This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the entire prospectus before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk factors", and you should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

The Group, founded in 1997, is a manufacturer of video graphics cards for personal computers ("PC"). Video graphics cards were the Group's core products and revenue driver for the three years ended 31 December 2010 and in the six months ended 30 June 2011. The Group is principally engaged in the design, development and manufacture of video graphics cards. The Group also provides Electronics Manufacturing Service ("EMS") and manufactures other PC related products.

In 2008, the Group acquired a 60% interest in each of ASK Group and Manli Group to further strengthen its position in the video graphics cards market as well as the development of the business of the Group's own brands. After the completion of the Group's Reorganisation (as described in the section headed "History and Development — Reorganisation" in this prospectus), both ASK Group and Manli Group have become wholly owned subsidiaries of the Group.

According to the Synovate Report commissioned by the Group, an independent market research and consulting company, the global video graphics cards market, being the core revenue driver of the Group during the Track Record Period, recorded a total shipment output value at approximately US$6.55 billion in 2010. The Group is a manufacturer with a global market share of approximately 8.5% in terms of revenue and approximately 17.0% in terms of output quantity in 2010. The Group is selected by AMD and Sapphire as one of the manufacturers of their video graphics cards. During the Track Record Period, AMD and Sapphire were among the top 5 customers of the Group.

BUSINESS

Video graphics cards

(a) OEM/ODM contract manufacturing

The Group manufactures video graphics cards on Original Equipment Manufacturer ("OEM") and Original Design Manufacturer ("ODM") bases for its customers including AMD, Sapphire and certain computer products manufacturers. The Group's OEM/ODM contract manufacturing business is led by an executive Director based in Hong Kong and its sales representatives based in Europe, Middle East, Africa and India ("EMEAI") and North America and Latin America ("NALA"), providing sales and business development supports in those regions. Sales to the Asia Pacific region ("APAC") and the PRC are managed out of Hong Kong.

(b) The Group's brands

In addition, the Group also manufactures and/or sells video graphics cards under its own ZOTAC, Inno3D and Manli brands, and these products are sold to various regions including EMEAI, NALA, APAC and the PRC. The Group's distributors in EMEAI, APAC and the PRC are customers of the Group. The Group's subsidiaries in NALA and South Korea act as importers of ZOTAC products to the respective regions and sell such products onward to local distributors.

The Group's own ZOTAC branded video graphics cards, which target the mid to high end markets, are supported by the Group's strong manufacturing facilities. Furthermore, the Group's wholly owned subsidiary, Zotac Macao, was established in 2006 for developing channel distribution in the EMEAI region, which started in 2007. The Group also introduced its ZOTAC branded line of products to APAC, the PRC and NALA in 2007. For the three years ended 31 December 2010 and in the six months ended 30 June 2011, the revenues from ZOTAC products were approximately HK$725 million, HK$1,068 million, HK$1,487 million and HK$854 million, respectively.

EMS business

The Group's EMS division manufactures other electronic components and products such as the computer base units of point of sales ("POS") and automatic teller machines ("ATM") systems, flash memory modules and Internet Media Tablets (which are portable media players that play industrial standard video and/or audio contents) for its customers.

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

Other PC related products and components

The Group manufactures and sells other PC related products such as mini-PCs and motherboards under its own ZOTAC and/or Manli brands as well as deriving revenue from the trading of other PC related products and components.

The following table sets forth the revenue in each of the Group's geographical segments as a percentage of the total revenue for the periods indicated.

	Year ended 31 December						Six months ended 30 June			
	2008		2009		2010		2010 (unaudited)		2011	
	HK$'000	*% of total*	*HK$'000*	*% of total*	*HK$'000*	*% of total*	*HK$'000*	*% of total*	*HK$'000*	*% of total*
APAC	2,458,149	56%	2,413,666	51%	2,660,392	48%	1,301,287	52%	1,185,991	41%
EMEAI	1,305,936	30%	1,303,012	28%	1,542,048	27%	553,251	22%	959,006	33%
NALA	362,309	8%	463,551	10%	516,419	9%	239,050	10%	283,707	10%
PRC	262,922	6%	528,973	11%	866,523	16%	390,101	16%	477,080	16%
Total	**4,389,316**	**100%**	**4,709,202**	**100%**	**5,585,382**	**100%**	**2,483,689**	**100%**	**2,905,784**	**100%**

The following table sets forth the revenue in each of the Group's product segments as a percentage of the total revenue for the periods indicated.

	Year ended 31 December						Six months ended 30 June			
	2008		2009		2010		2010		2011	
	HK$'000	*% of total*	*HK$'000*	*% of total*	*HK$'000*	*% of total*	*HK$'000*	*% of total*	*HK$'000*	*% of total*
Video graphics cards										
— OEM/ODM contract manufacturing	2,507,491	57%	2,453,802	52%	2,653,702	48%	1,305,653	52%	1,044,714	36%
— Group's own branded products	1,090,690	25%	1,466,289	31%	1,685,937	30%	734,305	30%	875,618	30%
	3,598,181	82%	3,920,091	83%	4,339,639	78%	2,039,958	82%	1,920,332	66%
EMS	622,012	14%	430,623	9%	753,944	13%	238,927	10%	677,627	23%
Other PC related products and components	169,123	4%	358,488	8%	491,799	9%	204,804	8%	307,825	11%
Total revenue	4,389,316	100%	4,709,202	100%	5,585,382	100%	2,483,689	100%	2,905,784	100%

Manufacturing of video graphics cards is a low margin business. The net profit margins recorded by the Group were 1.2%, 2.1%, 2.1% and 1.2% for the three years ended 31 December 2010 and in the six months ended 30 June 2011, respectively. Any increase in the costs of labour, electricity, rent, taxation, raw materials and so forth, which the Group could not pass onto its customers, would adversely impact the Group's profitability.

