The following is the text of a report received from the Company's reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

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29 December 2011

The Directors
PC Partner Group Limited
WAG Worldsec Corporate Finance Limited

Dear Sirs,

We set out below our report on the financial information relating to PC Partner Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), including the combined statements of comprehensive income, changes in equity and cash flows of the Group for each of the three years ended 31 December 2008, 2009 and 2010 and the six months ended 30 June 2011 (the "Relevant Periods"), and the combined statements of financial position of the Group as at 31 December 2008, 2009 and 2010 and 30 June 2011, together with the notes thereto (the "Combined Financial Information") for inclusion in the prospectus of the Company dated 29 December 2011 (the "Prospectus") in connection with the initial listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company was incorporated in the Cayman Islands on 1 April 2010 and registered as an exempted company with limited liability under Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a group reorganisation as detailed in note 1 of Section B below, which became effective on 21 December 2011, the Company became the holding company of the subsidiaries now comprising the Group (the "Reorganisation"). The Group is engaged in business of design and manufacturing of electronics and personal computer parts and accessories with its operation base in mainland China and trading of electronics and personal computer parts and accessories with its operation based in Hong Kong, Macau, Korea and United States of America. The Company and its subsidiaries have adopted 31 December as their financial year-end date.

As at the date of this report, the particulars of the Company's subsidiaries, all of which are companies with limited liability, are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Place of operations	Issued and fully paid-up share capital	Attributable equity interest to the Group 31 December 2008	31 December 2009	31 December 2010	30 June 2011	Date of this report	Principal activities
				%	%	%	%	%	
Directly held:									
PC Partner Holdings Limited	British Virgin Islands ("BVI") 2 May 1997	Hong Kong	USD3,912,000	100	100	100	100	100	Investment holding
Indirectly held:									
Active Smart Limited	Hong Kong 15 February 1994	Hong Kong	HKD10,000	100	100	100	100	100	Trading of computer parts
Ask Technology Group Limited	Hong Kong 10 March 2008	Hong Kong	HKD10,000	60	60	60	60	100*	Trading of computer accessories
Double Hero Petroleum Factory Limited	Hong Kong 16 August 1994	Hong Kong	HKD50,000	100	100	100	100	100	Trading of computer parts
Excelsior Technology Limited	BVI 18 July 1997	Hong Kong	USD1	100	100	100	100	100	Investment holding
Innovision Multimedia Limited	Hong Kong 6 February 1998	Hong Kong	HKD10,000	60	60	60	60	100	Trading of computer accessories
iSmart Global Technology Limited	BVI 5 November 2009	Hong Kong	USD100	N/A	75	75	75	75	Inactive
Manli Technology Group Limited	Hong Kong 10 March 2008	Hong Kong	HKD10,000	60	60	60	60	100*	Trading of computer accessories and computers
Max Profit Limited	BVI 23 March 1998	Hong Kong	USD50,000	100	100	100	100	100	Investment holding
PC Partner International Limited	BVI 10 July 2003	Hong Kong	USD1	100	100	100	100	100	Provision of marketing service
PC Partner Limited	Hong Kong 12 February 1988	Hong Kong	HKD26,520,000	100	100	100	100	100	Design, manufacture and sale of computer accessories and computers

* Subsequent to the Relevant Periods, the Company acquired the remaining interest of 40% of Ask Technology Group Limited and Manli Technology Group Limited for a consideration satisfied by the issue of 257,865 and 47,446 new shares of PC Partner Holdings Limited respectively. Details are set out in the subsection headed "Corporate Reorganisation" in Appendix V to the Prospectus.

Name of subsidiary	Place and date of incorporation/ establishment	Place of operations	Issued and fully paid-up share capital	Attributable equity interest to the Group 31 December 2008 %	31 December 2009 %	31 December 2010 %	30 June 2011 %	Date of this report %	Principal activities
Skyield Limited	BVI 2 January 2001	Hong Kong	USD1	100	100	100	100	100	Investment holding
Zotac International (Macao Commercial Offshore) Limited	Macau 20 September 2006	Macau	MOP100,000	100	100	100	100	100	Trading of computer accessories and computers
Zotac Korea Co., Ltd.	Korea 12 May 2010	Korea	KRW559,820,000	N/A	N/A	100	100	100	Trading of computer accessories and computers
Zotac Technology Limited	Hong Kong 20 July 2005	Hong Kong	HKD1	100	100	100	100	100	Inactive
Zotac USA, Inc. (Nevada) ("Zotac Nevada")	United States of America 9 October 2007	US	USD200,000	60	60	60	100	100	Trading of computer accessories and computers
東莞栢能電子科技有限公司 *(Note)*	People's Republic of China ("PRC") 10 July 2009	PRC	USD18,539,250	N/A	100	100	100	100	Subcontracting of computer accessories and computers
東莞市天沛電子科技有限公司 *(Note)*	PRC 11 July 2008	PRC	RMB17,500,000	100	100	100	100	100	Subcontracting of computer accessories
汎達全球有限公司 *(Note)*	Taiwan 25 December 2008	Taiwan	TWD2,000,000	60	60	60	Nil	Nil	Trading of computer accessories

Notes:

All subsidiaries established in the PRC are wholly foreign owned enterprises.

汎達全球有限公司 was deregistered on 20 June 2011 and remains no interest in the Group. The deregistered subsidiary did not have any contribution to either the Group's turnover or operating results during the six months ended 30 June 2011.

No statutory financial statements have been prepared for the Company since its date of incorporation as it was newly incorporated and has not been involved in any significant business transactions since incorporation other than the Reorganisation.

No statutory financial statements have been prepared for those subsidiaries which were incorporated in the British Virgin Islands, United States of America, Korea and Taiwan as they were incorporated in jurisdictions where there are no statutory requirements. Financial statements during the Relevant Periods of the following companies have been audited by the following auditors:

Name of subsidiary	Financial period	Auditor
Excelsior Technology Limited	Year ended 31 December 2008	Ho & Lam CPA Limited (formerly known as William M.L.Ho & Co. Limited) ("Ho & Lam")
	Years ended 31 December 2009 and 2010	BDO Limited
Max Profit Limited	Year ended 31 December 2008	Ho & Lam
	Years ended 31 December 2009 and 2010	BDO Limited
PC Partner Holdings Limited	Year ended 31 December 2008	Ho & Lam
	Years ended 31 December 2009 and 2010	BDO Limited
PC Partner International Limited	Year ended 31 December 2008	Ho & Lam
	Years ended 31 December 2009 and 2010	BDO Limited
Skyield Limited	Year ended 31 December 2008	Ho & Lam
	Years ended 31 December 2009 and 2010	BDO Limited
Nala Sales Inc. (formerly known as Zotac USA, Inc. (California) ("Zotac California") and Zotac Nevada	Years ended 31 December 2008 and 2009	Liang & Co Accountancy Corporation
	Year ended 31 December 2010	Simon & Edward, LLP

The PRC and Macau statutory financial statements of the following subsidiaries for the Relevant Periods were prepared in accordance with relevant accounting principles and financial regulations applicable to PRC and Macau enterprises and were audited by the following certified public accountants registered in the PRC and Macau.

Name of subsidiary	**Financial period**	**Auditor**
東莞市天沛電子科技有限公司	Period from 11 July 2008 (date of incorporation) to 31 December 2008	Not applicable *(Note)*
	Year ended 31 December 2009	Not applicable *(Note)*
	Year ended 31 December 2010	東莞市德信康會計師事務所有限公司
東莞栢能電子科技有限公司	Period from 10 July 2009 (date of incorporation) to 31 December 2009	東莞市東誠會計師事務所有限公司
	Year ended 31 December 2010	東莞市德信康會計師事務所有限公司
Zotac International (Macao Commercial Offshore) Limited	Years ended 31 December 2008, 2009 and 2010	Leong Kam Chung & Co., CPA

Note: No statutory financial statements of the company have been prepared as they are not required under the relevant rules and regulations in the PRC.

The statutory financial statements of companies incorporated in Hong Kong now comprising the Group were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and were audited during the Relevant Periods by the following auditors:

Name of subsidiary	Financial period	Auditor
Active Smart Limited	Year ended 31 December 2008	Ho & Lam
	Years ended 31 December 2009 and 2010	BDO Limited
ASK Technology Group Limited	Period from 10 March 2008 (date of incorporation) to 31 December 2008	Ho & Lam
	Years ended 31 December 2009 and 2010	BDO Limited
Double Hero Petroleum Factory Limited	Year ended 31 December 2008	Ho & Lam
	Years ended 31 December 2009 and 2010	BDO Limited
Innovision Multimedia Limited	Period from 1 April 2008 to 31 December 2008	Ho & Lam
	Years ended 31 December 2009 and 2010	BDO Limited
Manli Technology Group Limited	Period from 10 March 2008 (date of incorporation) to 31 December 2008	Ho & Lam
	Years ended 31 December 2009 and 2010	BDO Limited
PC Partner Limited	Year ended 31 December 2008	Ho & Lam
	Years ended 31 December 2009 and 2010	BDO Limited
Zotac Technology Limited	Years ended 31 December 2008, 2009 and 2010	Not applicable *(Note)*

Note: No statutory financial statements have been prepared as Zotac Technology Limited has not carried on any business during the Relevant Periods.

For the purpose of this report, the directors of the Company have prepared the combined financial statements of the Group for the Relevant Periods (the "Underlying Financial Statements") in accordance with HKFRSs issued by the HKICPA.

