* For identification purpose only

PCPartner®

(HKEX Stock Code: 1263)
(SGX-ST Stock Code: PCT)

栢能集團有限公司*
PC Partner Group Limited

(Incorporated in the Cayman Islands with limited liability)

2024 ANNUAL REPORT

CONTENTS

COMPANY PROFILE

PC Partner is a leading manufacturer of computer electronics. Our key products are video graphics cards, motherboards and mini-PCs. We are also offering one-stop electronic manufacturing services to reputable brands all over the world.

As one of the leaders in the industry, we leverage our extraordinary research and development capabilities and state-of-the-art production facilities to constantly bring new product ideas and leading-edge innovations to the market. We endeavour to stay ahead of the industry to ensure success and competitiveness in serving the needs of our customers.

We are a technology company with a **GLOBAL VISION**.


ZOTAC
ZOTAC GAMING
Mini PC
SUPER POWERED
loop
zalma


manli
EXPERIENCE AI WITH MANLI
manli


INNO3D
Brutal by Nature.
U RACK MOUNT
PU SERVER

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. WONG Shik Ho Tony
(Chairman and Chief Executive Officer)
Mr. WONG Fong Pak *(Executive Vice President)*
Mr. LEUNG Wah Kan *(Chief Operation Officer)*
Mr. HO Nai Nap
Mr. MAN Wai Hung

Non-executive Directors

Mrs. HO WONG Mary Mee-Tak
Mr. CHIU Wing Yui
(Alternate Director to Mrs. HO WONG Mary Mee-Tak)
(ceased to be Alternate Director, see Note 1)

Independent Non-executive Directors

Ms. CHAN Yim
Mr. CHUA Ser Miang *(newly appointed, see Note 2)*
Mr. Jason GOH Hseng Wei
(newly appointed, see Note 2)
Mr. KONG Chee Keong *(newly appointed, see Note 2)*
Ms. Alicia KWAN Xiuying *(newly appointed, see Note 2)*
Prof. LOW Teck Seng *(newly appointed, see Note 2)*
Mr. TEO Chun-Wei, Benedict
(newly appointed, see Note 2)
Mr. LAI Kin Jerome *(resigned, see Note 3)*
Mr. IP Shing Hing, *B.B.S., J.P.* *(resigned, see Note 4)*
Mr. CHEUNG Ying Sheung *(resigned, see Note 4)*

BOARD COMMITTEES

Audit Committee

Mr. CHUA Ser Miang *(newly appointed Chairman, effective from 5 November 2024, see Note 2)*
Mr. KONG Chee Keong *(newly appointed, see Note 2)*
Ms. Alicia KWAN Xiuying *(newly appointed, see Note 2)*
Ms. CHAN Yim *(Chairman, from 10 October 2024 to 4 November 2024, see note 5)*
Mr. LAI Kin Jerome *(Chairman, up to 9 October 2024)* *(resigned, see Note 3)*
Mr. IP Shing Hing, *B.B.S., J.P.* *(resigned, see Note 4)*
Mr. CHEUNG Ying Sheung *(resigned, see Note 4)*

Remuneration Committee

Ms. CHAN Yim *(newly appointed Chairman, effective from 5 November 2024)*
Mr. Jason GOH Hseng Wei
(newly appointed, see Note 2)
Mr. TEO Chun-Wei, Benedict
(newly appointed, see Note 2)
Mr. LAI Kin Jerome *(resigned, see Note 3)*
Mr. IP Shing Hing, *B.B.S., J.P.* *(Chairman up to 4 November 2024, resigned, see Note 4)*
Mr. CHEUNG Ying Sheung *(resigned, see Note 4)*
Mr. WONG Shik Ho Tony *(up to 4 November 2024)*

Nomination Committee

Prof. LOW Teck Seng (*newly appointed Chairman, effective from 5 November 2024, see Note 2)*
Ms. CHAN Yim
Mr. TEO Chun-Wei, Benedict *(newly appointed, see Note 2)*
Mr. LAI Kin Jerome *(resigned, see Note 3)*
Mr. IP Shing Hing, *B.B.S., J.P.* *(Chairman up to 4 November 2024, resigned, see Note 4)*
Mr. CHEUNG Ying Sheung *(resigned, see Note 4)*
Mr. WONG Shik Ho Tony *(up to 4 November 2024)*