Revenue from the EMEAI region grew by approximately 73% in the six months ended 30 June 2011 as compared with the six months ended 30 June 2010. Within the EMEAI region, the European countries accounted for a substantial percentage of the revenue of this geographical segment.

The growth in the EMEAI region was due to a substantial increase in sales revenue from an Internet Media Tablets provider, which is an EMS customer of the Group. The revenue from the said customer grew by approximately 426% in the six months ended 30 June 2011 as compared with the six months ended 30 June 2010. Excluding the increase in sales to this Internet Media Tablets provider, revenue from the EMEAI region grew by approximately 6% in the six months ended 30 June 2011 as compared with the six months ended 30 June 2010.

Revenue from the NALA region grew by approximately 19% in the six months ended 30 June 2011 as compared with the six months ended 30 June 2010.

The Group monitors the credits provided to its customers closely and exercises tight control to manage its credit risk. During the Track Record Period, the average trade receivables turnover days was approximately 50 days.

CUSTOMERS

The Group manufactures video graphics cards for Advanced Micro Devices, Inc. ("AMD") on an OEM basis, for Sapphire on both OEM and ODM bases, and for other computer products manufacturers (such as Hon Hai Precision) on an ODM basis. AMD is a supplier of Graphics Processing Units ("GPUs") and other semi-conductor products, and an Independent Third Party. The Group owns a 4.95% interest in Sapphire as at the Latest Practicable Date.

The Group has been one of ATI's, and successively AMD's, Manufactured-by-AMD ("MBA") video graphics cards contract manufacturers since 1998. By virtue of the aforesaid relationship, the Group has benefited from working with the latest AMD Graphics Processing Units ("GPUs"), thus positioning the Group advantageously in developing new models of video graphics cards utilising AMD's latest GPUs for its customers. AMD provides GPUs to the Group on a consignment basis. AMD retains title over such consigned GPUs. Certain components and materials such as Random Access Memory ("RAM") may be provided by AMD on a consignment basis from time to time. The Group always procures fansinks (being heatsinks (which are metal plates used to conduct and radiate heat away from an electrical component in an electrical device) that are integrated with a cooling fan) and Printed Circuit Boards ("PCBs") on behalf of AMD and such components would be accounted for as purchases of the Group and expensed as cost of sales. The Group would procure any remaining components and materials necessary for the assembly of MBA video graphics cards. Most of the components and materials are sourced from AMD approved vendors, as required.

The Group owned 40% interest in Sapphire when the latter was incorporated in 2001. Over the years, the Group's interest in Sapphire had been diluted to 4.95% which remained unchanged as at the Latest Practicable Date. The Group first manufactured video graphics cards for Sapphire in 2001. Sapphire was one of the Group's top two customers for the three years ended 31 December 2010 and in the six months ended 30 June 2011, representing 13%, 11%, 9% and 8% of the Group's total revenue, respectively. Please refer to the sections headed "Business — Products 1. Video graphics cards segment (a) ODM/OEM contract manufacturing of video graphics cards (iii) Sapphire" and "Risk factors — Reliance on Sapphire, one of the major customers" in this prospectus for more information on the relationship of the Group with Sapphire.

Sapphire, in respect of the Group's manufacturing and sales of video graphics cards on OEM/ODM bases, provides GPUs to the Group on a consignment basis and retains title over such consigned GPUs. Sapphire may also choose to provide certain other components and materials to the Group on a consignment basis and require the Group to procure any remaining components and materials necessary for the assembly of video graphics cards and such components would be accounted for as purchases of the Group and expensed as cost of sales. The exact requirements vary from time to time. During the Track Record Period, transactions between Sapphire and the Group were at arm's length and under normal commercial terms.

Other ODM/OEM contract manufacturing customers, such as Hon Hai Precision, which engage the Group to assemble video graphics cards, usually require the Group to procure all the components and materials necessary for the assembly of video graphics cards and such components would be accounted for as purchases of the Group and expensed as cost of sales.

The Group is also an EMS provider, and manufactures electronic components and products according to its customers' product designs and specifications. The Group's EMS customers include providers of POS and ATM systems, flash memory modules, Internet Media Tablets and other electronic components and products.

SUPPLIERS

NVIDIA was the largest supplier of the Group. Purchases from NVIDIA accounted for approximately 27%, 36%, 33% and 28% of the Group's total purchases for the three years ended 31 December 2010 and in the six months ended 30 June 2011, respectively.

AMD and NVIDIA are the two key technology providers of discrete GPUs to the manufacturers of add-in video graphics cards worldwide according to the Synovate Report. Their shares of the discrete GPU market in the first six months of 2011 were approximately 40.5% and 59.1%, respectively according to the Synovate Report. Both of them are the Group's strategic technology suppliers. The Group has been working with

ATI (which was subsequently acquired by AMD in 2006) since 1998. In 2006, the Group took a further step to cooperate with NVIDIA by commencing its NVIDIA graphics OEM and, subsequently, the Group's ZOTAC brand channel business in 2007.

The Group, through its wholly owned subsidiaries, has achieved and maintained the NVIDIA Authorised Add-in Card Partner status since 2006, through which the Group is eligible for the rebate programmes and special discounts that NVIDIA offers from time to time. The said status can also be achieved by other manufacturers.