The Combined Financial Information have been prepared based on the Underlying Financial Statements on the basis set out in note 1 of Section B below, for the purpose of preparing this report for inclusion in the Prospectus. No adjustments on the Underlying Financial Statements for the Relevant Periods are considered necessary for the purpose of preparing the Combined Financial Information. The Combined Financial Information also includes the applicable disclosure requirements of the Hong Kong Companies Ordinance (the "Companies Ordinance") and the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The directors of the Company are responsible for the preparation and the true and fair presentation of the Combined Financial Information and the contents of the Prospectus in which this report is included. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the Combined Financial Information that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. It is our responsibility to form an independent opinion on the Combined Financial Information, based on our audit, and to report our opinion to you.

For the purpose of this report, we have carried out an independent audit on the Combined Financial Information for the Relevant Periods in accordance with Hong Kong Standards on Auditing issued by the HKICPA, and have carried out such additional procedures as are necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

In our opinion, the Combined Financial Information, for the purpose of this report, gives a true and fair view of the state of affairs of the Group as at 31 December 2008, 2009 and 2010 and 30 June 2011 and of the combined results and combined cash flows of the Group for the Relevant Periods.

The comparative combined statements of comprehensive income, cash flows and changes in equity of the Group for the six months ended 30 June 2010 together with the notes thereon have been extracted from the Group's unaudited combined financial information for the same period (the "30 June 2010 Financial Information") which was prepared by the directors of the Company solely for the purpose of this report. We have reviewed the 30 June 2010 Financial Information in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the HKICPA. Our review of the 30 June 2010 Financial Information consisted of making enquires, 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 Hong Kong Standards on Auditing 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 on the 30 June 2010 Financial Information.

Based on our review, nothing has come to our attention that causes us to believe that the 30 June 2010 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Combined Financial Information which conform with HKFRSs.

A. FINANCIAL INFORMATIONS

(a) COMBINED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 31 December			Six months ended 30 June	
		2008	**2009**	**2010**	**2010**	**2011**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Turnover	7	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	8	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	9	(19,287)	(10,480)	(11,770)	(5,422)	(5,813)
Profit before income tax expense	10	65,009	115,533	133,106	34,286	40,604
Income tax expense	11	(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
Total comprehensive income attributable to:						
— Owners of the Company		51,570	88,827	110,332	24,754	35,090
— Non-controlling interests		2,553	11,826	7,073	4,821	920
		54,123	100,653	117,405	29,575	36,010

(b) COMBINED STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 30 June
		2008	2009	2010	2011
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets					
Property, plant and equipment	*16*	101,303	92,908	93,506	77,791
Interests in associates	*17*	—	—	—	—
Intangible assets	*18*	13,540	11,812	10,084	9,220
Trade and other receivables	*19*	6,270	—	—	—
Other financial assets	*20*	20,992	20,992	20,992	20,992
Deferred tax assets	*22*	32	28	1,284	1,968
		142,137	125,740	125,866	109,971
Current assets					
Inventories	*23*	511,626	729,070	943,858	980,074
Trade and other receivables	*19*	670,073	738,245	941,949	805,852
Derivative financial assets	*21*	—	1,101	412	652
Current tax recoverable		76	71	2,315	1,816
Pledged time deposits	*26(ii)*	3,627	7,124	7,142	7,142
Cash and cash equivalents	*24*	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	*25*	811,954	1,039,815	1,182,721	811,155
Borrowings	*26*	388,174	714,680	934,891	829,599
Provisions	*27*	13,006	12,155	11,216	10,027
Obligations under finance leases	*28*	14	14	14	10
Derivative financial liabilities	*21*	—	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	*28*	31	17	3	—
Deferred tax liabilities	*22*	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	*29*	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

(c) STATEMENTS OF FINANCIAL POSITION

		As at 31 December 2010	As at 30 June 2011
	Note	*HK$'000*	*HK$'000*
Current assets			
Cash and cash equivalents		—	—
Net assets		—	—
Capital and reserves			
Share capital	*29*	—	—
Total equity		—	—

(d) COMBINED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Translation reserve	Capital redemption reserve	Legal reserve	Retained profits	Total		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2008	30,628	6,702	(15)	—	49	322,661	360,025	464	360,489
Profit for the year	—	—	—	—	—	51,558	51,558	2,553	54,111
Other comprehensive income — exchange difference on translating foreign operations	—	—	12	—	—	—	12	—	12
Total comprehensive income	—	—	12	—	—	51,558	51,570	2,553	54,123
Transfer to capital redemption reserve	—	—	—	424	—	(424)	—	—	—
Redemption of ordinary shares	(39)	—	—	(424)	—	—	(463)	—	(463)
Capital contribution from non-controlling interests	—	—	—	—	—	—	—	9,131	9,131
Dividends approved in respect of the previous year *(Note 14)*	—	—	—	—	—	(13,820)	(13,820)	—	(13,820)
At 31 December 2008 and 1 January 2009	30,589	6,702	(3)	—	49	359,975	397,312	12,148	409,460
Profit for the year	—	—	—	—	—	88,827	88,827	11,826	100,653
Total comprehensive income	—	—	—	—	—	88,827	88,827	11,826	100,653
Transfer to capital redemption reserve	—	—	—	2,844	—	(2,844)	—	—	—
Redemption of ordinary shares	(271)	—	—	(2,844)	—	—	(3,115)	—	(3,115)
Dividends approved in respect of the previous year *(Note 14)*	—	—	—	—	—	(13,727)	(13,727)	—	(13,727)
At 31 December 2009 and 1 January 2010	30,318	6,702	(3)	—	49	432,231	469,297	23,974	493,271
Profit for the year	—	—	—	—	—	110,295	110,295	7,073	117,368
Other comprehensive income — exchange difference on translating foreign operations	—	—	37	—	—	—	37	—	37
Total comprehensive income	—	—	37	—	—	110,295	110,332	7,073	117,405
Dividends approved in respect of the previous year *(Note 14)*	—	—	—	—	—	(31,296)	(31,296)	—	(31,296)
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	(9,000)	(9,000)
At 31 December 2010	30,318	6,702	34	—	49	511,230	548,333	22,047	570,380

	Equity attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Translation reserve	Capital redemption reserve	Legal reserve	Retained profits	Total		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2011	30,318	6,702	34	—	49	511,230	548,333	22,047	570,380
Profit for the period	—	—	—	—	—	35,171	35,171	912	36,083
Other comprehensive income — exchange difference on translating foreign operations	—	—	(81)	—	—	—	(81)	8	(73)
Total comprehensive income	—	—	(81)	—	—	35,171	35,090	920	36,010
At 30 June 2011	30,318	6,702	(47)	—	49	546,401	583,423	22,967	606,390
Unaudited:									
At 1 January 2010	30,318	6,702	(3)	—	49	432,231	469,297	23,974	493,271
Profit for the period	—	—	—	—	—	24,644	24,644	4,821	29,465
Other comprehensive income — exchange difference on translating foreign operations	—	—	110	—	—	—	110	—	110
Total comprehensive income	—	—	110	—	—	24,644	24,754	4,821	29,575
At 30 June 2010	30,318	6,702	107	—	49	456,875	494,051	28,795	522,846

(e) COMBINED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Six months ended 30 June	
	2008	2009	2010	2010	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Operating activities					
Profit before income tax expense	65,009	115,533	133,106	34,286	40,604
Adjustment for:					
Depreciation	43,340	43,838	44,266	22,367	20,922
Amortisation of intangible assets	1,296	1,728	1,728	864	864
Dividend income	(1,376)	—	(31,659)	—	—
Finance charges on obligations under finance leases	5	—	—	—	—
Interest income	(1,045)	(238)	(172)	(61)	(318)
Net (gain)/loss of derivative financial instruments	(710)	(1,171)	(231)	258	(1,003)
Interest expense	19,282	10,480	11,770	5,422	5,813
Loss/(gain) on disposal of property, plant and equipment	2	(168)	—	—	—
Property, plant and equipment written off	177	87	8	—	—
Provision/(reversal) for impairment losses on trade and other receivables	5,672	520	(79)	1,848	1,405
Provision/(reversal) for obsolete inventories	7,792	583	1,788	(19,537)	(1,505)
Operating profit before working capital changes	139,444	171,192	160,525	45,447	66,782
Inventories	832	(218,027)	(216,576)	(118,541)	(34,711)
Trade and other receivables	113,432	(96,469)	(219,899)	31,748	133,642
Trade and other payables	4,827	212,191	194,624	(75,082)	(369,180)
Import loans	(90,773)	295,238	219,087	(1,560)	(65,975)
Provision for product warranties and returns	2,252	(851)	(939)	(99)	(1,189)
Amounts due to non-controlling interests	—	16,964	(17,574)	—	—
Amounts due from related companies	18,778	33,979	(12,746)	—	—
Cash generated from/(used in) operations	188,792	414,217	106,502	(118,087)	(270,631)
Interest paid	(19,282)	(10,480)	(11,770)	(5,422)	(5,813)
Interest element of finance lease payments	(5)	—	—	—	—
Income tax paid	(21,284)	(4,280)	(34,371)	(15,038)	(2,617)
Net cash generated from/(used in) operating activities	148,221	399,457	60,361	(138,547)	(279,061)