Investment Committee
(dissolved on 5 November 2024)

Mr. WONG Shik Ho Tony *(Chairman)*
Mr. WONG Fong Pak
Mr. LEUNG Wah Kan
Mr. LAI Kin Jerome *(resigned, see Note 3)*
Mr. IP Shing Hing, *B.B.S., J.P. (resigned, see Note 4)*

Executive Committee
(newly established on 20 November 2024)

Mr. WONG Shik Ho Tony *(Chairman)*
Mr. WONG Fong Pak
Mr. LEUNG Wah Kan
Mr. HO Nai Nap
Mr. MAN Wai Hung

COMPANY SECRETARY

Ms. LEE Yuet Wan

AUTHORIZED REPRESENTATIVES

Mr. WONG Shik Ho Tony
Ms. LEE Yuet Wan

AUDITORS

Singapore
(newly appointed on 20 December 2024, see Note 6)

BDO LLP
#23–01 Parkview Square
600 N Bridge Road
Singapore 188778

Hong Kong

BDO Limited
Registered Pubic Interest Entity Auditor
25/F, Wing On Centre
111 Connaught Road Central
Hong Kong

Corporate Information

LEGAL ADVISORS

Singapore

Rajah & Tann Singapore LLP
#06–07 West Tower
9 Straits View
Marina One
Singapore 018937

Hong Kong

Loeb & Loeb LLP
2206–19 Jardine House
1 Connaught Place
Central
Hong Kong

REGISTERED OFFICE

Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

PRINCIPAL PLACES OF BUSINESS

Singapore Headquarters

#11–27, West Tower, 20 Pasir Panjang Road
Mapletree Business City
Singapore 117439

Hong Kong

28/F, NCB Innovation Centre
888 Lai Chi Kok Road
Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

BRANCH SHARE REGISTRARS AND TRANSFER OFFICES

Singapore

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

Hong Kong

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

PRINCIPAL BANKERS

Singapore

The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank (Singapore) Limited
United Overseas Bank Limited

Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited

WEBSITE

www.pcpartner.com

Notes:

Note 1 Ceased to be an Alternate Director on 5 November 2024

Note 2 Appointed to the Board and Board Committee(s) on 5 November 2024

Note 3 Resigned from directorship and positions on Board Committees on 10 October 2024

Note 4 Resigned from directorship and positions on Board Committees on 5 November 2024

Note 5 Resigned from the chairman position and ceased to be a member of the Audit Committee on 5 November 2024

Note 6 The 2024 Financial Statements were audited by BDO Limited only. BDO Limited and BDO LLP will be jointly responsible for the Company's financial statements for the financial year in which the Company's listing status on the Singapore Exchange Securities Trading Limited is converted to primary listing

CHAIRMAN STATEMENT

Dear Shareholders,

Although business environment remained challenging in the tough economical and unstable political situation throughout 2024, PC Partner has demonstrated resilience and adaptability in a rapidly evolving business environment with an increase in sales revenue and a strong rebound on profitability for the year. In addition, we have consistently demonstrated a strong balance sheet with progressive improvement in liquidity.

We have completed a strategic move to diversify our operations beyond Greater China, embracing a “China+1” strategy to meet the evolving needs of our business. This includes a relocation of our headquarter to Singapore and a secondary listing on the Singapore Exchange Securities Trading Limited (the “SGX-ST”) together with a new manufacturing facility being set up in Batam, Indonesia which will enable us to expand our presence in Southeast Asia and explore new global business opportunities.

OUTLOOK

As the next generation of Blackwell gaming graphics processing unit ("GPU") launched in January 2025, the new video graphics cards ("VGA Cards") with Blackwell technology will uplift gaming performance and enhance gamer experience. The Group believes the Blackwell VGA Cards will trigger strong demand in the market, driven by the superior performance and innovative features that cater to the needs of gamers and content creators.