PRODUCTION

The Group operates two factories with 42 surface mount technology ("SMT") lines, one chip-on-board ("COB") line and 24 assembly and testing lines occupying a total gross floor area of approximately 150,000 sq.m., with extensive testing and quality assurance facilities and employing 5,339 staff in Dongguan, the PRC as at 31 October 2011. The Group prides on its engineering expertise and accumulated know-how over the years in video graphics cards development. As at 31 October 2011, the Group's research and development team consisted of 125 engineers located in Hong Kong, Shenzhen, Dongguan and Taiwan.

The Directors believe that manufacturing quality products for its customers is one of the key success factors of the Group. The Group has established quality control and environmental protection systems and is accredited with ISO 9001, ISO 14001, OHSMS 18000 and QC 080000 certifications.

The Group is also reliant on the performance of its SMT manufacturing subcontractors on quality, lead time and delivery of the work-in-progress after the SMT processes because the Group has no direct control of the SMT manufacturing processes of these subcontractors. In respect of the assembly of video graphics cards for AMD and Sapphire, the Group carries out the SMT processes in-house. For further information, please refer to the section headed "Business — Production capacity and utilisation rates" in this prospectus.

REVENUE

The Group is committed to offer innovative and reliable technology products focusing on video graphics cards and the provision of EMS. For the three years ended 31 December 2010 and in the six months ended 30 June 2011, the Group's revenue was approximately HK$4,389 million, HK$4,709 million, HK$5,585 million and HK$2,906 million, respectively. The profit for the same periods were approximately HK$54 million, HK$100 million, HK$117 million and HK$36 million, respectively.

The gross profit of the Group increased by 6.4% to HK$215 million for the six months ended 30 June 2011 from HK$202 million for the six months ended 30 June 2010. The gross profit margin of the Group was 7.4% for the six months ended 30 June 2011 as compared to 8.1% for the six months ended 30 June 2010. The decrease in gross profit margin was due to the increase in costs, largely attributable to material and labour costs, running at a rate higher than the increase in revenue.

The gross profit of the Group increased by 5.8% to HK$460 million for the year ended 31 December 2010 from HK$435 million for the year ended 31 December 2009. The gross profit margin of the Group was 8.2% for the year ended 31 December 2010 as compared to 9.2% for the year ended 31 December 2009. The decrease in gross profit margin was due to the increase in costs, largely attributable to labour costs, running at a rate higher than the increase in revenue.

The gross profit of the Group increased by 19.6% to HK$435 million for the year ended 31 December 2009 from HK$364 million for the year ended 31 December 2008. The gross profit margin of the Group was 9.2% for the year ended 31 December 2009 as compared to 8.3% for the year ended 31 December 2008. Please refer to the section headed "Financial Information — Comparison of results of operations" for further information.

Seasonality effect on the business of the Group

The business of the Group is subject to seasonality effects. Such effect had significant impact on the Group's sales revenue and financial performance during the Track Record Period. The sales of PC Partner (the most important subsidiary of the Group in terms of sales and revenue) tended to increase in the fourth quarter of each year during the Track Record Period, which was due to the typical consumer spending pattern increasing around the Christmas and new year holidays season. The sales revenue in the fourth quarter of 2009 and 2010 represented 31% and 32% of the total sales revenue of the respective years. The Group's own brands of video graphics cards, ODM/OEM video graphics cards for the retail market, ODM/OEM video graphics cards assembled for PC manufacturer customers sold by PC Partner were subject to similar seasonality effect driven by the holidays season. The seasonality trend was also applicable to the sales of other PC related products and some of the EMS products such as Internet Media Tablets and the flash memory modules sold by PC Partner, which shared the same seasonality effect driven by the holiday seasons. 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 the Group's performance. Any seasonal fluctuations which may occur in the future may not match the expectations of the Group or the Group's investors. This may affect the trading price of the Shares.

SUMMARY OF FINANCIAL INFORMATION

The following tables summarise our combined statements of comprehensive income and combined statements of financial position during the Track Record Period:

Combined statements of comprehensive income

	Year ended 31 December			Six months ended 30 June	
	2008	2009	2010	2010	2011
				(unaudited)	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	4,389,316	4,709,202	5,585,382	2,483,689	2,905,784
Cost of sales	(4,025,349)	(4,273,862)	(5,124,759)	(2,281,977)	(2,691,054)
Gross profit	363,967	435,340	460,623	201,712	214,730
Other revenue and other gains and losses	661	5,881	38,007	3,553	5,834
Selling and distribution expenses	(85,250)	(96,171)	(104,192)	(47,424)	(48,078)
Administrative expenses	(195,082)	(219,037)	(249,562)	(118,133)	(126,069)
Finance costs	(19,287)	(10,480)	(11,770)	(5,422)	(5,813)
Profit before income tax	65,009	115,533	133,106	34,286	40,604
Income tax expense	(10,898)	(14,880)	(15,738)	(4,821)	(4,521)
Profit for the year/period	54,111	100,653	117,368	29,465	36,083
Other comprehensive income, after tax					
Exchange differences on translating foreign operations	12	—	37	110	(73)
Total comprehensive income for the year/period	54,123	100,653	117,405	29,575	36,010
Profit attributable to:					
— Owners of the Company	51,558	88,827	110,295	24,644	35,171
— Non-controlling interests	2,553	11,826	7,073	4,821	912
	54,111	100,653	117,368	29,465	36,083
Earnings per share for profit attributable to owners of the Company — basic and diluted *(Note)*	N/A	N/A	N/A	N/A	N/A
Dividends	13,820	13,727	31,296	—	—

Note: No earnings per share information is presented, for the purpose of the accountant's report set out in Appendix I to this prospectus, as its inclusion is not considered meaningful due to the preparation of the results for the relevant periods on a combined basis as disclosed in Note 1 of the aforesaid accountant's report.