	Notes	Year ended 31 December 2008 HK$'000	2009 HK$'000	2010 HK$'000	Six months ended 30 June 2010 HK$'000 (Unaudited)	2011 HK$'000
Investing activities						
Decrease in pledged time deposits		(3,627)	(3,497)	(18)	—	—
Payments to acquire property, plant and equipment		(38,372)	(35,545)	(44,874)	(11,563)	(5,747)
Proceeds from disposal of other financial assets		7,020	—	—	—	—
Proceeds from disposal of property, plant and equipment		1	183	—	—	—
Acquisition of businesses	*30*	(38,260)	—	(13,500)	—	—
Disposal of a subsidiary	*35*	—	—	—	—	(1,320)
Dividend received		2,080	—	33,035	—	—
Interest received		1,045	238	172	61	318
Income received from derivative financial instruments		710	213	938	277	705
Net cash used in investing activities		(69,403)	(38,408)	(24,247)	(11,225)	(6,044)
Financing activities						
Contribution from non-controlling interests *(Note)*		132	1	7,000	—	—
Dividend paid to owners of the Company		(13,820)	(13,727)	(31,296)	—	—
Dividend paid to non-controlling interest *(Note)*		—	—	(9,000)	—	—
Redemption of shares		(463)	(3,115)	—	—	—
Proceeds from bank loans		54,077	56,100	40,000	—	—
Repayments of bank loans		(69,963)	(29,028)	(29,876)	(14,679)	(47,238)
Proceeds from discounted bills and factoring loans		709,386	339,155	138,364	62,232	64,690
Repayments of discounted bills and factoring loans		(710,435)	(334,959)	(147,364)	(65,462)	(56,769)
Repayment of obligations under finance leases		(609)	(14)	(14)	(7)	(7)
Net cash (used in)/ generated from financing activities		(31,695)	14,413	(32,186)	(17,916)	(39,324)
Net increase/(decrease) in cash and cash equivalents		47,123	375,462	3,928	(167,688)	(324,429)
Cash and cash equivalents at beginning of year/ period		258,717	305,816	681,272	681,272	685,240
Effect of exchange rate changes on cash and cash equivalents		(24)	(6)	40	24	(70)
Cash and cash equivalents at end of year/period	*24*	305,816	681,272	685,240	513,608	360,741

Note: During the year ended 31 December 2009, capital contribution of HK$2,000,000 from non-controlling interests was satisfied by offsetting against the amounts due to non-controlling interests.

B. NOTES TO THE COMBINED 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 Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands.

The Company and its subsidiaries (referred to as "the Group") are engaged in business of design and manufacturing of electronics and personal computer parts and accessories with its operation base in mainland China and trading of electronics and personal computer parts and accessories with its operation base in Hong Kong, Macau, Korea and United States of America.

Pursuant to the Reorganisation as detailed in the subsection headed "Corporate Reorganisation" in Appendix V to the Prospectus, in preparation for the listing of shares of the Company on the Main Board of the Stock Exchange and for the purpose of rationalising the Group's structure, the Company became the holding company of the subsidiaries now comprising the Group on 21 December 2011. After the Reorganisation, there was a continuation of the risks and benefits to the controlling parties that existed prior to the Reorganisation. The Group is regarded and accounted for as a continuing group resulting from the Reorganisation since all of the entities which took part in the Reorganisation were under common control in a manner similar to pooling of interests. Accordingly, for the purpose of this report, the Combined Financial Information has been prepared on a combined basis by applying the principles of merger accounting in accordance with the Accounting Guideline No. 5 ("AG5"), "Merger Accounting for Common Control Combination" issued by the HKICPA.

2. Adoption of new and revised Hong Kong Financial Reporting Standards

The Group has adopted all of new and revised standards, amendments and interpretation issued by the HKICPA, which are effective for the accounting periods beginning on or after 1 January 2011 in the preparation of Combined Financial Information throughout the Relevant Periods.

The HKICPA has also issued the following new and revised HKFRSs that are not yet effective, potentially relevant to the Group but have not been early adopted in preparation of the Combined Financial Information.

HKAS 1 (Amendment)	Presentation of Financial Statements[3]
HKAS 12 (Amendment)	Deferred Tax: Recovering of Underlying Assets[2]
HKAS 19 (Revised 2011)	Employee Benefits[4]
HKAS 27 (Revised 2011)	Separate Financial Statements[4]
HKFRS 7 (Amendment)	Disclosures — Transfers of Financial Assets[1]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurements[4]

Notes:

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 July 2012
4 Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the potential impact of the new/revised HKFRSs and the directors so far concluded that the application of the new/revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. Basis of preparation

(a) Statement of compliance

The Combined Financial Information has been prepared on the basis set out in note 1 and in accordance with the accounting policies set out below which comply with all applicable Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the Combined Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on Stock Exchange.

(b) Basis of measurement

The Combined Financial Information has 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 Combined Financial Information is presented in Hong Kong dollars, which is the same as the functional currency of the Company.

4. Significant accounting policies

(a) Merger accounting for common control combination

The Combined Financial Information incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The combined statement of comprehensive income includes the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

All inter-company transactions, cash flows and balances between the companies now comprising the Group are eliminated.

(b) Business combination and basis of consolidation

Except for the business combination under common control, which are accounted for using the principal of merger accounting (note 4(a)), the acquisition method of accounting is used for all other acquisition of subsidiaries or businesses.

For subsidiaries historically acquired by the Group during the Relevant Periods, their financial statements are consolidated from their respective dates of acquisition. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full. 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.

Business combination from 1 January 2010

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interest either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interest is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interest having a deficit balance.

Business combination prior to 1 January 2010

On acquisition, the assets and liabilities of the relevant subsidiaries are measured at their fair values at the date of acquisition. The interest of non-controlling shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connected with business combinations were capitalised as part of the cost of the acquisition.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. Disposals to non-controlling interests result in gains and losses for the Group are recognised in profit or loss. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary.

(c) Subsidiary

A subsidiary is an entity over which the Company is able to exercise control. Control is achieved where the Company, directly or indirectly, has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

(d) Associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies. Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate and the entire carrying amount of the investment is subject to impairment test, by comparing the carrying amount with its recoverable amount, which is higher of value in use and fair value less costs to sell.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

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:

Leasehold land and buildings	2%
Leasehold improvements	Over the remaining lease terms or 30%
Plant and machinery	20% to 50%
Office and testing equipment	20% to 50%
Furniture and fixtures	20% to 50%
Motor vehicles	33 1/3%
Moulds	50%

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

(f) Intangible assets

(i) Acquired intangible assets

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is provided on a straight-line basis over their useful lives as follows. The amortisation expense is recognised in profit or loss and included in administrative expenses. Intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses.

Non-contractual customer lists and relationship	5 years

(ii) Impairment

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually by comparing their carrying amounts with their recoverable amounts, irrespective of whether there is any indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so 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.

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired (note 4(n)).

(g) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are initially recognised as assets at their fair value or, if lower, the present value of the minimum lease payments. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

(h) 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.

(i) Financial instruments

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Financial assets at fair value through profit or loss

These assets include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

Available-for-sale financial assets

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised directly in equity.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses.

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtors' financial difficulty;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

For loan and receivables:

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

For available-for-sale financial assets:

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in profit or loss.

Any impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale equity investment, any increase in fair value subsequent to an impairment loss is recognised directly in other comprehensive income.

For available-for-sale equity investment that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss shall not be reversed.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, obligation under finance leases and borrowings by the Group are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the Relevant Periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 Revenue.

(vii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39 Financial Instruments: Recognition and Measurement.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired.

(j) Revenue recognition

Revenue from sales of goods is recognised on transfer of risks and rewards of ownership, which is at the time of delivery and the title is passed to customer.

Service income is recognised when services are provided.

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

Dividend income is recognised when the right to receive the dividend is established.

(k) Income taxes

Income taxes for the year/period 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. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

(l) Foreign currency

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which the entity operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which case, the exchange differences are also recognised directly in other comprehensive income.

On preparing Combined Financial Information, the results of foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising on the translation are recognised directly in other comprehensive income and accumulated as foreign exchange reserve within equity. Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to the foreign exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of reporting period. Exchange differences arising are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

(m) Employee benefits

(i) Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

(ii) Pension obligations

For employees in Hong Kong, the Group participates in a master trust scheme provided by an independent Mandatory Provident Fund ("MPF") service provider to comply with the requirements under the MPF Scheme Ordinance. Contributions paid and payable by the Group to the scheme are charged to profit or loss when incurred. The Group has no further payment obligations once the contribution has been made.

For employees in the People's Republic of China (the "PRC"), the Group contributes to state-sponsored retirement plans. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due and are reduced by contributions forfeited by those employees who leave the plan prior to vesting fully in the contributions.

(iii) *Termination benefits*

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(n) ***Impairment of other assets***

At the end of each reporting period, the Group 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; and
- intangible assets with finite useful lives

If the recoverable amount (i.e. the greater of the fair value less costs to sell 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.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, 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.

(o) ***Capitalisation of borrowing costs***

Borrowing costs attributable directly to the acquisition, construction or production of assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(p) ***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.

5. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgments, 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 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

The Group tests annually whether property, plant and equipment have suffered any impairment. Property, plant and equipment 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 value-in-use calculations or fair value less costs to sell. These calculations require the use of judgments and estimates.

Management judgment 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 to sell 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 and intangible assets

The Group's management determines the estimated useful lives, and related depreciation and amortisation charges for its property, plant and equipment and intangible assets. The estimates are based on the historical experience of the actual useful lives of property, plant and equipment 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 depreciable and amortisation lives and therefore affect the depreciation and amortisation charges in future periods.

Impairment of available-for-sale investments

The directors review available-for-sale investments at the end of each reporting period to assess whether they are impaired. The Group records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the directors evaluate, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

Provision for obsolete inventories

The 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 values. Where the expectation on the net realisable value is lower than the cost, an impairment may arise.

Impairment of trade receivables

Recoverability of the trade receivable are reviewed by management based on the receivables' aging characteristics, management evaluation of the current creditworthiness and past collection history of each customer. Judgment is required in assessing the ultimate realisation of these receivables, and the financial conditions of the debtors may undergo adverse changes since the last management evaluation. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional provision may be required in future accounting periods.