The Trump Administration signed an executive order imposing additional tariff on imports from China with effective within a short period of time on 4 February 2025. With its new production facility in Indonesia, the Group is able to react quickly to rearrange its production plan to assemble products for U.S. market outside China. The Group's new setup increases flexibility regarding trade restrictions and tariffs, enabling it to seize new business opportunities.

PC Partner is committed to innovation and new product development. The Group has launched a few new products last year, including handheld personal computers, medical-grade computers and a new product line of GPU servers for artificial intelligence and machine learning applications. The Group will continue looking into new products development opportunities and invest in product innovation and operational excellence to deliver increased returns to the Company's shareholders.

I extend my gratitude to our employees for their dedication, our directors for their guidance, and our shareholders, customers, and suppliers for their continued support.

WONG Shik Ho Tony
Chairman and Chief Executive Officer

Hong Kong, 28 February 2025

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group manufactures VGA Cards for Original Design Manufacturer/Original Equipment Manufacturer ("ODM/OEM") customers and also manufactures and markets VGA Cards and other products under its own brands, namely ZOTAC, Inno3D and Manli. The Group's ODM/OEM contract manufacturing business, serving a global customer base, includes several top-tier computer brands based on customer specifications. The business is executed from the headquarter, supported by a team who works closely with customers worldwide. For products under own brands, the Group sells to more than 70 countries across various regions, either directly from the headquarter or through the Group's subsidiaries in Hong Kong, Japan, Korea, the People's Republic of China ("PRC") and the United States of America ("U.S.A."). These subsidiaries act as importers for their respective regions and sell the products onward to regional customers and distributors. The Group's business relationships with NVIDIA and AMD, the two globally dominant GPU suppliers, enable the Group to develop cost-competitive, high-performance products and solutions to serve the customers.

The Group provides electronics manufacturing services ("EMS") to globally recognised brands, including major providers of Automatic Teller Machines ("ATM") and Point-Of-Sales ("POS") systems, industrial devices such as accelerator cards and control cards, and various types of consumer electronic products such as electronic clocks and wireless thermometers. Apart from the manufacturing of VGA Cards, the Group also designs and develops other personal computer ("PC")-related products, such as mini-PCs and PC motherboards, under the ZOTAC brand or for other parties.

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

Management Discussion and Analysis

Business Performance

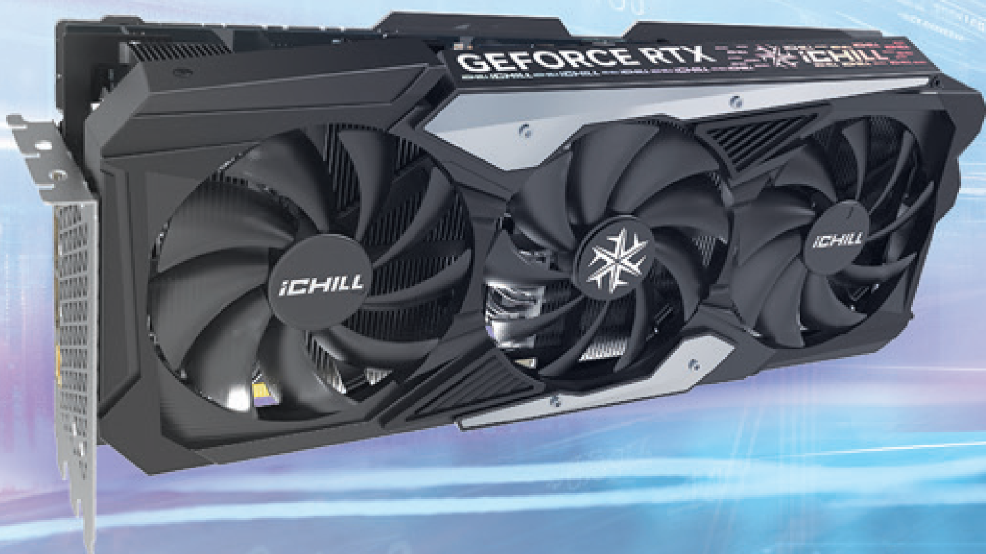
PC Partner has continued to solidify its position as a key player in the PC components and hardware industry, and has strategically repositioned the resources by a relocation of its headquarter to Singapore and a secondary listing on the SGX-ST together with a new manufacturing facility being set up in Batam, Indonesia. All of these changes enable the Group to expand the presence in Southeast Asia region and explore new global business opportunities.

