK\$181,737,000 for years ended 31 December 2021, 2022 and 2023 respectively and other deductible temporary differences as it is not probable that taxable profit will be available against which the unused tax losses and deductible temporary differences can be utilised. The other deductible temporary differences mainly consist of full impairment losses on the outstanding balance of the customer as set out in note 22(d). Tax losses amounting to approximately HK\$4,417,000, HK\$2,748,000, HK\$9,157,000 and HK\$104,613,000 as at 1 January 2021, 31 December 2021, 2022 and 2023 respectively could be carried forward indefinitely.

Remaining total unutilised tax losses of certain subsidiaries that the tax losses can only be utilised for set-off against its future taxable profits within 5 to 10 years from the date the tax losses were incurred as follows:

Year of tax losses	At 1 January 2021		2021		At 31 December 2022		2023	
	HK\$'000	Expiry date	HK\$'000	Expiry date	HK\$'000	Expiry date	HK\$'000	Expiry date
2020	23,982	Dec-2025	14,843	Dec-2025	–	Dec-2025	–	Dec-2025
2021	–	Dec-2026	3,905	Dec-2026	–	Dec-2026	–	Dec-2026
2022	–	Dec-2027	–	Dec-2027	43,631	Dec-2027	43,631	Dec-2027
2023	–	Dec-2028	–	Dec-2028	–	Dec-2028	22,890	Dec-2028
2023	–	Dec-2033	–	Dec-2033	–	Dec-2033	4,253	Dec-2033
2023	–	Dec-2038	–	Dec-2038	–	Dec-2038	6,350	Dec-2038
	<u>23,982</u>		<u>18,748</u>		<u>43,631</u>		<u>77,124</u>	

## 21. INVENTORIES

	As at 1 January 2021		As at 31 December	
	2021 HK\$'000	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000
Raw materials	572,361	1,052,327	1,106,830	639,171
Work in progress	9,310	17,330	25,513	19,424
Finished goods	456,752	559,437	853,095	626,837
	1,038,423	1,629,094	1,985,438	1,285,432
Less: Provision for obsolete inventories	(130,162)	(117,517)	(153,479)	(149,940)
	<u>908,261</u>	<u>1,511,577</u>	<u>1,831,959</u>	<u>1,135,492</u>

## 22. TRADE AND OTHER RECEIVABLES

	<b>As at 1 January</b>	<b>As at 31 December</b>		
	2021 HK\$'000	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000
Trade receivables at amortised cost	1,375,207	1,553,726	1,469,736	1,061,508
Less: Accumulated impairment losses	(9,924)	(338,123)	(313,948)	(308,741)
Trade receivables at amortised cost, net (note (a))	1,365,283	1,215,603	1,155,788	752,767
Trade receivables at fair value through profit or loss (note (b))	32,038	26,032	28,918	61,859
Other receivables (note (c))	5,195	4,151	4,807	12,586
Prepayment and value added tax refundable	9,882	17,003	26,037	24,689
Deposits	15,256	52,571	55,989	53,419
Less: Accumulated impairment losses	(4,247)	(5,559)	(5,559)	(5,559)
	11,009	47,012	50,430	47,860
	1,423,407	1,309,801	1,265,980	899,761
Less: Trade receivables — non-current portion	(201,027)	—	—	—
Other receivables — non-current portion	—	(148)	(992)	(2,155)
Rental deposits — non-current portion	(4,110)	(2,557)	(4,391)	(3,509)
	(205,137)	(2,705)	(5,383)	(5,664)
Trade and other receivables — current portion	1,218,270	1,307,096	1,260,597	894,097

As at 1 January 2021, 31 December 2021, 2022 and 2023, the Group entered into trade receivables factoring arrangement and transferred certain trade receivables to banks.

The details of factoring loans without recourse are set out in note (b).

Notes:

- (a) The ageing analysis of trade receivables at amortised cost (net of impairment losses) of the Group, based on invoice dates, as at the end of the year is as follows:

	<b>As at 1 January</b>	<b>As at 31 December</b>		
	2021 HK\$'000	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000
Within 1 month	615,737	862,943	751,228	403,872
Over 1 month but within 3 months	271,856	345,072	289,707	316,703
Over 3 months but within 1 year	16,749	7,523	110,108	29,703
Over 1 year	460,941	65	4,745	2,489
	1,365,283	1,215,603	1,155,788	752,767

The Group recognised impairment losses based on the accounting policy stated in note 3(f).

The credit period on sale of goods is 30 to 90 days, 30 to 90 days, 30 to 90 days and 14 to 90 days from the invoice date for trade receivables at amortised cost at 1 January 2021, 31 December 2021, 31 December 2022 and 31 December 2023 respectively. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 37(a).



## 22. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (Continued)

- (b) Trade receivables at fair value through profit or loss

It represents trade receivables which are subject to a factoring arrangement without recourse with specific customers. Under this arrangement, the Group will transfer the relevant receivables to the bank in exchange for cash after year end.

The Group considers this is a “hold to sell” model and hence these trade receivables are measured at fair value through profit or loss.

The Group is also exposed to credit risk in relation to these trade receivables. The maximum exposure is HK\$32,038,000, HK\$26,032,000, HK\$28,918,000 and HK\$61,859,000 as at 1 January 2021, 31 December 2021, 2022 and 2023 respectively.

The ageing analysis of trade receivables at fair value through profit or loss of the Group, based on invoice dates, as at the end of the year is as follows:

	As at 1 January		As at 31 December	
	2021 HK\$'000	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000
Within 1 month	6,122	12,037	14,064	22,221
Over 1 month but within 3 months	25,431	12,194	14,704	39,638
Over 3 months but within 1 year	485	1,801	150	–
	32,038	26,032	28,918	61,859

The credit period on sale of goods is 30 to 90 days, 30 to 90 days, 30 to 90 days and 60 to 90 days from the invoice date for trade receivables at fair value through profit or loss at 1 January 2021, 31 December 2021, 31 December 2022 and 31 December 2023 respectively.

- (c) The balance includes a claim of HK\$2,442,000, HK\$2,456,000, HK\$2,460,000 and HK\$2,460,000 at 1 January 2021, 31 December 2021, 2022 and 2023 respectively under an insurance policy as detailed in note 25(b).
- (d) During the year ended 31 December 2019, the Group entered into a sales contract with a customer for sale of VGA Cards under which the sales amount would be paid by the customer in instalments the last of which would fall in May 2021. In 2020, a revised repayment schedule was agreed by both parties and the last instalment will fall in September 2022. The total outstanding balance due from the customer which is fully impaired amounted to HK\$327,651,000, HK\$302,943,000 and HK\$294,617,000 as at 31 December 2021, 2022 and 2023 respectively. The crack down on cryptocurrency mining and trading in China in 2021 has forced the customer to cease operation and resulted in a repayment issue of the remaining instalment receivable. The Group has reviewed the collectability of the debts as at 31 December 2021, it is uncertain when the customer will be able to resume the payment of the remaining balance according to the instalment payment scheme. Therefore, the Group has decided to make a full impairment of the total outstanding balance of the customer in the year ended 31 December 2021. The sales contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months and is accounted for in accordance with the Group's accounting policy set out in note 3(g). Interest income of HK\$6,358,000 was recognised for the year ended 31 December 2021 and included under note 7.

## 23. RIGHT OF RETURN ASSETS

The right of return assets represent the products expected to be returned from customers where customers can exercise their right of return within two to three years from the date of sales (“Warranty Period”). The Group uses its accumulated historical experience to estimate the expected level of returns. The Group's accounting policy of right of return assets is set out in note 3(g).

## 24. CASH AND BANK BALANCES

	<b>As at 1 January</b>	<b>As at 31 December</b>		
	2021 HK\$'000	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000
Cash and bank balances	1,124,143	3,764,649	1,675,790	1,057,530
Bank deposit pledged for corporate credit card	449	335	336	336
Time deposits	–	117	531,197	1,433,351
Cash and bank balances as presented in consolidated statements of financial position	1,124,592	3,765,101	2,207,323	2,491,217
Less: Bank deposit pledged for corporate credit card	(449)	(335)	(336)	(336)
Time deposits with initial maturity of over three months	–	–	–	(390,500)
	(449)	(335)	(336)	(390,836)
Cash and cash equivalents as presented in consolidated statements of cash flows	1,124,143	3,764,766	2,206,987	2,100,381

The currency analysis of cash and bank balance are shown as follows:

	<b>As at 1 January</b>	<b>As at 31 December</b>		
	2021 HK\$'000	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000
Renminbi	75,555	69,503	52,113	192,551
Japanese Yen	21,627	20,191	28,004	39,483
Taiwan Dollars	1,871	2,222	1,897	1,043
United States Dollars	863,224	3,374,297	1,722,504	2,152,857
Hong Kong Dollars	126,320	227,321	375,514	62,527
Korean Won	34,123	69,822	21,541	41,587
Euro	1,272	1,539	5,726	1,139
Others	600	206	24	30
	1,124,592	3,765,101	2,207,323	2,491,217

Renminbi is not freely convertible into other currencies. Under PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for other currencies through banks authorised to conduct foreign exchange business.

## 25. TRADE AND OTHER PAYABLES

	<b>As at 1 January</b>	<b>As at 31 December</b>		
	2021 HK\$'000	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000
Trade payables	1,279,516	1,602,678	965,382	1,046,866
Provision of employee benefit (note (a))	128,642	430,304	164,249	89,027
Other tax payable	6,082	6,730	5,143	37,315
Other payables and accruals (note (b))	69,818	90,630	102,978	106,840
	1,484,058	2,130,342	1,237,752	1,280,048

All trade and other payables and accruals are due to be settled within twelve months.

## 25. TRADE AND OTHER PAYABLES (CONTINUED)

Notes:

- (a) As at 1 January 2021, 31 December 2021, 2022 and 2023, provision of employee benefit mainly comprised provision for staff performance bonus, directors' profit sharing and social insurance.
- (b) On 22 August 2016, a joint liquidator of Changtel Solutions UK Limited ("Changtel"), which is a customer of the Group, informed the Group that Changtel was wound up by the United Kingdom ("UK") Court on 28 January 2015 and alleged that the transactions between Changtel and the Group during Changtel's winding-up period from 7 June 2013 to 28 January 2015 ("Winding-up Period") are void pursuant to section 127 of UK Insolvency Act 1986. Based on this, the joint liquidator requested for a return of sales payments, which is the contractual payments for goods sold and delivered by the Group to Changtel during the Winding-up Period.

The Group was not aware of the winding up action against Changtel. The management has sought for legal opinion from a local independent lawyer. According to the legal opinion, such payment may be valid if validation order is granted by the court to the Group. However, the lawyer does not consider that any application for a validation order by the Group is likely to succeed. As such, the Group has made a provision of HK\$6,409,000, HK\$6,446,000, HK\$6,456,000 and HK\$6,456,000 in respect of the abovementioned demand, of which HK\$2,442,000, HK\$2,456,000, HK\$2,460,000 and HK\$2,460,000 is covered by insurance policy as at 1 January 2021, 31 December 2021, 2022 and 2023 respectively (note 22(c)). Up to the date of this report, there is no further update from the liquidator.

The movement of provision for demand of repayment is as follows:

	Year ended 31 December		
	2021	2022	2023
	HK\$'000	HK\$'000	HK\$'000
At 1 January	6,409	6,446	6,456
Exchange difference	37	10	–
At 31 December	6,446	6,456	6,456

The ageing analysis of trade payables of the Group, based on invoice dates, as at the end of the years is as follows:

	As at	As at 31 December		
	1 January	2021	2022	2023
	2021	2021	2022	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within 1 month	688,034	938,263	528,216	714,376
Over 1 month but within 3 months	531,917	605,733	396,056	291,472
Over 3 months but within 1 year	53,746	52,419	37,163	36,587
Over 1 year	5,819	6,263	3,947	4,431
	1,279,516	1,602,678	965,382	1,046,866

## 26. REFUND LIABILITIES

The refund liabilities relate to customer's right of return of defective products within the Warranty Period. At the point of sales, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. The Group uses its accumulated historical experience to estimate the sales amount of goods expected to be returned.

## 27. CONTRACT LIABILITIES

	As at	As at 31 December		
	1 January	2021	2022	2023
	2021	2021	2022	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Contract liabilities arising from:				
Sale of goods	76,150	209,564	76,521	60,957

## 27. CONTRACT LIABILITIES (CONTINUED)

### Movements in contract liabilities

	Year ended 31 December		
	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000
At 1 January	76,150	209,564	76,521
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(59,945)	(178,995)	(50,876)
Decrease in contract liabilities as a result of settlement of volume rebates and sales allowances during the year that was included in the contract liabilities at the beginning of the year	(8,199)	(13,731)	(13,211)
Increase in contract liabilities as a result of advance consideration received from customers during the year	188,312	45,995	40,051
Increase in contract liabilities as a result of volume rebates and sales allowances to customers during the year	11,467	13,314	8,463
Under provision of volume rebate in prior year	83	175	–
Exchange difference	1,696	199	9
At 31 December	209,564	76,521	60,957

## 28. BORROWINGS

	As at 1 January	As at 31 December		
	2021 HK\$'000	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000
Bank loans — secured and guaranteed	50,000	–	192,637	184,880
Bank loans — non-guaranteed	3,000	–	–	–
Import loans — guaranteed	1,017,038	702,337	1,546,096	797,546
	1,070,038	702,337	1,738,733	982,426

The above borrowings are denominated in HK\$ and US\$ as follows:

	As at 1 January						As at 31 December					
	2021			2021			2022			2023		
	Denominated in		Total	Denominated in		Total	Denominated in		Total	Denominated in		Total
	HK\$ HK\$'000	US\$ HK\$'000	HK\$'000	HK\$ HK\$'000	US\$ HK\$'000	HK\$'000	HK\$ HK\$'000	US\$ HK\$'000	HK\$'000	HK\$ HK\$'000	US\$ HK\$'000	HK\$'000
Bank loans — secured and guaranteed	50,000	–	50,000	–	–	–	192,637	–	192,637	184,880	–	184,880
Bank loans — non-guaranteed	–	3,000	3,000	–	–	–	–	–	–	–	–	–
Import loans — guaranteed	–	1,017,038	1,017,038	–	702,337	702,337	901,954	644,142	1,546,096	797,546	–	797,546
	50,000	1,020,038	1,070,038	–	702,337	702,337	1,094,591	644,142	1,738,733	982,426	–	982,426

## 28. BORROWINGS (CONTINUED)

The repayment schedules of the above borrowings based on the agreed terms of repayment granted by banks are as follows:

	As at	As at 31 December		
	1 January	2021	2022	2023
	2021	2021	2022	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within 1 year	1,069,371	702,337	1,553,853	805,303
Over 1 year but within 2 years	667	–	7,757	7,757
Over 2 years but within 5 years	–	–	177,123	169,366
	1,070,038	702,337	1,738,733	982,426

- (i) At 1 January 2021, 31 December 2021, 2022 and 2023, the above borrowings bear interest at effective interest rates ranging from 1.0% to 1.5%, 1.0% to 1.9%, 0.8% to 2.5% and 0.8% to 2.5% per annum over cost of funds for the year.
- (ii) At 31 December 2022 and 2023, leasehold land and buildings with aggregate carrying amount of approximately HK\$369,790,000 and HK\$361,465,000 was pledged to a bank to secure the mortgage loan of HK\$192,637,000 and HK\$184,880,000 granted to the Group.
- (iii) At 1 January 2021, 31 December 2021, 2022 and 2023, bank deposits of HK\$449,000, HK\$335,000, HK\$336,000 and HK\$336,000 were pledged to a bank to secure the corporate credit card granted to the Group.
- (iv) The banks have overriding right of repayment on demand for all bank loans irrespective of whether the Group has complied with the covenants and met the scheduled repayment obligations. Therefore, the bank loans were entirely classified as current liabilities in the consolidated statements of financial position.
- (v) Certain banking facilities are supported by corporate guarantee of the Company and certain subsidiaries of the Company.

## 29. PROVISION FOR PRODUCT WARRANTIES AND RETURNS

	Year ended 31 December		
	2021	2022	2023
	HK\$'000	HK\$'000	HK\$'000
At 1 January	31,447	61,118	39,436
Additional/(reversal of) provision, net	47,374	(12,455)	17,404
Utilisation	(17,703)	(9,227)	(15,716)
Net movement for the year	29,671	(21,682)	1,688
At 31 December	61,118	39,436	41,124

Under the terms of certain sales agreements of the Group, the Group will rectify any product defects arising within Warranty Period. Provision is therefore made for the best estimate of the expected settlement of warranty under such sales agreements. The amount of provision takes into account the Group's recent claim experience and is only made where a warranty claim is probable.

### 30. LEASES

#### Nature of leasing activities (in the capacity as lessee)

The Group has lease contracts for factory and offices, which are mainly located in PRC and Hong Kong. The lease terms of contracts are generally from 1 to 10 years which include the period covered by extension options. The Group also leases certain items of office and testing equipment and motor vehicles. All leases comprise only fixed payments over the lease terms.

#### Lease liabilities

	Land and buildings HK\$'000	Office and testing equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
At 1 January 2021	141,081	659	205	141,945
Additions	–	137	–	137
Interest expense	5,225	16	1	5,242
Effect of termination of leases	–	(27)	–	(27)
Effect of modification to lease terms	7,748	–	–	7,748
Lease payments	(33,751)	(175)	(202)	(34,128)
Foreign exchange movements	360	–	(4)	356
At 31 December 2021 and 1 January 2022	120,663	610	–	121,273
Additions	32,653	–	1,415	34,068
Interest expense	4,597	13	26	4,636
Effect of termination of leases	(11,844)	–	–	(11,844)
Effect of modification to lease terms	16,442	–	–	16,442
Lease payments	(34,737)	(182)	(217)	(35,136)
Foreign exchange movements	(1,395)	–	14	(1,381)
At 31 December 2022 and 1 January 2023	126,379	441	1,238	128,058
Additions	581	733	–	1,314
Interest expense	4,487	22	31	4,540
Effect of termination of leases	(488)	(710)	–	(1,198)
Effect of modification to lease terms	2,103	472	–	2,575
Lease payments	(35,456)	(198)	(311)	(35,965)
Foreign exchange movements	(88)	–	(22)	(110)
At 31 December 2023	97,518	760	936	99,214

Future lease payments are due as follows:

	Future lease payments 1 January 2021 HK\$'000	Interest 1 January 2021 HK\$'000	Present value 1 January 2021 HK\$'000
Not later than 1 year	32,829	5,167	27,662
Later than 1 year and not later than 2 years	27,527	4,335	23,192
Later than 2 years and not later than 5 years	65,358	7,948	57,410
Later than 5 years	34,998	1,317	33,681
	160,712	18,767	141,945



### 30. LEASES (CONTINUED)

#### Lease liabilities (Continued)

Future lease payments are due as follows: (Continued)

	Future lease payments 31 December 2021 HK\$'000	Interest 31 December 2021 HK\$'000	Present value 31 December 2021 HK\$'000
Not later than 1 year	30,596	4,547	26,049
Later than 1 year and not later than 2 years	25,754	3,587	22,167
Later than 2 years and not later than 5 years	63,839	5,551	58,288
Later than 5 years	15,030	261	14,769
	135,219	13,946	121,273

	Future lease payments 31 December 2022 HK\$'000	Interest 31 December 2022 HK\$'000	Present value 31 December 2022 HK\$'000
Not later than 1 year	35,504	4,640	30,864
Later than 1 year and not later than 2 years	33,075	3,510	29,565
Later than 2 years and not later than 5 years	71,678	4,049	67,629
	140,257	12,199	128,058

	Future lease payments 31 December 2023 HK\$'000	Interest 31 December 2023 HK\$'000	Present value 31 December 2023 HK\$'000
Not later than 1 year	33,711	3,547	30,164
Later than 1 year and not later than 2 years	29,065	2,396	26,669
Later than 2 years and not later than 5 years	44,065	1,684	42,381
	106,841	7,627	99,214

The present value of future lease payments are analysed as:

	As at 1 January 2021 HK\$'000	As at 31 December 2021 HK\$'000	2022 HK\$'000	2023 HK\$'000
Current liabilities	27,662	26,049	30,864	30,164
Non-current liabilities	114,283	95,224	97,194	69,050
	141,945	121,273	128,058	99,214

### 30. LEASES (CONTINUED)

#### Disclosures under IFRS 16

	Year ended 31 December		
	2021	2022	2023
	HK\$'000	HK\$'000	HK\$'000
Short term lease expense	3,477	2,991	505
Low value asset lease expense	22	20	24
Aggregate undiscounted commitments for short term leases	874	5,686	5,829

### 31. SHARE CAPITAL

	As at 1 January				As at 31 December			
	2021		2021		2022		2023	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
		HK\$'000		HK\$'000		HK\$'000		HK\$'000
Authorised:								
Ordinary shares of HK\$0.10 each	1,000,000,000	100,000	1,000,000,000	100,000	1,000,000,000	100,000	1,000,000,000	100,000
Issued and fully paid:								
Ordinary shares of HK\$0.10 each								
At beginning of year	372,093,668	37,209	372,093,668	37,209	387,383,668	38,738	387,683,668	38,768
Share options exercised	–	–	15,290,000	1,529	300,000	30	200,000	20
At end of year	372,093,668	37,209	387,383,668	38,738	387,683,668	38,768	387,883,668	38,788

### 32. SHARE-BASED PAYMENT

A share option scheme (the “2016 Share Option Scheme”) was adopted by the Company on 17 June 2016. The primary purpose of the 2016 Share Option Scheme is to provide incentives or rewards to eligible participants. 2016 Share Option Scheme was terminated on 18 July 2024.

#### 2016 Share Option Scheme

**a) Purpose of the 2016 Share Option Scheme**

The purpose of the 2016 Share Option Scheme is to enable the Company to grant share options (“Options”) to participants as incentives or rewards for their retention and contribution or potential contribution to the Group.

**b) Participants of the 2016 Share Option Scheme**

The Board may, at its absolute discretion, invite any employees, proposed employees, directors, advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners or service providers of any member of the Group, and any company wholly owned by one or more persons belonging to any of the above classes of participants to take up Options to subscribe for shares.

**c) Maximum number of Shares available for subscription**

The maximum number of shares in respect of which options may be granted under the 2016 Share Option Scheme is 41,751,866 shares, representing 10% of issued share capital of the Company as at the date of adoption of the 2016 Share Option Scheme.

## 32. SHARE-BASED PAYMENT (CONTINUED)

### 2016 Share Option Scheme (Continued)

**d) Total Maximum Entitlement of each Eligible Participant**

The total number of shares issued and to be issued upon exercise of the Options granted to each participant (including both exercised and outstanding Options) in any 12-month period must not exceed 1% of the shares in issue from time to time.

**e) Maximum Period within which an Option may be exercised**

The period within which an Option may be exercised must not exceed 10 years from the date of grant of the Option.

**f) Duration of the 2016 Share Option Scheme**

The 2016 Share Option Scheme shall be valid and effective for a period of 10 years from the effective date i.e. 17 June 2016.

Option under the 2016 Share Option Scheme were granted on 26 August 2016 and 22 September 2020.

**g) Option Period**

Unless otherwise determined by the Board at their absolute discretion, there is no requirement of a minimum period for which an option must be held or a performance target which must be achieved before an Option can be exercised.

**h) Payment of Acceptance of an Option**

The offer of a grant of share options under the 2016 Share Option Scheme may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK\$1.00 in total by the grantee.

**i) Subscription Price**

The subscription price in respect of any particular option shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant option (and shall be stated in the letter containing the offer of the grant of the Option) but in any case the subscription price must be at least the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant; and (iii) the nominal value of a share. Without prejudice to the generality of the foregoing, the Board may grant options in respect of which the subscription price is fixed at different prices for certain periods during the option period.

The fair values for total share options granted to directors, employees and external consultant amounted to HK\$2,945,000 and HK\$6,267,000 respectively and were calculated using the Binomial Option Pricing Model. The weighted average remaining contractual life of the share options outstanding is 2.25 years, 1.25 years, 0.25 years and Nil years at 1 January 2021, 31 December 2021, 2022 and 2023 respectively.