Warranty and returns provisions

As explained in note 27, the Group makes provisions under the warranties and returns it gives on sale of its electrical 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.

Impairment of intangible assets

Determining whether intangible asset is impaired requires an estimation of the value in use of the cash-generating units to which the intangible asset has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

6. Segment reporting

(a) Reportable segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. The Group principally operates in one business segment, which is the design, manufacture and sale of electronics and personal computer parts and accessories.

(b) Geographical information

An analysis by the Group's turnover by geographical location is as follows:

	Year ended 31 December			Six months ended 30 June	
	2008	2009	2010	2010	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
(i) Turnover					
Asia Pacific ("APAC")	2,458,149	2,413,666	2,660,392	1,301,287	1,185,991
North and Latin America ("NALA")	362,309	463,551	516,419	239,050	283,707
People's Republic of China ("PRC")	262,922	528,973	866,523	390,101	477,080
Europe, Middle East and Africa ("EMEAI")	1,305,936	1,303,012	1,542,048	553,251	959,006
	4,389,316	4,709,202	5,585,382	2,483,689	2,905,784

An analysis of the Group's non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets ("specified non-current assets") is as follows:

	As at 31 December			As at 30 June
	2008	2009	2010	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
(ii) Specified non-current assets				
APAC	17,219	15,169	13,203	11,576
NALA	612	549	538	—
PRC	97,012	89,002	89,849	75,435
	114,843	104,720	103,590	87,011

(c) Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	Year ended 31 December			Six months ended 30 June	
	2008	2009	2010	2010	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Video graphics cards	3,598,181	3,920,091	4,339,639	2,039,958	1,920,332
EMS	622,012	430,623	753,944	238,927	677,627
Other PC related products and components	169,123	358,488	491,799	204,804	307,825
	4,389,316	4,709,202	5,585,382	2,483,689	2,905,784

(d) Information about major customers

Revenues from customers of the corresponding periods contributing 10% or more of the Group's revenue are as follows:

	Year ended 31 December			Six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Customer A	529,728	462,940	540,132	245,616	N/A
Customer B	550,711	499,558	N/A	N/A	N/A
Customer C	N/A	N/A	N/A	305,801	N/A
Customer D	N/A	N/A	N/A	N/A	465,683

7. Turnover

Turnover represents the net invoiced value of goods sold and service income earned by the Group.

8. Other revenue and other gains and losses

	Year ended 31 December			Six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Interest income	1,045	238	172	61	318
Dividend income from unlisted available-for-sale investments	1,376	—	31,659	—	—
(Loss)/gain on disposal of property, plant and equipment	(2)	168	—	—	—
Net exchange (losses)/gains	(6,597)	257	(935)	270	699
Net gains/(losses) on derivative financial instruments	710	1,171	231	(258)	1,003
Waiver of long outstanding trade payables	—	—	1,502	—	—
Sundry income	4,129	4,047	5,378	3,480	3,814
	661	5,881	38,007	3,553	5,834

9. Finance costs

	Year ended 31 December			Six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Interest on bank advances and other borrowings wholly repayable within five years	19,282	10,480	11,770	5,422	5,813
Finance charges on obligations under finance leases	5	—	—	—	—
	19,287	10,480	11,770	5,422	5,813

10. Profit before income tax expense

Profit before income tax expense is arrived at after charging/(crediting):

	Year ended 31 December			Six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Carrying amount of inventories sold	3,964,447	4,208,011	4,946,015	2,210,693	2,525,471
Write-down of inventories	7,792	583	1,788	901	7,665
Costs of inventories recognised as cost of sales	3,972,239	4,208,594	4,947,803	2,211,594	2,533,136
Staff costs *(note 12)*	196,346	231,190	275,939	124,020	154,534
Auditor's remuneration	940	505	461	28	109
Depreciation of property, plant and equipment	43,340	43,838	44,266	22,367	20,922
Amortisation of intangible assets	1,296	1,728	1,728	864	864
Provision/(reversal of provision) for impairment losses on trade and other receivables	5,672	520	(79)	1,848	1,405
Operating lease payments on premises	17,573	19,865	25,992	12,633	13,620
Property, plant and equipment written off	177	87	8	—	—
Provision/(reversal of provision) for product warranties and returns *(note 27)*	2,559	(409)	1,476	896	(3)

11. Income tax expense

(a) The amounts of income tax expense in the combined statements of comprehensive income represent:

	Year ended 31 December			Six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Current tax – Hong Kong profits tax					
— provision for the year/period	7,560	14,828	17,374	8,065	4,365
— under provision in respect of prior year/period	542	—	748	748	—
Current tax – PRC					
— provision for the year/period	2,448	2,088	597	113	838
Current tax – United States of America and Korea					
— provision for the year/period	245	6	830	—	—
— (over)/under provision in respect of prior year/period	—	(132)	—	—	2
	10,795	16,790	19,549	8,926	5,205
Deferred tax					
— origination and reversal of temporary differences	351	(1,910)	(3,811)	(4,105)	(684)
— attributable to change in tax rate	(248)	—	—	—	—
	103	(1,910)	(3,811)	(4,105)	(684)
Income tax expense	10,898	14,880	15,738	4,821	4,521

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax.

The Group'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.

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the years ended 31 December 2008, 2009 and 2010 and for the six months ended 30 June 2010 and 2011.

Provision for PRC enterprise income tax is based on a statutory rate of 25% of the assessable profits of the Group's PRC subsidiaries as determined in accordance with the relevant income tax rules and regulations of the PRC for the years ended 31 December 2008, 2009 and 2010 and for the six months ended 30 June 2010 and 2011.

Other overseas tax is calculated at the rates applicable in the respective jurisdictions.

(b) The income tax expense for the Relevant Periods can be reconciled to the profit per the combined statements of comprehensive income as follows:

	Year ended 31 December			Six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Profit before income tax expense	65,009	115,533	133,106	34,286	40,604
Tax on profit before income tax, calculated at Hong Kong profits tax rate	10,726	19,063	21,963	5,657	6,700
Effect of different tax rates of subsidiaries operating in other jurisdictions	(18)	9	(2,136)	(1,225)	(455)
Effect of tax exemption granted to a subsidiary	(288)	(1,694)	(4,267)	(851)	(2,269)
Tax effect of non-taxable net income relating to offshore operation	(4,196)	(7,579)	(10,471)	(4,571)	(3,212)
Tax effect of expenses not deductible for tax purposes	2,807	4,166	6,143	4,574	2,754
Tax effect of revenue not taxable for tax purposes	(1,470)	(362)	(4,753)	(1,100)	(1,641)
Tax effect of tax losses and deductible temporary differences not recognised	3,752	1,542	8,475	1,627	2,893
Utilisation of tax losses previously not recognised	(300)	(87)	(83)	(38)	(251)
Under provision in prior year/period	—	—	853	748	2
Others	(115)	(178)	14	—	—
Income tax expense	10,898	14,880	15,738	4,821	4,521

12. Staff costs

	Year ended 31 December			Six months ended 30 June	
	2008	2009	2010	2010	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Staff costs (including directors' emoluments) comprise:					
Wages and salaries	186,233	218,576	262,174	117,325	141,333
Pension contribution	1,486	1,707	1,928	977	4,171
Social insurance	8,627	10,907	11,837	5,718	9,030
	196,346	231,190	275,939	124,020	154,534

13. Emoluments of directors and highest paid individuals

(a) *Directors' emoluments*

The remuneration of every director for the Relevant Periods is set out below:

Year ended 31 December 2008

Name of director	Fees	Basic salaries and bonus	Pension contribution	Housing and other allowances and benefits in kind	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Wong Shik Ho, Tony	—	3,326	12	1,379	4,717
Wong Fong Pak	—	3,116	12	635	3,763
Leung Wah Kan	—	3,117	12	653	3,782
Ho Wong Mee-Tak Mary	—	—	—	—	—
	—	9,559	36	2,667	12,262

Year ended 31 December 2009

Name of director	Fees	Basic salaries and bonus	Pension contribution	Housing and other allowances and benefits in kind	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Wong Shik Ho, Tony	—	5,087	12	1,182	6,281
Wong Fong Pak	—	4,591	12	622	5,225
Leung Wah Kan	—	4,591	12	649	5,252
Ho Wong Mee-Tak Mary	—	—	—	—	—
	—	14,269	36	2,453	16,758

Year ended 31 December 2010

Name of director	Fees	Basic salaries and bonus	Pension contribution	Housing and other allowances and benefits in kind	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Wong Shik Ho, Tony	—	4,385	12	1,151	5,548
Wong Fong Pak	—	3,881	12	609	4,502
Leung Wah Kan	—	3,951	12	638	4,601
Ho Wong Mee-Tak Mary	—	—	—	—	—
	—	12,217	36	2,398	14,651

Six months ended 30 June 2010 (Unaudited)

Name of director	Fees	Basic salaries and bonus	Pension contribution	Housing and other allowances and benefits in kind	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Wong Shik Ho, Tony	—	1,522	6	582	2,110
Wong Fong Pak	—	1,365	6	309	1,680
Leung Wah Kan	—	1,399	6	324	1,729
Ho Wong Mee-Tak Mary	—	—	—	—	—
	—	4,286	18	1,215	5,519