PC Partner reported a revenue increase of HK$914.7 million, or 10.0%, from HK$9,167.2 million in FY2023 to HK$10,081.9 million in FY2024, driven by strong demand of VGA Cards with the NVIDIA's "SUPER" series GPU launched in January 2024. The gaming industry has continued to thrive, with an increasing number of consumers upgrading their systems for enhanced performance especially with new high performance GPU launched. Both the own brand and the ODM/OEM VGA Cards businesses together contributed a sales growth of HK$1,215.7 million, or 16.7%, from HK$7,266.1 million in FY2023 to HK$8,481.8 million in FY2024. The brand business remained to be the major revenue driver with a sales rebound for HK$626.7 million, or 10.8%, from HK$5,815.6 million in FY2023 to HK$6,442.3 million in FY2024 and the non-brand business segment has achieved a growth of HK$288.0 million, or 8.6%, from HK$3,351.6 million in FY2023 to HK$3,639.6 million in FY2024.

The Group has achieved a substantial improvement of net profit margin from 0.7% in FY2023 to 2.6% in FY2024 which resulted from a stronger demand of the new VGA Cards with NVIDIA's "SUPER" series GPUs and the Group was able to incur less spending on advertisement and promotion on sales stimulation. The Group has also spent a total of HK$123.3 million on setting up the Singapore headquarter together with the capital expenditure on setting up the new manufacturing facility in Batam, Indonesia. In addition, the Group has spent a total of HK$21.4 million for the listing exercise on the SGX-ST during the year. The Group has continued to record a strong cash inflow and consistently demonstrated a strong balance sheet with progressive improvement in liquidity.

Business Compliance

The Group has achieved an on-going compliance with laws and regulations with its operating entities, and fulfilled different social responsibilities according to ISO9001, ISO14001, ISO45001, QC080000, ISO13485 and the code issued by Responsible Business Alliance ("RBA").



Potential Risks and Uncertainties

Concentration risk of reliance on NVIDIA as a major supplier of GPUs, and may be adversely affected by any disruption or termination of the business relationships with NVIDIA or fluctuations in their supply of GPUs

The Group relies heavily on NVIDIA for the provision of reliable sources of GPUs. NVIDIA has been one of the Group's largest suppliers in respect of GPUs since 2006. Purchases from NVIDIA accounted for approximately 67.9% of the Group's total purchases in past years. If NVIDIA experiences disruptions in its production, supply chain or trade, it may negatively impact the availability of GPUs used in VGA Cards produced by the Company and hence affect the business operations and financial results of the Company.

The Group's reliance on NVIDIA for its GPUs also exposes itself to risks arising from the potential instability and variability in NVIDIA's allocation of these critical components. This dependence makes it challenging for the Group to find alternative suppliers who can match NVIDIA's technological offerings, capabilities, performance standard and brand recognition. Such reliance, in addition to NVIDIA's dominance in the market, limits the availability of suitable alternatives for the Group. Consequently, any disruption in the relationship with NVIDIA or changes in their allocation strategy could have severe repercussions on the business, financial condition, results of operations, cash flows and prospects of the Group. In recent years, there has also been a noticeable shift in NVIDIA's business focus towards AI applications, which may result in a reallocation of NVIDIA's resources towards advanced GPUs to support their fast-growing AI business segment. If NVIDIA prioritises such AI-related products, the Group and the peer in the gaming GPUs industry may experience delays or shortages in obtaining the necessary GPUs to manufacture VGA Cards. This could disrupt the supply chain, leading to potential delays in product releases, reduced product availability and increased procurement costs which could result in a negative impact on the Group's business, financial condition, results of operations, cash flows and prospects.