## 32. SHARE-BASED PAYMENT (CONTINUED)

### 2016 Share Option Scheme (Continued)

Movements in the number of share options outstanding and their exercise prices are as follows:

← Year ended 31 December 2021 →												
Number of option shares												
	Date of grant	Exercise price per share (note 1) HK\$	Exercise period	Vesting period	Outstanding at 1 January 2021 '000	Granted during the year '000	Exercised during the year '000	Cancelled during the year '000	Lapsed during the year '000	Outstanding at 31 December 2021 '000	Exercisable at 31 December 2021 '000	Weighted average closing price of shares immediately before the dates of exercise HK\$
<b>Directors</b>												
Mr. WONG Shik Ho Tony	22 September 2020	1.61	1 April 2021 – 31 March 2023	N/A	1,000	–	(1,000)	–	–	–	–	3.86
Mr. WONG Fong Pak	22 September 2020	1.61	1 April 2021 – 31 March 2023	N/A	1,000	–	(1,000)	–	–	–	–	3.94
Mr. LEUNG Wah Kan	22 September 2020	1.61	1 April 2021 – 31 March 2023	N/A	1,000	–	(1,000)	–	–	–	–	3.86
Mr. MAN Wai Hung	22 September 2020	1.61	1 April 2021 – 31 March 2023	N/A	1,000	–	(1,000)	–	–	–	–	3.94
Mr. HO Nai Nap	22 September 2020	1.61	1 April 2021 – 31 March 2023	N/A	1,000	–	(1,000)	–	–	–	–	3.94
Mrs. HO WONG Mary Mee-Tak	22 September 2020	1.61	1 April 2021 – 31 March 2023	N/A	200	–	(200)	–	–	–	–	3.70
Mr. LAI Kin Jerome	22 September 2020	1.61	1 April 2021 – 31 March 2023	N/A	200	–	(200)	–	–	–	–	3.86
Mr. IP Shing Hing, B.B.S., J.P.	22 September 2020	1.61	1 April 2021 – 31 March 2023	N/A	200	–	–	–	–	200	200	N/A
Mr. CHEUNG Ying Sheung	22 September 2020	1.61	1 April 2021 – 31 March 2023	N/A	200	–	(200)	–	–	–	–	12.08
<b>Sub-total</b>	22 September 2020	1.61	1 April 2021 – 31 March 2023	N/A	5,800	–	(5,600)	–	–	200	200	
<b>Employees</b>	22 September 2020	1.61	1 April 2021 – 31 March 2023	N/A	10,030	–	(9,640)	–	–	390	390	4.08
<b>External consultant (note 2)</b>	22 September 2020	1.61	1 April 2021 – 31 March 2023	N/A	50	–	(50)	–	–	–	–	3.86
<b>Total</b>					15,880	–	(15,290)	–	–	590	590	

## 32. SHARE-BASED PAYMENT (CONTINUED)

### 2016 Share Option Scheme (Continued)

Movements in the number of share options outstanding and their exercise prices are as follows:  
(Continued)

	Date of grant	Exercise price per share (note 1) HK\$	Exercise period	Vesting period	← Year ended 31 December 2022 →							Weighted average closing price of shares immediately before the dates of exercise HK\$
					Number of option shares	Outstanding at 1 January 2021 '000	Granted during the year '000	Exercised during the year '000	Cancelled during the year '000	Lapsed during the year '000	Outstanding at 31 December 2021 '000	
<b>Directors</b>												
Mr. WONG Shik Ho Tony	22 September 2020	1.61	1 April 2021– 31 March 2023	N/A	–	–	–	–	–	–	–	N/A
Mr. WONG Fong Pak	22 September 2020	1.61	1 April 2021– 31 March 2023	N/A	–	–	–	–	–	–	–	N/A
Mr. LEUNG Wah Kan	22 September 2020	1.61	1 April 2021– 31 March 2023	N/A	–	–	–	–	–	–	–	N/A
Mr. MAN Wai Hung	22 September 2020	1.61	1 April 2021– 31 March 2023	N/A	–	–	–	–	–	–	–	N/A
Mr. HO Nai Nap	22 September 2020	1.61	1 April 2021– 31 March 2023	N/A	–	–	–	–	–	–	–	N/A
Mrs. HO WONG Mary Mee-Tak	22 September 2020	1.61	1 April 2021– 31 March 2023	N/A	–	–	–	–	–	–	–	N/A
Mr. LAI Kin Jerome	22 September 2020	1.61	1 April 2021– 31 March 2023	N/A	–	–	–	–	–	–	–	N/A
Mr. IP Shing Hing, B.B.S., J.P.	22 September 2020	1.61	1 April 2021– 31 March 2023	N/A	200	–	–	–	–	200	200	N/A
Mr. CHEUNG Ying Sheung	22 September 2020	1.61	1 April 2021– 31 March 2023	N/A	–	–	–	–	–	–	–	N/A
<b>Sub-total</b>	22 September 2020	1.61	1 April 2021– 31 March 2023	N/A	200	–	–	–	–	200	200	
<b>Employees</b>	22 September 2020	1.61	1 April 2021– 31 March 2023	N/A	390	–	(300)	–	–	90	90	10.76
<b>External consultant (note 2)</b>	22 September 2020	1.61	1 April 2021– 31 March 2023	N/A	–	–	–	–	–	–	–	N/A
<b>Total</b>					590	–	(300)	–	–	290	290	

## 32. SHARE-BASED PAYMENT (CONTINUED)

### 2016 Share Option Scheme (Continued)

Movements in the number of share options outstanding and their exercise prices are as follows:  
(Continued)

	Date of grant	Exercise price per share (note 1)	Exercise period	Vesting period	Year ended 31 December 2023						Outstanding at 31 December 2021	Exercisable at 31 December 2021	Weighted average closing price of shares immediately before the dates of exercise
					Number of option shares	Outstanding at 1 January 2021	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year			
		HK\$			'000	'000	'000	'000	'000	'000	'000	HK\$	
<b>Directors</b>													
Mr. WONG Shik Ho Tony	22 September 2020	1.61	1 April 2021– 31 March 2023	N/A	–	–	–	–	–	–	–	N/A	
Mr. WONG Fong Pak	22 September 2020	1.61	1 April 2021– 31 March 2023	N/A	–	–	–	–	–	–	–	N/A	
Mr. LEUNG Wah Kan	22 September 2020	1.61	1 April 2021– 31 March 2023	N/A	–	–	–	–	–	–	–	N/A	
Mr. MAN Wai Hung	22 September 2020	1.61	1 April 2021– 31 March 2023	N/A	–	–	–	–	–	–	–	N/A	
Mr. HO Nai Nap	22 September 2020	1.61	1 April 2021– 31 March 2023	N/A	–	–	–	–	–	–	–	N/A	
Mrs. HO WONG Mary Mee-Tak	22 September 2020	1.61	1 April 2021– 31 March 2023	N/A	–	–	–	–	–	–	–	N/A	
Mr. LAI Kin Jerome	22 September 2020	1.61	1 April 2021– 31 March 2023	N/A	–	–	–	–	–	–	–	N/A	
Mr. IP Shing Hing, B.B.S., J.P.	22 September 2020	1.61	1 April 2021– 31 March 2023	N/A	200	–	(200)	–	–	–	–	5.404	
Mr. CHEUNG Ying Sheung	22 September 2020	1.61	1 April 2021– 31 March 2023	N/A	–	–	–	–	–	–	–	N/A	
Sub-total	22 September 2020	1.61	1 April 2021– 31 March 2023	N/A	200	–	(200)	–	–	–	–		
Employees	22 September 2020	1.61	1 April 2021– 31 March 2023	N/A	90	–	–	–	(90)	–	–	N/A	
External consultant (note 2)	22 September 2020	1.61	1 April 2021– 31 March 2023	N/A	–	–	–	–	–	–	–	N/A	
<b>Total</b>					<b>290</b>	<b>–</b>	<b>(200)</b>	<b>–</b>	<b>(90)</b>	<b>–</b>	<b>–</b>		



## 32. SHARE-BASED PAYMENT (CONTINUED)

### 2016 Share Option Scheme (Continued)

Notes:

1. The closing price per share as quoted on the Stock Exchange on 21 September 2020, being the date immediately before the date of grant of the options described in the table above, is HK\$1.61.
2. The external consultant is Ms. LEUNG Sau Fong, Ms. LEUNG was the secretary of the Company before tendering her resignation with effect from 1 September 2021. The share options were granted to her as rewards for her contribution to the Group.

The inputs into the model were as follows:

<b>“2016 Share Option Scheme” Employees, external consultant and directors As at 22 September 2020</b>	
Weighted average share price	HK\$1.61
Weighted average exercise price	HK\$1.61
Expected volatility	73.29%
Expected life	2.52 years
Risk-free interest rate	0.139%
Early exercise behaviour	220% to 280%
Expected dividend yield	5.83%

The expected volatility is based on the historical volatility on publicly available information.

The risk-free interest rate was determined with reference to the yield rate of the Hong Kong Exchange Fund Notes with duration similar to the expected life of the options.

Expected dividend yield is based on historical dividend yield.

The options under the “2016 Share Option Scheme” were expected to be exercised when the share price of the underlying security of the options rises ranging from 220% to 280% of the exercise price.

Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in grant date fair value measurement of the services received. There were no market conditions associated with the share options granted.

### 33. NOTE SUPPORTING CONSOLIDATED STATEMENTS OF CASH FLOWS

#### Reconciliation of liabilities arising from financing activities:

	Borrowings (note 28) HK\$'000	Lease liabilities (note 30) HK\$'000
At 1 January 2021	1,070,038	141,945
Repayment of bank loans	(53,002)	–
Repayment of lease liabilities	–	(28,886)
Repayment of import loans	(3,889,146)	–
<b>Total changes from financing cash flows:</b>	<b>(3,942,148)</b>	<b>(28,886)</b>
Other changes:		
Decrease in trade payables	3,571,686	–
Additions	–	137
Effect of modification to lease terms	–	7,748
Effect of termination of leases	–	(27)
Exchange difference	2,761	356
<b>Total other changes</b>	<b>3,574,447</b>	<b>8,214</b>
<b>At 31 December 2021</b>	<b>702,337</b>	<b>121,273</b>
	Borrowings (note 28) HK\$'000	Lease liabilities (note 30) HK\$'000
At 1 January 2022	702,337	121,273
Proceeds of bank loans	193,930	–
Repayment of bank loans	(1,293)	–
Repayment of lease liabilities	–	(30,500)
Repayment of import loans	(2,887,326)	–
<b>Total changes from financing cash flows:</b>	<b>(2,694,689)</b>	<b>(30,500)</b>
Other changes:		
Decrease in trade payables	3,737,536	–
Additions	–	34,068
Effect of modification to lease terms	–	16,442
Effect of termination of leases	–	(11,844)
Exchange difference	(6,451)	(1,381)
<b>Total other changes</b>	<b>3,731,085</b>	<b>37,285</b>
<b>At 31 December 2022</b>	<b>1,738,733</b>	<b>128,058</b>

### 33. NOTE SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

#### Reconciliation of liabilities arising from financing activities: (Continued)

	Borrowings (note 28) HK\$'000	Lease liabilities (note 30) HK\$'000
At 1 January 2023	1,738,733	128,058
Repayment of bank loans	(7,757)	–
Repayment of lease liabilities	–	(31,425)
Repayment of import loans	(3,119,178)	–
Total changes from financing cash flows:	(3,126,935)	(31,425)
Other changes:		
Decrease in trade payables	2,367,329	–
Additions	–	1,314
Effect of modification to lease terms	–	2,575
Effect of termination of leases	–	(1,198)
Exchange difference	3,299	(110)
Total other changes	2,370,628	2,581
At 31 December 2023	982,426	99,214

### 34. CAPITAL COMMITMENTS

At 1 January 2021, 31 December 2021, 2022 and 2023, the Group had the following capital commitments contracted for but not provided in respect of:

	As at 1 January 2021 HK\$'000	As at 31 December		
		2021 HK\$'000	2022 HK\$'000	2023 HK\$'000
Acquisition of property, plant and equipment	257	10,133	3,753	15,883

### 35. RELATED PARTIES AND CONNECTED TRANSACTIONS

During the years, the Group entered into the following significant transactions with its related parties or connected party:

	Year ended 31 December		
	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000
<b>(i) Related parties and connected transactions</b>			
Related company owned by a director of the Company			
— rental expenses	840	840	–
Director of a subsidiary			
— rental expenses	272	276	–
<b>(ii) Connected transactions</b>			
Connected person of the Company			
— sales	40,026	–	–

### 35. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

Rental expenses were charged according to the agreements.

The directors are of the opinion that these transactions were conducted on normal business terms and in the ordinary course of business.

Members of key management during the years ended 31 December 2021, 2022 and 2023 comprised the directors only whose remuneration is set out in note 12.

The related parties transactions in respect of rental expenses above constitute continuing connected transactions as defined in Chapter 14A of the Hong Kong Listing Rules and Chapter 9 of the Listing Manual. However those transactions are exempt from the disclosure requirements in Chapter 14A of the Hong Kong Listing Rules as they are below the de minimis threshold under Rule 14A.76(1) of the Hong Kong Listing Rules.

The connected transactions in respect of sales of VGA cards to connected person of the Company constitute continuing connected transactions as defined in Chapter 14A of the Hong Kong Listing Rules and Chapter 9 of the Listing Manual. The disclosures required by Chapter 14A of the Hong Kong Listing Rules and Chapter 9 of the Listing Manual are provided in the Report of the Directors.

### 36. CAPITAL MANAGEMENT

The capital structure of the Group consists of debts, which includes the borrowings disclosed in note 28 and the lease liabilities disclosed in note 30 and equity of the Group, comprising share capital, reserves and retained profits disclosed in consolidated statements of changes in equity. Management reviews the capital structure on a semi-annual basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital.

The Group has a target gearing ratio of below 100% determined as the proportion of net debts (debts less cash and bank balances) to equity.

The gearing ratio at the end of each reporting period was as follows:

	<b>As at 1 January</b>	<b>As at 31 December</b>		
	2021	2021	2022	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Debts	1,211,983	823,610	1,866,791	1,081,640
Cash and bank balances	(1,124,592)	(3,765,101)	(2,207,323)	(2,491,217)
Net debts	87,391	Nil	Nil	Nil
Total equity	1,103,778	3,090,342	2,851,145	2,774,215
Net debt to equity ratio	7.9%	Nil	Nil	Nil

### 37. FINANCIAL RISK MANAGEMENT

The main risks arising from the Group's financial instruments in the normal course of the Group's business are credit risk, liquidity risk, interest rate risk and currency risk. The Group's risk management objectives and policies mainly focus on minimising the potential adverse effects of these risks on the Group by closely monitoring the individual exposure as follows:

#### (a) Credit risk

The Group's credit risk is primarily attributable to its trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

## 37. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Credit risk (Continued)

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. Ongoing evaluations are performed on monthly basis. For receivables with balances that are more than 3 months' overdue, further credit will only be granted under management's approval, otherwise, the customers are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers except for those mentioned below, however the Group has arranged credit insurance coverage for certain customers.

As at 1 January 2021, 31 December 2021, 2022 and 2023, the Group has a certain concentration of credit risk as 6.2%, 8.3%, 3.6% and 0.0% of the total trade receivables were due from the Group's largest customer respectively and the Group has a certain concentration of credit risk as 10.5%, 26.2%, 21.9% and 16.1% of the total trade receivables were due from the Group's five largest customers respectively.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix.

#### **Measurement of expected credit loss on individual basis**

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables assessed on individual basis as at 1 January 2021:

	Expected loss rate %	Gross carrying amount HK\$'000	Expected credit loss HK\$'000
Not past due	0.910%	464,441	4,225
		464,441	4,225

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables assessed on individual basis as at 31 December 2021:

	Expected loss rate %	Gross carrying amount HK\$'000	Expected credit loss HK\$'000
Not past due	100.000%	205,921	205,921
Within 1 month past due	100.000%	22,812	22,812
Over 1 month but within 3 months past due	100.000%	45,448	45,448
Over 3 months but within 1 year past due	100.000%	53,470	53,470
		327,651	327,651

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables assessed on individual basis as at 31 December 2022:

	Expected loss rate %	Gross carrying amount HK\$'000	Expected credit loss HK\$'000
Over 1 month but within 3 months past due	–	34,631	–
Over 3 months but within 1 year past due	78.230%	243,377	190,393
Over 1 year past due	97.429%	115,520	112,550
		393,528	302,943

### 37. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (a) Credit risk (Continued)

##### *Measurement of expected credit loss on individual basis (Continued)*

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables assessed on individual basis as at 31 December 2023:

	Expected loss rate %	Gross carrying amount HK\$'000	Expected credit loss HK\$'000
Within 1 month	–	549	–
Over 1 year past due	99.188%	297,029	294,618
		297,578	294,618

##### *Measurement of expected credit loss on collective basis*

Expected credit losses are also estimated by grouping the remaining receivables. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables assessed on collective basis as at 1 January 2021:

	Expected loss rate %	Gross carrying amount HK\$'000	Expected credit loss HK\$'000
Not past due	0.014%	707,182	101
Within 1 month past due	0.097%	173,247	168
Over 1 month but within 3 months past due	0.686%	23,019	158
Over 3 months but within 1 year past due	0.910%	1,868	17
Over 1 year past due	96.422%	5,450	5,255
		910,766	5,699

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables assessed on collective basis as at 31 December 2021:

	Expected loss rate %	Gross carrying amount HK\$'000	Expected credit loss HK\$'000
Not past due	0.011%	961,930	105
Within 1 month past due	0.526%	239,456	1,259
Over 1 month but within 3 months past due	6.289%	11,098	698
Over 3 months but within 1 year past due	39.563%	8,465	3,349
Over 1 year past due	98.732%	5,126	5,061
		1,226,075	10,472



### 37. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (a) Credit risk (Continued)

##### *Measurement of expected credit loss on collective basis (Continued)*

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables assessed on collective basis as at 31 December 2022:

	Expected loss rate %	Gross carrying amount HK\$'000	Expected credit loss HK\$'000
Not past due	0.004%	924,886	33
Within 1 month past due	0.042%	113,420	48
Over 1 month but within 3 months past due	0.288%	20,153	58
Over 3 months but within 1 year past due	1.218%	5,665	69
Over 1 year past due	89.350%	12,084	10,797
		1,076,208	11,005

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables assessed on collective basis as at 31 December 2023:

	Expected loss rate %	Gross carrying amount HK\$'000	Expected credit loss HK\$'000
Not past due	0.066%	551,068	361
Within 1 month past due	0.287%	178,130	511
Over 1 month but within 3 months past due	2.950%	17,254	509
Over 3 months but within 1 year past due	26.488%	6,384	1,691
Over 1 year past due	99.612%	11,094	11,051
		763,930	14,123

Expected loss rates are based on actual loss experience over the past 2 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

As at 1 January 2021, 31 December 2021, 2022 and 2023, the Group held pledges of landed properties for certain of these balances amounted to HK\$4,761,000, HK\$3,212,000, HK\$3,043,000 and HK\$2,960,000 while the net realisable value of pledged landed properties amounted to HK\$3,646,000, HK\$4,169,000, HK\$3,855,000 and HK\$3,749,000. The Group does not have the right to sell or re-pledge the properties held as collateral in the absence of default by customers.

Movement in the loss allowance account in respect of trade receivables at amortised cost during the year is as follows:

	Year ended 31 December		
	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000
At 1 January	9,924	338,123	313,948
Impairment losses recognised during the year	320,410	533	3,118
Exchange difference	7,789	(24,708)	(8,325)
At 31 December	338,123	313,948	308,741

## 37. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Credit risk (Continued)

#### *Measurement of expected credit loss on collective basis (Continued)*

The credit risk on cash and bank balances are limited because the counterparties are banks with high credit-rating assigned by international credit-rating agencies.

Other receivables measured at amortised cost are subject to the ECLs model and the loss allowances are limited to 12-month ECLs as there has not been a significant increase in credit risk since initial recognition. The ECLs of other receivables as at 1 January 2021, 31 December 2021, 2022 and 2023 were determined to be immaterial.

The loss allowance for deposits are based on the Group's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

Movement in the loss allowance account in respect of deposits during the year ended 31 December 2021, 2022 and 2023 is as follows:

	Year ended 31 December		
	2021	2022	2023
	HK\$'000	HK\$'000	HK\$'000
At 1 January	4,247	5,559	5,559
Impairment losses recognised during the year	1,302	–	–
Exchange difference	10	–	–
At 31 December	5,559	5,559	5,559

### (b) Liquidity risk

The Group's policy is to regularly monitor its current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the Group's remaining contractual maturities for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank borrowings with a repayment on demand clause can be exercised at the bank's sole discretion. The analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity dates for other financial liabilities are based on the agreed repayment dates.

### 37. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (b) Liquidity risk (Continued)

	Carrying amount	Total contractual undiscounted cash flows	On demand or within 1 year	Over 1 year but within 2 years	More than 2 years within 5 years	More than 5 years
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At 1 January 2021</b>						
Trade and other payables	1,349,334	1,349,334	1,349,334	–	–	–
Borrowings	1,070,038	1,070,038	1,070,038	–	–	–
Lease liabilities	141,945	160,712	32,829	27,527	65,358	34,998
<b>Total</b>	<b>2,561,317</b>	<b>2,580,084</b>	<b>2,452,201</b>	<b>27,527</b>	<b>65,358</b>	<b>34,998</b>
<b>At 31 December 2021</b>						
Trade and other payables	1,693,308	1,693,308	1,693,308	–	–	–
Borrowings	702,337	702,337	702,337	–	–	–
Lease liabilities	121,273	135,219	30,596	25,754	63,839	15,030
<b>Total</b>	<b>2,516,918</b>	<b>2,530,864</b>	<b>2,426,241</b>	<b>25,754</b>	<b>63,839</b>	<b>15,030</b>
<b>At 31 December 2022</b>						
Trade and other payables	1,068,360	1,068,360	1,068,360	–	–	–
Borrowings	1,738,733	1,738,733	1,738,733	–	–	–
Lease liabilities	128,058	140,257	35,504	33,075	71,678	–
<b>Total</b>	<b>2,935,151</b>	<b>2,947,350</b>	<b>2,842,597</b>	<b>33,075</b>	<b>71,678</b>	<b>–</b>
<b>At 31 December 2023</b>						
Trade and other payables	1,153,706	1,153,706	1,153,706	–	–	–
Borrowings	982,426	982,426	982,426	–	–	–
Lease liabilities	99,214	106,841	33,711	29,065	44,065	–
<b>Total</b>	<b>2,235,346</b>	<b>2,242,973</b>	<b>2,169,843</b>	<b>29,065</b>	<b>44,065</b>	<b>–</b>

The below table summarises the maturity analysis of bank borrowings with a repayment on demand clause based on agreed scheduled repayments. Taking into account the Group's financial position, the directors do not consider that it is probable that the banks will exercise their discretion to demand immediate repayment. The directors believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates.

	Carrying amount	Total contractual undiscounted cash flows	Within 1 year	Over 1 year but within 2 years	More than 2 years but within 5 years
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1 January 2021	1,070,038	1,073,631	1,072,964	667	–
31 December 2021	702,337	704,241	704,241	–	–
31 December 2022	1,738,733	1,781,189	1,575,886	13,441	191,862
31 December 2023	982,426	1,012,338	819,297	13,616	179,425

## 37. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Interest rate risk

The Group's interest rate risk arises primarily from borrowings. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk.

The following table details the interest rate profile of the Group's borrowings:

	As at 1 January				As at 31 December			
	2021		2021		2022		2023	
	Effective interest rate (per annum)	HK\$'000	Effective interest rate (per annum)	HK\$'000	Effective interest rate (per annum)	HK\$'000	Effective interest rate (per annum)	HK\$'000
Variable rate borrowings:								
Bank loans	1.58%	53,000	–%	–	3.13%	192,637	3.38%	184,880
Import loans	1.41%	1,017,038	1.33%	702,337	5.37%	1,546,096	6.22%	797,546
		1,070,038		702,337		1,738,733		982,426
Fixed rate borrowings:								
Lease liabilities	3.94%	141,945	4.01%	121,273	4.14%	128,058	4.14%	99,214

At 31 December 2021, 2022 and 2023, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after tax for the year ended 31 December 2021, 2022 and 2023 by approximately HK\$2,932,000, HK\$7,259,000 and HK\$4,102,000 respectively.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of reporting period and had been applied to the exposure to interest rate risk for the borrowings in existence at that date. The 50 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date. The analysis is performed on the same basis as 2020, 2021 and 2022.

### (d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily Renminbi and Euro.

The following table details the Group's exposure at 31 December 2021, 2022 and 2023 to significant currency risk arising from the recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	1 January	As at 31 December			1 January	As at 31 December		
	2021	2021	2022	2023	2021	2021	2022	2023
	Renminbi HK\$'000	Renminbi HK\$'000	Renminbi HK\$'000	Renminbi HK\$'000	Euro HK\$'000	Euro HK\$'000	Euro HK\$'000	Euro HK\$'000
Trade and other receivables	36,294	105,223	83,342	1,296	143	132	125	173
Cash and bank balances	38,915	1,274	4,208	94,726	253	1,333	4,460	354
Trade and other payables	(21,802)	(25,507)	(23,577)	(23,534)	(1,395)	(1,970)	(2,576)	(962)
Lease liabilities	(755)	(1,769)	(878)	(128)	–	–	–	–
Overall net exposure	52,652	79,221	63,095	72,360	(999)	(505)	2,009	(435)

### 37. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (d) Currency risk (Continued)

The following table indicates the approximate change in the Group's profit after income tax and retained profits and other components of consolidated equity in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of reporting period. The sensitivity analysis includes balances between group companies where the denomination of the balances is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in profit for the year and other equity where the HK\$ weakens against the relevant currency. For a strengthening of the HK\$ against the relevant currency, there would be an equal and opposite impact on the profit for the year and other equity, and the balances below would be negative.

	<b>Increase in foreign exchange rates</b>	<b>Effect on profit after income tax HK\$'000</b>
<b>As at 31 December 2021</b>		
Renminbi	5%	3,307
Euro	5%	(21)
<b>As at 31 December 2022</b>		
Renminbi	5%	2,634
Euro	5%	84
<b>As at 31 December 2023</b>		
Renminbi	5%	3,021
Euro	5%	(18)

The sensitivity analysis has been determined assuming that the change in foreign exchange rate had occurred at the end of the reporting period and had been applied to each of the group entities; exposure to currency risk for both derivative and non-derivative financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rate over the periods until the next annual reporting date. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the group entities' profit for the year and equity measured in the respective functional currencies, translated into HK\$ at the exchange rate ruling at the end of reporting period for presentation purposes. The analysis is performed on the same basis as 2020, 2021 and 2022.

### 38. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows the carrying amount of financial assets and liabilities:

	<b>As at 1 January</b>	<b>As at 31 December</b>		
	2021 HK\$'000	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000
<b>Financial assets</b>				
Financial assets at fair value through profit or loss				
— Derivatives	452	—	—	—
— Trade receivables at fair value through profit or loss	32,038	26,032	28,918	61,859
Financial assets at amortised cost				
— Cash and bank balances	1,124,592	3,765,101	2,207,323	2,491,217
— Trade and other receivables	1,381,487	1,266,766	1,211,025	813,213
Financial asset at fair value through other comprehensive income				
— Unlisted equity investment	7,518	3,517	1,268	1,268
<b>Financial liabilities</b>				
Financial liabilities at amortised cost				
— Trade and other payables	1,349,334	1,693,308	1,068,360	1,153,706
— Borrowings	1,070,038	702,337	1,738,733	982,426
— Lease liabilities	141,945	121,273	128,058	99,214

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Group			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Financial assets at fair value through profit or loss				
— Derivatives	—	452	—	452
— Trade receivables at fair value through profit or loss	—	32,038	—	32,038
Financial assets at fair value through other comprehensive income				
— Unlisted equity investment	—	—	7,518	7,518
	—	32,490	7,518	40,008



**38. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (CONTINUED)**

	Group			
	As at 31 December 2021			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial assets at fair value through profit or loss				
— Trade receivables at fair value through profit or loss	—	26,032	—	26,032
Financial assets at fair value through other comprehensive income				
— Unlisted equity investment	—	—	3,517	3,517
	—	26,032	3,517	29,549

	Group			
	As at 31 December 2022			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial assets at fair value through profit or loss				
— Trade receivables at fair value through profit or loss	—	28,918	—	28,918
Financial asset at fair value through other comprehensive income				
— Unlisted equity investment	—	—	1,268	1,268
	—	28,918	1,268	30,186

	Group			
	As at 31 December 2023			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial assets at fair value through profit or loss				
— Trade receivables at fair value through profit or loss	—	61,859	—	61,859
Financial asset at fair value through other comprehensive income				
— Unlisted equity investment	—	—	1,268	1,268
	—	61,859	1,268	63,127

There were no transfers between levels during the year ended 31 December 2021, 2022 and 2023.