Combined statements of financial position

	As at 31 December			As at 30 June
	2008	**2009**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets				
Property, plant and equipment	101,303	92,908	93,506	77,791
Interests in associates	—	—	—	—
Intangible assets	13,540	11,812	10,084	9,220
Trade and other receivables	6,270	—	—	—
Other financial assets	20,992	20,992	20,992	20,992
Deferred tax assets	32	28	1,284	1,968
	142,137	125,740	125,866	109,971
Current assets				
Inventories	511,626	729,070	943,858	980,074
Trade and other receivables	670,073	738,245	941,949	805,852
Derivative financial assets	—	1,101	412	652
Current tax recoverable	76	71	2,315	1,816
Pledged time deposits	3,627	7,124	7,142	7,142
Cash and cash equivalents	305,816	681,272	685,240	360,741
	1,491,218	2,156,883	2,580,916	2,156,277
Current liabilities				
Trade and other payables	811,954	1,039,815	1,182,721	811,155
Borrowings	388,174	714,680	934,891	829,599
Provisions	13,006	12,155	11,216	10,027
Obligations under finance leases	14	14	14	10
Derivative financial liabilities	—	143	162	103
Current tax liabilities	6,247	19,973	7,395	8,964
	1,219,395	1,786,780	2,136,399	1,659,858
Net current assets	271,823	370,103	444,517	496,419
Total assets less current liabilities	413,960	495,843	570,383	606,390
Non-current liabilities				
Obligations under finance leases	31	17	3	—
Deferred tax liabilities	4,469	2,555	—	—
	4,500	2,572	3	—
Net assets	409,460	493,271	570,380	606,390
Capital and reserves attributable to owners of the Company				
Share capital	30,589	30,318	30,318	30,318
Reserves	366,723	438,979	518,015	553,105
Equity attributable to owners of the Company	397,312	469,297	548,333	583,423
Non-controlling interests	12,148	23,974	22,047	22,967
Total equity	409,460	493,271	570,380	606,390

Borrowings of the Group increased during the Track Record Period

Increases in bank borrowings which were predominantly in the form of import loans used to support business growth was in tandem with the increases in sales revenue during the Track Record Period. Import loans were used to finance purchases of materials. As at 31 December 2008, 2009, 2010 and 30 June 2011, balances of import loans were approximately HK$297 million, HK$592 million, HK$811 million and HK$745 million, respectively. Please refer to note 26 of Accountants' Report in Appendix I to this prospectus for further details.

Change in inventory (31 December 2010 to 30 June 2011)

Inventory increased by HK$36 million from HK$944 million as at 31 December 2010 to HK$980 million as at 30 June 2011, which was mainly due to the increase in the materials requirements to satisfy the increase in orders of Internet Media Tablets by an EMS customer. The sales revenue from the said customer grew from HK$88 million (for the six months ended 30 June 2010) to HK$465 million (for the six months ended 30 June 2011).

Change in cash and cash equivalents (31 December 2010 to 30 June 2011)

Cash and cash equivalents declined by approximately HK$324 million from HK$685 million as at 31 December 2010 to HK$361 million as at 30 June 2011. The said reduction was mainly due to the net reduction in trade and other payables and import loans on or before 30 June 2011.

Change in trade and other payables (31 December 2010 to 30 June 2011)

Trade and other payables declined by approximately HK$372 million from HK$1,183 million as at 31 December 2010 to HK$811 million as at 30 June 2011, of which total trade payables decreased from approximately HK$1,027 million as at 31 December 2010 to approximately HK$664 million as at 30 June 2011. Other payables and accruals were reduced by approximately HK$9 million from HK$156 million as at 31 December 2010 to HK$147 million as at 30 June 2011. The reduction in the trade and other payable balance as at 30 June 2011 is reflected in the reduction in the cash and cash equivalent balance as at 30 June 2011 as compared with the respective balances as at 31 December 2010.

Decrease in trade payables and average trade payable turnover days

Total trade payables decreased from approximately HK$1,027 million as at 31 December 2010 to approximately HK$664 million as at 30 June 2011, and average trade payables turnover days was reduced to 57 days as at 30 June 2011. Purchases by PC Partner, the major procurement arm of the Group, represented 90%, 92%, 95%, and 95% of the total purchases of the Group for the three years ended 31 December 2010 and the six months ended 30 June 2011. The purchasing values of PC Partner in the second and fourth quarters of 2010 were HK$998 million and HK$1,241 million, respectively, representing a difference of 24.3%. The purchasing value of PC Partner in the second quarter of 2011 was HK$1,092 million, which followed a similar seasonal pattern. As a result, the trade payables of PC Partner of HK$641 million as at 30 June 2011 (HK$753 million as at 30 June 2010) was lower than that of HK$984 million as at 31 December 2010.

During the first six months of 2011, the Internet Media Tablets EMS customer of the Group specified the use of some new suppliers, which offered less favourable terms of trade to the Group, such as requiring advanced payment or cash-on-delivery. Total payments to the suppliers under advanced payment or cash-on-delivery terms in the six months ended 30 June 2010 and in the six months ended 30 June 2011 were HK$5.8 million and HK$125.6 million, respectively, respereenting an increase of approximately 22 fold. The less favourable terms of trade with the said new suppliers in the first six months of 2011 resulted in a reduction in average trade payable turnover days.