Six months ended 30 June 2011

Name of director	Fees	Basic salaries and bonus	Pension contribution	Housing and other allowances and benefits in kind	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Wong Shik Ho, Tony	—	1,888	6	562	2,456
Wong Fong Pak	—	952	6	308	1,266
Leung Wah Kan	—	985	6	324	1,315
Ho Nai Nap *(note)*	—	630	6	—	636
Man Wai Hung *(note)*	—	776	6	—	782
Ho Wong Mee-Tak Mary	—	—	—	—	—
Chiu Wing Yui *(note)*	—	—	—	—	—
Ip Shing Hing *(note)*	—	—	—	—	—
Lai Kin Jerome *(note)*	—	—	—	—	—
Cheung Ying Sheung *(note)*	—	—	—	—	—
	—	5,231	30	1,194	6,455

Note:

Appointed on 24 January 2011

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group during the years ended 31 December 2008, 2009 and 2010 and the six months ended 30 June 2010 and 2011 include three, three, three, three and five directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining highest paid individuals during the Relevant Periods are as follows:

	Year ended 31 December			Six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Wages and salaries	1,615	1,915	1,942	972	—
Pension contribution	24	12	15	6	—
Other benefits	—	—	—	90	—
	1,639	1,927	1,957	1,068	—

The emoluments of the remaining highest paid individuals are within the following bands:

	Year ended 31 December			Six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
HK$Nil – HK$1,000,000	2	2	1	2	—
HK$1,000,001 – HK$1,500,000	—	—	1	—	—
HK$1,500,001 – HK$2,000,000	—	—	—	—	—
HK$2,000,001 – HK$3,000,000	—	—	—	—	—
HK$3,000,001 – HK$4,000,000	—	—	—	—	—
	2	2	2	2	—

During the Relevant Periods, 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 Relevant Periods.

14. Dividends

No dividends have been paid or declared by the Company since the date of its incorporation.

The dividends paid during the Relevant Periods by the Company's subsidiary to the then shareholders prior to the Reorganisation were as follows:

(a) Dividend payable to equity holders of the Company attributable to the Relevant Periods

	Year ended 31 December			Six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Interim dividend declared after the end of reporting period	13,815	11,736	66,504	—	—

(b) Dividend paid to equity holders of the Company attributable to the previous financial year, approved and paid during the Relevant Periods

	Year ended 31 December			Six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Interim dividend in respect of previous financial year, approved and paid during the year/period	13,820	13,727	31,296	—	—

The dividend rates and the number of shares ranking for dividends are not presented as such information is not meaningful for the purpose of this report.

15. Earnings per share

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the preparation of the results for the Relevant Periods on a combined basis as disclosed in note 1 above.

16. Property, plant and equipment

	Leasehold land and building HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Office and testing equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Moulds HK$'000	Total HK$'000
Cost:								
At 1 January 2008	1,196	18,767	246,939	23,683	609	1,129	783	293,106
Acquisition of businesses	—	89	—	502	—	—	—	591
Additions	—	17,083	7,620	12,651	77	941	—	38,372
Disposals/written off	—	(184)	(172)	(354)	—	—	—	(710)
At 31 December 2008 and 1 January 2009	1,196	35,755	254,387	36,482	686	2,070	783	331,359
Additions	—	4,600	26,534	3,373	245	793	—	35,545
Disposals/written off	—	(289)	(3,259)	(194)	—	(487)	—	(4,229)
At 31 December 2009 and 1 January 2010	1,196	40,066	277,662	39,661	931	2,376	783	362,675
Additions	—	2,474	33,606	7,994	311	489	—	44,874
Disposals/written off	—	—	(38)	(308)	—	—	—	(346)
Exchange adjustments	—	—	—	(3)	—	—	—	(3)
At 31 December 2010 and 1 January 2011	1,196	42,540	311,230	47,344	1,242	2,865	783	407,200
Additions	—	1,009	3,556	1,181	1	—	—	5,747
Disposals/written off	—	—	(57)	(64)	—	—	—	(121)
Disposal of a subsidiary	—	—	(264)	(472)	(110)	(53)	—	(899)
Exchange adjustments	—	(2)	—	—	—	—	—	(2)
At 30 June 2011	1,196	43,547	314,465	47,989	1,133	2,812	783	411,925
Accumulated depreciation:								
At 1 January 2008	120	8,294	162,476	13,995	466	1,002	691	187,044
Acquisition of businesses	—	52	—	150	—	—	—	202
Depreciation	24	5,291	28,382	9,192	141	218	92	43,340
Written back on disposal/ written off	—	(52)	(172)	(306)	—	—	—	(530)
At 31 December 2008 and 1 January 2009	144	13,585	190,686	23,031	607	1,220	783	230,056
Depreciation	27	6,237	27,628	9,505	76	365	—	43,838
Written back on disposal/ written off	—	(194)	(3,259)	(187)	—	(487)	—	(4,127)
At 31 December 2009 and 1 January 2010	171	19,628	215,055	32,349	683	1,098	783	269,767
Depreciation	24	6,661	29,014	7,721	178	668	—	44,266
Written back on disposal/ written off	—	—	(38)	(300)	—	—	—	(338)
Exchange adjustments	—	—	—	(1)	—	—	—	(1)
At 31 December 2010 and 1 January 2011	195	26,289	244,031	39,769	861	1,766	783	313,694
Depreciation	11	3,825	13,754	2,879	89	364	—	20,922
Written back on disposal/ written off	—	—	(57)	(64)	—	—	—	(121)
Disposal of a subsidiary	—	—	(99)	(226)	(23)	(13)	—	(361)
At 30 June 2011	206	30,114	257,629	42,358	927	2,117	783	334,134
Net book value:								
At 30 June 2011	990	13,433	56,836	5,631	206	695	—	77,791
At 31 December 2010	1,001	16,251	67,199	7,575	381	1,099	—	93,506
At 31 December 2009	1,025	20,438	62,607	7,312	248	1,278	—	92,908
At 31 December 2008	1,052	22,170	63,701	13,451	79	850	—	101,303

The Group's leasehold land is held on medium-term lease.

The carrying amount of the Group's office and testing equipment as at 31 December 2008, 2009 and 2010 and 30 June 2011 includes an amount of approximately HK$37,000, HK$21,000, HK$10,000 and HK$2,000 respectively in respect of assets acquired under finance leases.

17. Interests in associates

	As at 31 December			As at 30 June
	2008	**2009**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Share of net assets	—	—	—	—

Particulars of the associates of the Group during the Relevant Periods were as follows:

Name	Form of business structure	Place of incorporation	Attributable equity interest to the Group	Place of operation and principal activities
EQS Limited ("EQS")	Corporation	The Great Britain	33 1/3% *(Note a)*	Distribution of computer motherboards and parts in the United Kingdom
Federal Bonus Limited ("Federal Bonus")	Corporation	BVI	40% *(Note b)*	Investment holding
Sapphire Global Holdings Limited ("Sapphire Global")	Corporation	BVI	40% *(Note b)*	Investment holding and trading of computer components and peripherals in Hong Kong

Notes:

a) EQS was dissolved on 4 August 2009 by striking off.

b) As at 1 January 2008, the Group held 40% interests in Sapphire Global and Federal Bonus and accounted for as investments in associates. In January 2008, the associates issued additional shares for which the Group did not allot new shares and its shareholdings were diluted from 40% to 18.18%. Accordingly, these investments are accounted for as available-for-sale investments (Note 20) since January 2008.

18. Intangible assets

	Brand name	Non-contractual customer lists and relationship	Total
	HK$'000	*HK$'000*	*HK$'000*
Cost:			
At 1 January 2008	—	—	—
Acquisition of businesses *(Note 30)*	6,196	8,640	14,836
At 31 December 2008, 2009 and 2010 and 30 June 2011	6,196	8,640	14,836
Accumulated amortisation:			
At 1 January 2008	—	—	—
Amortisation for the year	—	1,296	1,296
At 31 December 2008 and 1 January 2009	—	1,296	1,296
Amortisation for the year	—	1,728	1,728
At 31 December 2009 and 1 January 2010	—	3,024	3,024
Amortisation for the year	—	1,728	1,728
At 31 December 2010 and 1 January 2011	—	4,752	4,752
Amortisation for the period	—	864	864
At 30 June 2011	—	5,616	5,616
Carrying amount:			
At 30 June 2011	6,196	3,024	9,220
At 31 December 2010	6,196	3,888	10,084
At 31 December 2009	6,196	5,616	11,812
At 31 December 2008	6,196	7,344	13,540

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.

Non-contractual customer lists and relationship acquired through acquisition of businesses is amortised over their useful lives of 5 years. The amortisation expense has been included in administrative expenses in the combined statements of comprehensive income.

19. Trade and other receivables

	As at 31 December			As at 30 June
	2008	**2009**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	608,242	702,003	912,467	777,122
Less: Accumulated impairment losses	(11,888)	(11,915)	(8,345)	(9,750)
	596,354	690,088	904,122	767,372
Other receivables	19,684	19,817	13,771	12,191
Deposits and prepayments	8,642	10,724	22,714	26,289
Amounts due from non-controlling interests *(Note a)*	10,342	8,295	1,342	—
Amounts due from related companies *(Note b)*	39,945	7,945	—	—
Dividend receivable	1,376	1,376	—	—
	676,343	738,245	941,949	805,852
Amounts due from non-controlling interests, repayable after one year	(6,270)	—	—	—
Amounts due within one year included under current assets	670,073	738,245	941,949	805,852

Notes:

a) The amounts due from non-controlling interests were unsecured, interest-free and had fixed terms of repayment according to the relevant agreements.

b) The amounts due from related companies were unsecured, interest-free and had no fixed repayment terms.