### 38. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (CONTINUED)

Reconciliation for financial instrument carried at fair value based on significant unobservable inputs (Level 3) are as follows:

Unlisted equity investment	Financial asset at FVTOCI		
	Year ended 31 December		
	2021	2022	2023
	HK\$'000	HK\$'000	HK\$'000
At 1 January	7,518	3,517	1,268
Total gains or losses:			
— in other comprehensive income (included in changes in fair value of financial assets at FVTOCI)	(4,001)	(2,249)	—
At 31 December	3,517	1,268	1,268

#### (a) Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and bank balances, trade and other receivables, trade and other payables and borrowings.

Due to their short term nature, the carrying values of cash and cash equivalents, trade and other receivables, trade and other payables and borrowings approximate to their fair values.

#### (b) Financial instruments measured at fair value

The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of level 2 and level 3 financial instruments, as well as the relationship between key observable inputs and fair value are set out below.

##### *Information about level 2 fair value measurements*

The fair value of trade receivables at fair value through profit or loss is determined based on the weighted-average discount rates applicable to trade receivables factored without recourse during the year.

**38. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (CONTINUED)**

**(b) Financial instruments measured at fair value (Continued)**

***Information about level 3 fair value measurements***

As at 1 January 2021, 31 December 2021, 2022 and 2023, the fair value of the unlisted equity investment in Dreamscape Immersive Inc. is estimated by using the market approach and option pricing model based on the enterprise value to sales ratios of comparable companies.

The key unobservable inputs used in the valuation technique are as follows:

	<b>As at 1 January 2021</b>	<b>As at 31 December</b>		
		2021	2022	2023
Expected enterprise value to sales ratio	Nil	5.11	4.51	4.51
Volatility	50%	55.82%	43.42%	43.42%
Risk-free rate	0.147%	0.96%	4.42%	4.42%

As at 31 December 2021, 2022 and 2023, the fair value measurement is positively correlated to the enterprise value to sales ratio.

It is estimated that with all other variables held constant, an increase/ decrease in enterprise value to sales ratio by 1, the Group's other comprehensive income would have increased/ decreased by the following:

	<b>Year ended 31 December</b>		
	2021	2022	2023
	\$'000	\$'000	\$'000
<i>Increase/(Decrease) the Group's other comprehensive income</i>			
Increase in enterprise value to sales ratio by 1	619	435	435
Decrease in enterprise value to sales ratio by 1	(627)	(366)	(366)

The Group considers that changes in the volatility and risk-free rate to the valuation technique disclosed above would not have a significant effect on fair value of the unlisted equity investment as at 1 January 2021, 31 December 2021, 2022 and 2023.

### 39. PARTICULARS OF SUBSIDIARIES AND JOINT VENTURE

Particulars of the Company's subsidiaries and joint venture are as follows:

	Place and date of incorporation/ establishment	Proportion of ownership interest held			Proportion of ownership interest held by non-controlling interest			Principal activities
		2021	2022	2023	2021	2022	2023	
		%	%	%	%	%	%	
<b>Subsidiaries</b>								
PC Partner Holdings Limited (note iii)	BVI 2 May 1997	100	100	100	–	–	–	Investment holding
ASK Technology Group Limited (note iv)	Hong Kong 10 March 2008	100	100	100	–	–	–	Trading of computer accessories
Innovision Multimedia Limited (note iv)	Hong Kong 6 February 1998	100	100	100	–	–	–	Trading of computer accessories
Manli Technology Group Limited (note iv)	Hong Kong 10 March 2008	100	100	100	–	–	–	Trading of computer accessories and computers
Zotac Holdings Limited (note iii)	BVI 10 July 2003	100	100	100	–	–	–	Investment holding
PC Partner Limited (note iv)	Hong Kong 12 February 1988	100	100	100	–	–	–	Design, manufacture and sale of computer accessories and computers
Zotac International Macau Limited (note iii)	Macau 20 September 2006	100	100	100	–	–	–	Trading of computer accessories and computers
Zotac Korea Co., Ltd. (note v)	Korea 12 May 2010	100	100	100	–	–	–	Wholesale of computers, computer peripheral equipment and software
Zotac USA Inc. (Nevada) (note iii)	U.S.A. 9 October 2007	100	100	100	–	–	–	Trading of computer accessories and computers
東莞栢能電子科技有限公司 (note i & ii & vi)	PRC 10 July 2009	100	100	100	–	–	–	Subcontracting of computer accessories and computers
索泰（東莞）電子科技有限公司 (note i)	PRC 20 June 2016	100	100	100	–	–	–	Trading of computer accessories and computers
Zotac Europe GmbH (note iii)	Germany 25 September 2012	100	100	100	–	–	–	Provision of technical support services
PC Partner Wealth Investment Limited (note iv)	Hong Kong 12 August 2013	100	100	100	–	–	–	Investment holding
PC Partner Services Limited (note iv)	Hong Kong 16 June 2021	100	100	100	–	–	–	Provision of company secretarial services
PC Partner Investment Limited (note iii)	BVI 21 December 2021	100	100	100	–	–	–	Investment holding
PC Partner Properties Limited (note iv)	Hong Kong 30 December 2021	100	100	100	–	–	–	Property holding
VRSense Solutions Limited (note iii)	BVI 14 September 2016	100	100	100	–	–	–	Investment holding
Excelsior Technology Limited (note iv)	BVI 18 July 1997	100	100	100	–	–	–	Investment holding
Zotac Technology Limited (note iv)	Hong Kong 20 July 2005	100	100	100	–	–	–	Trading of computer accessories and computers
卓能（東莞）數碼技術有限公司 (note i)	PRC 11 December 2017	100	100	100	–	–	–	Trading of computer accessories and computers
Zotac International Limited (note iv)	Hong Kong 30 October 2017	100	100	100	–	–	–	Holding of intellectual properties
Zotac Nippon Corporation (note iii)	Japan 18 December 2017	80	80	80	20	20	20	Trading of computer accessories and computers
<b>Joint venture</b>								
FuZhou Partner Cloud Technology Co., Limited	PRC 18 January 2019	50	50	50	50	50	50	Leasing of servers and projects involving cloud computing, container cloud and deep learning in the PRC

### 39. PARTICULARS OF SUBSIDIARIES AND JOINT VENTURE (CONTINUED)

Notes:

- (i) All subsidiaries established in the PRC are wholly foreign-owned enterprises.
- (ii) As at 31 December 2021, 2022 and 2023, the registered capital of US\$21,298,265 was paid up and the remaining registered capital is not yet paid up to the date of this Report.
- (iii) Not required to be audited under the laws of the country of incorporation.
- (iv) Audited by BDO Limited, Hong Kong.
- (v) 2022 and 2023 audited by SEYEON accounting firm, South Korea.
- (vi) Audited by 東莞市恒尚會計師事務所, PRC.

### 40. CONTINGENT LIABILITY

Included in the sales of products to the U.S.A. was the Group's own brand VGA cards, which are imported to U.S.A. under the tariff code for video game consoles and machines for custom declaration. In 2023, the Group identified a classification issue on import declaration of VGA cards that U.S. Customs and Border Protection ("CBP") determined these VGA cards HTSUS Code 8473.30.1180 (for "parts and accessories of the machines of heading 8471, not incorporating a cathode ray tube") which falls under List 3 of the Section 301 of the U.S. Trade Act of 1974 (the "China Section 301 Tariff"). Such classification would lead to a 25% tariff under China Section 301 Tariff for products imported during certain different periods of time and the estimated amount of the potential tariff approximates US\$25 million (approximately HK\$196 million). Under lawyer's advice, the Group took an initiative to rectify the declaration in CBP in order to avoid additional penalty on unreported tariff.

The Directors are of view that it was not probable that an outflow of economic benefits will be required on the above classification issue on declaration of imported goods to the U.S.A.

In July 2024, the Group filed a litigation protest to CBP to puts forth that no tariffs should be payable for these products imported during certain different periods.

At date of this report, the Group had paid US\$11.8 million (approximately HK\$91.9 million) of the total contingent liability of US\$25 million (approximately HK\$196 million) in connection with filing the litigation protest and consequently, this payment was recorded as other receivable in the consolidated statement of financial position.

#### **41. EVENTS AFTER REPORTING PERIOD**

(a) On 23 April 2024, the Group has signed an agreement with an independent third party for the transfer of the 50% equity shares of the joint venture at nil consideration.

(b) Incorporation of subsidiaries

On 8 May 2024, the Company incorporated a wholly-owned subsidiary, PC Partner Technology Pte. Limited, a company incorporated in Singapore with a registered capital of US\$30 million (which equivalent to HK\$234.3 million).

On 13 May 2024, the Company incorporated a wholly-owned subsidiary, Zotac Technology Pte. Limited, a company incorporated in Singapore with a registered capital of US\$1 million (which equivalent to HK\$7.81 million).

On 14 May 2024, the Company incorporated a wholly-owned subsidiary, Manli Technology Pte. Limited, a company incorporated in Singapore with a registered capital of US\$1 million (which equivalent to HK\$7.81 million).

On 16 May 2024, the Company incorporated a wholly-owned subsidiary, Innovision Multimedia Pte. Limited, a company incorporated in Singapore with a registered capital of US\$1 million (which equivalent to HK\$7.81 million).

On 14 June 2024, the Company incorporated a wholly-owned subsidiary, PT PCPartner Technology Indonesia Pte. Limited, a company incorporated in Singapore with a registered capital of IDR 100 billion (which equivalent to HK\$47.96 million).

#### **42. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements were approved and authorised for issue by the board of directors on 12 November 2024.



**APPENDIX B – INDEPENDENT JOINT AUDITORS’ REVIEW REPORT AND  
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF  
PC PARTNER GROUP LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL  
PERIOD FROM 1 JANUARY 2024 TO 30 JUNE 2024**

**PC PARTNER GROUP LIMITED  
and its subsidiaries**

Independent Joint Auditors’ Review Report And  
Interim Condensed Consolidated Financial Statements  
For the financial period from 1 January 2024 to 30 June 2024

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2024 TO 30 JUNE 2024**

**STATEMENT BY DIRECTORS**

We, Wong Shik Ho Tony and Wong Fong Pak, being two of the directors of PC Partner Group Limited (the “Company”), do hereby state that, in the opinion of the Board of Directors, to the best of their knowledge, the accompanying interim condensed consolidated financial statements together with notes thereto are drawn up with the IFRS Accounting Standards as issued by the International Accounting Standards Board for the financial period from 1 January 2024 to 30 June 2024.

On behalf of the Board of Directors

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**Wong Shik Ho Tony**  
**Director**

12 November 2024

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**Wong Fong Pak**  
**Director**

**INDEPENDENT JOINT AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD  
FROM 1 JANUARY 2024 TO 30 JUNE 2024**

12 November 2024

The Board of Directors  
PC Partner Group Limited  
28/F, NCB Innovation Centre,  
888 Lai Chi Kok Road,  
Kowloon, Hong Kong.

**Report on Review of Interim Condensed Consolidated Financial Statements**

**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of PC Partner Group Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2024 and the related interim condensed consolidated statement of comprehensive income, changes in equity and cash flows for the six-month period then ended, and the selected explanatory notes (the "Interim Condensed Consolidated Financial Statements"), as set out on pages B-5 to B-25. Management is responsible for the preparation and presentation of these Interim Condensed Consolidated Financial Statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IAS 34"). Our responsibility is to express a conclusion on this Interim Condensed Consolidated Financial Statements based on our review.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements ("ISRE") 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing ("ISAs") and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Condensed Consolidated Financial Statements are not prepared, in all material respect, in accordance with IAS 34.

**INDEPENDENT JOINT AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD  
FROM 1 JANUARY 2024 TO 30 JUNE 2024**

**Report on Review of Interim Condensed Consolidated Financial Statements (Continued)**

**Restriction on distribution and use**

This report is made solely to you as a body for the inclusion in the Introductory Document of the Company to be issued in connection with the Company's listing on the Mainboard of the Singapore Exchange Securities Trading Limited.

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**BDO LLP**  
Public Accountants and Chartered Accountants

Aw Vern Chun Philip  
Partner-in-charge

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**BDO Limited**  
Certified Public Accountants

Ng Wai Man  
Partner-in-charge

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the six months ended 30 June 2024

	Notes	30 June 2024 HK\$'000 (Unaudited)	30 June 2023 HK\$'000 (Unaudited)
Revenue	4, 5	4,944,243	4,175,441
Cost of sales		(4,385,891)	(3,851,689)
Gross profit		558,352	323,752
Other revenue and other gains and losses, net	6	21,233	12,793
Selling and distribution expenses		(54,148)	(60,336)
Administrative expenses		(285,394)	(210,298)
Reversal of provision/(provision) for impairment losses on financial assets		6,258	(1,033)
Finance costs	7	(17,842)	(35,163)
Profit before income tax	8	228,459	29,715
Income tax	9	(36,194)	(10,540)
<b>Profit for the period</b>		<b>192,265</b>	<b>19,175</b>
<b>Other comprehensive income, after tax</b>			
<b>Item that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translating foreign subsidiaries		(4,571)	(3,513)
<b>Total comprehensive income for the period</b>		<b>187,694</b>	<b>15,662</b>
<b>Profit for the period attributable to:</b>			
— Owners of the Company		194,060	20,102
— Non-controlling interests		(1,795)	(927)
		<b>192,265</b>	<b>19,175</b>
<b>Total comprehensive income for the period attributable to:</b>			
— Owners of the Company		189,489	16,589
— Non-controlling interests		(1,795)	(927)
		<b>187,694</b>	<b>15,662</b>
Earnings per share	11	HK\$	HK\$
— Basic		0.500	0.052
— Diluted		0.500	0.052

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 June 2024

	Notes	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	12	537,295	557,369
Right-of-use assets	12	82,230	92,559
Intangible assets		4,825	4,825
Other financial asset		1,268	1,268
Deferred tax assets		5,075	5,788
Trade and other receivables	13	13,122	5,664
<b>Total non-current assets</b>		<b>643,815</b>	<b>667,473</b>
<b>Current assets</b>			
Inventories		1,391,331	1,135,492
Trade and other receivables	13	1,024,699	894,097
Right of return assets		35,784	38,601
Current tax recoverable		65,179	68,487
Cash and bank balances	14	2,248,688	2,491,217
<b>Total current assets</b>		<b>4,765,681</b>	<b>4,627,894</b>
<b>Total assets</b>		<b>5,409,496</b>	<b>5,295,367</b>
<b>Current liabilities</b>			
Trade and other payables	15	1,300,429	1,280,048
Refund liabilities		43,957	48,837
Contract liabilities		77,573	60,957
Borrowings	16	956,183	982,426
Provision for product warranties and returns	17	35,331	41,124
Lease liabilities		30,693	30,164
Current tax liabilities		23,431	8,546
<b>Total current liabilities</b>		<b>2,467,597</b>	<b>2,452,102</b>
<b>Net current assets</b>		<b>2,298,084</b>	<b>2,175,792</b>
<b>Total assets less current liabilities</b>		<b>2,941,899</b>	<b>2,843,265</b>
<b>Non-current liabilities</b>			
Lease liabilities		57,567	69,050
<b>NET ASSETS</b>		<b>2,884,332</b>	<b>2,774,215</b>
<b>Capital and reserves</b>			
Share capital	18	38,788	38,788
Reserves		2,845,955	2,734,043
<b>Equity attributable to owners of the Company</b>		<b>2,884,743</b>	<b>2,772,831</b>
Non-controlling interests		(411)	1,384
<b>TOTAL EQUITY</b>		<b>2,884,332</b>	<b>2,774,215</b>



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Equity attributable to owners of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Merger reserve HK\$'000	Other reserve HK\$'000	Legal reserve HK\$'000	Financial asset at fair value through other comprehensive income ("FVTOCI") reserve HK\$'000	Share-based payment reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2023	38,768	197,619	(2,255)	6,702	21,775	3,506	(14,352)	167	2,596,876	2,848,806	2,339	2,851,145
Profit for the period	-	-	-	-	-	-	-	-	20,102	20,102	(927)	19,175
Other comprehensive income												
— exchange differences on translating foreign subsidiaries	-	-	(3,517)	-	4	-	-	-	-	(3,513)	-	(3,513)
Total comprehensive income	-	-	(3,517)	-	4	-	-	-	20,102	16,589	(927)	15,662
Shares issued under share option scheme	20	417	-	-	-	-	-	(115)	-	322	-	322
Lapse of share options	-	-	-	-	-	-	-	(52)	52	-	-	-
Dividends declared (note 10)	-	-	-	-	-	-	-	-	(96,971)	(96,971)	-	(96,971)
<b>At 30 June 2023 (Unaudited)</b>	<b>38,788</b>	<b>198,036</b>	<b>(5,772)</b>	<b>6,702</b>	<b>21,779</b>	<b>3,506</b>	<b>(14,352)</b>	<b>-</b>	<b>2,520,059</b>	<b>2,768,746</b>	<b>1,412</b>	<b>2,770,158</b>
At 1 January 2024	38,788	198,036	(3,636)	6,702	21,775	3,506	(14,352)	-	2,522,012	2,772,831	1,384	2,774,215
Profit for the period	-	-	-	-	-	-	-	-	194,060	194,060	(1,795)	192,265
Other comprehensive income												
— exchange differences on translating foreign subsidiaries	-	-	(4,571)	-	-	-	-	-	-	(4,571)	-	(4,571)
Total comprehensive income	-	-	(4,571)	-	-	-	-	-	194,060	189,489	(1,795)	187,694
Dividends declared (note 10)	-	-	-	-	-	-	-	-	(77,577)	(77,577)	-	(77,577)
<b>At 30 June 2024 (Unaudited)</b>	<b>38,788</b>	<b>198,036</b>	<b>(8,207)</b>	<b>6,702</b>	<b>21,775</b>	<b>3,506</b>	<b>(14,352)</b>	<b>-</b>	<b>2,638,495</b>	<b>2,884,743</b>	<b>(411)</b>	<b>2,884,332</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six months ended 30 June 2024

	Note	30 June 2024 HK\$'000 (Unaudited)	30 June 2023 HK\$'000 (Unaudited)
<b>Operating activities</b>			
Profit before income tax		228,459	29,715
Adjustments for:			
Depreciation of property, plant and equipment		33,803	39,066
Depreciation of right-of-use assets		16,077	16,034
Interest income		(38,901)	(21,409)
Interest expense		17,842	35,163
Gain on disposal of property, plant and equipment		(214)	(34)
Gain on termination of lease		–	(5)
Property, plant and equipment written off		–	1
(Reversal of provision)/provision for impairment losses on financial assets		(6,258)	1,033
(Reversal of provision)/provision for obsolete inventories		(9,195)	31,377
Provision for product warranties and returns, net		252	1,868
Net fair value gains on derivative financial instruments		(164)	(312)
Operating profit before working capital changes		241,701	132,497
Inventories		(246,364)	648,534
Trade and other receivables		(128,327)	447,679
Right of return assets		2,817	21,119
Trade and other payables		715,552	989,531
Refund liabilities		(4,880)	(22,441)
Contract liabilities		16,693	(20,276)
Provision for product warranties and returns		(6,045)	(5,376)
Cash generated from operations		591,147	2,191,267
Interest paid		(15,408)	(35,163)
Income tax paid		(17,239)	(48,600)
<b>Net cash from operating activities</b>		<b>558,500</b>	<b>2,107,504</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**

For the six months ended 30 June 2024

	Note	30 June 2024 HK\$'000 (Unaudited)	30 June 2023 HK\$'000 (Unaudited)
<b>Investing activities</b>			
Payments to acquire property, plant and equipment		(7,772)	(25,782)
Prepayments to acquire property, plant and equipment		(2,409)	(1,555)
Proceeds from disposal of property, plant and equipment		281	34
Placement of time deposit with initial maturity of over three months		(359,260)	(195,250)
Withdrawal of time deposit with initial maturity of over three months		390,500	–
Interest received		34,320	21,409
Cash received on settlement of derivative financial instruments		164	312
<b>Net cash from/(used in) investing activities</b>		<b>55,824</b>	<b>(200,832)</b>
<b>Financing activities</b>			
Issue of new shares		–	322
Repayment of bank loans		(3,879)	(3,878)
Repayment of import loans		(797,546)	(2,044,779)
Repayment of principal of lease liabilities		(16,164)	(15,660)
<b>Net cash used in financing activities</b>		<b>(817,589)</b>	<b>(2,063,995)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(203,265)</b>	<b>(157,323)</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>2,100,381</b>	<b>2,206,987</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<b>(12,605)</b>	<b>(14,877)</b>
<b>Cash and cash equivalents at end of period, representing cash and bank balances (net of pledged deposit and time deposit with initial maturity of over three months)</b>	14	<b>1,884,511</b>	<b>2,034,787</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

### 1. GENERAL INFORMATION

PC Partner Group Limited (the “Company”) was incorporated in the Cayman Islands on 1 April 2010 with limited liability under the Companies Act (Revised) of the Cayman Islands and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 12 January 2012.

The address of its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KYI-1108, Cayman Islands. Its principal place of business is situated at 28/F, NCB Innovation Centre, 888 Lai Chi Kok Road, Kowloon, Hong Kong.

The Company and its subsidiaries (referred to as the “Group”) are engaged in the business of design, manufacturing and trading of electronics and personal computer (“PC”) parts and accessories with its operation base in Mainland China and trading of electronics and PC parts and accessories with its operation bases in Hong Kong, Japan, Korea and the U.S.A.

Particulars of the Company’s subsidiaries and joint venture are as follows:

Name of company	Country and date of incorporation	Principal activities	Effective interest held by the Group	
			As of 1 December 2023	As of 30 June 2024
PC Partner Holdings Limited	BVI 2 May 1997	Investment holding	100%	100%
ASK Technology Group Limited	Hong Kong 10 March 2008	Trading of computer accessories	100%	100%
Innovision Multimedia Limited	Hong Kong 6 February 1998	Trading of computer accessories	100%	100%
Manli Technology Group Limited	Hong Kong 10 March 2008	Trading of computer accessories and computers	100%	100%
Zotac Holdings Limited	BVI 10 July 2003	Investment holding	100%	100%
PC Partner Limited	Hong Kong 12 February 1988	Design, manufacture and sale of computer accessories and computers	100%	100%
Zotac International Macau Limited	Macau 20 September 2006	Trading of computer accessories and computers	100%	100%
Zotac Korea Co., Ltd.	Korea 12 May 2010	Wholesale of computers, computer peripheral equipment and software	100%	100%
Zotac USA Inc. (Nevada)	U.S.A. 9 October 2007	Trading of computer accessories and computers	100%	100%
東莞栢能電子科技有限公司 (note i and ii)	PRC 10 July 2009	Subcontracting of computer accessories and computers	100%	100%
索泰（東莞）電子科技有限公司 (note i)	PRC 20 June 2016	Trading of computer accessories and computers	100%	100%
Zotac Europe GmbH	Germany 25 September 2012	Provision of technical support services	100%	100%
PC Partner Wealth Investment Limited	Hong Kong 12 August 2013	Investment holding	100%	100%
PC Partner Services Limited	Hong Kong 16 June 2021	Provision of company secretarial services	100%	100%
PC Partner Investment Limited	BVI 21 December 2021	Investment holding	100%	100%

## 1. GENERAL INFORMATION (CONTINUED)

Name of company	Country and date of incorporation	Principal activities	Effective interest held by the Group	
			As of 1 December 2023	As of 30 June 2024
PC Partner Properties Limited	Hong Kong 30 December 2021	Property holding	100%	100%
VRSense Solutions Limited	BVI 14 September 2016	Investment holding	100%	100%
Excelsior Technology Limited	BVI 18 July 1997	Investment holding	100%	100%
Zotac Technology Limited	Hong Kong 20 July 2005	Trading of computer accessories and computers	100%	100%
卓能（東莞）數碼技術有限公司 (note i)	PRC 11 December 2017	Trading of computer accessories and computers	100%	100%
Zotac International Limited	Hong Kong 30 October 2017	Holding of intellectual properties	100%	100%
PC Partner Technology Pte. Limited	Singapore 8 May 2024	Wholesale of computer hardware and peripheral equipment (except cybersecurity related hardware and peripheral equipment)	–	100%
Zotac Technology Pte. Limited	Singapore 13 May 2024	Wholesale of computer hardware and peripheral equipment (except cybersecurity related hardware and peripheral equipment)	–	100%
Manli Technology Pte. Limited	Singapore 14 May 2024	Wholesale of computer hardware and peripheral equipment (except cybersecurity related hardware and peripheral equipment)	–	100%
Innovision Multimedia Pte Limited	Singapore 16 May 2024	Wholesale of computer hardware and peripheral equipment (except cybersecurity related hardware and peripheral equipment)	–	100%
PT PCPartner Technology Indonesia	Indonesia 14 June 2024	Computer and/or Computer Assembly Industry, Computer Equipment Industry	–	100%
智盈通電子（東莞）有限公司 (note i)	PRC 30 May 2024	Provision of repair and maintenance services	–	100%
Zotac Nippon Corporation	Japan 18 December 2017	Trading of computer accessories and computers	80%	80%
<b>Joint Venture</b>				
FuZhou Partner Cloud Technology Co., Limited (note iii)	PRC 18 January 2019	Leasing of servers and projects involving cloud computing, container cloud and deep learning in the PRC	50%	–

### Notes:

- (i) All subsidiaries established in the PRC are wholly foreign-owned enterprises.
- (ii) As at 30 June 2024, the registered capital of US\$21,298,265 was paid up and the remaining registered capital is not yet paid up to the date of this Report.
- (iii) On 23 April 2024, the Group has signed an agreement with an independent third party for the transfer of the 50% equity shares of the joint venture at nil consideration.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated interim financial statements of the Group for the six months ended 30 June 2024 (the “Interim Financial Statements”) have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* issued by the International Accounting Standards Board.