The Group's inventory increased by approximately HK$36 million from approximately HK$944 million as at 31 December 2010 to approximately HK$980 million as at 30 June 2011, representing an increase of approximately 4%. The purchases of PC Partner in the fourth quarter of 2010 and the second quarter of 2011 were approximately HK$1,241 million and HK$1,092 million, respectively, representing a decrease of approximately 12%. As illustrated above, trade payables of PC Partner decreased by approximately 34.8% from 31 December 2010 to 30 June 2011. The slight increase in the Group's inventory by approximately 4% despite the decrease in purchasing and trade payables of PC Partner was due to the increase in the use of suppliers, which required the Group to procure on cash-on-delivery or advanced payment basis and as well as parts and components yet to be utilised in the Group's production processes.

ODM/OEM contract manufacturing business and own brands pricing

The ODM/OEM contract manufacturing business commanded a higher gross profit margin after material costs than the business of the Group's own brands of video graphics cards during the Track Record Period. Pricing quotations given to the Group's ODM/

OEM customers are on cost-plus basis. Among the Group's major customers, the Group assembles MBA video graphics cards for AMD. MBA video graphics cards are produced to accompany the launch of new GPUs to demonstrate its features and capabilities as well as to serve as reference for video graphics cards manufacturer to design new video graphics cards based on the new GPUs. The engineering and quality of MBA video graphics cards tend to be over specified above and beyond norm, which lead to the relatively higher cost on components and materials. In the case of the other ODM/OEM customers, they are mainly PC manufacturers who utilise video graphics cards assembled by the Group as a component for the production of PCs. The Group prices its products and services on the basis of a cost-plus calculation methodology. The prices of products and services are derived from the sum of three elements, namely, (i) total costs of materials on the basis of current prices; (ii) "value-added" costs, comprising pre-manufacturing costs, equipment usage, production and testing services, packaging, logistics, selling and administration overheads ("value-added costs"); and (iii) a reasonable profit margin determined by the management based on market practice, economic situation, the Company's annual profit target, etc. ("profit margin"). Market prices of high value components, GPU and commodity items such as RAM are constantly monitored and reflected in quotations or selling prices to customers as soon as possible, and prices of the bill-of-materials of products are constantly updated to assure that product costs are as current as possible.

The Group would estimate the assembly cost on the basis of product complexity and specific customer requirements in order to come up with the assembly fee, which would be charged on top of the material costs to arrive at the selling price for the assembly of video graphics cards for ODM/OEM contract manufacturing customers. The Group would refer to the bill-of-materials provided by the customers to estimate the assembly charge. The component count on the video graphics cards and the through hole assembly required for manufacturing would be taken into consideration for the price quote. Furthermore, the Group would also assess the labour resources, the factory and administrative overheads, specific quality control measurement, testing requirement, packing and shipping cost, trial run cost, sales warranty, finance costs and then add in the profit margin to determine the selling price for the ODM/OEM contract manufacturing business.

The Group only started to distribute its own ZOTAC branded video graphics cards in 2007 as a means to reduce its reliance on the ODM/OEM customers. Unlike the video graphics cards manufactured for AMD and the other ODM/OEM customers, the Group's own brands of video graphics cards are destined for the retail market. The Group only used NVIDIA GPUs in its own branded video graphics cards products. In general, NVIDIA would provide a manufacturers' suggested retail price ("MSRP") to the manufacturers of video graphics cards using NVIDIA GPUs.

In order to gain market share for the Group's own brands, especially ZOTAC, the Group has tended to use high quality components and materials and at the same time pricing its own brands of video graphics cards at levels below the MSRP. During the Track Record Period, the Group was able to command a level of profit margin in the ODM/OEM contract manufacturing of video graphics cards business, which resulted in a gross profit margin after material costs higher than that of the business of the Group's own brands of video graphics cards. Please refer to the section headed "Business — Video graphics cards segment" of this prospectus for more information.

Recent economic conditions

Introduction

During the Track Record Period, the EMEAI and NALA markets represented important overseas markets for the exports of the Group's products and recorded a continued growth. For the three years ended 31 December 2010 and in the six months ended 30 June 2011, the Group generated approximately 30%, 28%, 27% and 33%, respectively of its total sales to customers from the EMEAI market and approximately 8%, 10%, 9% and 10%, respectively of its total sales to customers from the NALA market. For the same period, the Group's turnover attributable to its EMEAI customers were approximately HK$1,306 million, HK$1,303 million, HK$1,542 million and HK$959 million, respectively, while the Group's turnover attributable to its NALA customers were approximately HK$362 million, HK$464 million, HK$516 million and HK$284 million, respectively.

Within the EMEAI geographical segment, the European Union countries accounted for a substantial percentage of the revenue of this segment. During the Track Record Period, revenue contribution from the European Union countries represented approximately 78%, 72%, 70% and 82%, respectively of the total revenue of the EMEAI segment. The global market and economic conditions in 2008 and 2009 were unprecedented, and the global economy underwent a severe recession, with advanced economies experiencing deep contractions during this period. Continued concerns over the impact of potential prolonged recession, the availability and cost of credit, commodity prices, the global housing and mortgage markets, and costs of energy contributed to market volatility and diminished expectations for global economic growth. The PRC and international equity markets also experienced heightened volatility. These events resulted in economic slowdown and fluctuation in consumer confidence, which in turn have affected and may continue to affect consumers' demand for the Group's products.