The ageing analysis of trade receivables (net of impairment losses) as of the end of reporting period is as follows:

	As at 31 December			As at 30 June
	2008	**2009**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 1 month	316,077	429,802	606,499	484,015
1 to 3 months	265,576	242,909	246,152	246,863
More than 3 months but within 1 year	13,721	14,218	48,979	32,116
Over 1 year	980	3,159	2,492	4,378
	596,354	690,088	904,122	767,372

The average credit period on sales of goods is 30 to 60 days from the invoice date.

The ageing of trade receivables which are past due but not impaired are as follows:

	As at 31 December			As at 30 June
	2008	2009	2010	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 1 month	128,080	85,202	149,057	214,049
Over 1 month but within 3 months	22,056	22,411	48,032	58,419
Over 3 months but within 1 year	7,180	6,179	20,437	15,954
Over 1 year	35	2,345	1,545	2,334
	157,351	116,137	219,071	290,756

Receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of independent customers that have a good track record. Based on past experience, the directors consider that no impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

The below table reconciled the impairment loss of trade receivables for the Relevant Periods:

	As at 31 December			As at 30 June
	2008	2009	2010	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At beginning of year/period	6,654	11,888	11,915	8,345
Provision/(reversal) of impairment loss recognised	5,672	520	(79)	1,405
Uncollectible amounts written off	(438)	(493)	(3,491)	—
At end of year/period	11,888	11,915	8,345	9,750

The Group recognised impairment loss on individual assessment based on the accounting policy stated in note 4(i)(ii).

20. Other financial assets

	As at 31 December			As at 30 June
	2008	2009	2010	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Available-for-sale investments — Non-current				
Investments in unlisted securities *(Note)*	20,992	20,992	20,992	20,992

Note:

The available-for-sale investments represent 18.18%, 18.18%, 4.95% and 4.95% of equity interest in Federal Bonus and Sapphire Global as at 31 December 2008, 2009 and 2010 and 30 June 2011 respectively. Both of which are private companies incorporated in the BVI. As the investments do not have a quoted market price in an active market and their fair value cannot be reliably measured, they are stated at cost less any accumulated impairment losses.

21. Derivative financial instruments

	As at 31 December			As at 30 June
	2008	2009	2010	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Derivative financial assets				
Foreign exchange forward contracts *(Note a)*	—	790	350	—
Performance swap contracts *(Note c)*	—	311	62	652
	—	1,101	412	652
Derivative financial liabilities				
Interest rate swap contracts *(Note b)*	—	143	162	103

Notes:

(a) Foreign exchange forward contracts

The foreign exchange forward contracts are settled at specific time intervals and the major terms of the contracts as at 31 December 2009 and 2010 and 30 June 2011 are as follows:

Notional amount	Trade dates	Contracted exchange rates	Fair value		
			As at 31 December 2009	As at 31 December 2010	As at 30 June 2011
			HK$'000	*HK$'000*	*HK$'000*
US$1,000,000	16 March 2009	HK$7.85 or CNY 6.995	691	—	—
US$1,000,000	8 June 2009	CNY6.3 to CNY6.89	99	—	—
US$2,000,000	30 June 2010 to 31 May 2011	US$1 to CNY6.9	—	350	—
			790	350	—

(b) Interest rate swap contracts

Notional amount	Trade dates	Contracted interest rates/strike rates	Fair value		
			As at 31 December 2009	As at 31 December 2010	As at 30 June 2011
			HK$'000	*HK$'000*	*HK$'000*
HK$20,000,000	9 March 2009 to 11 March 2013	1.84% p.a.	(143)	(162)	(103)

(c) Performance swap contracts

Notional amount	Trade dates	Contracted exchange rates	Fair value		
			As at 31 December 2009	As at 31 December 2010	As at 30 June 2011
			HK$'000	*HK$'000*	*HK$'000*
HK$50,000,000 (Interest rate swap portion) and US$3,600,000 (Foreign exchange portion)	4 August 2009 to 7 February 2011	HKD-HIBOR-HKAB/ US$1 to CNY7	311	62	—
US$2,000,000	12 April 2011 to 7 March 2013	CNY5.95 to CNY6.6	—	—	652
			311	62	652

The above derivatives were measured at fair value at the end of each reporting period. The fair values of the above derivatives were determined based on the quoted market prices and the fair values of foreign exchange forward contracts, interest rate swap contracts and performance swap contracts were determined by Stirling Appraisals Limited, the qualified valuer at the end of each reporting period. The net gain on derivative financial instruments of HK$710,000, HK$1,171,000, HK$231,000 and HK$1,003,000 has been recognised in profit or loss during the years ended 31 December 2008, 2009 and 2010 and the six months ended 30 June 2011 respectively.

22. Deferred tax

Details of the deferred tax liabilities and assets recognised and movements during the Relevant Periods:

	Accelerated tax depreciation	Provisions for doubtful debts and warranty	Tax loss	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2008	(7,857)	706	2,817	(4,334)
Effect of change in tax rate	449	(40)	(161)	248
Credited/(charged) to profit or loss	1,675	609	(2,635)	(351)
At 31 December 2008 and 1 January 2009	(5,733)	1,275	21	(4,437)
Credited/(charged) to profit or loss	2,138	(207)	(21)	1,910
At 31 December 2009 and 1 January 2010	(3,595)	1,068	—	(2,527)
Credited/(charged) to profit or loss	4,150	(339)	—	3,811
At 31 December 2010 and 1 January 2011	555	729	—	1,284
Credited to profit or loss	139	545	—	684
At 30 June 2011	694	1,274	—	1,968

For the purpose of presentation in the combined statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at 31 December			As at 30 June
	2008	2009	2010	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Deferred tax assets	32	28	1,284	1,968
Deferred tax liabilities	(4,469)	(2,555)	—	—
	(4,437)	(2,527)	1,284	1,968

Deferred tax asset has not been recognised for the followings:

	As at 31 December			As at 30 June
	2008	2009	2010	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Deductible temporary differences	201	616	659	2,403
Unused tax losses	3,928	4,843	12,804	56,909
	4,129	5,459	13,463	59,312

No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. The deductible temporary differences can be carried forward indefinitely. No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised. Losses amounting to approximately HK$2,386,000 could be carried forward indefinitely, remaining losses amounting to approximately HK$54,523,000 will expire during 2012 to 2031.

23. Inventories

	As at 31 December			As at 30 June
	2008	2009	2010	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Raw materials	386,385	538,284	584,263	640,388
Work-in-progress	5,228	11,883	18,363	10,393
Finished goods	164,804	224,277	368,627	355,183
	556,417	774,444	971,253	1,005,964
Less: Provision for obsolete inventories	(44,791)	(45,374)	(27,395)	(25,890)
	511,626	729,070	943,858	980,074

24. Cash and cash equivalents

	As at 31 December			As at 30 June
	2008	2009	2010	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash at banks and in hand	305,816	681,272	685,240	360,741

The currency analysis of cash and cash equivalents are shown as follows:

	As at 31 December			As at 30 June
	2008	2009	2010	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Renminbi	11,461	5,868	4,364	8,097
Japanese Yen	96	557	80	1,595
Taiwan dollars	764	898	764	698
United States dollars	268,619	607,824	559,387	298,830
Hong Kong dollars	24,846	66,103	111,950	49,219
Others	30	22	8,695	2,302
	305,816	681,272	685,240	360,741

25. Trade and other payables

	As at 31 December			As at 30 June
	2008	2009	2010	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	658,959	873,283	1,026,663	663,629
Other payables and accruals *(Note a)*	116,947	114,814	156,058	147,526
Amounts due to non-controlling interests *(Note b)*	16,110	31,027	—	—
Amounts due to related companies *(Note c)*	19,938	20,691	—	—
	811,954	1,039,815	1,182,721	811,155

All trade payables and other payables and accruals are due to be settled within twelve months.

The ageing analysis of trade payables as of the end of reporting period is as follows:

	As at 31 December			As at 30 June
	2008	2009	2010	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 1 month	175,153	409,464	348,173	243,356
Over 1 month but within 3 months	311,210	332,651	524,389	346,427
Over 3 months but within 1 year	171,340	129,552	153,873	73,274
Over 1 year	1,256	1,616	228	572
	658,959	873,283	1,026,663	663,629

Notes:

a) Included in other payables and accruals were provision for social insurance of approximately HK$12,570,000, HK$21,173,000, HK$30,964,000 and HK$32,499,000 as at 31 December 2008, 2009 and 2010 and 30 June 2011 respectively.

b) The amounts due to non-controlling interests were unsecured, interest free and had no fixed terms of repayment.

c) The amounts due to related companies were unsecured, interest free and had no fixed terms of repayment.

26. Borrowings

	As at 31 December			As at 30 June
	2008	2009	2010	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Bank loans — secured	80,702	107,774	117,898	70,660
Import loans — secured	296,722	591,960	811,047	745,072
Discounted bills and factoring loans	10,750	14,946	5,946	13,867
	388,174	714,680	934,891	829,599

The repayment schedules of the above borrowings based on the agreed terms of repayment granted by banks are as follows:

	As at 31 December			As at 30 June
	2008	2009	2010	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
On demand or within one year	361,113	666,149	881,469	790,790
Due after one year				
More than one year, but not exceeding two years	14,726	24,242	47,760	22,040
More than two years, but not exceeding five years	12,335	24,289	5,662	16,769
	27,061	48,531	53,422	38,809
	388,174	714,680	934,891	829,599

(i) The above borrowings bear interest at effective interest rates ranging from 0.8% to 4.4% for the Relevant Periods.