The Interim Financial Statements have been prepared under the historical cost convention except for certain financial instruments which are measured at fair value.

The accounting policies and methods of computation adopted for the preparation of the Interim Financial Statements are consistent with those of the previous financial year which were prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board except for the following amendments which apply for the first time in 2024.

The Group has adopted all amendments to standards including Amendments to IAS 1 — *Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants*, Amendments to IFRS 16 — *Lease Liability in a Sale and Leaseback and Amendments to IAS 7 and IFRS 7 — Supplier Finance Arrangements*, except for any new standards, interpretations and amendments that are not yet effective for accounting periods beginning on or after 1 January 2024. These amendments have no effect on the interim condensed consolidated financial statements of the Group.

## 3. USE OF JUDGEMENTS AND ESTIMATES

In preparing these Interim Financial Statements, the significant judgements made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements.

## 4. SEGMENT REPORTING

### (a) Reportable segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker which is the board of directors that are used to make strategic decisions. The Group principally operates in one business segment, which is the design, manufacturing and trading of electronics and PC parts and accessories.

#### ***Disaggregation of revenue from contracts with customers***

In the following table, revenue is disaggregated by primary geographical markets, major products and services, brand and non-brand businesses and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group’s reportable segments.

#### **For the period ended 30 June**

##### *Primary geographical markets*

	<b>Design, manufacturing and trading of electronics and PC parts and accessories</b>	
	30 June 2024	30 June 2023
	HK\$’000 (Unaudited)	HK\$’000 (Unaudited)
Asia Pacific (“APAC”)	2,167,457	1,438,821
North and Latin America (“NALA”)	580,425	637,976
People’s Republic of China (“PRC”)	1,104,617	939,322
Europe, Middle East, Africa and India (“EMEAI”)	1,091,744	1,159,322
	<b>4,944,243</b>	<b>4,175,441</b>



#### 4. SEGMENT REPORTING (CONTINUED)

##### (a) Reportable segments (continued)

###### *Major products/services*

	30 June 2024 HK\$'000 (Unaudited)	30 June 2023 HK\$'000 (Unaudited)
VGA Cards	4,088,713	3,333,862
Electronic manufacturing services (“EMS”)	346,008	358,903
Other PC related products and components	509,522	482,676
	<b>4,944,243</b>	<b>4,175,441</b>

###### *Brand and non-brand businesses*

	30 June 2024 HK\$'000 (Unaudited)	30 June 2023 HK\$'000 (Unaudited)
VGA Cards	3,094,288	2,842,550
Electronic manufacturing services (“EMS”)	1,849,955	1,332,891
	<b>4,944,243</b>	<b>4,175,441</b>

###### *Timing of revenue recognition*

	30 June 2024 HK\$'000 (Unaudited)	30 June 2023 HK\$'000 (Unaudited)
At a point in time	4,944,243	4,175,441

##### (b) Information about the major customer

During the six months ended 30 June 2024 and 2023, none of the customers contributed 10% or more of the Group’s revenue.

## 5. REVENUE

Revenue represents the consideration to which the Group expects to be entitled in exchange for goods sold and service income earned by the Group excluding amounts collected on behalf of third parties.

The following table provides information about contract liabilities from contracts with customers.

	30 June 2024 HK\$'000 (Unaudited)	30 June 2023 HK\$'000 (Unaudited)
Contract liabilities	77,573	77,573

The contract liabilities mainly relate to the advance consideration received from customers and volume rebates and sales allowances to customers. HK\$32,349,000 of the contract liabilities as at 1 January 2024 and HK\$43,846,000 of the contract liabilities as at 1 January 2023 have been recognised as revenue for the six months ended 30 June 2024 and 2023 respectively from performance obligations satisfied when the goods were sold.

The Group has applied the practical expedient in paragraph 121 of IFRS 15 *Revenue from Contracts with Customers* to its contracts for sale of goods and services and therefore the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sale of goods and services which had an original expected duration of one year or less.

## 6. OTHER REVENUE AND OTHER GAINS AND LOSSES, NET

	30 June 2024 HK\$'000 (Unaudited)	30 June 2023 HK\$'000 (Unaudited)
Government grants (note)	4,169	870
Interest income	38,901	21,409
Net exchange losses	(23,760)	(13,407)
Net fair value gains on derivative financial instruments	164	312
Gain on disposal of property, plant and equipment	214	34
Gain on termination of leases	–	5
Sundry income	1,545	3,570
	21,233	12,793

Note: The government grants were received from several PRC local government authorities on a discretionary basis before period end. There is no unfulfilled conditions and other contingencies attaching to the government grants that have been recognised.

## 7. FINANCE COSTS

	30 June 2024 HK\$'000 (Unaudited)	30 June 2023 HK\$'000 (Unaudited)
Interest on bank advances and other borrowings	15,863	32,730
Interest on lease liabilities	1,979	2,433
	17,842	35,163

## 8. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	30 June 2024 HK\$'000 (Unaudited)	30 June 2023 HK\$'000 (Unaudited)
Inventories recognised as expense	4,395,086	3,820,312
(Reversal of provision)/provision for obsolete inventories	(9,195)	31,377
Cost of sales	4,385,891	3,851,689
Staff costs	265,215	194,008
Depreciation of property, plant and equipment	33,803	39,066
Depreciation of right-of-use assets	16,077	16,034
(Reversal of provision)/provision for impairment losses on financial assets	(6,258)	1,033
Short-term lease expenses	301	134
Low-value asset leases expenses	12	12
Property, plant and equipment written off	–	1
Provision for product warranties and returns, net (note 17)	252	1,868
Research and development expenditure (note)	37,416	39,340

Note: The research and development expenditure for the period represents depreciation of plant and machinery and office equipment and right-of-use assets and staff costs for research and development activities, which are also included in the total amounts disclosed above for each of these types of expenses.

## 9. INCOME TAX

The amount of income tax expense in the condensed consolidated statement of comprehensive income represents:

	30 June 2024 HK\$'000 (Unaudited)	30 June 2023 HK\$'000 (Unaudited)
Current tax — Hong Kong		
— provision for the period	31,028	10,912
Current tax — PRC		
— provision for the period	4,370	23
Current tax — others		
— provision for the period	83	80
— under provision in respect of prior year	–	48
	35,481	11,063
Deferred tax		
— origination and reversal of temporary differences	713	(523)
Income tax expense	36,194	10,540

## 9. INCOME TAX (CONTINUED)

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act (Revised) of the Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax.

The Company's Macau subsidiary is exempted from Macau Complimentary Tax pursuant to Decree Law No. 58/99/M, Chapter 2, Article 12, dated 18 October 1999.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces a two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, if the entity has one or more connected entity, the two-tiered profits tax rates would only apply to the one which is nominated to be chargeable at the two-tiered rates. Hong Kong profits tax of the nominated entity is calculated at 8.25% on assessable profits up to HK\$2 million and 16.5% on any part of assessable profits over HK\$2 million. For those entities which do not qualify for two-tiered profits tax rates, a profits tax rate of 16.5% on assessable profits shall remain in calculating Hong Kong profits tax. For the six months ended 30 June 2024 and 2023, Hong Kong profits tax is calculated in accordance with the two-tiered profits tax rates regime. A significant subsidiary of the Company, PC Partner Limited, is entitled to claim 50% of all of its manufacturing profits as offshore in nature and non-taxable under Departmental Interpretation and Practice Notes No.21 issued by the Inland Revenue Department of Hong Kong ("HKIRD").

In February 2024, PC Partner Limited received a letter from HKIRD in respect of a compliance review to be conducted on PC Partner Limited. The review undertaken by HKIRD concerns, among others, whether the treatment of claiming 50% of all of its manufacturing profits as offshore in nature and non-taxable is appropriate. In March 2024, The HKIRD filed a notice of assessment of additional tax payable by PC Partner Limited for year of assessment 2017/18 of HK\$16.5 million and PC Partner Limited filed an objection letter to the notice of assessment above. Based on the assumption that the HKIRD eventually rejects PC Partner Limited's application of the 50:50 Treatment and disallows the claim on capital allowances, the potential tax exposure of PC Partner Limited for the years of assessment from 2017/18 to 2022/23 estimated by the Group's tax advisor would be at approximately HK\$60 million.

PC Partner Limited had paid HK\$11.0 million under Tax Reserve Certificates for "Conditional Standover Order" as a form of security for the objection against the assessment on 29 April 2024.

The Group applied IFRIC INT 23 *Uncertainty over Income Tax Treatments* guidance on accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Group has not provided provision for additional income taxes relating to PC Partner Limited's 50% non-taxable offshore manufacturing profit because the Directors are of the view that the contract processing arrangement between subsidiaries remained unchanged throughout the period and there was no significant change in applicable tax laws and practice of HKIRD on the source of profit derived from the contract processing arrangement in recent years.

The Company's wholly-owned subsidiary located in the PRC, 東莞栢能電子科技有限公司 successfully obtained the "High Technology Enterprise" status during 2012 and renewed successfully for three years from 2021 to 2023 and the applicable PRC enterprise income tax rate for the six months ended 30 June 2023 and 2024 is 15%. Other PRC subsidiaries of the Company are subject to PRC enterprise income tax at a statutory rate of 25% on the assessable profits as determined in accordance with the relevant income tax rules and regulations of the PRC for the six months ended 30 June 2023 and 2024.

Other overseas tax is calculated at the rates applicable in the respective jurisdictions.

## 10. DIVIDENDS

	30 June 2024 HK\$'000 (Unaudited)	30 June 2023 HK\$'000 (Unaudited)
2023 Final dividend declared — HK\$0.20 per share (2023: 2022 Final dividend declared — HK\$Nil per share)	77,577	—
2023 Special dividend declared — HK\$Nil per share (2023: 2022 Special dividend declared — HK\$0.25 per share)	—	96,971
<b>Dividends declared for the period</b>	<b>77,577</b>	<b>96,971</b>

The directors of the Company proposed an interim dividend of HK\$0.20 (2023: HK\$0.10) per share, totalling HK\$77,577,000 (2023: HK\$38,788,000) for the six months ended 30 June 2024. The interim dividend has not been recognised as liabilities at 30 June 2024.

Note: 2023 final dividend was subsequently paid on 24 July 2024.

## 11. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share for the six months ended 30 June 2024 and 2023 is based on the following data:

### Profit

	30 June 2024 HK\$'000 (Unaudited)	30 June 2023 HK\$'000 (Unaudited)
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	194,060	20,102

### Shares in issue

	30 June 2024 Number of share (Unaudited)	30 June 2023 Number of share (Unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share	387,883,668	387,816,265
Effect of dilutive potential ordinary shares: — share options	—	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	387,883,668	387,816,265

## 12. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

No impairment losses were recognised in respect of property, plant and equipment and right-of-use assets for both periods. During the six months ended 30 June 2024 and 30 June 2023, additions to property, plant and equipment amounted to HK\$13,823,000 and HK\$28,192,000 respectively and write off of property, plant and equipment amounted to HK\$Nil and HK\$1,000 respectively. During the six months ended 30 June 2024 and 30 June 2023, additions to right-of-use assets amounted to HK\$3,251,000 and HK\$72,000 respectively and write off of right-of-use assets amounted to HK\$2,000 and HK\$483,000 respectively. Effect of modification to lease terms for right-of-use assets amounted to HK\$2,741,000 and HK\$1,644,000.

### 13. TRADE AND OTHER RECEIVABLES

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Trade receivables at amortised cost	1,083,719	1,061,508
Less: Accumulated impairment losses	(295,366)	(308,741)
<b>Trade receivables at amortised cost, net (note (a))</b>	<b>788,353</b>	<b>752,767</b>
Trade receivables at fair value through profit or loss (note (b))	69,937	61,859
Other receivables (note (c))	10,280	12,586
Prepayments, value added tax refundable and tariff recoverable (note (d))	121,252	24,689
Deposits	53,558	53,419
Less: Accumulated impairment losses	(5,559)	(5,559)
	47,999	47,860
	<b>1,037,821</b>	<b>899,761</b>
Less: Other receivables — non-current portion	(2,164)	(2,155)
Prepayments — non-current portion	(6,501)	—
Rental deposits — non-current portion	(4,457)	(3,509)
	(13,122)	(5,664)
<b>Trade and other receivables — current portion</b>	<b>1,024,699</b>	<b>894,097</b>

Notes:

- (a) The ageing analysis of trade receivables at amortised cost (net of impairment losses) of the Group, based on invoice dates, as at the end of reporting period is as follows:

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Within 1 month	418,654	403,872
Over 1 month but within 3 months	356,062	316,703
Over 3 months but within 1 year	11,287	29,703
Over 1 year	2,350	2,489
	<b>788,353</b>	<b>752,767</b>

The credit period on sales of goods is 14 to 90 days (2023: 14 to 90 days) from the invoice date.



### 13. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes (Continued):

- (b) Trade receivables at fair value through profit or loss

It represents trade receivables which are subject to a factoring arrangement without recourse with specific customers. Under this arrangement, the Group will transfer the relevant receivables to the bank in exchange for cash after period end.

The Group considers this is a "hold to sell" model and hence these trade receivables are measured at fair value through profit or loss.

The ageing analysis of trade receivables at fair value through profit or loss of the Group, based on invoice dates, as at the end of reporting period is as follows:

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Within 1 month	25,682	22,221
Over 1 month but within 3 months	44,255	39,638
	<u>69,937</u>	<u>61,859</u>

The credit period of sales of goods is 60 to 90 days (2023: 60 to 90 days) from the invoice date.

- (c) The balance includes a claim of HK\$2,460,000 (2023: HK\$2,460,000) under an insurance policy.
- (d) The balance includes payment of 25% tariff under section 301 of the U.S. Trade Act of 1974 (the "China Section 301 Tariff") as detailed in note 22.

### 14. CASH AND BANK BALANCES

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Cash and bank balances	1,331,859	1,057,530
Bank deposit pledged for corporate credit card	336	336
Time deposits	916,493	1,433,351
Cash and bank balances as presented in consolidated statements of financial position	<u>2,248,688</u>	<u>2,491,217</u>
Less: Bank deposit pledged for corporate credit card	(336)	(336)
Time deposit with initial maturity of over three months	(363,841)	(390,500)
	<u>(364,177)</u>	<u>(390,836)</u>
Cash and cash equivalents as presented in consolidated statements of cash flows	<u>1,884,511</u>	<u>2,100,381</u>

## 15. TRADE AND OTHER PAYABLES

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Trade payables	968,394	1,046,866
Provision for employee benefit (note (a))	141,934	89,027
Other tax payable	36,783	37,315
Other payables and accruals (note (b))	153,318	106,840
	<b>1,300,429</b>	<b>1,280,048</b>

All trade and other payables are due to be settled within twelve months.

Notes:

- As at 30 June 2024, provision of employee benefit mainly comprised provision for staff performance bonus, directors' profit sharing and social insurance.
- As at 30 June 2024, other payables and accruals mainly comprised dividend payables and accrued expenses.

The ageing analysis of trade payables of the Group, based on invoice dates, as at the end of reporting period is as follows:

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Within 1 month	628,214	714,376
Over 1 month but within 3 months	295,025	291,472
Over 3 months but within 1 year	39,665	36,587
Over 1 year	5,490	4,431
	<b>968,394</b>	<b>1,046,866</b>

## 16. BORROWINGS

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Bank loans — secured and guaranteed	181,001	184,880
Import loans — guaranteed	775,182	797,546
	<b>956,183</b>	<b>982,426</b>

The above borrowings are denominated in HK\$.

## 16. BORROWINGS (CONTINUED)

The repayment schedules of the above borrowings based on the agreed terms of repayment granted by banks are as follows:

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Within 1 year	782,939	805,303
Over 1 year but within 2 years	7,757	7,757
Over 2 years but within 5 years	165,487	169,366
	<u>956,183</u>	<u>982,426</u>

- (i) At 30 June 2024, the above borrowings bear interest at effective interest rates ranging from 0.3% to 2.5% (2023: 0.8% to 2.5%) per annum over cost of funds for the period.
- (ii) At 30 June 2024, leasehold land and building with aggregate carrying value of approximately HK\$357,302,000 (2023: HK\$361,465,000) was pledged to a bank to secure the mortgage loan of HK\$181,001,000 (2023: HK\$184,880,000) granted to the Group.
- (iii) At 30 June 2024, bank deposits of HK\$336,000 (2023: HK\$336,000) were pledged to a bank to secure the corporate credit card granted to the Group.
- (iv) The banks have overriding right of repayment on demand for all bank loans irrespective of whether the Group has complied with the covenants and met the scheduled repayment obligations. Therefore, the bank loans were entirely classified as current liabilities in the condensed consolidated statement of financial position.
- (v) Certain banking facilities are supported by corporate guarantee of the Company and certain subsidiaries of the Company.

## 17. PROVISION FOR PRODUCT WARRANTIES AND RETURNS

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
At beginning of period/year	41,124	39,436
Additional provision, net	252	17,404
Utilisation	(6,045)	(15,716)
Net movement for the period/year	<u>(5,793)</u>	<u>1,688</u>
At end of period/year	<u>35,331</u>	<u>41,124</u>

Under the terms of certain sales agreements of the Group, the Group will rectify any product defects arising within two to three years from the date of sales ("Warranty Period"). Provision is therefore made for the best estimate of the expected settlement of warranty under such sales agreements. The amount of provision takes into account the Group's recent claim experience and is only made where a warranty claim is probable.

## 18. SHARE CAPITAL

	30 June 2024		31 December 2023	
	Number of shares	Amount HK\$'000 (Unaudited)	Number of shares	Amount HK\$'000 (Audited)
Authorised:				
Ordinary shares of HK\$0.10 each	1,000,000,000	100,000	1,000,000,000	100,000
Issued and fully paid:				
Ordinary shares of HK\$0.10 each				
At beginning of period/year	387,883,668	38,788	387,683,668	38,768
Share options exercised	–	–	200,000	20
At end of period/year	387,883,668	38,788	387,883,668	38,788

## 19. CAPITAL COMMITMENTS

As at 30 June 2024 and 31 December 2023, the Group had the following capital commitments contracted for but not provided in respect of:

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Acquisition of property, plant and equipment	101,158	15,883

## 20. RELATED PARTIES TRANSACTIONS

The directors of the Company represented the key management personnel of the Company. The emoluments paid or payable to the key management personnel were as follows:

	30 June 2024 HK\$'000 (Unaudited)	30 June 2023 HK\$'000 (Unaudited)
Short-term employee benefits	35,161	6,161
Post-employment benefits	21	27
	35,182	6,188

## 21. FAIR VALUE MEASUREMENT

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Group			Total HK\$'000
	30 June 2024 (Unaudited)			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Financial assets at fair value through profit or loss				
— Trade receivables at fair value through profit or loss	—	69,937	—	69,937
Financial asset at FVTOCI				
— Unlisted equity investment	—	—	1,268	1,268
	—	69,937	1,268	71,205

	Group			Total HK\$'000
	31 December 2023 (Audited)			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Financial assets at fair value through profit or loss				
— Trade receivables at fair value through profit or loss	—	61,859	—	61,859
Financial asset at FVTOCI				
— Unlisted equity investment	—	—	1,268	1,268
	—	61,859	1,268	63,127

There were no transfers between levels during the period/year.

## 21. FAIR VALUE MEASUREMENT (CONTINUED)

Reconciliation for financial instrument carried at fair value based on significant unobservable inputs (Level 3) are as follows:

### Unlisted equity investment

	Financial asset at FVTOCI	
	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
At beginning of period/year	1,268	1,268
Total gains or losses:		
— in other comprehensive income (included in changes in fair value of financial asset at FVTOCI)	—	—
At end of period/year	1,268	1,268

#### (a) Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables, trade and other payables and borrowings.

Due to their short term nature, the carrying values of cash and cash equivalents, trade and other receivables, trade and other payables approximate to their fair values.

#### (b) Financial instruments measured at fair value

The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of level 2 and level 3 financial instruments, as well as the relationship between key observable inputs and fair value are set out below.

#### *Information about level 2 fair value measurements*

The fair value of trade receivables at fair value through profit or loss is determined based on the weighted-average discount rates applicable to trade receivables factored without recourse during the period/year.

#### *Information about level 3 fair value measurements*

As at 30 June 2024, the fair value of the unlisted equity investment in Dreamscape Immersive Inc. is estimated by using the market approach and option pricing model based on the enterprise value to sales ratios of comparable companies. The key unobservable inputs used in the valuation technique are as follows:

	As at 30 June 2024	As at 31 December 2023
Expected enterprise value to sales ratio	4.51	4.51
Volatility	43.42%	43.42%
Risk-free rate	4.42%	4.42%



## **21. FAIR VALUE MEASUREMENT (CONTINUED)**

### **(b) Financial instruments measured at fair value (Continued)**

#### ***Information about level 3 fair value measurements (Continued)***

As at 30 June 2024 and 31 December 2023, the fair value measurement is positively correlated to the enterprise value to sales ratio. It is estimated that with all other variables held constant, an increase/ decrease in enterprise value to sales ratio by 1 would have increased/decreased the Group's other comprehensive income by approximately HK\$435,000 and HK\$366,000 respectively.

The Group considers that changes in the volatility and risk-free rate to the valuation technique disclosed above would not have a significant effect on fair value of the unlisted equity investment as at 30 June 2024 and 31 December 2023.

## **22. CONTINGENT LIABILITY**

Included in the sales of products to the U.S.A. was the Group's own brand VGA cards, which are imported to U.S.A. under the tariff code for video game consoles and machines for custom declaration. In 2023, the Group identified a classification issue on import declaration of VGA cards that U.S. Customs and Border Protection ("CBP") determined these VGA cards HTSUS Code 8473.30.1180 (for "parts and accessories of the machines of heading 8471, not incorporating a cathode ray tube") which falls under List 3 of the China Section 301 Tariff. Such classification would lead to a 25% tariff under China Section 301 Tariff for products imported during certain different periods of time and the maximum amount of the potential tariff approximates US\$25 million (approximately HK\$196 million). Under lawyer's advice, the Group took an initiative to rectify the declaration in CBP in order to avoid additional penalty on unreported tariff.

The Directors are of view that it was not probable that an outflow of economic benefits will be required on the above classification issue on declaration of imported goods to the U.S.A..

In July 2024, the Group filed a litigation protest to CBP to put forth that no tariffs should be payable for these products imported during certain different periods.

At date of this report, the Group had paid US\$11.8 million (approximately HK\$91.9 million) of the total contingent liability of US\$25 million (approximately HK\$196 million) in connection with filing the litigation protest and consequently, this payment was recorded as other receivable in the condensed consolidated statement of financial position as set out in note 13(d).

## **23. APPROVAL OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The condensed consolidated financial statements were approved and authorised for issue by the board of directors on 12 November 2024.

## APPENDIX C – DESCRIPTION OF OUR SHARES

*The following statements are brief summaries of certain material provisions of our Articles of Association in relation to our share capital. The summary below does not purport to be complete and is qualified in its entirety by reference to our M&AA and the laws of the Cayman Islands. Our M&AA is a document available for inspection.*

### **Share Capital**

As at the date of this Introductory Document, our authorised share capital is HK\$100,000,000.00 divided into 1,000,000,000 shares with a par value of HK\$0.10 each. As at the Latest Practicable Date, we have 387,883,668 Shares in issue which are fully paid-up and there is only one class of shares in the capital of our Company, being our Shares.

All of our Shares are in registered form. Our Shares have identical rights in all respects and rank equally with one another. Under our Articles of Association, all unissued Shares and other securities of our Company shall be at the disposal of our Board and it may offer, allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times, for such consideration and generally on such terms (subject to Article 9 of our Articles of Association) as it in its absolute discretion thinks fit, but so that no Shares shall be issued at a discount. Any offer or allotment of Shares by our Board has to comply with the provisions of the Cayman Islands Companies Act, if and so far as such provisions may be applicable thereto.

Our Articles of Association provides that we may issue any Share upon such terms and conditions and with such preferred, deferred or other qualified or special rights, or such restrictions, whether in regard to dividend, voting, return of capital or otherwise, as our Company may from time to time by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as our Board may determine) and any Share may be issued on the terms that it is liable to be redeemed upon the happening of a specified event or upon a given date and either at the option of our Company, or at the option of the holder.

Under the Cayman Islands Companies Act, certain changes in the share capital of our Company such as an increase, consolidation or subdivision are permitted if authorised by our Articles of Association. Article 13 of our Articles of Association provides that an ordinary resolution is required for an increase to, consolidation or subdivision of, our Company's share capital. With regard to a reduction of share capital, Article 14 of our Articles of Association provides that our Company may by special resolution reduce its share capital or undistributable reserve in any manner authorised, and subject to any conditions prescribed, by law.

### **Purchase by our Company of our own Shares**

Under the laws of the Cayman Islands, a company may, if authorised by its articles of association, purchase its own shares. Our Company has such power to purchase our own Shares under Article 15(a) of our Articles of Association. Subject to the Cayman Islands Companies Act, or any other law or so far as not prohibited by any law and subject to any rights conferred on the holders of any class of Shares, our Company has the power to purchase or otherwise acquire all or any of its own Shares provided that the manner and term of purchase have first been authorised by an ordinary resolution, and may make payment therefor in any manner and terms authorised or not prohibited by law, including out of capital, and should our Company purchase or otherwise acquire its own Shares, neither our Company nor our Board shall be required to select the Shares to be purchased or otherwise acquired rateably or in any other manner and terms as between the holders of Shares of the same class or as between them and the holders of Shares or other securities of any other class provided always that any such purchase shall only be made in accordance with the relevant code, rules or regulations issued from time to time by the HKEX and/or the Securities and Futures Commission of Hong Kong from time to time in force.

Under the laws of the Cayman Islands, such purchases may be effected out of profits of our Company or out of the share premium account or out of the proceeds of a fresh issue of shares made for that purpose or, subject to section 37 of the Cayman Islands Companies Act and in the manner authorised by our Articles of Association, by a payment out of capital. A payment out of capital by our Company for the purchase of our Shares is not lawful unless immediately following the date on which the payment out of capital is proposed to be made, our Company shall be able to pay its debts as they fall due in the ordinary course of business.