Management Discussion and Analysis

While we have continued to maintain a strong relationship with NVIDIA, there is no assurance that we will remain a NVIDIA Add-In-Card ("AIC") partner and that NVIDIA will continue their supply relationships with the Group or will allocate sufficient GPUs to the Group to satisfy the business demand or will maintain their prices at current levels. Any disruption in supply or any unfavourable terms offered by NVIDIA may result in expending time and resources in finding suitable alternative solution. The business, financial condition, results of operations, cash flows and prospects of the Group could be materially and adversely affected.

There is no assurance as to the successful conversion to a primary listing of the Shares on the SGX-ST and/or the successful delisting of the Shares from The Stock Exchange of Hong Kong Limited (the "SEHK")

While the shares are currently primary-listed on the SEHK and secondary-listed on the SGX-ST, there is no assurance that the Company's secondary listing status on the SGX-ST will successfully be converted to a primary listing status in order for the shares to be delisted from the SEHK. The Group may not be able to satisfy the listing requirements and continuing listing obligations applicable to primary listed companies on the SGX-ST. In the event that the shares cannot be primary listed on the SGX-ST, the Group cannot delist the Shares from the SEHK. Further, the withdrawal of the listing from the SEHK is subject to the approval of the shareholders and the SEHK. If the shares are not primary-listed on the SGX-ST and/or delisted from the SEHK, the Group is facing a risk of being unable to procure high-end GPUs under exiting or potential new trade restriction in future which would in turn limit the Group's ability to realise certain of its business plans and growth strategies.

The Group operates in a highly competitive landscape and any failure to compete or respond effectively to changes in market trends and customer preferences could result in losing market share and revenue

The Group operates in a highly competitive landscape where product life cycles undergo continual compression. The introduction of new products requires substantial resource allocation across development, production, sales and marketing. Any delay in adapting to these shifting market dynamics will expose the Group to the risk of falling behind competitors. Failure to adapt to emerging technological change in time or at all and to develop products aligned with current market trends in a timely manner may have adverse consequences to the Group's business. Changing consumer demand and expectations, coupled with such new and other disruptive technologies, may pose a challenge to the business and operations of the Group.

The Group's major competitors are other computer electronics manufacturers, some of which may enjoy advantages over the Group, such as greater financial resources, access to raw materials and components, economies of scale, widespread brand name recognition and established market relationships in certain markets. As a result, these competitors may find it easier to source materials at a bargain price in comparison to the supplies to the Group, which leads to a lower cost competitive advantage. The Group may have to lower the profit margin of its products in order to stay competitive with other industry players or lose sales in competition if the procurement cost of materials and components are in general higher than other industry players.

Dependence on the services of the executive directors and other key executives

The Group's performance depends on the continued services and performance of executive directors, senior management, and sales representatives in different regions. The loss of service of any of the executive directors and key management could impair the Group's ability to operate and make it difficult to execute the Group's business strategies. A continued success is therefore dependent to a large extent on the ability to retain such key management personnel. The loss of services of any of key management personnel without suitable and timely replacements may materially and adversely affect the business, financial condition, results of operations and prospects of the Group.

The Group's performance and its future success also depends on its ability to attract, retain and motivate its key officers and employees. In the event that the Group needs to substantially increase employee compensation levels to attract, retain and motivate any key personnel, the costs of the Group may increase and the financial performance of the Group may be materially and adversely affected. The loss of the services of key personnel, without suitable or comparable replacements in a timely manner, or the inability to identify, hire, train and retain other qualified technical and/or managerial personnel in the future may materially and adversely affect the business, financial condition, results of operations and prospects of the Group and adversely affect the performance of the Group.

Unexpected disruptions to our manufacturing facilities and production processes

Disruptions in the manufacturing facilities and production processes, whether arising from geopolitical tensions, natural disasters, transportation challenges, or supplier insolvency, could have a significant adverse impact on the Group's production capacity. Such disruptions may result in increased costs, production delays, and failure to fulfil customer demand, thereby potentially harming the Group's reputation, business operations, and overall performance.