Sales in the European and US markets

For the three years ended 31 December 2010 and in the six months ended 30 June 2011, sales revenue from the EMEAI region represented 30%, 28%, 27% and 33% of the Group's total sales revenue, respectively. Sales revenue from NALA region represented 8%, 10%, 9% and 10% of the Group's total sales revenue, respectively for the same periods. These two regions represented a sizable portion of the Group's total sales revenue. European Union countries and the US are significant markets in EMEAI and NALA regions.

The Group's sales in the European markets have shown a declining trend from 1 July 2011 to 31 October 2011, based on the Group's unaudited management accounts. This may be due to the recent uncertain economic conditions in the European Union countries. On the other hand, the US market continued to show growth in the period from 1 July 2011 to 31 October 2011, based on the Group's unaudited management accounts.

The recent financial uncertainties in the US and the European Union countries, the fluctuation in exchange rates in the money market, the availability of credits in the global lending markets and a general deterioration in economic confidence may increase costs for the Group, which is operating a low margin business and have an adverse impact on the Company's operations and financial performance.

Based on the Group's unaudited management accounts, the Group's monthly average sales revenue derived from the European Union countries from 1 July 2011 to 31 October 2011 experienced a decrease compared to that in the first six months of 2011; while the monthly average sales revenue in the US from 1 July 2011 to 31 October 2011 recorded an increase as compared with that in the first six months of 2011. The Group is selling and distributing products in different regions. The Group's monthly average sales revenue for the four months ended 31 October 2011 is slightly lower than the monthly average sales revenue in the first six months of 2011, based on the Group's unaudited management accounts. Accordingly, the increase in sales revenue from other geographic areas over the same period has to a large extent offset the said decrease in the sales revenue from the European Union countries.

Fluctuation of exchange rates

Almost all of the Group's sales are denominated in the US dollars, which is pegged to the Hong Kong dollars, the exchange rate risks between the US dollars and Hong Kong dollars is minimal. Continuous appreciation of the RMB would have adverse impact on the Group's costs of production in the PRC. The increased costs may not be fully passed onto customers through price increases. The Company is working to streamline the operational processes and planned to upgrade the ERP system to increase the operational efficiency and to achieve savings.

Availability of credit in global lending markets

The Group has not experienced any reduction in its banking facilities since the end of the Track Record Period up to 31 October 2011. Since Hong Kong is the treasury hub for the Group and the Group has no borrowing in other countries such as the PRC, the US and the European Union countries. The tightening of credit policies in the PRC has no impact on the Group's business and operations as the Group has not borrowed or arranged financing facilities with banks and financial institutions in the PRC. The Group's entire borrowings and loan facilities are with registered banks in Hong Kong and loan facilities have remained largely stable since 30 June 2011. The tightening of credit in the PRC, the US, and the European Union countries would have indirect impact to the Group since both its customers and suppliers may rely on borrowings from these countries and regions. Corporate failures of suppliers would adversely affect the Group's operations. The Group has alternative supplies of the majority of the materials and components so as to reduce the risk in the event of corporate failures of suppliers. Corporate failures of customers would adversely affect the Group's financial performance. The Group has taken out credit insurance to cover 57%, 49%, 48% and 56% of outstanding trade receivables as at 31 December 2008, 2009, 2010, and 30 June 2011, respectively. The Group is closely monitoring the credit risk and exercising tight credit control to minimise the credit risk which could adversely affect the Company's financial performance.

General deterioration in economic confidence

A general deterioration in economic confidence may also have an adverse impact on the Group's operation and financial performance especially in the peak season of PC Partner (the most important subsidiary of the Group in terms of sales and revenue) in the fourth quarter of 2011. For the years ended 31 December 2009 and 2010, sales in the fourth quarter represented 31% and 32% of total annual sales revenue for the respective years. The general deterioration in economic confidence may have an adverse impact on the traditional peak season of PC Partner in the fourth quarter of 2011, which may in turn have an adverse impact on the operations and financial performance of the Group.

Absence of new GPU launches by AMD would adversely affect the Group's operation and financial performance. For the six months ended 30 June 2010 and 2011, sales revenue and sales volume in respect of AMD and Sapphire in aggregate has declined by 19.6% and 21.8%, respectively. The Group is able to reduce the risk on reliance of one single GPU provider since sales decline in AMD and Sapphire due to lack of new product launch could be offset by increasing the business of its own brands of video graphics cards. For the six months ended 30 June 2011, sales revenue and sales volume in respect the Group's own brands of video graphics cards has increased by approximately 19.2% and 15.1%, respectively over the same period in 2010.

The Group's negative cashflow from operating activities for the six months ended 30 June 2011

The Group's negative cashflow from operating activities for the six months ended 30 June 2011 was resulted from, firstly, short credit terms offered by new suppliers in respect of the EMS manufacturing of Internet Media Tablets and, secondly, the net reduction in import loans for the period. The Directors believe the Group would not move in a way that would adversely affect the Group's working capital requirements and the Group is taking steps to negotiate with the said new suppliers to provide longer credit terms in order to improve its cashflow on the operation.

The Group is managing its cash and capital on the basis of capital efficiency and effective risk management to support the dividend policy and earnings per share growth. The Group seeks to maintain sufficient financial strength to support both the operation's needs and new business development, and being able to satisfy the requirements of the bank covenants for granting its subsidiaries with banking facilities. The Group has set a target on maintaining the gearing ratio at below 100% and has taken steps to optimise the debt to equity structure to enhance the returns to shareholders. The Group retained financial flexibility by maintaining the gearing ratio below 100% and also retained a certain level of head-room in banking facilities to support future business growth. The Group will continue to improve the capital efficiency and earnings to service its indebtedness and maintain sufficient cash on hand as future cash requirement. During the Track Record Period, the Group complied with the said target. Please refer to the section headed "Financial information — Debt to equity ratio" in this prospectus for further information.