Where our Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all shareholders alike.

### **Shareholders**

Under the Cayman Islands Companies Act, only persons who agree to become members of a company and whose names are entered on the register of members of such company are considered members of the company, with rights to attend and vote at general meetings.

Except as otherwise expressly provided by our Articles of Association or as required by law or as ordered by a court of competent jurisdiction, no person shall be recognised by our Company as holding any Share upon any trust and, except as aforesaid, our Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any Share or any interest in any fractional part of a Share or any other right or claim to or in respect of any Shares except an absolute right to the entirety thereof of the registered holder. If any Shares stands jointly in the names of two or more persons, the person first named in the register of members and any branch register of members of our Company shall be deemed the sole holder thereof as regards service of notices and, subject to the provisions of our Articles of Association, all or any other matters connected with our Company, except the transfer of such Shares.

Our register of members may, after notice has been given by advertisement in a newspaper circulating generally in Hong Kong or where applicable, subject to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time) (the “**HK Listing Rules**”), be closed at such time or for such period not exceeding in the whole 30 days in each year as our Board may determine.

### **Transfer of Shares**

Subject to the Cayman Islands Companies Act, all transfers of Shares shall be effected by transfer in writing in the usual or common form or in such other form as our Board may accept provided always that it shall be in such form prescribed by the HKEX and may be under hand only or, if the transferor or transferee is a Clearing House as defined in our Articles of Association (or its nominee(s)), under hand or by machine imprinted signature or by such other means of execution as our Board may approve from time to time.

The instrument of transfer of any Share shall be executed by or on behalf of the transferor and by or on behalf of the transferee provided that our Board may dispense with the execution of the instrument of transfer by the transferor or the transferee or accept mechanically executed transfers in any case in which it in its absolute discretion thinks fit to do so. The transferor shall be deemed to remain the holder of a Share until the name of the transferee is entered in the register of members of our Company in respect of that Share.

Our Board may, in its absolute discretion at any time and from time to time, remove any Share on the principal register of members to any branch register or any Share on any branch register to the principal register of members or any other branch register.

Unless our Board otherwise agrees, no Shares on the principal register shall be removed to any branch register nor shall Shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and be registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

Fully paid Shares shall be free from any restriction with respect to the right of the holder thereof to transfer such Shares (except when permitted by the HKEX) and shall also be free from all liens. Our Board however, may, in its absolute discretion, refuse to register a transfer of any Share which is not fully paid to a person of whom it does not approve or any Share issued under any share option scheme upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register a transfer of any Share (whether fully paid up or not) to more than 4 joint holders or a transfer of any Shares (not being a fully paid up Share) on which our Company has a lien. Our Board may refuse to register a transfer of any Share to an infant or to a person of unsound mind or under other legal disability.

Our Board may also decline to recognise any instrument of transfer unless, among other things, it is properly stamped (if applicable), and a fee of such maximum sum as the HKEX may from time to time determine to be payable (or such lesser sum as our Board may from time to time require) has been paid to our Company in respect thereof.

The registration of transfers may be suspended when the register of members of our Company is closed. Our register of members may, after notice has been given by advertisement in a newspaper circulating generally in Hong Kong or where applicable, subject to the HK Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as our Board may determine.

### **General Meetings of Our Shareholders**

Under our Articles of Association, for so long as any of the securities of our Company are listed on the HKEX, our Company shall in each financial year hold a general meeting as its annual general meeting in addition to any other meeting in that financial year. Article 62 of our Articles of Association provides that each annual general meeting shall be held within a period of six months after the end of our Company's financial year (or any longer period authorised by the HKEX) in Hong Kong or such other territory where any of the securities of our Company is listed on a stock exchange in that territory or elsewhere, as may be determined by our Board, and at such time and place as our Board shall appoint.

Our Board may, whenever it think fit, convene an extraordinary general meeting. An extraordinary general meeting shall also be convened on the requisition of one or more members holding, on the date of deposit of the requisition, not less than 10% of the voting rights (on a one vote per Share basis) in the issued share capital of our Company.

Under our Articles of Association, for so long as any of the securities of our Company are listed on the HKEX, a resolution shall be a "special resolution" when it has been passed by a majority of members representing not less than three quarters of the total voting rights of such members as, being entitled so to do, vote in person or by proxy, or, in the cases of members which are corporations, by their respective duly authorised representatives, at a general meeting of which not less than 21 days' notice, specifying the intention to propose the resolution as a special resolution, has been duly given, provided that, except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at any such meeting, being a majority together holding not less than 95% in nominal value of the Shares giving that right (or, in the case of an annual general meeting, by all members having that right), a resolution may be proposed and passed as a special resolution at a meeting of which less than 21 days' notice has been given. Under our Articles of Association, an ordinary resolution is a resolution passed by a simple majority of the votes cast by such members as, being entitled so to do, vote in person or, where proxies are allowed, by proxy or, in the case of any member being a corporation, by its duly authorised representative at a general meeting of which not less than 14 days' notice has been duly given. Article 1(f) of our Articles of Association provides that a resolution in writing signed (in such manner as to indicate, expressly or impliedly, unconditional approval) by or on behalf of all members for the time being entitled to receive notice of and to attend and vote at general meetings of our Company shall be treated as an ordinary resolution duly passed at a general meeting of our Company duly convened and held and, where relevant as a special resolution so passed.

An annual general meeting and an extraordinary general meeting called for the passing of a special resolution shall be called by at least 21 days' notice in writing. A general meeting of our Company, other than an annual general meeting or an extraordinary general meeting for the passing of a special resolution, shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given. A meeting of our Company may notwithstanding that it is called by shorter notice be deemed to have been duly called if it is so agreed:

- (a) in the case of a meeting called as the annual general meeting, by all the members entitled to attend and vote thereat or their proxies; and
- (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% of the total voting rights of those members.

### **Voting Rights**

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of Shares, at any general meeting on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall (save as provided otherwise in our Articles of Association) have one vote, and on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy, shall have one vote for every Share of which he is the holder which is fully paid or credited as fully paid (but so that no amount paid or credited as paid on a Share in advance of calls or instalments shall be treated for the purposes of this Article as paid on the Share). On a poll a member entitled to more than one vote need not use all his votes or cast all his votes in the same way. Where more than one proxy is appointed by a member which is a Clearing House (or its nominee(s)), each such proxy shall have one vote on a show of hands.

Where a member is a Clearing House (or its nominee(s)), it may appoint one or more proxies or authorise such person or persons as it thinks fit to act as its representative or representatives at any general meeting of our Company, any meeting of any class of members or any meeting of creditors, and each of those proxies or representatives shall enjoy rights equivalent to the rights of other members, provided that if more than one person is so authorised, the authorisation shall specify the number and class of Shares in respect of which each such representative is so authorised. A person so authorised shall be entitled to exercise the same rights and powers on behalf of the Clearing House (or its nominee(s)) which he represents as that Clearing House (or its nominee(s)) could exercise as if such person were an individual member, including the right to vote individually on a show of hands and the right to speak.

Each member has the right to speak and (except where a member is required, by the HK Listing Rules, to abstain from voting to approve the matter under consideration) vote at a general meeting. Where our Company has knowledge that any member is, under the HK Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

Save as expressly provided in our Articles of Association or otherwise determined by our Board, no person other than a member duly registered and who shall have paid everything for the time being due from him payable to our Company in respect of his Shares shall be entitled to be present or to vote (save as proxy or authorised representative for another member) whether personally, by proxy or by attorney or to be counted in the quorum, at any general meeting.



Under our Articles of Association, at any general meeting a resolution put to the vote of the meeting shall be decided by way of poll, save that the chairman of the meeting may, in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands, in which case each member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy(ies) shall have one vote, provided that where more than one proxy is appointed by a member which is a Clearing House (or its nominee(s)), each such proxy shall have one vote on a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by:

- at least two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- any member or members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- any member or member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

### **Dividends**

Subject to the Cayman Islands Companies Act and our Articles of Association, our Company in general meeting may declare dividends in any currency at a general meeting, but no dividends shall exceed the amount recommended by our Board of Directors.

Unless and to the extent that the rights attached to any Shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any Shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid. No amount paid on a Share in advance of calls shall be treated as paid on the Share.

Whenever our Board of Directors or our Company in a general meeting has resolved that a dividend be paid or declared, our Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind and in particular of paid up shares, debentures or warrants to subscribe for securities of our Company or any other company, or in any one or more of such ways, with or without offering any rights to the members to elect to receive such dividend in cash. Our Board may resolve that no such assets shall be made available to members with registered addresses in any particular territory or territories where, in the absence of a registration statement or other special formalities, such distribution of assets would or might, in the opinion of our Board, be unlawful or impracticable or the legality or practicality of which may be time consuming or expensive to ascertain whether in absolute terms or in relation to the value of the holding of Shares of the member concerned and in any such event the only entitlement of the members aforesaid shall be to receive cash payments.

Unless otherwise directed by our Board, any dividend or other moneys payable or bonuses, rights or other distributions in respect of any Share may be paid or satisfied by cheque or warrant or certificate or other documents or evidence of title sent through the post to the registered address of the member entitled, or, in the case of joint holders, to the registered address of that one whose name stands first in our register of members in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct.

All dividends, bonuses or other distributions or the proceeds of the realisation of any of the foregoing unclaimed for one year after having been declared by our Company may be invested or otherwise made use of by our Board for the benefit of our Company or otherwise howsoever until claimed, and our Company shall not be constituted a trustee in respect thereof. Any dividend, bonuses or other distributions or the proceeds of the realisation of any of the foregoing unclaimed after a period of six years from the date of declaration may be forfeited by our Board and, upon such forfeiture, shall revert to our Company and, in the case where any of the same are securities of our Company, may be re-allotted or re-issued for such consideration as our Board thinks fit and the proceeds thereof shall accrue to the benefit of our Company absolutely.



## **Bonus and Rights Issues**

Our Board of Directors may, with the approval from our members at a general meeting, capitalise any sums standing to the credit of any of our Company's reserve accounts which are available for distribution and distribute the same as bonus Shares credited as paid-up to the members of our Company in the proportion in which such sum would have been divisible amongst them had the same been a distribution of profits by way of dividend.

Under our Articles of Association, all unissued Shares and other securities of our Company shall be at the disposal of our Board and it may offer, allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times, for such consideration and generally on such terms as it in its absolute discretion thinks fit, but so that no Shares shall be issued at a discount.

## **Take-overs**

There are presently no Cayman Islands laws or regulations of general application which will require persons who acquire significant holdings in our Shares to make mandatory take-over offers for our Shares.

However, the Singapore Take-over Code applies to take-over offers of companies which are incorporated outside Singapore and all or any of the shares of which are listed for quotation on a securities exchange (as defined in the SFA). Accordingly, the Singapore Take-over Code will apply to take-over offers for our Shares for so long as our Shares are listed for quotation on the SGX-ST and upon our conversion to a primary listing status.

The Securities and Futures Act and the Singapore Take-over Code regulate the acquisition of ordinary shares of public companies and contain certain provisions that may delay, deter, or prevent a future takeover or change in control of our Company. Any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30.0 per cent. or more of the voting Shares must extend a takeover offer for the remaining voting Shares in accordance with the provisions of the Singapore Take-over Code. In addition, a mandatory takeover offer is also required to be made if a person holding, either on his own or together with parties acting in concert with him, between 30.0 per cent. and 50.0 per cent. (both inclusive) of the voting shares acquires additional voting shares representing more than 1.0 per cent. of the voting rights in any six-month period. Under the Singapore Take-over Code, the following individuals and companies will be presumed to be persons acting in concert with each other unless the contrary is established:

- (a) the following companies:
  - (i) a company;
  - (ii) the parent company of (i);
  - (iii) the subsidiaries of (i);
  - (iv) the fellow subsidiaries of (i);
  - (v) the associated companies of (i), (ii), (iii) or (iv);
  - (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and
  - (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights;
- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives, and related trusts);
- (c) a company with any of its pension funds and employee share schemes;

- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and persons controlling, controlled by or under the same control as the adviser;
- (f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a *bona fide* offer for their company may be imminent;
- (g) partners; and
- (h) the following persons and entities:
  - (i) an individual;
  - (ii) the close relatives of (i);
  - (iii) the related trusts of (i);
  - (iv) any person who is accustomed to act in accordance with the instructions of (i);
  - (v) companies controlled by any of (i), (ii), (iii) or (iv); and
  - (vi) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

Under the Singapore Take-over Code, subject to certain exceptions, a mandatory offer made with consideration other than cash must be accompanied by a cash alternative at not less than the highest price paid by the offeror or any person acting in concert within the preceding six months.

### **Liquidation**

A resolution that our Company be wound up by the court or be wound up voluntarily shall be passed by way of a special resolution.

If our Company is wound up, the surplus assets remaining after payment to all creditors shall be divided among the members of our Company in proportion to the capital paid up on the Shares held by them respectively, and if such surplus assets are insufficient to repay the whole of the paid up capital, they shall be distributed, subject to the rights of any Shares which may be issued on special terms and conditions, so that, to the greatest extent possible, the losses shall be borne by our members in proportion to the capital paid on the Shares held by them respectively.

If our Company is wound up (in whatever manner) the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Islands Companies Act, divide among the members of our Company *in specie* or in kind the whole or any part of the assets of our Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator, with the like sanction, shall think fit, but so that no member shall be compelled to accept any Shares or other assets upon which there is a liability.

## **Indemnity**

Article 191 of our Articles of Association provides that the Directors, Managing Directors, alternate Directors, Auditors, Secretary and other officers for the time being of our Company and the trustees (if any) for the time being acting in relation to any of the affairs of our Company, and their respective executors or administrators, shall be indemnified and secured harmless out of the assets of our Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their executors or administrators, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own fraud or dishonesty, and none of them shall be answerable for the acts, receipts, neglects or defaults of any other of them, or for joining in any receipt for the sake of conformity, or for any bankers or other persons with whom any moneys or effects of our Company shall be lodged or deposited for safe custody, or for the insufficiency or deficiency of any security upon which any moneys of our Company shall be placed out or invested, or for any other loss, misfortune or damage which may arise in the execution of their respective offices or trusts, or in relation thereto, except as the same shall happen by or through their own fraud, dishonesty or recklessness.

Our Company may take out and pay the premium and other moneys for the maintenance of insurance, bonds and other instruments for the benefit either of our Company or the Directors (and/or other officers) or any of them to indemnify our Company and/or Directors (and/or other officers) named therein for this purpose against any loss, damage, liability and claim which they may suffer or sustain in connection with any breach by the Directors (and/or other officers) or any of them of their duties to our Company.

## **Limitations on Rights to Hold or Vote Shares**

There are no limitations, either under Cayman Islands law or our Articles of Association, on the rights of owners of our Shares to hold or vote their Shares solely by reason that they are non-Caymanians.

## **Minority Rights**

In addition to following Cayman Islands case law precedents, the Cayman Islands courts would ordinarily be expected to treat as persuasive English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal; (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company; and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

## **APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE CAYMAN ISLANDS COMPANIES ACT AND THE M&AA OF OUR COMPANY**

*The discussion below provides information about certain provisions of our M&AA and the laws of the Cayman Islands. This description is only a summary and does not purport to be exhaustive and is qualified by reference to Cayman Islands company law and our M&AA. Where portions of our M&AA are reproduced below, defined terms bear the meanings ascribed to them in our M&AA. Our M&AA is a document available for inspection.*

### **SUMMARY OF CERTAIN PROVISIONS OF THE CAYMAN ISLANDS COMPANIES ACT**

Our Company is incorporated in the Cayman Islands as an exempted company on 1 April 2010 subject to the Cayman Islands Companies Act and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman Islands company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman Islands company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

#### **Operations**

As an exempted company, our Company's operations must be conducted mainly outside the Cayman Islands. Our Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of our Company's authorised share capital.

#### **Share Capital**

Under the Cayman Islands Companies Act, a Cayman Islands company may issue ordinary shares, preference shares, redeemable shares or any combination thereof. The Cayman Islands Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Cayman Islands Companies Act provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) any manner provided in section 37 of the Cayman Islands Companies Act; (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company shall be able to pay its debts as they fall due in the ordinary course of business.

The Cayman Islands Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way and in particular may (a) extinguish or reduce the liability on any of its shares in respect of share capital not paid up; (b) either with or without extinguishing or reducing liability on any of its shares, cancel any paid-up share capital which is lost or unrepresented by available assets; or (c) either with or without extinguishing or reducing liability of any of its shares, pay off any paid-up share capital which is in excess of the needs of the company.

## **Membership**

Under the Cayman Islands Companies Act, only those persons who agree to become members of a Cayman Islands exempted company and whose names are entered on the register of members of such a company are considered members. Accordingly, persons holding shares through a trustee, nominee or depository will not be recognised as members of a Cayman Islands company under the Cayman Islands Companies Act and may only have the benefit of rights attaching to the shares or remedies conferred by law on members through or with the assistance of the trustee, nominee or depository.

## **Financial Assistance to Purchase Shares of a Company or its Holding Company**

There is no statutory prohibition in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's length basis.

## **Purchase of Shares and Warrants by a Company and its Subsidiaries**

Subject to the provisions of the Cayman Islands Companies Act, a company limited by shares, or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of the purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. Shares may be redeemed or purchased out of profits of the company, out of the share premium account or out of the proceeds of a fresh issue of shares made for the purposes of the redemption or purchase, or (subject to section 37 of the Cayman Islands Companies Act) out of capital. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares redeemed or purchased by a company shall be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the redemption or purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares; however, notwithstanding the foregoing, the company shall not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Cayman Islands Companies Act.

A Cayman Islands company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may be able to rely upon the general power contained in its memorandum and articles of association to buy and sell and deal in personal property of all kinds.

The Cayman Islands Companies Act does not prohibit a Cayman Islands company from acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

## **Dividends and Distributions**

With the exception of section 34 of the Cayman Islands Companies Act, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid out of profits. In addition, section 34 of the Cayman Islands Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

## **Protection of Minorities**

The Cayman Islands courts would ordinarily be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained. In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding-up order, the Court may make the following orders: (a) an order regulating the conduct of the company's affairs in the future; (b) an order requiring the company to refrain from doing or continuing an act complained of by the petitioner or to do an act which the petitioner has complained it has omitted to do; (c) an order authorising civil proceedings to be brought in the name of and on behalf of the company by the petitioner on such terms as the Court may direct; or (d) an order providing for the purchase of the shares of any members of the company by other members or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally, claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

## **Management**

The Cayman Islands Companies Act contains no specific restriction on the powers of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

## **Accounting and Auditing Requirements**

A Cayman Islands exempted company shall cause proper books of account to be kept, including, where applicable, material underlying documentation including contracts and invoices with respect to (a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (b) all sales and purchases of goods by the company; and (c) the assets and liabilities of the company. Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions. A Cayman Islands exempted company shall cause all its books of account to be retained for a minimum period of five years from the date on which they are prepared.



A company which keeps its books of accounts at any place other than at its registered office or at any other place within the Cayman Islands shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (As Revised) of the Cayman Islands, make available in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice; and shall be liable to a penalty if the company fails to comply with the order or notice without reasonable excuse.

### **Exchange Control**

There are no exchange control regulations or currency restrictions in the Cayman Islands.

### **Taxation**

The Cayman Islands currently levy no taxes on exempted companies based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to our Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands.

### **Stamp Duty**

No stamp duty is currently payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

### **Loans to Directors**

There is no express provision in the Cayman Islands Companies Act prohibiting the making of loans by a company to any of its directors.

### **Inspection of Corporate Records**

Members of a company have no general right under the Cayman Islands Companies Act to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or outside the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Cayman Islands Companies Act required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time. An exempted company may also maintain a separate register of members in respect of its listed shares. There is no requirement under the Cayman Islands Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. An exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (As Revised) of the Cayman Islands.

A company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 30 days of any change in such directors or officers.

### **Winding Up**

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the Court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles of association expires, or the event occurs on the occurrence of which the memorandum or articles of association provide that the company is to be wound up. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

In the case of a members' voluntary winding up of a company, one or more liquidators shall be appointed for the purpose of winding up the company's affairs and distributing its assets.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

### **Reconstructions, mergers and consolidations**

There are statutory provisions which facilitate reconstructions and arrangements approved by (a) seventy-five per cent (75%) in value of shareholders (or class of shareholders) or (b) a majority in number representing seventy-five per cent (75%) in value of creditors (or class of creditors), as the case may be, as are present and voting either in person or by proxy at a meeting called for such purpose and thereafter sanctioned by the Court. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that (a) the statutory provisions as to the required majority vote have been met; (b) the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class; (c) the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and (d) the arrangement is not one that would more properly be sanctioned under some other provision of the Cayman Islands Companies Act.

In addition, the Cayman Islands Companies Act provides a mechanism for mergers and consolidations between Cayman Islands companies as well as between Cayman Islands companies and foreign companies. A written plan of merger or consolidation has to be authorised by each constituent company by way of a special resolution of the members of each such constituent company and such other authorisation, if any, as may be specified in such constituent company's articles of association.

Where a Cayman Islands parent company (“parent company” means, with respect to another company, a company that holds issued shares that together represent at least ninety per cent. (90%) of the votes at a general meeting of that other company) is merging with one or more of its Cayman Islands subsidiary companies, a special resolution of the members of such constituent companies is not required if a copy of the plan of merger is given to every member of each subsidiary company to be merged, unless that member agrees otherwise.

To effect a merger or consolidation of one or more Cayman Islands companies with one or more overseas companies, in addition to the approval requirements applicable to the merger or consolidation of Cayman Islands companies (in relation to Cayman Islands companies only), the merger or consolidation must also be effected in compliance with the constitutional documents of, and laws of the foreign jurisdiction applicable to, the overseas companies.

### **Compulsory Acquisition**

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than ninety per cent (90%) in value of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one month from the date of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

### **Indemnification**

Cayman Islands law does not limit the extent to which a company’s articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

### **Economic Substance**

Under the International Tax Co-operation (Economic Substance) Act (2024 Revision) of the Cayman Islands (the “**ES Act**”), if a company is a “relevant entity” (as defined in the ES Act) and is conducting one or more of the 9 “relevant activities” (as defined in the ES Act), then that company will be required to comply with the economic substance requirements in relation to the relevant activity. All companies whether a relevant entity or not are required to file an annual notification in the Cayman Islands confirming whether or not it is carrying on any relevant activity and if it is, it must satisfy an economic substance test. A relevant entity that is carrying on a relevant activity is also required to submit a report (“**ES Return**”) for the purpose of the Tax Information Authority’s determination whether the economic substance test has been satisfied in relation to that relevant activity. The ES Return is required to be submitted within twelve months after the last day of the end of each financial year commencing on or after 1 January 2019.

### **Memorandum and Articles of Association**

#### ***Ordinary Resolution and Special Resolution***

An “ordinary resolution” is defined in the Articles of Association as a resolution passed by a simple majority of the votes cast by such Shareholders as, being entitled so to do, vote in person or, where proxies are allowed, by proxy or, in the case of any Shareholder being a corporation, by its duly authorised representative at a general meeting held in accordance with the Articles of Association and of which not less than 14 days’ notice has been duly given.

A “special resolution” is defined in the Articles of Association as a resolution passed by a majority of Shareholders representing not less than three quarters of the total voting rights of such Shareholders as, being entitled so to do, vote in person or by proxy, or, in the cases of Shareholders which are corporations, by their respective duly authorised representatives, at a general meeting of which not less than 21 days’ notice, specifying (without prejudice to the power contained in the Articles of Association to amend the same) the intention to propose the resolution as a special resolution, has been duly given.

Provided that, except in the case of an annual general meeting, if it is so agreed by a majority in number of the Shareholders having a right to attend and vote at any such meeting, being a majority together holding not less than 95% in nominal value of the Shares giving that right (or, in the case of an annual general meeting, by all Shareholders having that right), a resolution may be proposed and passed as a special resolution at a meeting of which less than 21 days' notice has been given.

Article 1(f) of the Articles of Association provides that a resolution in writing signed (in such manner as to indicate, expressly or impliedly, unconditional approval) by or on behalf of all Shareholders for the time being entitled to receive notice of and to attend and vote at general meetings of our Company shall, for the purposes of the Articles of Association, be treated as an ordinary resolution duly passed at a general meeting of our Company duly convened and held and, where relevant as a special resolution so passed. Any such resolution shall be deemed to have been passed at a meeting held on the date on which it was signed by the last person to sign, and where the resolution states a date as being the date of his signature thereof by any Shareholder the statement shall be *prima facie* evidence that it was signed by him on that date. Such a resolution may consist of several documents in the like form, and signed by one or more relevant Shareholders.

The following summarises certain provisions of the Articles of Association relating to:

- (a) the appointment, retirement and removal of our Directors (*Articles 105, 108, 109, 111, 112, 113 and 114*)

Our Company may from time to time in general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an additional Director. Any Director so appointed shall be subject to retirement by rotation pursuant to Article 108 of the Articles of Association.

The Board shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the Shareholders in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first annual general meeting of our Company after his appointment and shall then be eligible for re-election at such annual general meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of our Company and shall then be eligible for re-election at such annual general meeting.

Notwithstanding any other provisions in the Articles of Association, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. Our Company at the general meeting at which a Director retires may fill the vacated office.

The Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who wishes to retire and not to offer himself for re-election. Any Director who has not been subject to retirement by rotation in the three years preceding the annual general meeting shall retire by rotation at such annual general meeting. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

If at any general meeting at which an election of Directors ought to take place, the places of the retiring Directors are not filled, the retiring Directors or such of them as have not had their places filled shall be deemed to have been re-elected and shall, if willing, continue in office until the next annual general meeting and so on from year to year until their places are filled, unless:

- (a) it shall be determined at such meeting to reduce the number of Directors; or
- (b) it is expressly resolved at such meeting not to fill such vacated offices; or

- (c) in any such case the resolution for re-election of a Director is put to the meeting and lost; or
- (d) such Director has given notice in writing to our Company that he is not willing to be re-elected.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the Head Office or at the Registration Office. The period for lodgment of the notices required under Article 113 of the Articles of Association will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to our Company may be given will be at least seven days.