Moreover, due to geopolitical factors and regional considerations, there has been an increasing inquiry from customers for non-China production options. This trend suggests a potential shift in demand or concerns related to supply chain disruptions. If the Group fail to adequately address these customer requirements or diversify its production capabilities, the Group may experience a decline in orders and ultimately resulting in a loss of revenue.

Inability to procure a highly competitive materials, components and maintain the manufacturing cost

A significant portion of the Group's overall expenses is attributed to the costs of components and materials. The primary raw materials and components utilized in our products include application-specific integrated circuits ("ASICs"), random access memory ("RAM"), printed circuit boards ("PCBs"), thermal modules, and various other electronic components. Collectively, these materials account for over 90% of the Group's total material costs.

Any substantial increase in the costs of these raw materials and components could have an adverse impact on the Group's manufacturing cost, business operations, financial condition, and overall performance. Furthermore, the Group may face more fierce competition from its competitors which have a relatively stable supply of materials and components. If the Group be unable to transfer any increase in the prices of raw materials to its customers, it could further jeopardize profitability and financial performance.

Management Discussion and Analysis

Sale of VGA Cards accounted for a significant proportion of revenue and profitability

Revenue generated from VGA Cards may continue to represent a significant portion of the revenue in the foreseeable future. The Group may be subject to concentration risk from the single business segment.

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

The Group cannot assure that demand for the VGA Cards will not be negatively affected by changes in market demand, competitive pressures, and/or any negative outcome of strategic decisions made by the Group in respect of these products. If any of the foregoing results in a reduction in demand or cessation of orders for VGA Cards, the business, financial position, results of operations, prospects and cash flow of the Group may be materially and adversely affected.

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

Certain jurisdictions impose restrictions on exports of technology originating from within their borders. These restrictions can take the form of foreign trade policies, economic sanctions, treaties, government regulations and tariffs. They can prohibit the export of products to particular individuals, enterprises or jurisdictions, or for certain prescribed purposes. They can also require that an export license, permit and/or approval be obtained before the Group may export products to a particular individual, enterprise or jurisdiction.

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

The Group may be adversely affected by political, geopolitical, economic or social developments in any of the countries in which the Group operates. In particular, trade restriction on advanced computing integrated circuits (the "Trade Restrictions") may prevent technology companies in the U.S.A. such as NVIDIA, which is the major supplier of GPUs, to export Advanced ICs to the Group with operation in the Greater China region and even in South East Asia region in future.

Ability to continuously introduce new innovative products through the research and development ("R&D") efforts and to adapt to changes in new technologies, engineering and production advancement and processes

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

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

Expenditures incurred in connection with developing new products and/or enhancing the existing products and upgrading of the existing facilities are likely to be incurred in advance of any increased sales. The Group cannot assure that sales revenue will increase after these expenditures are incurred. The business and results of operations may be adversely affected if the Group does not operate as efficiently and effectively as competitors or if the Group cannot adapt on a timely basis to technological changes or unable to effectively engage in R&D to introduce new products which meet the needs of the market in a timely manner, all of which could materially and adversely affect the business, financial position, results of operations and prospects of the Group.

Business operations may be materially and adversely affected if the Group fails to comply with laws, regulations and conditions stipulated in any licences, permits, registrations or approvals, and/or is unable to obtain, maintain and/or renew the required licenses, permits, registrations and approvals

In carrying out the business operations, the Group is required to comply with relevant laws and regulations and obtain certain licences, permits, registrations and approvals from various governmental authorities in the countries that we operate in. In the event that the Group fails to comply with the relevant laws and regulations may be penalised and/or subject to civil liabilities for such breaches of law or regulation and/or may be required, and the business, financial position, results of operations and prospects of the Group may be adversely affected as a result.

If the Group is held to be in violation of any legal or regulatory requirements, including any additional conditions which may be stipulated by courts or governmental or supranational agencies from time to time, the Group may have to pay fines, modify, suspend or discontinue the operations, incur additional operating costs or make capital expenditures to comply with these laws and regulations.