From the end of the Track Record Period to 31 October 2011, based on the Group's unaudited management accounts, the Group experienced a decrease in the average monthly sales revenue from the European Union countries as compared with that from the same regions recognised in the first six months of 2011. However, the increase in sales revenue from other geographic areas over the same period has to a large extent offset the said decrease.

The Directors confirm that, up to the Latest Practicable Date, there has been no material adverse change in the financial or trading position of the Group since 30 June 2011 (being the date to which the latest audited financial statements of the Group were made up).

Property, plant and equipment

As at 31 December 2008, 2009, 2010 and 30 June 2011, the net book value of the Group's property, plant and equipment were HK$101 million, HK$93 million, HK$94 million and HK$78 million, respectively. This represented a decrease of 8.3% and an increase of 0.6% on a year on year basis between 2008 and 2010 and a decrease of 16.8% between 31 December 2010 and 30 June 2011. These decreases principally related to depreciation charges and the varying annual capital expenditure under the categories of plant and machinery and office and testing equipment. Capital expenditure for the year of 2011 on the said categories took place after the Track Record Period.

Property, plant and equipment principally comprises leasehold improvements, plant and machinery and office and testing equipment located in the PRC and used in the Group's factory operations. Please refer to the section headed "Accountants' Report — Note 16 — Property, plant and equipment" for further information.

One-off items

1. On 28 July 2011, PC Partner Holdings resolved to declare the interim dividend of approximately HK$66.5 million to members of PC Partner Holdings whose names appeared in its register of members on 30 June 2011.

2. The aggregate underwriting commissions and fees, together with listing fees, the SFC transaction levy and the Stock Exchange trading fee, legal and other professional fees, and printing and other expenses relating to the Offering are estimated to amount to approximately HK$34 million (assuming that the Over-allotment Option is not exercised) and will be payable by the Company as to approximately HK$30 million and the Selling Shareholder as to approximately HK$4 million. The Company will also pay for all commission and related fees and expenses in relation to any exercise of the Over-allotment Option.

3. In respect of the Pre-IPO Share Option Scheme, the Group granted the options pursuant to the Pre-IPO Share Option Scheme on 14 December 2011. Grantees may exercise 50% of such options granted for three years commencing from the first anniversary of the Listing Date and the remaining 50% for the period of three years commencing from the second anniversary of the Listing Date. The share-based compensation payment in respect of such options will be charged to profit or loss over the vesting period of the said options.

OUTSTANDING OPTIONS GRANTED UNDER THE PRE-IPO SHARE OPTION SCHEME

Pursuant to the written resolutions of the Shareholders passed on 14 December 2011, the Company has adopted the Pre-IPO Share Option Scheme, the principal terms of which are set out in the section headed "6. Pre-IPO Share Option Scheme" in Appendix V to this prospectus.

As at the date of this prospectus, options to subscribe for an aggregate of 31,990,000 Shares, representing 7.66% of the issued share capital of the Company immediately following completion of the Offering (assuming the Over-allotment Option is not exercised and excluding all the Shares which may be allotted and issued pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme), at an exercise price of HK$1.46 per Share have been granted by the Company pursuant to the Pre-IPO Share Option Scheme, and which remained outstanding as at the Latest Practicable Date. Each of the grantees has paid HK$1 to the Company on acceptance of the offer for the grant of the option to him/her/it in accordance with the rules of the Pre-IPO Share Option Scheme. Particulars of the options granted pursuant to the Pre-IPO Share Option Scheme are set out in the section headed "6. Pre-IPO Share Option Scheme — B. Outstanding options granted under the Pre-IPO Share Option Scheme" in Appendix V to this prospectus.

The total number of shares subject to the options granted under the Pre-IPO Share Option Scheme is 31,990,000 Shares, representing approximately 7.66% of the issued share capital of the Company immediately following completion of the Offering (assuming the Over-allotment Option is not exercised and excluding all the Shares which may be allotted and issued pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme), or approximately 7.12% of the enlarged issued share capital of the Company upon full exercise of all the outstanding options granted under the Pre-IPO Share Option Scheme immediately following completion of the Offering (assuming the Over-allotment Option is not exercised). As such, assuming full exercise of the outstanding options granted under the Pre-IPO Share Option Scheme, the shareholding of the Shareholders immediately following the Listing will be diluted by approximately 7.12%. Assuming that the Reorganisation has been completed and there are no minority interests in respect of ASK Group or Manli Group and the Company had been listed on the Stock Exchange since 1 January 2010 with 417,518,668 Shares in issue, the earnings per Share on a pro forma diluted basis would be approximately HK$0.281 (unaudited). Assuming that, and the Reorganisation has been completed and there are no minority interests in respect of ASK Group or Manli Group, the Company had been listed on the Stock Exchange since 1 January 2010 with 417,518,668 Shares in issue and 31,990,000 Shares were allotted and issued pursuant to the exercise of all the options granted under the Pre-IPO Share Option Scheme in full on 1 January 2010, the earning per Share on a pro forma diluted basis would be approximately HK$0.261 (unaudited) for the year ended 31 December 2010.