The Shareholders may by Ordinary Resolution remove any Director (including a Managing Director or other Executive Director) before the expiration of his term of office notwithstanding anything in the Articles of Association or in any agreement between our Company and such Director (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and our Company) and may by Ordinary Resolution elect another person in his stead. Any person so elected shall hold office only until the next general meeting of our Company and shall then be eligible for re-election, but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at such meeting.

A Director shall vacate his office:

- (a) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally; or
- (b) if he dies or becomes of unsound mind as determined pursuant to an order made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Board resolves that his office be vacated; or
- (c) if he absents himself from the meetings of the Board during a continuous period of six Months, without special leave of absence from the Board, and his alternate Director (if any) shall not during such period have attended in his stead, and the Board pass a resolution that he has by reason of such absence vacated his office; or
- (d) if he becomes prohibited by law from acting as a Director, or he ceases to be a Director by virtue of any provision of law or is removed from office pursuant to the Articles of Association; or
- (e) if he has been validly required by the stock exchange of the Relevant Territory to cease to be a Director and the relevant time period for application for review of or appeal against such requirement has lapsed and no application for review or appeal has been filed or is underway against such requirement; or
- (f) if by notice in writing delivered to our Company at its Registered Office or at the Head Office or tendered at a meeting of the Board he resigns from his office; or
- (g) if he shall be removed from office by an Ordinary Resolution under Article 114 of the Articles of Association; or
- (h) if he shall be removed from the office by notice in writing served on him signed by not less than three quarters in number (or if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.



- (b) the power of a Director to vote on a proposal, arrangement or contract in which he is interested (*Article 107*)

No Director or intended Director shall be disqualified by his office from contracting with our Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of our Company with any person, company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so contracting or being any member or so interested be liable to account to our Company for any profit so realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the Board at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may subsequently be made by our Company.

Any Director may continue to be or become a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of any other company in which our Company may be interested and (unless otherwise agreed between our Company and the Director) no such Director shall be liable to account to our Company or the Shareholders for any remuneration or other benefits received by him as a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of any such other company. The Directors may exercise the voting powers conferred by the shares in any other company held or owned by the Company, or exercisable by them as directors of such other company in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them as directors, managing directors, joint managing directors, deputy managing director, executive directors, managers or other officers of such company) and any Director may vote in favour of the exercise of such voting rights in the manner aforesaid notwithstanding that he may be, or is about to be, appointed a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer of such a company, and that as such he is or may become interested in the exercise of such voting rights in the manner aforesaid.

A Director may hold any other office or place of profit with our Company (except that of the Auditors) in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profit or otherwise) as the Board may determine, and such extra remuneration shall be in addition to any remuneration provided for by or pursuant to any other Articles in the Articles of Association.

A Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted (nor shall he be counted in the quorum for that resolution), but this prohibition shall not apply to any of the following matters namely:

- (i) the giving of any security or indemnity either:
- (a) to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of our Company or any of its subsidiaries; or
  - (b) to a third party in respect of a debt or obligation of our Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;



- (ii) any proposal concerning an offer of shares or debentures or other securities of or by our Company or any other company which our Company may promote or be interested in for subscription or purchase where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iii) any proposal or arrangement concerning the benefit of employees of our Company or its subsidiaries, including:
  - (a) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or
  - (b) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to the Director, his close associate(s) and employees of our Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (iv) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of Shares or debentures or other securities of our Company by virtue only of his/their interest in Shares or debentures or other securities of our Company.

Where proposals are under consideration concerning the appointment (including fixing or varying the terms of or terminating the appointment) of two or more Directors to offices or employments with our Company or any company in which our Company is interested, such proposals shall be divided and considered in relation to each Director separately and in such case each of the Directors concerned (if not prohibited from voting under paragraph (c)) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the Chairman) or his close associate(s) or as to the entitlement of any Director (other than such Chairman) to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be referred to the Chairman and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director or his close associate(s) concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the Chairman or his close associate(s) such question shall be decided by a resolution of the Board (for which purpose such Chairman shall not be counted in the quorum and shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such Chairman or his close associate(s) as known to him has not been fairly disclosed to the Board.

Each reference to close associate(s) in paragraph (c) or (e) of Article 107 of the Articles of Association shall be deemed to be a reference to associate(s) (as defined in the Listing Rules) where the proposal, transaction, contract or arrangement concerned is a connected transaction (as defined in the Listing Rules).

- (c) the remuneration of our Directors (*Articles 100, 101, 102, 103, 104(a), 128(b) and 151*)

The Directors shall be entitled to receive by way of ordinary remuneration for their services as Directors such sum as shall from time to time be determined by our Company in general meeting or by the Board, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the

whole of the relevant period in respect of which the ordinary remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in our Company may be entitled by reason of such employment or office.

The Directors shall also be entitled to be repaid all travelling, hotel and other expenses reasonably incurred by them respectively in or about the performance of their duties as Directors, including their expenses of travelling to and from Board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of our Company or in the discharge of their duties as Directors. .

The Board may grant special remuneration to any Director who shall perform or has performed any special or extra services at the request of our Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be arranged.

Notwithstanding Articles 100, 101 and 102 of the Articles of Association, the remuneration of a Managing Director, Joint Managing Director, Deputy Managing Director or an Executive Director or a Director appointed to any other office in the management of our Company may from time to time be fixed by the Board and may be by way of salary, commission, or participation in profits or otherwise or by all or any of those modes and with such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

During the Relevant Period, payments to any Director or past director of our Company of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director or past director of our Company is contractually or statutorily entitled) must be approved by our Company in general meeting.

Without prejudice to the general powers conferred by the Articles of Association, the Board shall have the powers to give to any Directors, officers or employees of our Company an interest in any particular business or transaction or participation in the profits thereof or in the general profits of our Company either in addition to or in substitution for a salary or other remuneration.

The Board may establish and maintain or procure the establishment and maintenance of any contributory or non-contributory pension or superannuation funds or personal pension plans for the benefit of, or give or procure the giving of donations, gratuities, pensions, allowances or emoluments to, any persons who are or were at any time in the employment or service of our Company, or of any company which is a subsidiary of our Company, or is allied or associated with our Company or with any such subsidiary company, or who are or were at any time directors or officers of our Company or of any such other company as aforesaid, and holding or who have held any salaried employment or office in our Company or such other company, and the spouses, widows, widowers, families and dependants of any such persons. Any Director holding any such employment or office shall be entitled to participate in and retain for his own benefit any such donation, gratuity, pension, allowance or employment.

(d) the borrowing powers exercisable by our Directors (*Articles 115 and 116*)

Subject to the provisions of the Articles of Association, the Directors may exercise all the powers of our Company to raise or borrow money or to secure the payment of any sum or sums of money for the purposes of our Company and to mortgage or charge all or any part of the undertaking, property and uncalled capital of our Company and, subject to the Cayman Islands Companies Act, to issue debentures, debenture stock, bonds and other securities of our Company, whether outright or as collateral security for any debt, liability or obligation of our Company or of any third party.

- (e) the retirement or non-retirement of a Director under an age limit requirement (*Articles 106 and 108(c)*)

No Director shall be required to vacate office or be ineligible for re-election or re-appointment as a Director, and no person shall be ineligible for appointment as a Director by reason only of his having attained any particular age.

A Director is not required to retire upon reaching any particular age.

- (f) the shareholding qualification of a Director (*Article 99*)

Neither a Director nor an alternate Director is required to hold any Shares by way of qualification.

- (g) rights, preferences and restrictions attaching to the Shares

Our Company currently has only one class of Shares, namely ordinary shares.

- i. *Dividends and Distribution (Articles 154, 155, 156, 158, 159, 160, 162, 167, 168 and 192)*

Subject to the Cayman Islands Companies Act and the Articles of Association, our Company in general meeting may declare Dividends in any currency, but no Dividends shall exceed the amount recommended by the Board.

The Board may subject to Article 156 of the Articles of Association from time to time pay to the Shareholders such interim Dividends as appear to the Board to be justified by the financial conditions and the profits of our Company and, in particular but without prejudice to the generality of the foregoing, if at any time the share capital of our Company is divided into different classes, the Board may pay such interim Dividends in respect of those Shares which confer on the holders thereof deferred or non-preferential rights as well as in respect of those Shares which confer on the holders thereof preferential rights with regard to Dividend and provided that the Board acts bona fide it shall not incur any responsibility to the holders of Shares conferring any preference for any damage that they may suffer by reason of the payment of an interim Dividend on any Shares having deferred or non-preferential rights.

No Dividend shall be declared or paid or shall be made otherwise than in accordance with the Cayman Islands Companies Act.

Subject to Article 156(d) of the Articles of Association, all Dividends and other distributions in respect of Shares shall be stated and discharged, in the case of Shares denominated in Hong Kong Dollars, in Hong Kong Dollars, and in the case of Shares denominated in any other currency, in such other currency, provided that, in the case of Shares denominated in Hong Kong Dollars, the Board may determine in the case of any distribution that Shareholders may elect to receive the same in any other currency selected by the Board, converted at such rate of exchange as the Board may determine.

If, in the opinion of the Board, any Dividend or other distribution in respect of Shares or any other payment to be made by our Company to any Shareholder is of such a small amount as to make payment to that Shareholder in the relevant currency impracticable or unduly expensive either for our Company or the Shareholder then such Dividend or other distribution or other payment may, at the absolute discretion of the Board, be, if this be practicable, converted at such rate of exchange as the Board may determine and paid or made in the currency of the country of the relevant Shareholder (as indicated by the address of such Shareholder on the Register).

No Dividend or other moneys payable on or in respect of a Share shall bear interest as against our Company.

Whenever the Board or our Company in general meeting has resolved that a Dividend be paid or declared, the Board may further resolve that such Dividend be satisfied wholly or in part by the distribution of specific assets of any kind and in particular of paid up Shares, debentures or warrants to subscribe for securities of any other company, or in any one or more of such ways, with or without offering any rights to Shareholders to elect to receive such Dividend in cash, and where any difficulty arises in regard to the distribution the Board may settle the same as it thinks expedient, and in particular may disregard fractional entitlements or round the same up or down, and may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any Shareholders upon the footing of the value so fixed in order to adjust the rights of all parties and may determine that fractional entitlements shall be aggregated and sold and the benefit shall accrue to our Company rather than to the Shareholders concerned, and may vest any such specific assets in trustees as may seem expedient to the Board and may authorise any person to sign any requisite instruments of transfer and other documents on behalf of all Shareholders interested in the Dividend and such instrument and document shall be effective. The Board may further authorise any person to enter into on behalf of all Shareholders having an interest in any agreement with our Company or other(s) providing for such Dividend and matters in connection therewith and any such agreement made under such authority shall be effective. The Board may resolve that no such assets shall be made available or made to Shareholders with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable or the legality or practicality of which may be time consuming or expensive to ascertain whether in absolute terms or in relation to the value of the holding of Shares of the Shareholder concerned and in any such event the only entitlement of the Shareholders aforesaid shall be to receive cash payments as aforesaid. Shareholders affected as a result of exercise by the Board of its discretion under Article 159 of the Articles of Association shall not be, and shall be deemed not to be, a separate class of Shareholders for any purposes whatsoever.

Whenever the Board or our Company in general meeting has resolved that a Dividend be paid or declared on the share capital of our Company, the Board may further resolve, either: (i) that such Dividend be satisfied wholly or in part in the form of an allotment of Shares credited as fully paid on the basis that the Shares so allotted shall be of the same class or classes as the class or classes already held by the allottee, provided that the Shareholders entitled thereto will be entitled to elect to receive such Dividend (or part thereof) in cash in lieu of such allotment; or (ii) that Shareholders entitled to such Dividend will be entitled to elect to receive an allotment of Shares credited as fully paid in lieu of the whole or such part of the Dividend as the Board may think fit on the basis that the Shares so allotted shall be of the same class or classes as the class or classes of Shares already held by the allottee. The Board may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of Article 160(a) of the Articles of Association with full power to the Board to make such provisions as it thinks fit in the case of Shares becoming distributable in fractions (including provisions whereby, in whole or in part, fractional entitlements are aggregated and sold and the net proceeds distributed to those entitled, or are disregarded or rounded up or down or whereby the benefit of fractional entitlements accrues to our Company rather than to the Shareholders concerned), and no Shareholders who will be affected thereby shall be, and they shall be deemed not to be, a separate class of Shareholders by reason only of the exercise of this power.

Our Company may upon the recommendation of the Board by Ordinary Resolution resolve in respect of any one particular Dividend that notwithstanding the provisions of Article 160(a) of the Articles of Association, a Dividend may be satisfied wholly in the form of an allotment of Shares credited as fully paid without offering any right to Shareholders to elect to receive such Dividend in cash in lieu of such allotment.

The Board may on any occasion determine that rights of election and the allotment of Shares under Article 160(a) shall not be made available or made to any Shareholders with registered addresses in any territory where in the absence of a registration statement or other special formalities the circulation of an offer of such rights of election or the allotment of Shares would or might be unlawful or impracticable or the legality or practicability of which may be time consuming or expensive to ascertain whether in absolute terms or in relation to the value of the holding of Shares of the Shareholder concerned, and in such event the provisions aforesaid shall be read and construed subject to such determination and no Shareholder who may be affected by any such determination shall be, and they shall be deemed not to be, a separate class of Shareholders for any purposes whatsoever.

Unless and to the extent that the rights attached to any Shares or the terms of issue thereof otherwise provide, all Dividends shall (as regards any Shares not fully paid throughout the period in respect of which the Dividend is paid) be apportioned and paid pro rata according to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the Dividend is paid.

Unless otherwise directed by the Board, any Dividend or other moneys payable or bonuses, rights or other distributions in respect of any Share may be paid or satisfied by cheque or warrant or certificate or other documents or evidence of title sent through the post to the registered address of the Shareholder entitled, or, in the case of joint holders, to the registered address of that one whose name stands first in the Register in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque, warrant, certificate or other document or evidence of title so sent shall be made payable to the order of the person to whom it is sent or, in the case of certificates or other documents or evidence of title as aforesaid, in favour of the Shareholder(s) entitled thereto, and the payment on any such cheque or warrant by the banker upon whom it is drawn shall operate as a good discharge to our Company in respect of the Dividend and/or other moneys represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. Every such cheque, warrant, certificate or other document or evidence of title as aforesaid shall be sent at the risk of the person entitled to the Dividend, money, bonus, rights and other distributions represented thereby.

All Dividends, bonuses or other distributions or the proceeds of the realisation of any of the foregoing unclaimed for one year after having been declared by our Company until claimed and, notwithstanding any entry in any books of our Company may be invested or otherwise made use of by the Board for the benefit of our Company or otherwise howsoever, and our Company shall not be constituted a trustee in respect thereof. All Dividends, bonuses or other distributions or the proceeds of the realisation of any of the foregoing unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to our Company and, in the case where any of the same are securities of our Company, may be re-allotted or re-issued for such consideration as the Board thinks fit and the proceeds thereof shall accrue to the benefit of our Company absolutely.

Our Company may exercise the power to cease sending cheques for Dividend entitlements or Dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

ii. *Voting Rights (Article 79, 79A, 80, 81, 82, 83, 85 and 92)*

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of Shares, at any general meeting on a show of hands every Shareholder who is present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy shall (save as provided otherwise in Article 79 of the Articles of Association) have one vote, and on a poll every Shareholder present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy, shall have one vote for every Share of which



he is the holder which is fully paid or credited as fully paid (but so that no amount paid or credited as paid on a Share in advance of calls or instalments shall be treated for the purposes of Article 79 as paid on the Share). On a poll a Shareholder entitled to more than one vote need not use all his votes or cast all his votes in the same way. Notwithstanding anything contained in the Articles of Association, where more than one proxy is appointed by a Shareholder which is a Clearing House (or its nominee(s)), each such proxy shall have one vote on a show of hands. Votes (whether on a show of hands or a poll) may be cast by such means, electronic (including through an e-voting platform) or otherwise, as the Chairman of the meeting may determine.

Each Shareholder has the right to speak and (except where that Shareholder is required, by the Listing Rules, to abstain from voting to approve the matter under consideration) vote at a general meeting. Where our Company has knowledge that any Shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted.

Any person entitled under Article 51 of the Articles of Association to be registered as the holder of any Shares may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such Shares, provided that at least 48 hours before the time of the holding of the meeting or adjourned or postponed meeting (as the case may be) at which he proposes to vote, he shall satisfy the Board of his right to be registered as the holder of such Shares or the Board shall have previously admitted his right to vote at such meeting in respect thereof.

Where there are joint registered holders of any Share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such Share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the Register in respect of such Share shall alone be entitled to vote in respect thereof.

A Shareholder of unsound mind or in respect of whom an order has been made by any court having jurisdiction in lunacy may vote, whether on a show of hands or on a poll, by his committee or receiver, or other person in the nature of a committee or receiver appointed by that court, and any such committee, receiver or other person may vote on a poll by proxy.

Save as expressly provided in the Articles of Association or otherwise determined by the Board, no person other than a Shareholder duly registered and who shall have paid everything for the time being due from him payable to our Company in respect of his Shares shall be entitled to be present or to vote (save as proxy or authorised representative for another Shareholder) whether personally, by proxy or by attorney or to be counted in the quorum, at any general meeting.

Any Shareholder entitled to attend and vote at a meeting of our Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A Shareholder who is the holder of two or more Shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of our Company or at a class meeting. A proxy need not be a Shareholder. On a poll or a show of hands votes may be given either personally (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy. A proxy shall be entitled to exercise the same powers on behalf of a Shareholder who is an individual and for whom he acts as proxy as such Shareholder could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a Shareholder which is a corporation and for which he acts as proxy as such Shareholder could exercise if it were a Shareholder who is an individual.



Any corporation which is a Shareholder may, by resolution of its directors or other governing body or by power of attorney, authorise such person as it thinks fit to act as its representative at any meeting of our Company or of any class of Shareholders, and the person so authorised shall be entitled to vote and otherwise exercise the same rights and powers on behalf of the corporation which he represents as that corporation could exercise if it were a Shareholder who is an individual.

Where a Shareholder is a Clearing House (or its nominee(s)), it may (subject to Article 93 of the Articles of Association) appoint one or more proxies or authorise such person or persons as it thinks fit to act as its representative or representatives at any general meeting of our Company, any meeting of any class of Shareholders or any meeting of creditors, and each of those proxies or representatives shall enjoy rights equivalent to the rights of other Shareholders, provided that if more than one person is so authorised, the authorisation shall specify the number and class of Shares in respect of which each such representative is so authorised. A person so authorised pursuant to the provisions of Article 92(b) of the Articles of Association shall be entitled to exercise the same rights and powers on behalf of the Clearing House (or its nominee(s)) which he represents as that Clearing House (or its nominee(s)) could exercise as if such person were a Shareholder who is an individual, including the right to vote individually on a show of hands and the right to speak.

iii. *Share in Surplus upon Liquidation (Articles 189 and 190)*

If our Company shall be wound up, the surplus assets remaining after payment to all creditors shall be divided among the Shareholders in proportion to the capital paid up on the Shares held by them respectively, and if such surplus assets shall be insufficient to repay the whole of the paid up capital, they shall be distributed, subject to the rights of any Shares which may be issued on special terms and conditions, so that, to the greatest extent possible, the losses shall be borne by the Shareholders in proportion to the capital paid on the Shares held by them respectively. If our Company shall be wound up (in whatever manner) the liquidator may, with the sanction of a Special Resolution and any other sanction required by the Cayman Islands Companies Act, divide among the Shareholders in specie or in kind the whole or any part of the assets of our Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the Shareholders or different classes of Shareholders and the Shareholders within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of Shareholders as the liquidator, with the like sanction, shall think fit, but so that no Shareholder shall be compelled to accept any Shares or other assets upon which there is a liability.

iv. *Redemption Provisions (Article 15)*

Subject to the Cayman Islands Companies Act, or any other law or so far as not prohibited by any law and subject to any rights conferred on the holders of any class of Shares, our Company has the power to purchase or otherwise acquire all or any of its own Shares (which expression as used in Article 15 of the Articles of Association includes redeemable Shares) provided that the manner and term of purchase have first been authorised by an Ordinary Resolution and provided always that any such purchase or other acquisition shall only be made in accordance with the relevant code, rules or regulations issued from time to time by the HK Stock Exchange and/or the Securities and Futures Commission of Hong Kong from time to time in force.

Subject to the provisions of the Cayman Islands Companies Act and the Memorandum of Association of our Company, and to any special rights conferred on the holders of any Shares or attaching to any class of Shares, Shares may be issued on the terms that they may, at the option of our Company or the holders thereof, be liable to be redeemed on such terms and in such manner, including out of capital, as the Board may deem fit.

Where our Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price, and if purchases are by tender, tenders shall be available to all Shareholders alike.

The holder of the Shares being purchased or redeemed shall be bound to deliver up to our Company at the Head Office or such other place as the Board shall specify the certificate(s) thereof for cancellation and thereupon our Company shall pay to him the purchase or redemption monies in respect thereof.

(h) any changes in capital (*Articles 13 and 14*)

Our Company may from time to time by Ordinary Resolution:

- (i) increase its share capital by the creation of new shares;
- (ii) consolidate or divide all or any of its share capital into Shares of larger or smaller amount than its existing Shares;
- (iii) divide its unissued Shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions;
- (iv) subdivide its Shares or any of them into Shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Cayman Islands Companies Act;
- (v) cancel any Shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the Shares so cancelled;
- (vi) make provision for the issue and allotment of Shares which do not carry any voting rights;
- (vii) change the currency of denomination of its share capital; and
- (viii) reduce its share premium account in any manner authorised, and subject to any conditions prescribed by law.

Our Company may by Special Resolution reduce its share capital or undistributable reserve in any manner authorised, and subject to any conditions prescribed, by law.

(i) any change in the respective rights of the various classes of Shares including the action necessary to change the rights, indicating where the conditions are different from those required by the applicable law (*Article 5*)

If at any time the share capital of our Company is divided into different classes of Shares, all or any of the special rights attached to any class (unless otherwise provided for by the terms of issue of the Shares of that class) may, subject to the provisions of the Cayman Islands Companies Act, be varied or abrogated with the sanction of a Special Resolution passed at a separate general meeting of the holders of the Shares of that class. To every such separate general meeting the provisions of the Articles of Association relating to general meetings shall, mutatis mutandis, apply, but so that the necessary quorum shall be not less than two Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy holding or representing not less than one-third in nominal value of the issued Shares of that class. The foregoing provisions shall apply to the variation or abrogation of the rights attached to the Shares of any class as if each group of Shares of the class differently treated formed a separate class the rights whereof are to be varied or abrogated.

The special rights conferred upon the holders of any Shares or class of Shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such Shares, be deemed to be altered by the creation or issue of further Shares ranking *pari passu* therewith.

- (j) any time limit after which a dividend entitlement will lapse and an indication of the party in whose favour this entitlement then operates (*Article 168*)

All Dividends, bonuses or other distributions or the proceeds of the realisation of any of the foregoing unclaimed for one year after having been declared by our Company until claimed and, notwithstanding any entry in any books of our Company may be invested or otherwise made use of by the Board for the benefit of our Company or otherwise howsoever, and our Company shall not be constituted a trustee in respect thereof. All Dividends, bonuses or other distributions or the proceeds of the realisation of any of the foregoing unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to our Company and, in the case where any of the same are securities of our Company, may be re-allotted or re-issued for such consideration as the Board thinks fit and the proceeds thereof shall accrue to the benefit of our Company absolutely.

## APPENDIX E – COMPARISON OF SELECTED CAYMAN ISLANDS AND SINGAPORE CORPORATE LAW PROVISIONS

The following table sets forth a summary of certain differences between the provisions of the laws of the Cayman Islands applicable to our Company (namely, the Cayman Islands Companies Act) and the laws applicable to Singapore-incorporated companies (namely, the Singapore Companies Act) and their shareholders. The summaries below are not to be regarded as advice on Cayman Islands corporate law or the differences between it and the laws of any jurisdiction, including, without limitation, the Singapore Companies Act. The summaries below do not purport to be a comprehensive description of all of the rights and privileges of shareholders conferred by the Cayman Islands Companies Act as compared to the Singapore Companies Act that may be relevant to prospective investors. In addition, prospective investors should also note that the laws applicable to Singapore-incorporated companies and Cayman Islands exempted companies may change, whether as a result of proposed legislative reforms to the Singapore Companies Act or the Cayman Islands Companies Act, as the case may be, or otherwise. In addition, the summaries below do not describe the regulations and requirements prescribed by the Listing Manual.

Our Company is incorporated in the Cayman Islands and is therefore subject to the Cayman Islands Companies Act. Our Company's corporate affairs are governed by our Memorandum and Articles of Association and the provisions of applicable Cayman Islands laws, including Cayman Islands common law.