(ii) The Group's banking facilities are secured by (a) bank deposits of the Group (As at 31 December 2008, 2009 and 2010 and 30 June 2011: approximately HK$3,627,000, HK$7,124,000, HK$7,142,000 and HK$7,142,000 respectively; (b) unlimited joint and several guarantee from the directors, Wong Shik Ho Tony, Leung Wah Kan and Wong Fong Pak; (c) bank deposit of a related company (As at 31 December 2008, 2009 and 2010 and 30 June 2011: approximately HK$10,313,000, HK$1,404,000, HK$Nil and HK$Nil) respectively; (d) unlimited personal guarantee from non-controlling interest; and (e) unlimited corporate guarantee from a related company. In December 2010, items (c) to (e) were released. The Directors confirmed that item (b) will be released upon the listing.

(iii) 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 combined statements of financial position in accordance with Hong Kong Interpretation 5 "Presentation of Financial Statements — Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause".

27. Provisions

	As at 31 December			As at 30 June
	2008	**2009**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Provision for product warranties and returns				
At beginning of year/period	8,076	13,006	12,155	11,216
Acquisition of businesses *(Note 30)*	2,678	—	—	—
Additional provision made	2,559	—	1,476	—
Released	—	(409)	—	(3)
Utilised	(307)	(442)	(2,415)	(1,186)
Net movement for the year/period	2,252	(851)	(939)	(1,189)
At end of year/period	13,006	12,155	11,216	10,027

Under the terms of the Group's certain sales agreements, the Group will rectify any product defects arising within three years from the date of sale ("Track Record Period"). The Group also has a policy allowing the customers to return any defected products within two years after the delivery of products.

Provision is therefore made for the best estimate of the expected settlement of warranty under sales agreements and sales returns in respect of sales made during the Track Record Period. The amount of provision takes into account the Group's recent claim experience and is only made where a warranty claim is probable whilst the amount of provision for sales returns is estimated by management with reference to the past experience and other relevant factors.

28. Obligations under finance leases

The Group leases certain of its plant and machinery and office equipment during the Relevant Periods. Such assets are generally classified as finance leases as the rental period amounts to the estimated useful economic life of the assets concerned and often the Group has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount.

Future lease payments are due as follows:

	As at 31 December			As at 30 June
	2008	**2009**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total minimum lease payments				
— within one year	14	14	14	10
— more than one year but not later than five years	31	17	3	—
	45	31	17	10
Interest expense relating to future periods	—	—	—	—
Present value of the minimum lease payments	45	31	17	10
Present value of the minimum lease payments:				
— within one year	14	14	14	10
— more than one year but not later than five years	31	17	3	—
	45	31	17	10

29. Share capital

Group

For the purpose of the presentation of the combined statements of financial position, the share capital at 31 December 2008, 2009 and 2010 and 30 June 2011 represents the share capital of PC Partner Holdings Limited, a wholly-owned subsidiary directly owned by the Company. PC Partner Holdings Limited was incorporated in the British Virgin Islands on 2 May 1997, with an authorised share capital of US$25,000,000 divided into 20,000,000 ordinary shares and 5,000,000 redeemable phantom shares of US$1 each. The number of share capital was issued and fully paid at par as follows:

	As at 31 December			As at 30 June
	2008	**2009**	**2010**	**2011**
	'000	*'000*	*'000*	*'000*
Ordinary shares of US$1 each				
At beginning of year/period	3,952	3,947	3,912	3,912
Purchase of own shares for cancellation	(5)	(35)	—	—
At end of year/period	3,947	3,912	3,912	3,912

The balances of share capital at 31 December 2008, 2009 and 2010 and 30 June 2011 are as follows:

	As at 31 December			As at 30 June
	2008	**2009**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
PC Partner Holdings Limited	30,589	30,318	30,318	30,318

Company

The Company was incorporated in the Cayman Islands on 1 April 2010, with an authorised share capital of HK$100,000,000 divided into 1,000,000,000 ordinary shares of HK$0.1 each. At the end of the Relevant Period, 3 ordinary shares of HK$0.1 each were issued and fully paid.

Pursuant to the Reorganisation, the Company will allot and issue in aggregate 330,518,665 shares to the shareholders of PC Partner Holdings Limited credited as fully paid in such proportion as shall mirror their then shareholding proportion in PC Partner Holdings Limited's shares such that the shareholding structure of PC Partner Holdings Limited is replicated at the Company level.

30. Acquisition of businesses

On 1 April 2008, the Group through 60% owned subsidiaries, acquired the trading businesses from ASK Technology Limited and Manli Technology Limited, for a total consideration of HK$51,760,000. These transactions have been accounted for by the acquisition method of accounting.

The net assets acquired in the transactions are as follows:

	Fair value
	HK$'000
Net assets acquired:	
Property, plant and equipment	389
Intangible assets	14,836
Inventories	20,815
Trade and other receivables	55,085
Amount due from a related company	48,876
Amount due from non-controlling interest	1,342
Obligations under finance leases	(55)
Trade and other payables	(68,945)
Provision	(2,678)
Amounts due to non-controlling interests	(2,610)
Amounts due to related companies	(15,020)
Tax payable	(267)
Deferred tax liabilities	(8)
	51,760
Total consideration	
Satisfied by cash:	
Consideration settled in 2008	38,260
Consideration settled in 2010	13,500
	51,760

The acquisition of trading businesses is to expand the Group's business channels to develop its own branded products. After the acquisition, the contribution of revenue and profit to the Group since the date of acquisition up to 31 December 2008 amounted to approximately HK$681 million and HK$8 million respectively. The acquisition-related cost is immaterial.

The fair value and gross amount of trade and other receivables at the date of acquisition amounted to HK$55,085,000. None of these receivables have been impaired and it is expected that the full contractual amounts can be collected.

31. Operating lease arrangements (as lessee)

The Group leases the majority of its properties. The terms of property leases vary from country to country, although they all tend to be tenant repairing with rent reviews every 1 to 8 years and many have break clauses.

The total future minimum lease payments under non-cancellable operating leases are due as follows:

	As at 31 December			As at 30 June
	2008	**2009**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	19,193	17,711	26,310	20,592
After one year but within five years	53,853	43,224	49,674	44,688
After five years	30,765	22,561	16,553	11,823
	103,811	83,496	92,537	77,103

32. Capital commitments

At 31 December 2008, 2009 and 2010 and 30 June 2011, the Group had the following capital commitments in respect of:

	As at 31 December			As at 30 June
	2008	**2009**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Contracted for acquisition of property, plant and equipment but not provided	5,595	3,981	2,490	26,102

33. Related party disclosures

During the Relevant Periods, the Group entered into the following significant transactions with its related parties:

	Year ended 31 December			Six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Related companies owned by non-controlling interests					
— purchases *(Note iii)*	20,838	1,066	958	—	—
— subcontracting charges *(Note iv)*	17,243	27,450	7,804	7,804	—
— personnel support service fees and reimbursement of expenses *(Note i)*	1,464	2,025	2,786	1,243	1,786
— acquisition of property, plant and equipment	389	—	—	—	—
Related companies owned by the directors					
— sales *(Note iii)*	14,933	4,014	6,301	—	—
— rent *(Note ii)*	350	600	600	300	300
Non-controlling interests					
— rent *(Note ii)*	120	168	168	56	94

Notes:

(i) Personnel support service fees and reimbursement of expenses were mutually agreed by the parties.

(ii) Rental expenses were charged according to the agreements.

(iii) Sales and purchase transactions were conducted at prices agreed by both parties.

(iv) Subcontracting charges were determined with reference to the then prevailing market rates.

The directors are of the opinion that these transactions were conducted in normal business terms and in the ordinary course of business.

The directors confirmed that the transactions in notes (i) and (ii) will continue in the future after the listing of the Company's shares while the transactions in notes (iii) and (iv) had been discontinued prior to 31 December 2010.

34. Increase in investment in a subsidiary

On 11 January 2011, PC Partner International Limited ("PCPI") entered into a stock purchase agreement with the non-controlling shareholder of Zotac Nevada, whereby PCPI agreed to purchase and the non-controlling shareholder agreed to sell 30,000 shares of Zotac Nevada, representing 40% of the equity interest in Zotac Nevada held by the non-controlling shareholder, for a consideration of US$1.

The transaction was completed on 11 January 2011. Zotac Nevada becomes a wholly owned subsidiary of PCPI at the same date.

35. Disposal of a subsidiary

On 11 January 2011, PCPI entered into a stock purchase agreement with the non-controlling shareholder of Zotac California, whereby PCPI agreed to sell and the non-controlling shareholder agreed to purchase 45,000 shares of Zotac California, representing 60% of the equity interest in Zotac California held by PCPI, for a consideration of US$1.

The disposal was completed on 11 January 2011. PCPI does not hold any interest in Zotac California upon disposal.

The carrying amounts of net assets disposed of was as follows:

	Carrying amounts
	HK$'000
Net assets disposed of:	
Property, plant and equipment	538
Trade and other receivables	1,049
Cash and cash equivalents	1,320
Trade and other payables	(2,421)
Current tax liabilities	(486)
Total consideration	*
Satisfied by	
Cash consideration	*
Net cash outflow arising on disposal:	
Cash consideration	*
Cash and cash equivalents disposed of	1,320
	(1,320)

* Denoted as US$1

The carrying amounts of net assets disposed approximated to their fair values.

36. Capital risk management

The capital structure of the Group consists of debts, which includes the borrowings disclosed in note 26 and the obligations under finance leases disclosed in note 28, cash and cash equivalents disclosed in note 24 and equity of the Group, comprising share capital, reserves, retained earnings and non-controlling interests disclosed in combined statements of changes in equity. The management reviews the capital structure on a semi-annual basis. As part of this review, the 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 debt to equity.