USE OF PROCEEDS

The Company estimates that the aggregate net proceeds from the Offering, based on an Offer Price of HK$1.60 per Offer Share, will be approximately HK$109 million, assuming the Over-allotment Option is not exercised and after deducting proceeds from the Sale Shares, underwriting fees and commissions and estimated expenses payable by the Company in connection with the Offering. The Company estimates the aggregate net proceeds from the Offering, based on an Offer Price of HK$1.60 per Offer Share, will be approximately HK$134 million, assuming the Over-allotment Option is fully exercised and after deducting underwriting commissions and estimated expenses payable by the Company in connection with the Offering. The Group intends to use such net proceeds as follows:

1. Approximately HK$46 million, or approximately 42.2% of the estimated net proceeds, will be used to expand the Group's SMT production capacity and efficiency by acquiring SMT machineries, equipment and relevant technology. The machinery and equipment include automatic printers, components mounter, Integrated Circuit ("IC") mounters, soldering systems and automatic optical inspection systems. The installation of such machinery and equipment are planned to be rolled out in 2012 and 2013 and will increase the Group's SMT production capacity by approximately 2.76% (approximately 52,000 pcs. of components per hour) and approximately 7.19% (approximately 139,000 pcs. of components per hour), respectively on a year on year basis in 2012 and 2013. The aforementioned production equipment will be installed in existing vacant space within the premises of Dongguan Baineng.

2. Approximately HK$24 million, or approximately 22.0% of the estimated net proceeds, will be used to promote and develop new products, and for brand building, in 2012 and 2013, of which HK$10 million is intended to be utilised in the PRC and HK$14 million is intended to be utilised for the EMEAI market.

3. Approximately HK$24 million, or approximately 22.0% of the estimated net proceeds, will be invested in research and development of peripheral products for mobile computing devices and future generations of mini-PC including recruiting hardware and software design talents, acquiring industrial and plastic molding design equipment and licenses of operating system development kits and design software over three years in 2012, 2013 and 2014.

4. Approximately HK$5 million, or approximately 4.6% of the estimated net proceeds will be used to upgrade the existing Enterprise Resource Planning ("ERP") system and information technology ("IT") resources in order to achieve further improvements in operational excellence by hiring a qualified consulting firm to implement the upgrading, as well as by increasing IT resources to strengthen the Group's IT capability.

5. The balance of approximately HK$10 million, or approximately 9.2% of the estimated net proceeds, will be used for the Group's working capital requirements and general corporate purposes.

Assuming that the Over-allotment Option is exercised in full, the additional net proceeds shall be allocated pro rata towards items 1, 2 and 3 above.

To the extent that the net proceeds from the Offering are not immediately used for the above purposes, it is the Group's present intention that such net proceeds will be deposited into interest-bearing accounts with licensed banks and/or financial institutions.

OFFERING STATISTICS

	Based on an Offer Price of HK$1.60
Market capitalisation[(1)]	HK$668.0 million
Unaudited *pro forma* adjusted net tangible assets per Share[(2)]	HK$1.64

Notes:

(1) The calculation of market capitalisation is based on 417,518,668 Shares expected to be in issue following the Offering.

(2) The unaudited pro forma net tangible assets per Share has been arrived at after adjustment referred to in the paragraph headed "Unaudited pro forma adjusted net tangible assets" in the Unaudited Pro Forma Financial Information in Appendix II to this prospectus, and is based on 417,518,668 Shares expected to be in issue following the Offering.

SUMMARY OF RISK FACTORS

Risk relating to the Group

- Material factors, which will affect the Group's margins and performance;
- The Group maintains a substantial level of indebtedness, which is sensitive to changes in interest rates and may affect its business, financial condition, results of operations and prospects;
- Reliance on key executives and personnel;
- Reliance on the technology of GPU manufacturers EMS customers and suppliers;
- Fluctuation in cost of raw materials and components;
- The Group may not manage the supply-demand cycle effectively;
- Reliance on Sapphire, one of the major customers;
- The Group does not have any long term purchase commitments from its customers, which may result in fluctuation in the Group's results of operations and may affect its liquidity;
- Certain customers of the Group may provide components and materials to the Group on a consignment basis;
- The Group may be affected by its major customers or suppliers undergoing restructuring;
- The Group outsources part of its SMT capacity;
- Seasonality effect on the business of the Group;
- Credit risk;
- The Group may be affected by labour disputes and rising labour costs;
- Product liability risk;

- The Group may not be able to protect its patents and non-patented intellectual property rights, or the Group may be subject to claims for the infringement of intellectual property rights of others;
- The Group predominantly relies on rented properties for its manufacturing facilities and office accommodation;
- Stock obsolescence;
- Revocation of favourable tax treatments;
- Foreign currency forward contracts;
- Exchange rate risk.

Risk relating to the Group's industry

- Recent economic conditions;
- Competition;
- Rapid development of technology;
- The Group relies on the market demand for its customers' products, which is in turn dependent on global economic conditions.

Risks Relating to Conducting Business in the PRC

- The Group may be subject to penalties under relevant PRC laws and regulations due to shortfall in making full Social Insurance contributions for its employees;
- The Group may be subject to penalties under the relevant PRC laws and regulations for not effecting the relevant registrations for the housing provident fund schemes during the Track Record Period;
- The PRC Employment Contract Law may adversely affect the Group's business operations or financial position;
- The Group may lose the use of certain temporary building structures, which are not covered by building ownership certificates.

Risks relating to the Public Offering

- There has been no prior market for the Company's Shares, and the liquidity and market price of the Company's Shares following the Public Offering may be volatile;
- Certain facts, forecast and other statistics with respect to the video graphics cards products industry contained in this prospectus may not be reliable;
- Forward-looking statements contained in this prospectus are subject to risks and uncertainties.