Cayman Islands Corporate Law	Singapore Corporate Law
<b>Power of Directors to Allot and Issue Shares</b>	
<p>The power to allot and issue shares in a company normally lies with the directors of the company subject to any restrictions in the memorandum and articles of association of the company. The Cayman Islands Companies Act has no statutory provisions requiring shareholders' approval for an issue of shares by a company. There is also no requirement for the filing of returns of share issuances with the Registrar of Companies of the Cayman Islands.</p>	<p>Notwithstanding anything to the contrary in the constitution of a company, prior approval of the company at a general meeting is required to authorise the directors to exercise any power of the company to issue shares, otherwise the share issue is void under the Singapore Companies Act. Such approval may be confined to a particular exercise of that power or may apply to the exercise of that power generally and, once given, will only continue in force until the conclusion of the annual general meeting commencing next after the date on which the approval was given or the expiration of the period within which the next annual general meeting after that date is required by law to be held, whichever is the earlier, provided that such approval has not been previously revoked or varied by the company in a general meeting.</p>

Cayman Islands Corporate Law	Singapore Corporate Law
<b>Power of Directors to Dispose of the Issuer's or any of its Subsidiaries' Assets</b>	
<p>The Cayman Islands Companies Act contains no specific restrictions on the powers of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties, must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.</p>	<p>The Singapore Companies Act provides that the business of a company is to be managed by or under the direction or supervision of the directors. The directors may exercise all the powers of a company except any power that the Singapore Companies Act or the constitution of the company require the company to exercise in general meeting. Under the Singapore Companies Act, approval of the company at a general meeting is required before the directors can carry into effect any proposals for disposing of the whole or substantially the whole of the company's undertaking or property notwithstanding anything in the company's constitution.</p>
<b>Giving of Financial Assistance to Purchase the Issuer's or its Holding Company's Shares</b>	
<p>There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a Cayman Islands exempted company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a Cayman Islands exempted company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's length basis.</p>	<p>Generally, a public company or a company whose holding company or ultimate holding company is a public company is prohibited from giving any financial assistance to any person directly or indirectly for the purpose of, or in connection with, the acquisition or proposed acquisition of that company's shares or shares in its holding company or ultimate holding company.</p> <p>Financial assistance includes the making of a loan, the giving of a guarantee, the provision of security, the release of an obligation or the release of a debt or otherwise.</p> <p>Certain transactions are specifically provided by the Singapore Companies Act as transactions not to be prohibited. These include, among others: (i) a distribution of a company's assets by way of dividends lawfully made; (ii) a distribution in the course of a company's winding up; (iii) a payment made by a company pursuant to a reduction of capital in accordance with the Singapore Companies Act; (iv) the discharge by a company of a liability of the company that was incurred in good faith as a result of a transaction entered into on ordinary commercial terms; (v) the giving by a company in good faith and in the ordinary course of commercial dealing of any representation, warranty or indemnity in relation to an offer to the public of, or an invitation to the public to subscribe for or purchase shares in the company; and (vi) the entering into by the company, in good faith and in the ordinary course of commercial dealing, of an agreement with a subscriber for shares in the company permitting the subscriber to make payments for the shares by instalments.</p>

Cayman Islands Corporate Law	Singapore Corporate Law
	<p>The Singapore Companies Act further provides that a company can give financial assistance in certain circumstances, including but not limited to: (a) where the amount of financial assistance, together with any other financial assistance given by the company under this exception repayment of which remains outstanding, does not exceed 10.0% of the aggregate of the total paid-up capital and reserves of the company as disclosed in the most recent financial statements of the company that comply with the requirements of the Singapore Companies Act and the company receives fair value in connection with the financial assistance; (b) where the financial assistance does not materially prejudice the interests of the company, its shareholders or the company's ability to pay its creditors; and (c) where the company, by special resolution, resolves to give financial assistance for the purpose of, or in connection with, that acquisition, provided that certain conditions and procedures under the Singapore Companies Act are also complied with, including without limitation, where the company is a subsidiary of a listed corporation or is a subsidiary whose ultimate holding company is incorporated in Singapore, the listed corporation or the ultimate holding company, as the case may be, is also required to pass a special resolution to approve the giving of the financial assistance.</p>
<b>Transactions with Interested Persons</b>	
<p>There is no express provision in the Cayman Islands Companies Act regulating transactions with interested persons.</p>	<p>The Singapore Companies Act does not contain requirements relating to transactions with interested persons. Requirements imposed on a company listed on the Main Board under Chapter 9 of the Listing Manual, insofar as transactions with interested persons are concerned, apply to that company regardless of whether such company is incorporated in Singapore or elsewhere.</p>
<b>Loans to Directors</b>	
<p>There is no express provision in the Cayman Islands Companies Act prohibiting the making of loans by a Cayman Islands exempted company to any of its directors.</p>	<p>A company (other than an exempt private company) is prohibited from, among others, (a) making a loan or quasi-loan to a director of the company or a director of a related company (a "<b>relevant director</b>") (and to the spouse or natural, step or adopted children of any such director); (b) entering into any guarantee or providing any security in connection with a loan or quasi-loan to a relevant director; (c) entering into a credit transaction as creditor for the benefit of a relevant director; and (d) entering into any guarantee or providing any security in connection with a credit</p>



Cayman Islands Corporate Law	Singapore Corporate Law
	<p>transaction entered into by any person for the benefit of a relevant director (the “<b>restricted transactions</b>”), except in the following circumstances, where a transaction which would otherwise be a restricted transaction is:</p> <ul style="list-style-type: none"> <li>● (subject to, among others, the approval of the company in a general meeting) made to or for the benefit of a relevant director to meet expenditure incurred or to be incurred for the purposes of the company or for the purpose of enabling him to properly perform his duties as an officer of the company;</li> <li>● (subject to, among others, the approval of the company in a general meeting) made to or for the benefit of a relevant director who is engaged in full-time employment of the company or a related company, as the case may be, for the purpose of purchasing or otherwise acquiring a home occupied or to be occupied by that director; however, not more than one such restricted transaction may be outstanding from the director at any one time;</li> <li>● made to or for the benefit of a relevant director who is engaged in full-time employment of the company or a related company as the case may be, where the company has at a general meeting approved of a scheme for the making of such transaction to or for the benefit of employees of the company, provided that the restricted transaction is in accordance with that scheme; and</li> <li>● made to or for the benefit of a relevant director in the ordinary course of business by a company whose ordinary business includes the lending of money or the giving of guarantees in connection with loans, quasi-loans or credit transactions made or entered into by other persons if the activities of that company are regulated by any written law relating to banking, finance companies or insurance or are subject to supervision by the Authority.</li> </ul> <p>For these purposes, a related company of a company means its holding company, its subsidiary and a subsidiary of its holding company.</p>

Cayman Islands Corporate Law	Singapore Corporate Law
	<p>A quasi-loan means a transaction under which one party (the “<b>creditor</b>”) agrees to pay, or pays otherwise than in pursuance of an agreement, a sum for another (the “<b>borrower</b>”) or agrees to reimburse, or reimburses otherwise than in pursuance of an agreement, expenditure incurred by another party for the borrower: (i) on terms that the borrower (or a person on his behalf) will reimburse the creditor; or (ii) in circumstances giving rise to a liability on the borrower to reimburse the creditor.</p> <p>A credit transaction means a transaction under which one party (the “<b>creditor</b>”): (i) supplies any goods or disposes of any immovable property under a hire-purchase agreement or a conditional sale agreement; (ii) leases or hires any immovable property or goods in return for periodic payments; or (iii) otherwise disposes of immovable property or supplies goods or services on the understanding that payment (whether in a lump sum or instalments or by way of periodic payments or otherwise) is to be deferred.</p> <p>A company (the “<b>first mentioned company</b>”) (other than an exempt private company) is also prohibited from, among others, (a) making a loan or quasi-loan to persons connected with directors of the first mentioned company; (b) entering into any guarantee or providing any security in connection with a loan or quasi-loan made to persons connected with directors of the first mentioned company by a person other than the first mentioned company; (c) entering into a credit transaction as creditor for the benefit of persons connected with directors of the first mentioned company; and (d) entering into any guarantee or providing any security in connection with a credit transaction entered into by any person for the benefit of persons connected with directors of the first mentioned company. Persons connected to the first mentioned company include companies, limited liability partnerships or variable capital companies (as the case may be) in which the director(s) of the first mentioned company (and the spouse, natural step and adopted children of such director(s)), individually or collectively, have an interest in 20.0% or more of the total voting rights (as determined in accordance with the Singapore Companies Act) unless there is prior approval by the company in general meeting for the making of, provision for or entering into the loan, quasi-loan, credit transaction, guarantee or security (as the case may be) at which the interested director(s) and his or their family members abstained from voting. This prohibition does not apply to:</p>

Cayman Islands Corporate Law	Singapore Corporate Law
	<ul style="list-style-type: none"> <li>● anything done by a company where the other company (whether incorporated in Singapore or otherwise) or variable capital company is its subsidiary, holding company or a subsidiary of its holding company; or</li> <li>● a company whose ordinary business includes the lending of money or the giving of guarantees in connection with loans made by other persons, to anything done by the company in the ordinary course of that business if the activities of that company are regulated by any written law relating to banking, finance companies or insurance or are subject to supervision by the Authority.</li> </ul>
<b>Transactions Affecting Share Capital</b>	
<p>The Cayman Islands Companies Act contains provisions relating to the reduction of share capital, and the redemption and repurchase of shares. These procedures are also regulated by any provisions relating thereto in the company's memorandum and articles of association.</p>	<p>The Singapore Companies Act contains provisions relating to share capital reductions, permitted share buy-backs and redeemable preference shares.</p>
<b>Mergers and Similar Arrangements</b>	
<p>The Cayman Islands Companies Act contains statutory provisions which facilitate reconstructions and arrangements approved by (a) 75.0% in value of shareholders (or class of shareholders) or (b) a majority in number representing 75.0% in value of creditors (or class of creditors), as the case may be, as are present and voting either in person or by proxy at a meeting called for such purpose and thereafter sanctioned by the court.</p> <p>In addition, the Cayman Islands Companies Act provides a mechanism for mergers and consolidations between Cayman Islands companies as well as between Cayman Islands companies and foreign companies without the need for a court order. A written plan of merger or consolidation has to be authorised by each constituent company by way of a special resolution of the members of each such constituent company and such other authorisation, if any, as may be specified in such constituent company's articles of association. The plan must be filed with the Registrar of Companies of the Cayman Islands together with, among others, a declaration as to the solvency of the constituent company and the consolidated or surviving company.</p>	<p>The Singapore Companies Act provides that the Singapore Courts have the authority, in connection with a scheme for the reconstruction of any company or companies or the amalgamation of any two or more companies, and where under the scheme the whole or any part of the undertaking or the property of any company concerned in the scheme (the "<b>transferor company</b>") is to be transferred to another company (the "<b>transferee company</b>"), to order the transfer to the transferee company of the whole or any part of the undertaking and of the property or liabilities of the transferor company. Such power only exists in relation to any corporation liable to be wound up under the Insolvency, Restructuring and Dissolution Act 2018 of Singapore.</p> <p>The Singapore Companies Act further provides for a voluntary amalgamation process without the need for a court order. Under this voluntary amalgamation process, two or more Singapore-incorporated companies may amalgamate and continue as one company, which may be one of the amalgamating companies or a new company, in accordance with the procedures set out in the Singapore Companies Act. As part of these procedures, the board of directors of each of the amalgamating companies must make a solvency statement in relation to both the amalgamating company and the amalgamated company.</p>

<b>Cayman Islands Corporate Law</b>	<b>Singapore Corporate Law</b>
<p>The Cayman Islands Companies Act provides that a shareholder of a constituent company incorporated under the Cayman Islands Companies Act shall be entitled to payment of the fair value of that person's shares upon dissenting from a merger or consolidation.</p>	<p>The Singapore Companies Act also provides for a more simplified form of amalgamation procedure for (a) the amalgamation of a Singapore-incorporated company with one or more of its wholly owned subsidiaries; and (b) two or more wholly owned Singapore- incorporated subsidiary companies of the same corporation.</p> <p>The Singapore Companies Act does not provide for appraisal rights to the shareholders of a company in connection with a merger.</p>
<b>Remuneration</b>	
<p>There is no provision in the Cayman Islands Companies Act regulating remuneration for directors.</p>	<p>The Singapore Companies Act provides that a company shall not at any meeting or otherwise provide emoluments or improve emoluments for a director in respect of his office as such unless the provision has been approved by a resolution that is not related to other matters, and any resolution passed in breach of this provision is void. For this purpose, the term "<b>emoluments</b>" in relation to a director includes fees and percentages, any sums paid by way of expenses allowance in so far as those sums are charged to income tax in Singapore, any contribution paid in respect of a director under any pension scheme, and any benefits received by him otherwise than in cash in respect of his services as a director.</p>
<b>Disclosure of Interest in Contracts with the Company</b>	
<p>There is no provision under the Cayman Islands Companies Act relating to directors in a position of conflict of interest. The common law principle under Cayman Islands law that a director must not put himself in a position of conflict between his personal interest and his duty to the company will apply to the directors of a Cayman Islands exempted company.</p>	<p>The Singapore Companies Act provides that, where a director or chief executive officer of a company is in any way, whether directly or indirectly, interested in a transaction or proposed transaction with that company, such a director or chief executive officer must, as soon as practicable after the relevant facts have come to his knowledge, (a) declare the nature of his interest at a meeting of the directors of the company; or (b) send a written notice to the company containing details on the nature, character and extent of his interest in the transaction or proposed transaction with the company. The Singapore Companies Act also provides that every director and chief executive officer of a company who holds any office or possesses any property whereby whether directly or indirectly, any duty or interest might be created in conflict with their duties or interests as director or chief executive officer shall (i) declare at a meeting of the directors of the company the fact and the nature, character and extent of the conflict; or (ii) send a written notice to the company setting out the fact and the nature, character and extent of the conflict. For these</p>

Cayman Islands Corporate Law	Singapore Corporate Law
	<p>purposes, an interest of a member of a director's or chief executive officer's family (this includes his or her spouse, natural, step or adopted children) is treated as an interest of that director or chief executive officer.</p>
<b>Appointment, Qualification, Retirement, Resignation and Removal of Directors</b>	
<b>(a) Number, Qualification and Appointment of Directors</b>	
<p>There must be at least one director of a Cayman Islands exempted company. There is no requirement that any of the directors be ordinarily resident in the Cayman Islands.</p> <p>The initial director (s) is (are) appointed by the subscriber (s) to the memorandum of association. Thereafter, the addition and/or removal of directors will normally be effected in accordance with the provisions of the company's articles of association.</p> <p>The names and addresses of the directors and officers of a company must be entered in a register of directors and officers and kept at the registered office of the company. A copy of the register and notice of any amendments must be filed with the Registrar of Companies in the Cayman Islands. A list of the names of the then current directors of a Cayman Islands exempted company can be inspected at the offices of the Cayman Islands Registrar of Companies, but the register of directors and officers is not a public document.</p> <p>The Cayman Islands Companies Act does not contain provisions on the retirement age of directors.</p>	<p>Under the Singapore Companies Act, every company must have at least one director who is ordinarily resident in Singapore. Where the company has only one member, that sole director may also be the sole member of the company.</p> <p>No person other than a natural person who has attained the age of 18 and who is otherwise of full legal capacity shall be a director of a company.</p> <p>Every director, who is by the constitution of the company required to hold a specified share qualification and who is not already qualified, must obtain his qualification within two months after his appointment or such shorter period as is fixed by the constitution.</p> <p>In the case of a public company, the appointment of directors at a general meeting must generally be voted on individually. A motion for the appointment of two or more persons as directors by a single resolution shall not be made unless a resolution that it shall be so made has first been agreed to by the meeting without any vote being given against it. A resolution passed in pursuance of a motion made in contravention of this shall be void, whether or not it being so moved was objected to at the time.</p> <p>The Singapore Companies Act does not contain provisions on the age limit of directors.</p>
<b>(b) Disqualification of Directors</b>	
<p>The Cayman Islands Companies Act does not contain provisions on disqualification of directors. The circumstances under which a person is disqualified from acting as a director will be as provided in the company's articles of association.</p>	<p>Under the Singapore Companies Act, a person may not act as a director of, or directly or indirectly take part in or be concerned in the management of any corporation if he is an undischarged bankrupt unless he has the leave of the Singapore Courts or the written permission of the Official Assignee appointed under the Insolvency, Restructuring and Dissolution Act 2018 to do so.</p>

Cayman Islands Corporate Law	Singapore Corporate Law
	<p>A person may be disqualified from acting as a director of a company by the Singapore Courts for a period not exceeding five years if: (a) he is or has been a director of a company which has at any time gone into liquidation (whether while he was a director or within three years of his ceasing to be a director) and was insolvent at that time; and (b) his conduct as director of that company either taken alone or taken together with his conduct as a director of any other company or companies makes him unfit to be a director of or in any way, whether directly or indirectly, be concerned in, or take part in, the management of a company.</p> <p>A person may, subject to certain exceptions, also be disqualified from acting as a director by the Singapore Courts for a period of three years from the date of the making of the winding up order if he is a director of a company which is ordered to be wound up by the Singapore Courts on the ground that it is being used for purposes against national security or interest.</p> <p>He could also be disqualified on other grounds, such as conviction of any offence (whether in Singapore or elsewhere) involving fraud or dishonesty which is punishable with imprisonment for three months or more, or any offence under Part 12 of the SFA or where he is subject to the imposition of a civil penalty under Section 232 of the SFA. The Singapore Courts may also make a disqualification order against (i) a person who is convicted in Singapore of any offence in connection with the formation or management of a corporation; (ii) a person who has made improper use of his or her position as an officer of the company to gain, directly or indirectly, an advantage for himself or herself or for any other person or to cause detriment to the company; (iii) where the person is found in default of keeping proper books of account of the company were not kept since two years from the commencement of the investigation, or from the period between the incorporation of the company and the commencement of the investigation, whichever is shorter; and (iv) where the person is found personally responsible for wrongful trading of the company.</p> <p>A director may also be disqualified because of persistent default in relation to delivery of documents to the Registrar of Companies.</p>



Cayman Islands Corporate Law	Singapore Corporate Law
	<p>A person could be the subject of a debarment order made against him by the Registrar of Companies, if the Registrar of Companies is satisfied that a company of which he is a director at the time the order is made is in default of any requirement of the Singapore Companies Act. A person who has a debarment order made against him may not act as director of any company (except in respect of a company of which he was a director immediately before the order was made), and the debarment order applies from the date the order is made and continues in force until the Registrar of Companies cancels or suspends the order.</p>
<b>(c) Resignation of Directors</b>	
<p>The Cayman Islands Companies Act does not contain provisions on the resignation of directors.</p>	<p>Under the Singapore Companies Act, a director of a company cannot resign or vacate his office unless there is remaining in the company at least one director who is ordinarily resident in Singapore, and any purported resignation or vacation of office in breach of this provision is deemed to be invalid.</p> <p>Subject to the provisions of the Singapore Companies Act, unless the constitution of the company otherwise provides, a director's resignation is effective by giving written notice to the company, and his resignation is not conditional upon the company's acceptance of such resignation.</p>
<b>(d) Removal of Directors</b>	
<p>The Cayman Islands Companies Act does not contain provisions on the removal of directors. The removal of directors will normally be effected in accordance with the provisions of the company's articles of association.</p>	<p>A director of a public company may be removed before the expiration of his period of office by an ordinary resolution (which requires special notice of not less than 28 days before the meeting to be given in accordance with the provisions of the Singapore Companies Act) of the shareholders, notwithstanding anything in the constitution of that company or in any agreement between that company and the director, but where any director so removed was appointed to represent the interests of any particular class of shareholders or debenture holders, the resolution to remove him shall not take effect until his successor has been appointed.</p> <p>Subject to the provisions of the Singapore Companies Act, the constitution of a company may prescribe the manner in which a director may be removed from office before the expiration of his term of office.</p>

Cayman Islands Corporate Law	Singapore Corporate Law
<b>Alteration Of Governing Documents</b>	
<b>(a) Alteration of Constitution, Memorandum of Association or Articles of Association</b>	
<p>The Cayman Islands Companies Act provides that a Cayman Islands exempted company may, by special resolution of its shareholders, alter its memorandum of association with respect to any of the objects, powers or other matters specified therein. The amended memorandum of association and a copy of the special resolution must be filed with the Registrar of Companies in the Cayman Islands.</p>	<p>Unless otherwise provided in the Singapore Companies Act, a company's constitution may be altered by way of special resolution, except that any entrenching provision in the constitution and any provision contained in the constitution before 1 April 2004 which could not be altered before that date may be removed or altered only if all members of the company agree.</p> <p>For these purposes, the term “<b>entrenching provision</b>” means a provision of the constitution of a company to the effect that other specified provisions of the constitution: (a) may not be altered in the manner provided by the Singapore Companies Act; or (b) may not be so altered except by a resolution passed by a specified majority greater than 75.0%, or where other specified conditions are met.</p> <p>Unless otherwise provided in the Singapore Companies Act, any alteration to the constitution of the company takes effect on and from the date of the special resolution approving such alteration or such later date as is specified in the resolution.</p> <p>Subject to Section 33 of the Singapore Companies Act, a company may by special resolution alter the provisions of its constitution with respect to the objects of the company, if any. Where a company proposes to alter its constitution, with respect to the objects, it shall give 21 days' written notice by post or by electronic communications in accordance with the provisions of Singapore Companies Act, specifying the intention to propose the resolution as a special resolution and to submit it for passing at a meeting of the company to be held on a day specified in the notice.</p> <p>Notwithstanding any other provision of the Singapore Companies Act, a copy of the resolution altering the objects of a company shall not be lodged with the Registrar, before the expiration of 21 days after the passing of the resolution, and a copy of the resolution shall be lodged with the Registrar within 14 days thereafter, on compliance with which the alteration, if any, of the objects shall take effect.</p>

Cayman Islands Corporate Law	Singapore Corporate Law
<b>(b) Alteration of articles of association</b>	
<p>The Cayman Islands Companies Act provides that a Cayman Islands exempted company may, by special resolution of its shareholders, but subject otherwise to the memorandum of association of the company, alter or add to its articles of association. On an amendment of the articles of association, the amended version of the articles of association must be registered with the Registrar of Companies in the Cayman Islands. A copy of the special resolution must be filed with the Registrar.</p>	<p>A company may by special resolution of its shareholders, but subject otherwise to the constitution of the company, alter or add to its constitution. On an amendment of the constitution, the amended version of the constitution must be registered with the Registrar. A copy of the special resolution must be filed with the Registrar.</p>
<b>Variation of Rights Attached to Shares</b>	
<p>The Cayman Islands Companies Act does not contain provisions determining the action necessary to change the rights of holders of shares. The variation of the rights attached to any class of shares is usually dealt with generally in the articles of association of a company.</p>	<p>Under the Singapore Companies Act, if a provision is made in the constitution of a company for authorising the variation or abrogation of the rights attached to any class of shares in the company and in pursuance of that provision such rights are at any time varied or abrogated, subject to the consent of any specified proportion of the holders of that class of shares or the sanction of a resolution passed at a separate meeting of the holders of that class of shares, the holders of not less than an aggregate of 5.0% of the total number of the issued shares of that class may apply to the Singapore Courts to have the variation or abrogation cancelled in accordance with the Singapore Companies Act.</p> <p>The Singapore Courts may, if satisfied, having regard to all the circumstances of the case, that the variation or abrogation would unfairly prejudice the shareholders of the class represented by the applicant, disallow the variation or abrogation, and shall, if not so satisfied, confirm it and this decision shall be final.</p>
<b>Shareholders' Proposals</b>	
<p>The Cayman Islands Companies Act provides that, in the absence of any provision in the articles of association as to the persons to summon general meetings, three members shall be competent to summon the same.</p>	<p>Under the Singapore Companies Act, (a) any number of members representing not less than 5.0% of the total voting rights of all the members having at the date of requisition a right to vote at a meeting to which the requisition relates; or (b) not less than 100 members holding shares on which there has been paid up an average sum, per member, of not less than S\$500, may requisition the company to give to members notice of any resolution which may properly be moved and is intended to be moved at the next annual general meeting, and circulate to members any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.</p>

Cayman Islands Corporate Law	Singapore Corporate Law
	<p>Notwithstanding anything in its constitution, the directors of a company shall, on the requisition of members holding at the date of the deposit of the requisition not less than 10.0% of the total number of paid-up shares (excluding treasury Shares) as at the date of the deposit carries the right of voting at general meetings or, in the case of a company not having a share capital, of members representing not less than 10.0% of the total voting rights of all members having at that date a right to vote at general meetings, immediately proceed duly to convene an extraordinary general meeting of the company to be held as soon as practicable but in any case not later than two months after the receipt by the company of the requisition.</p> <p>If the directors do not within 21 days after the date of the deposit of the requisition proceed to convene a meeting, the requisitionists, or any of them representing more than 50.0% of the total voting rights of all of them, may themselves, in the same manner as nearly as possible as that in which meetings are to be convened by directors convene a meeting, but any meeting so convened shall not be held after the expiration of three months from that date.</p> <p>Under the Singapore Companies Act, two or more members holding not less than 10.0% of the total number of issued shares of the company (excluding treasury shares) or, if the company has not a share capital, not less than 5.0% in number of the members of the company or such lesser number as is provided by the constitution may call a meeting of the company.</p> <p>A meeting of a company or of a class of members, other than a meeting for the passing of a special resolution, shall be called by notice in writing of not less than 14 days or such longer period as is provided in the constitution.</p> <p>Shorter notice can be given if, (i) in the case of an annual general meeting, all the members entitled to attend and vote thereat so agree; or (ii) in the case of any other meeting, a majority in number of the members having a right to attend and vote thereat, being a majority which together holds not less than 95.0% of the total voting rights of all the members having a right to vote at that meeting so agree.</p>

Cayman Islands Corporate Law	Singapore Corporate Law
<b>Shareholders' Action by Written Consent</b>	
<p>Certain matters are required by the Cayman Islands Companies Act to be decided by special resolution. Where so authorised by the articles of association of a company, special resolutions may be approved in writing by all of the members entitled to vote at a general meeting of the company in one or more instruments each signed by one or more of the members.</p>	<p>Notwithstanding any other provision of the Singapore Companies Act, a private company or an unlisted public company may pass any resolution by written means (save for any resolution to dispense with the holding of annual general meetings or any resolution for which special notice is required) in accordance with the provisions of the Singapore Companies Act.</p> <p>A resolution of a private company or an unlisted public company may only be passed by written means if (i) agreement to the resolution was first sought by the directors of the company; or (ii) a requisition for that resolution was first given and the documents in respect of the resolution were served on members of the company, in accordance with the Singapore Companies Act. Further, the constitution of the company must not prohibit the passing of resolutions by written means, and all conditions in the company's constitution must be met.</p> <p>There is no corresponding provision in the Singapore Companies Act which applies to a public listed company, whether listed in Singapore or elsewhere.</p>
<b>Shareholders' Suits and Protection of Minority Shareholders</b>	
<p>In addition to following Cayman Islands case law precedents, the Cayman Islands courts would ordinarily be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal; (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company; and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.</p>	<p>A member or a holder of a debenture of a company may apply to the Singapore Courts for an order under Section 216 of the Singapore Companies Act to remedy situations where:</p> <ul style="list-style-type: none"> <li>● a company's affairs are being conducted or the powers of the company's directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of the members, shareholders or holders of debentures of the company, including the applicant; or</li> <li>● a company has done an act, or threatens to do an act, or the members or holders of debentures have passed some resolution, or propose to pass some resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of the company's members or holders of debentures, including the applicant.</li> </ul>