The gearing ratio at the end of each reporting period was as follows:

	As at 31 December			As at 30 June
	2008	**2009**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Debts	388,219	714,711	934,908	829,609
Cash and cash equivalents	(305,816)	(681,272)	(685,240)	(360,741)
Net debts	82,403	33,439	249,668	468,868
Total equity	409,460	493,271	570,380	606,390
Debts to equity ratio	20.1%	6.8%	43.8%	77.3%

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.

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. Debtors with balances that are more than 3 months overdue, further credit will only be granted under management's approval, otherwise, debtors are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers, however the Group has purchased credit insurance for certain customers.

Further quantitative disclosures in respect of the Group exposures to credit risk arising from trade receivables are set out in note 19.

As at 31 December 2008, 2009 and 2010 and 30 June 2011, approximately 22%, 7%, Nil% and 15% respectively, of the Group's trade receivables were due from certain major customers, the sales to each of whom accounted for more than 10% of the Group's revenue during each of the Relevant Periods.

The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit-rating assigned by international credit-rating agencies.

(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 loans with a repayment on demand clause which 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.

	Carrying amount *HK$'000*	Total contractual undis-counted cash flow *HK$'000*	Within one year *HK$'000*	More than 1 year but less than 2 years *HK$'000*	More than 2 years *HK$'000*
At 31 December 2008					
Borrowings	388,174	388,174	388,174	—	—
Trade and other payables	811,954	811,954	811,954	—	—
Obligations under finance leases	45	45	14	14	17
Total	1,200,173	1,200,173	1,200,142	14	17
At 31 December 2009					
Borrowings	714,680	714,680	714,680	—	—
Trade and other payables	1,039,815	1,039,815	1,039,815	—	—
Obligations under finance leases	31	31	14	17	—
Total	1,754,526	1,754,526	1,754,509	17	—
Derivative settled net: Interest rate swap	143	143	143	—	—
At 31 December 2010					
Borrowings	934,891	934,891	934,891	—	—
Trade and other payables	1,182,721	1,182,721	1,182,721	—	—
Obligations under finance leases	17	17	14	3	—
Total	2,117,629	2,117,629	2,117,626	3	—
Derivative settled net: Interest rate swap	162	162	162	—	—
At 30 June 2011					
Borrowings	829,599	829,599	829,599	—	—
Trade and other payables	811,155	811,155	811,155	—	—
Obligations under finance leases	10	10	10	—	—
Total	1,640,764	1,640,764	1,640,764	—	—
Derivative settled net: Interest rate swap	103	103	103	—	—

The table that follows summarises the maturity analysis of bank loans 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 loans will be repaid in accordance with the scheduled repayment dates.

	Carrying amount	Total contractual undis-counted cash flow	Within one year	More than 1 year but less than 2 years	More than 2 years
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 December 2008	80,702	81,980	54,603	14,868	12,509
31 December 2009	107,774	109,403	60,018	24,598	24,787
31 December 2010	117,898	120,904	65,440	49,684	5,780
30 June 2011	70,660	71,791	32,347	22,378	17,066

(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 and fair value interest risk respectively.

The following table details the interest rate profile of the Group's borrowings:

	Year ended 31 December						Six months ended 30 June			
	2008		2009		2010		2010		2011	
	Effective interest rate	*HK$'000*	*Effective interest rate*	*HK$'000*	*Effective interest rate*	*HK$'000*	*Effective interest rate* (Unaudited)	*HK$'000*	*Effective interest rate*	*HK$'000*
Variable rate borrowings										
Import loans	4.40%	296,722	1.95%	591,960	1.58%	811,047	1.67%	590,399	1.40%	745,072
Bank loans	3.57%	80,702	1.77%	107,774	1.49%	117,898	3.54%	93,095	1.63%	70,660
Discounted bills and factoring	2.56%	10,750	0.80%	14,946	1.32%	5,946	1.16%	11,716	2.84%	13,867
		388,174		714,680		934,891		695,210		829,599
Fixed rate borrowings										
Obligations under finance lease	5.70%	45	Nil	31	Nil	17	Nil	24	Nil	10

The Group manages certain of its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates.

At 31 December 2008, 2009 and 2010 and 30 June 2011, 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 years ended 31 December 2008, 2009 and 2010 and six months ended 30 June 2011 by approximately HK$1,908,000, HK$2,254,000, HK$3,121,000 and HK$3,355,000 respectively.

(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 United States dollars and Renminbi.

At 31 December 2009 and 2010 and 30 June 2011, the Group had forward foreign exchange contracts with a fair value of HK$790,000, HK$350,000 and HK$Nil and performance swap contracts with a fair value of HK$311,000, HK$62,000 and HK$652,000 recognised as derivative financial instruments respectively.

The following table details the Group's exposure at 31 December 2008, 2009 and 2010 and 30 June 2011 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.

	As at 31 December						As at 30 June	
	2008		2009		2010		2011	
	United States dollar	Renminbi	United States dollar	Renminbi	United States dollar	Renminbi	United States dollar	Renminbi
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade and other receivables	599,107	1,710	630,325	2,005	751,794	6,855	738,406	22,155
Cash and cash equivalents	268,263	7,969	609,204	4,723	535,328	735	298,830	8,097
Trade and other payables	(440,120)	(16,972)	(657,322)	(24,174)	(756,976)	(3,613)	(508,839)	(75,617)
Borrowings	(104,350)	—	(479,175)	—	(535,163)	—	(472,358)	—
Overall net exposure	322,900	(7,293)	103,032	(17,446)	(5,017)	3,977	56,039	(45,365)

The following table indicates the approximate change in the Group's profit after taxation and retained profits and other components of combined 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 currencies of the lender or the borrower. A positive number below indicates an increase in profit for the year/period and other equity where the HKD strengthens against the relevant currency. For a weakening of the HKD 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.

	Increase in foreign exchange rates	Effect on profit for the year/period retained profits *HK$'000*
As at 31 December 2008		
United States dollars	5%	(16,145)
Renminbi	5%	365
As at 31 December 2009		
United States dollars	5%	(5,152)
Renminbi	5%	872
As at 31 December 2010		
United States dollars	5%	251
Renminbi	5%	(199)
As at 30 June 2011		
United States dollars	5%	(2,802)
Renminbi	5%	2,268

The sensitivity analysis has been determined assuming that the change in foreign exchange rates 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 rates over the periods until the next annual reporting date. In this respect, it is assumed that the pegged rate between the HKD and the USD would be materially unaffected by any changes in movement in value of the USD against other currencies. 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 years/period and equity measured in the respective functional currencies, translated into HKD at the exchange rate ruling at the end of reporting periods for presentation purposes. The analysis is performed on the same basis for year end 31 December 2008, 2009 and 2010 and six months ended 30 June 2011.

(e) Fair value of financial instruments

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities, including pledged deposits, cash and cash equivalents, trade and other receivables, trade and other payables and short-term borrowings, are recorded at amortised cost in the Combined Financial Information approximate their fair values at the end of each reporting period.

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).

	Level 1	Level 2	Level 3
	HK$'000	*HK$'000*	*HK$'000*
As at 31 December 2008			
Financial assets at fair value through profit or loss:			
— derivatives	—	—	—
Financial liabilities at fair value through profit or loss			
— derivatives	—	—	—
As at 31 December 2009			
Financial assets at fair value through profit or loss:			
— derivatives	—	1,101	—
Financial liabilities at fair value through profit or loss			
— derivatives	—	143	—
As at 31 December 2010			
Financial assets at fair value through profit or loss:			
— derivatives	—	412	—
Financial liabilities at fair value through profit or loss			
— derivatives	—	162	—
As at 30 June 2011			
Financial assets at fair value through profit or loss:			
— derivatives	—	652	—
Financial liabilities at fair value through profit or loss			
— derivatives	—	103	—

C. SUBSEQUENT EVENTS

Subsequent to 30 June 2011 and up to the date of this report, the following significant events have taken place:

(a) Reorganisation

The entities now comprising the Group completed the Reorganisation in preparation for the listing of the shares of the Company on the Main Board of the Stock Exchange. Details of the Reorganisation are set out in the section headed "Corporate Reorganisation" in Appendix V to the Prospectus. As a result of the Reorganisation, the Company became the holding company of the Group on 21 December 2011.

(b) Pre-IPO Share Option Scheme

Pursuant to the resolution of all the shareholders of the Company passed on 14 December 2011, the Company has adopted the Pre-IPO Share Option Scheme (as defined in the Prospectus). The principal terms of the Pre-IPO Share Option Scheme are set out in the section headed "Pre-IPO Share Option Scheme" in Appendix V to the Prospectus. Up to the date of this report, options to subscribe for an aggregate of 31,990,000 shares of the Company have been granted under the Pre-IPO Share Option Scheme by the Company, and which remained outstanding as at the date of this report.

(c) Dividends

Pursuant to the board resolution of PC Partner Holdings Limited on 28 July 2011, PC Partner Holdings Limited resolved to declare the interim dividend of HK$17 per share in respect of the year ended 31 December 2010 of HK$66,504,000 to the members of PC Partner Holdings Limited whose names appear in the Register of Members on 30 June 2011. Interim dividend of HK$4 per share was settled on 1 August 2011. Remaining interim dividend of HK$13 per share will be payable one week before the date of successful listing of the Company in the Main Board of Stock Exchange ("Successful Listing") to those shareholders whose names appear in the Register of Members as at one month before the date of the Successful Listing.

D. SUBSEQUENT ACCOUNTS

No audited accounts have been prepared by the Group in respect of any period subsequent to 30 June 2011 and no dividend or other distribution has been declared, made or paid by the Company.

Yours faithfully,
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