Management Discussion and Analysis

In addition, some of these licences, permits, registrations and approvals may be subject to periodic renewal and reassessment by the relevant authorities, and the standards of compliance required in relation thereto may from time to time be subject to changes. New laws, regulations or policies may also be introduced. Accordingly, the Group has to constantly monitor and ensure compliance with the relevant conditions, laws and regulations.

There is also no assurance that the regulatory environments in which the Group operates will not change significantly or become more stringent or potentially more adverse in the future. Compliance with any changes in existing or new laws and regulations may increase the compliance costs. In the event that the Group fails to comply with the relevant laws and regulations, it may be penalised for such breaches of law or regulation, and its business, financial position, results of operations and prospects may be adversely affected as a result.

Inventory risks could adversely affect the financial condition and operating results

The Group is exposed to inventory risks that may subject the Group to inventory write-downs and adversely affect the operating results whether as a result of rapid changes in technology or otherwise which renders the finished products as well as raw materials and components obsolete. Under its inventory policy, the Group assesses and makes provisions for stock obsolescence on a monthly basis on slow-moving items for inventory aged over one year. The Group may not be able to assess customer demand or change in consumer preference accurately, resulting in inventory build-up and possible significant inventory write down or the sale of slow-moving inventory at a significant discount or substantial loss which could adversely affect the business, financial position, results of operations and prospects of the Group.

The Group may be adversely affected by the uncertain global economic outlook

Many countries have experienced increasing inflationary pressure as a result of liberal monetary policy or excessive foreign fund inflow, or both. Geopolitical issues and controversy over trade barriers have triggered the implementation or proposed implementation of tariffs on certain products imported into the different nations. Fast changing trade policies could significantly undermine the stability of the global economies.

The continued threats of tariffs, trade restrictions, trade barriers and tensions over trade and technology between the PRC and the U.S.A. could have a generally disruptive impact on the global economy, and may negatively affect consumer spending and corporate capital expenditure confidence levels. A step up in trade restrictions and tariffs imposed on the import and export of technology and products between the PRC and the U.S.A. would increase the cost of products which will ultimately be passed on to consumers. This may discourage and reduce consumer and corporate demand in the long run.

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

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

The Group is influenced by the economic, social, political and legal developments in the PRC, including government policies affecting the level of development, growth rates, foreign exchange controls, allocation of resources, rate of inflation and trade balance position. Any adverse changes in economic conditions in the PRC, the policies of the PRC government or PRC laws and regulations could have a material and adverse effect on the overall economic growth of the PRC. Such developments could lead to reduction in demand for products, resulting in a slowdown of the Group's sales revenue.

FINANCIAL REVIEW

Revenue

Revenue recorded an increase of HK$914.7 million, or 10.0%, from HK$9,167.2 million in FY2023 to HK$10,081.9 million in FY2024, mainly driven by an increase in sales of VGA Cards especially under both the own brand and the ODM/OEM business segments.

The VGA Cards segment recorded an increase of HK$1,215.7 million, or 16.7%, from HK$7,266.1 million in FY2023 to HK$8,481.8 million in FY2024. The launch of NVIDIA's "SUPER" series in the first quarter of the year focusing on high-end GPUs had a positive contribution to the sales of both its own brand and ODM/OEM VGA Cards as the "SUPER" series had received positive consumer and market feedback in terms of its price to performance ratio.

Sales of our Group's own brand VGA Cards increased by HK$656.9 million, or 11.6%, from HK$5,661.2 million in FY2023 to HK$6,318.1 million in FY2024. The change was mainly attributable to an increase in sales volume especially in the PRC market. In addition, sales of our Group's own brand VGA Cards utilising NVIDIA's "SUPER" series GPUs with a better price to performance ratio achieved higher sales as compared to the non "SUPER" series GPUs.

Sales of ODM/OEM VGA Cards increased by HK$558.8 million, or 34.8%, from HK$1,604.9 million in FY2023 to HK$2,163.7 million in FY2024. The change was mainly due to higher demand from customers and additional projects utilising NVIDIA's "SUPER" series GPUs with higher average selling price ("ASP"). In addition, ODM/OEM projects utilising the "RTX4090 D" model designated for the PRC market had also received strong demand from customers. Both the "SUPER" series and the "RTX4090 D" model generated higher sales revenue with higher ASP and an overall increase in the sales of ODM/OEM VGA cards for FY2024.