<b>Cayman Islands Corporate Law</b>	<b>Singapore Corporate Law</b>
<p>In the case of a company (not being a bank) having a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint one or more inspectors to examine into the affairs of the company and to report thereon in such manner as the court shall direct. The inspectors shall on the completion of their investigation report to the court. Such report is not, unless the court so directs, open to public inspection. A company also may, by special resolution, appoint inspectors for the purpose of examining into the affairs of the company. Inspectors so appointed will have the same powers and perform the same duties as inspectors appointed by the court, except that instead of making their report to the court they will report in such manner and to such persons as the company by resolution of its members directs.</p> <p>A shareholder of a company who has held shares in a company for at least six months may petition the court which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.</p>	<p>Singapore Courts have wide discretion as to the relief they may grant under such application, including, among others: (i) directing or prohibiting any act or cancelling or varying any transaction or resolution; (ii) providing that the company be wound up; or (iii) authorising civil proceedings to be brought in the name of or on behalf of the company by such person or persons and on such terms as the court directs.</p> <p>In addition, a member of a company who is seeking relief for damage done to the company may bring a common law derivative action in certain circumstances against the persons who have done wrong to the company.</p> <p>Further, Section 216A of the Singapore Companies Act prescribes a procedure to bring a statutory derivative action or arbitration in the name and on behalf of a Singapore-incorporated company or intervene in an action or arbitration to which the company is a party for the purposes of prosecuting, defending or discontinuing the action or arbitration on behalf of the company. The statutory procedure is available to a member of a company and any other person who, in the discretion of the court, is a proper person to make an application under Section 216A of the Singapore Companies Act or the Minister of Finance of Singapore, in the case of a declared company under Part 9 of the Singapore Companies Act.</p>
<b>Winding Up</b>	
<p>A company may be wound up: (a) compulsorily by an order of the court; (b) voluntarily by, among others, a special resolution of its members; or (c) under the supervision of the court. The court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the court, or where the company is unable to pay its debts, or where it is, in the opinion of the court, just and equitable to do so.</p>	<p>The winding up of a company may be done in the following ways under the Insolvency, Restructuring and Dissolution Act: (a) members' voluntary winding up; (b) creditors' voluntary winding up; (c) court compulsory winding up; and, under the Companies Act, an order made pursuant to Section 216(2)(f) of the Singapore Companies Act for the winding up of the company. The type of winding up depends, among others, on whether the company is solvent or insolvent.</p>



Cayman Islands Corporate Law	Singapore Corporate Law
<b>Dissolution</b>	
<p>A company may be dissolved following: (a) voluntary winding up; or (b) winding up by the court.</p> <p>Where an application is made to the court for the sanctioning of a compromise or arrangement proposed between a company and its members or creditors and it is shown to the court that the compromise or arrangement has been proposed for the purpose of or in connection with a scheme for the reconstruction of any company or companies or the amalgamation of any two or more companies, and under the scheme the whole or any part of the undertaking or the property of any company concerned in the scheme (“<b>a transferor company</b>”) is to be transferred to another company the court, may either by the order sanctioning the compromise or arrangement or by any subsequent order make provision for, <i>inter alia</i>, the dissolution, without winding up, of any transferor company.</p> <p>Where the Registrar of Companies has reasonable cause to believe that a company is not carrying on business or is not in operation, he may strike the company off the register and the company shall be dissolved. The company may be restored to the register up to 10 years after the strike off.</p>	<p>A company may be dissolved: (a) through the process of liquidation pursuant to the winding up of the company; (b) in a merger or amalgamation of two companies where the court may order the dissolution of one after its assets and liabilities have been transferred to the other; or (c) when it is struck off the register by the Registrar of Companies on the ground that it is a defunct company.</p>

## APPENDIX F – OUR SUBSIDIARIES AND ASSOCIATED COMPANIES

Details of our subsidiaries and associated companies are as follows:

Name of Subsidiary/Associated Entity	Country of incorporation	Principal place of business	Date of Incorporation	Principal Activities	Effective Ownership	Issued and Paid-Up Capital / Registered Capital
PC Partner Holdings Limited	British Virgin Islands	Hong Kong	2 May 1997	Investment holding	100%	US\$4,264,757
Zotac Holdings Limited	British Virgin Islands	Hong Kong	10 July 2003	Investment holding	100%	US\$20,000,000
PC Partner Investment Limited	British Virgin Islands	Hong Kong	21 December 2021	Investment holding	100%	US\$50,000
VRSense Solutions Limited	British Virgin Islands	Hong Kong	14 September 2016	Investment holding	100%	US\$2,000,000
Excelsior Technology Limited	British Virgin Islands	Hong Kong	18 July 1997	Investment holding	100%	US\$1.00
ASK Technology Group Limited	Hong Kong	Hong Kong	10 March 2008	Trading of computer accessories	100%	HK\$10,000
Innovision Multimedia Limited	Hong Kong	Hong Kong	6 February 1998	Trading of computer accessories	100%	HK\$10,000
Manli Technology Group Limited <sup>(3)</sup>	Hong Kong	Hong Kong	10 March 2008	Trading of computer accessories and computers	100%	HK\$10,000
PC Partner Limited <sup>(4)</sup>	Hong Kong	Hong Kong	12 February 1988	Design, manufacture and sale of computer accessories and computers	100%	HK\$26,520,000
PC Partner Wealth Investment Limited	Hong Kong	Hong Kong	12 August 2013	Investment holding	100%	HK\$20,000,000
PC Partner Services Limited	Hong Kong	Hong Kong	16 June 2021	Provision of company secretarial services	100%	HK\$10,000
PC Partner Properties Limited	Hong Kong	Hong Kong	30 December 2021	Property holding	100%	HK\$10,000

Name of Subsidiary/Associated Entity	Country of incorporation	Principal place of business	Date of Incorporation	Principal Activities	Effective Ownership	Issued and Paid-Up Capital / Registered Capital
Zotac Technology Limited	Hong Kong	Hong Kong	20 July 2005	Trading of computer accessories and computers	100%	HK\$150,000,000
Zotac International Limited	Hong Kong	Hong Kong	30 October 2017	Holding of intellectual properties	100%	HK\$1,000,000
Zotac International Macau Limited	Macau	Macau	20 September 2006	Trading of computer accessories and computers	100%	MOP100,000
Zotac Korea Co., Ltd.	Korea	Korea	12 May 2010	Retail/wholesale of computers and computer accessory equipment	100%	KRW559,820,000
Zotac USA Inc. (Nevada)	Nevada, The USA	Nevada, The USA	9 October 2007	Trading of computer accessories and computers	100%	US\$75,000
东莞柏能电子科技有限公司 <sup>(1)</sup>	The PRC	The PRC	10 July 2009	Subcontracting of computer accessories and computers	100%	US\$21,600,000 <sup>(2)</sup>
索泰(东莞)电子科技有限公司 <sup>(1)</sup>	The PRC	The PRC	20 June 2016	Trading of computer accessories and computers	100%	RMB600,000
卓能(东莞)数码技术有限公司 <sup>(1)</sup>	The PRC	The PRC	11 December 2017	Trading of computer accessories and computers	100%	RMB1,000,000
智盈通电子(东莞)有限公司 <sup>(1)</sup>	The PRC	The PRC	30 May 2024	Provision of repair and maintenance services	100%	RMB1,000,000
Zotac Europe GmbH	Germany	Germany	25 September 2012	Provision of technical support services	100%	EUR25,000
Zotac Nippon Corporation	Japan	Japan	18 December 2017	Trading of computer accessories and computers	80%	JPY50,000,000

Name of Subsidiary/Associated Entity	Country of incorporation	Principal place of business	Date of Incorporation	Principal Activities	Effective Ownership	Issued and Paid-Up Capital / Registered Capital
PC Partner Technology Pte. Limited	Singapore	Singapore	8 May 2024	Wholesale of computer hardware and peripheral equipment (except cybersecurity related hardware and peripheral equipment)	100%	US\$30,000,000
Zotac Technology Pte. Limited	Singapore	Singapore	13 May 2024	Wholesale of computer hardware and peripheral equipment (except cybersecurity related hardware and peripheral equipment)	100%	US\$1,000,000
Manli Technology Pte. Limited	Singapore	Singapore	14 May 2024	Wholesale of computer hardware and peripheral equipment (except cybersecurity related hardware and peripheral equipment)	100%	US\$1,000,000
Innovision Multimedia Pte. Limited	Singapore	Singapore	16 May 2024	Wholesale of computer hardware and peripheral equipment (except cybersecurity related hardware and peripheral equipment)	100%	US\$1,000,000
PT PCPartner Technology Indonesia	Indonesia	Indonesia	14 June 2024	Computer and/or computer assembly industry, computer equipment industry	100%	IDR 100,000,000,000

**Notes:**

- (1) All subsidiaries established in the PRC are wholly foreign-owned enterprises.
- (2) As at 31 December 2023, the registered capital of US\$21,298,265 was paid up and the remaining registered capital is not yet paid up to the date of this Introductory Document.
- (3) On 15 February 2011, Manli Technology Group Limited registered a representative office in the PRC under the name of 香港万利达科技集团有限公司深圳代表.
- (4) On 12 November 2020, PC Partner Limited registered a representative office in Taiwan under the name of PC Partner Limited.

## APPENDIX G – LIST OF PRESENT AND PAST PRINCIPAL DIRECTORSHIPS

The list of present and past principal directorships held by our Directors and Executive Officers in the last five (5) years preceding the Latest Practicable Date (excluding those held in our Company) is as follows:

Name	Present	Past
<b>Directors</b>		
Mr Wong Shik Ho Tony	<p><b>Directorships</b></p> <p><u>Group Companies</u> PC Partner Limited</p> <p>ASK Technology Group Limited</p> <p>Manli Technology Group Limited</p> <p>PC Partner Wealth Investment Limited</p> <p>PC Partner Services Limited</p> <p>PC Partner Properties Limited</p> <p>Zotac Technology Limited</p> <p>Zotac International Limited</p> <p>PC Partner Dongguan</p> <p>Excelsior Technology Limited</p> <p>PC Partner Holdings Limited</p> <p>Zotac Holdings Limited</p> <p>VRSense Solutions Limited</p> <p>PC Partner Investment Limited</p> <p>卓能(東莞)數碼技術有限公司</p> <p>Zotac (Dongguan) Electronic Technology Company Limited</p> <p>Zotac Technology Pte. Limited</p> <p>Zotac International Macau Limited</p> <p>PC Partner Technology Pte. Limited</p> <p>Manli Technology Pte. Limited</p> <p>Innovision Multimedia Pte. Limited</p> <p><u>Other Companies</u> NIL</p>	<p><b>Directorships</b></p> <p><u>Group Companies</u> NIL</p> <p><u>Other Companies</u> NIL</p>

<b>Name</b>	<b>Present</b>	<b>Past</b>
Mr Wong Fong Pak	<p><b>Directorships</b></p> <p><u>Group Companies</u> PC Partner Limited</p> <p>ASK Technology Group Limited</p> <p>Manli Technology Group Limited</p> <p>PC Partner Wealth Investment Limited</p> <p>PC Partner Services Limited</p> <p>PC Partner Properties Limited</p> <p>Zotac Technology Limited</p> <p>Zotac International Limited</p> <p>PC Partner Dongguan</p> <p>Excelsior Technology Limited</p> <p>PC Partner Holdings Limited</p> <p>VRSense Solutions Limited</p> <p>PC Partner Investment Limited</p> <p>Zotac International Macau Limited</p> <p>PC Partner Technology Pte. Limited</p> <p><u>Other Companies</u> Billion Century Development Limited</p>	<p><b>Directorships</b></p> <p><u>Group Companies</u> Manli Technology Pte. Limited</p> <p>Zotac Technology Pte. Limited</p> <p>Innovision Multimedia Pte. Limited</p> <p><u>Other Companies</u> NIL</p>
Mr Leung Wah Kan	<p><b>Directorships</b></p> <p><u>Group Companies</u> PC Partner Limited</p> <p>ASK Technology Group Limited</p> <p>Manli Technology Group Limited</p> <p>PC Partner Wealth Investment Limited</p> <p>PC Partner Services Limited</p> <p>PC Partner Properties Limited</p> <p>Zotac Technology Limited</p> <p>Zotac International Limited</p>	<p><b>Directorships</b></p> <p><u>Group Companies</u> Manli Technology Pte. Limited</p> <p>Zotac Technology Pte. Limited</p> <p>Innovision Multimedia Pte. Limited</p> <p><u>Other Companies</u> NIL</p>



Name	Present	Past
	PC Partner Dongguan Excelsior Technology Limited PC Partner Holdings Limited Zotac Holdings Limited VRSense Solutions Limited PC Partner Investment Limited Zotac International Macau Limited PC Partner Technology Pte. Limited PT PCPartner Technology Indonesia <u>Other Companies</u> NIL	
Mr Ho Nai Nap	<b>Directorships</b> <u>Group Companies</u> ASK Technology Group Limited Zotac Europe GmbH PC Partner Wealth Investment Limited Innovision Multimedia Limited Innovision Multimedia Pte. Limited <u>Other Companies</u> L&H Revocable Living Trust Joinrich(HK) Investment Ltd. Antwave Technology Ltd Antwave Technology (Holding) Limited Glory Yield Investment Ltd Winner Union Development Ltd	<b>Directorships</b> <u>Group Companies</u> NIL <u>Other Companies</u> NIL

<b>Name</b>	<b>Present</b>	<b>Past</b>
Mr Man Wai Hung	<p><b>Directorships</b></p> <p><u>Group Companies</u> Manli Technology Group Limited</p> <p>PC Partner Wealth Investment Limited</p> <p>PC Partner Technology Pte. Limited</p> <p>Zotac Technology Pte. Limited</p> <p>Manli Technology Pte. Limited</p> <p><u>Other Companies</u> Maxpower Technology Development Ltd.</p> <p>Rise Technology Development Ltd.</p> <p>Winner Union Development Ltd.</p>	<p><b>Directorships</b></p> <p><u>Group Companies</u> NIL</p> <p><u>Other Companies</u> NIL</p>
Mrs Ho Wong Mary Mee-Tak	<p><b>Directorships</b></p> <p><u>Group Companies</u> PC Partner Limited</p> <p>Excelsior Technology Limited</p> <p>PC Partner Holdings Limited</p> <p><u>Other Companies</u> Faithful Enterprise Limited</p> <p>Perfect Choice Limited</p>	<p><b>Directorships</b></p> <p><u>Group Companies</u> NIL</p> <p><u>Other Companies</u> Polostar Limited</p> <p>Captain Capital Limited</p> <p>Classic Venture International Inc.</p>
Ms Alicia Kwan Xiuying	<p><b>Directorships</b></p> <p><u>Group Companies</u> NIL</p> <p><u>Other Companies</u> Unconventional 37 Pte. Ltd.</p>	<p><b>Directorships</b></p> <p><u>Group Companies</u> NIL</p> <p><u>Other Companies</u> NIL</p>

<b>Name</b>	<b>Present</b>	<b>Past</b>
Mr Chua Ser Miang	<p><b>Directorships</b></p> <p><u>Group Companies</u> NIL</p> <p><u>Other Companies</u> Aoxin Q&amp;M Dental Group Limited</p> <p>LS 2 Holdings Limited</p> <p>Kori Holdings Limited</p> <p>Acumen Diagnostics Pte. Ltd.</p> <p>Acumen Research Laboratories Pte. Ltd.</p>	<p><b>Directorships</b></p> <p><u>Group Companies</u> NIL</p> <p><u>Other Companies</u> VCPlus Limited</p> <p>Yamada Green Resources Limited</p> <p>China Knowledge Data Technology Pte. Ltd.</p> <p>Eastwin Capital Pte. Ltd.</p>
Ms Chan Yim	<p><b>Directorships</b></p> <p><u>Group Companies</u> NIL</p> <p><u>Other Companies</u> NIL</p>	<p><b>Directorships</b></p> <p><u>Group Companies</u> NIL</p> <p><u>Other Companies</u> NIL</p>
Mr Kong Chee Keong	<p><b>Directorships</b></p> <p><u>Group Companies</u> NIL</p> <p><u>Other Companies</u> Ever Glory United Holdings Limited</p> <p>Gascem Pte. Ltd.</p> <p>Blue Tirta Pte. Ltd.</p> <p>PIP Energy Pte. Ltd.</p> <p>JEP Holdings Ltd.</p> <p>PT Puncak Bintang Perkasa</p> <p>Arc Energy Pte. Ltd.</p> <p>Penvest Co. Pte. Ltd.</p>	<p><b>Directorships</b></p> <p><u>Group Companies</u> NIL</p> <p><u>Other Companies</u> Puzer Asia Pte Ltd</p> <p>Darco Engineering Pte Ltd</p> <p>Darco Infracore Vietnam Water Pte. Ltd.</p> <p>PV Vacuum Engineering Pte Ltd</p> <p>Darco Water Technologies Limited</p> <p>Darco Water Systems Sdn Bhd</p> <p>Darco Industrial Water Sdn Bhd</p> <p>Wuhan Kaidi Water Service Co., Ltd</p> <p>Vietnam Darco Environment Co., Ltd</p> <p>Darco Viet Water Co., Ltd</p> <p>Darco Ba Lai Water Supply Co., Ltd</p> <p>Darco Nghe An Co., Ltd</p>

<b>Name</b>	<b>Present</b>	<b>Past</b>
		Darco Ha Tinh Co., Ltd Biolidics Limited Libra Group Limited
Mr Jason Goh Hseng Wei	<b>Directorships</b>  <u>Group Companies</u> NIL  <u>Other Companies</u> NIL	<b>Directorships</b>  <u>Group Companies</u> NIL  <u>Other Companies</u> Cream Counsel Pte Ltd.
Professor Low Teck Seng	<b>Directorships</b>  <u>Group Companies</u> NIL  <u>Other Companies</u> Revantha Technologies Pte. Ltd  NRF Holdings Pte. Ltd.  Key Asic Berhad  Acrophyte Pte. Ltd. (formerly known as Chip Eng Seng Corporation Ltd)  Xora Innovation Pte. Ltd.  Public Utilities Board  UCrest Berhad  The Trendlines Group Ltd.  Graduate Investment Private Limited  Singapore Maritime Institute  The Tang Foundation Ltd.  Temasek Lifesciences Accelerator Pte. Ltd.	<b>Directorships</b>  <u>Group Companies</u> NIL  <u>Other Companies</u> ISEC Healthcare Ltd.  Excelpoint Technology Pte. Ltd.  Tum Create Limited  Cambridge Centre for Advanced Research and Education in Singapore Ltd.  Singapore Innovate Pte. Ltd.  Singapore MIT-Alliance for Research and Technology Centre  IEEE Asia-Pacific Limited  DSO National Laboratories  PUB Consultants Private Limited
Mr Teo Chun-Wei, Benedict	<b>Directorships</b>  <u>Group Companies</u> NIL  <u>Other Companies</u> Drew & Napier LLC	<b>Directorships</b>  <u>Group Companies</u> NIL  <u>Other Companies</u> NIL

<b>Name</b>	<b>Present</b>	<b>Past</b>
<b>Executive Officers</b>		
Mr Lau Ka Lai Gary	<b>Directorships</b>  <u>Group Companies</u> Zotac USA Inc. (Nevada)  <u>Other Companies</u> Trian Company Limited	<b>Directorships</b>  <u>Group Companies</u> NIL  <u>Other Companies</u> NIL
Mr Yang Ho Ching	<b>Directorships</b>  <u>Group Companies</u> NIL  <u>Other Companies</u> NIL	<b>Directorships</b>  <u>Group Companies</u> NIL  <u>Other Companies</u> NIL
Ms Ho Kan Yan Annie	<b>Directorships</b>  <u>Group Companies</u> NIL  <u>Other Companies</u> NIL	<b>Directorships</b>  <u>Group Companies</u> NIL  <u>Other Companies</u> NIL
Mr Fong Wing Fai	<b>Directorships</b>  <u>Group Companies</u> NIL  <u>Other Companies</u> NIL	<b>Directorships</b>  <u>Group Companies</u> NIL  <u>Other Companies</u> NIL
Ms Lee Yuet Wan	<b>Directorships</b>  <u>Group Companies</u> NIL  <u>Other Companies</u> Ko Ya Systems Engineering Co. Ltd.	<b>Directorships</b>  <u>Group Companies</u> NIL  <u>Other Companies</u> NIL

## APPENDIX H – WEB DOMAINS

Web Domain	Registered Owner	Expiry Date
pcpartner.com	PCPL	8 April 2027
dg-pcpartner.com	PCPL	23 July 2026
dg-pcpartner.com.cn	柏能科技有限公司	24 July 2026
zotac-china.com	PCPL	20 April 2025
zotacchina.com	PCPL	20 April 2025
索泰.中国	柏能科技有限公司	5 July 2025
索泰显卡.中国	柏能科技有限公司	11 April 2025
索泰显卡.com	PCPL	11 April 2025
索泰科技.中国	柏能科技有限公司	11 April 2025
索泰科技.com	PCPL	11 April 2025
pcpelectronics.com	PCPL	17 May 2025
pcpartner-zotac.com	ZOTAC Technology Limited	16 April 2026
zotac.at	ZOTAC Technology Limited	24 March 2025
zotac.be	Zotac International (MCO) Limited	30 June 2025
zotac.biz	ZOTAC Technology Limited	19 March 2025
zotac.ch	ZOTAC Technology Limited	28 March 2025
zotac.co.ee	ZOTAC Technology Limited	4 March 2025
zotac.co.kr	Zotac International (MCO) Limited	29 March 2025
zotac.co.nz	ZOTAC Technology Limited	27 March 2026
zotac.com.hk	Zotac International (MCO) Limited	3 April 2026
zotac.com.tw	ZOTAC Technology Limited	29 March 2025
zotac.cz	ZOTAC Technology Limited	2 April 2025
zotac.de	PCPL	18 March 2025
zotac-cup.de	PCPL	18 March 2025
zotac.dk	ZOTAC Technology Limited	31 July 2025
zotac.es	ZOTAC Technology Limited	19 March 2025
zotac.fr	ZOTAC Technology Limited	13 July 2026
zotac.gr	ZOTAC International (MCO) Limited	25 March 2025
zotac.hk	ZOTAC International (MCO) Limited	29 March 2026
zotac.hu	ZOTAC International (MCO) Limited	21 April 2026
zotac.in	ZOTAC Technology Limited	29 March 2026
zotac.info	ZOTAC Technology Limited	20 March 2025
zotac.it	Zotac International (MCO) Limited	8 May 2025
zotac.jp	ZOTAC Technology Limited	13 March 2025



<b>Web Domain</b>	<b>Registered Owner</b>	<b>Expiry Date</b>
zotac.li	ZOTAC Technology Limited	27 April 2025
zotac.mobi	ZOTAC Technology Limited	3 April 2026
zotac.net	ZOTAC Technology Limited	20 March 2025
zotac.nl	ZOTAC Technology Limited	28 March 2025
zotac.org	ZOTAC Technology Limited	20 March 2025
zotac.pl	ZOTAC Technology Limited	29 March 2026
zotac.ro	Zotac International (MCO) Limited	27 July 2026
zotac.tw	Zotac International (MCO) Limited	30 April 2025
zotac.us	Zotac International (MCO) Limited	28 March 2025
zotac.tv	ZOTAC Technology Limited	14 July 2025
zotac.vn	Zotac International (MCO) Limited	24 March 2026
zotaonline.com	ZOTAC Technology Limited	20 March 2025
zotacstore.com	ZOTAC Technology Limited	20 March 2025
pcphldg.com	PCPL	1 February 2028
pcphldg.com.hk	PCPL	1 February 2029
pcpholdings.com.hk	PCPL	1 February 2029
exceltl.com	ZOTAC Technology Limited	7 November 2025
zotac.ae	ZOTAC Technology Limited	21 April 2025
zotac.com.tr	ZOTAC Technology Limited	30 March 2027
zotackor.co.kr	ZOTAC KOREA	29 March 2025
zotac.com.mo	Zotac International (Macao Commercial Offshore) Limited	5 April 2026
pcpsol.com	PCPL	27 April 2025
minipciecard.com	PCPL	5 May 2025
minipcie.org	PCPL	5 May 2025
minipciecard.net	PCPL	5 May 2025
minipcie.net	PCPL	5 May 2025
zotac.com	ZOTAC Technology Limited	1 April 2025
zotac-cup.com	ZOTAC Technology Limited	1 February 2025
zotac-cups.com	ZOTAC Technology Limited	16 April 2025
zotac-dongguan.com	ZOTAC Technology Limited	27 July 2026
pcpartner.com.hk	PCPL	1 October 2027
pcpartnertechnology.com	ZOTAC Technology Limited	17 June 2026
pcpartnertechnology.co.id	PT PCPartner Technology Indonesia	4 July 2026
pcpartner.sg	PC Partner Technology Pte. Limited	18 June 2026
pcpartnertechnology.com.sg	PC Partner Technology Pte. Limited	26 June 2026

<b>Web Domain</b>	<b>Registered Owner</b>	<b>Expiry Date</b>
pcpartnertechnology.sg	PC Partner Technology Pte. Limited	26 June 2026
zotac.com.sg	PC Partner Technology Pte. Limited	26 June 2026
zotac.sg	PC Partner Technology Pte. Limited	29 March 2025
manli.com.sg	PC Partner Technology Pte. Limited	26 June 2026
manli.sg	PC Partner Technology Pte. Limited	26 June 2026
inno3d.com.sg	PC Partner Technology Pte. Limited	26 June 2026
inno3d.sg	PC Partner Technology Pte. Limited	26 June 2026
inno3d.com	ASK Technology Group Limited	21 July 2025
ivmm.com	ASK Technology Group Limited	7 February 2025
force3d.com	ASK Technology Group Limited	14 January 2025
inno4d.com	ASK Technology Group Limited	14 January 2025
ask-3d.com	ASK Technology Group Limited	18 December 2024
ask.com.hk	ASK Technology Group Limited	15 April 2025
ask.hk	ASK Technology Group Limited	15 April 2025
innodv.com	ASK Technology Group Limited	24 April 2025
innoax.com	ASK Technology Group Limited	3 August 2025
inno3d.hk	ASK Technology Group Limited	11 May 2025
inno3d.com.hk	ASK Technology Group Limited	1 November 2026
thundergear.com	ASK Technology Group Limited	23 July 2025
sz-ask.com	ASK Technology Group Limited	8 April 2025
manli.com	Manli Technology Group Limited	17 January 2027