The EMS business recorded a decline of HK$62.6 million, or 8.5%, from HK$739.0 million in FY2023 to HK$676.4 million in FY2024. Although the Group had received more orders in relation to ATM and POS systems, it was not able to fully offset the decline in orders from other EMS segment customers.

Sales of other PC-related products and components decreased by HK$238.4 million, or 20.5%, from HK$1,162.1 million in FY2023 to HK$923.7 million in FY2024. The change was mainly due to a decrease in the component trade business and together with a decline in sales of mini-PCs.

Management Discussion and Analysis

Revenue of brand business increased by HK$626.7 million, or 10.8%, from HK$5,815.6 million in FY2023 to HK$6,442.3 million in FY2024. New VGA Cards with NVIDIA's "SUPER" series GPUs had also positively contributed to the sales revenue which was resulted on a higher level of sales quantity. The non-brand business which includes component trading recorded an increase in revenue of HK$288.0 million, or 8.6%, from HK$3,351.6 million in FY2023 to HK$3,639.6 million in FY2024. The change of non-brand business was mainly contributed by a higher ASP which offset against a decline of quantity under the non-brand business segment.

Revenue by geographical regions

Regional business performance was affected by geopolitical issues, government policies, and the economies of different regions and countries. The Asia Pacific ("APAC") region and the PRC region recorded an increase in revenue of 33.0% and 6.4% respectively. However, revenue from the North and Latin America ("NALA") and the Europe, Middle East, Africa and India ("EMEAI") regions recorded a drop of 0.5% and 11.9% respectively.

APAC Region

In the APAC region, revenue increased by HK$1,080.8 million, or 33.0%, from HK$3,274.2 million in FY2023 to HK$4,355.0 million in FY2024. The change was mainly due to more ODM/OEM orders for VGA Cards as well as strong demand of both ODM/OEM and own brand VGA Cards utilising NVIDIA's "SUPER" series GPUs that had driven a higher sales for the year.

NALA Region

In the NALA region, revenue amounted to $1,275.6 million in FY2024, representing a decrease of HK$6.7 million, or 0.5%, as compared to HK$1,282.3 million in FY2023. The change was mainly due to an absence of the top-of-the-line "RTX 4090" VGA Cards in FY2024 as a result of the Trade Restrictions that contributed HK$210.8 million to revenue in FY2023. The sales of new VGA Cards with NVIDIA's "SUPER" series GPUs had partially mitigated the decline in sales of the region.

PRC

In the PRC, revenue amounted to HK$2,263.1 million in FY2024, representing an increase of HK$135.8 million, or 6.4%, as compared to HK$2,127.3 million in FY2023. The change was primarily due to an increase in sales of the Group's own brand VGA Cards, and the new "RTX4090 D" GPU that was developed specially for the PRC market contributing to sales under both the brand and ODM/OEM business segments in FY2024. In addition, the new VGA Cards with NVIDIA's "SUPER" series GPUs also contributed to the sales rebound for FY2024 as compared to FY2023.

EMEAI Region

In the EMEAI region, revenue amounted to HK$2,188.2 million in FY2024, representing a decrease of HK$295.2 million, or 11.9%, as compared to HK$2,483.4 million in FY2023. Demand in the region declined due to high interest rates which discouraged spending on high ASP products such as VGA Cards. In addition, there was an absence of the top-of-the-line RTX 4090 VGA Cards being sold in the region in FY2024 as a result of the Trade Restrictions which previously contributed HK$383.4 million in revenue in FY2023. However, the launch of new VGA Cards utilising NVIDIA's "SUPER" series GPUs which had received positive market feedback mitigated part of the sales decline in FY2024.

Cost of sales

Raw material costs increased by HK$681.2 million, or 8.3%, from HK$8,225.3 million in FY2023 to HK$8,906.5 million in FY2024 in line with the sales increase in FY2024. Raw material costs as a percentage of sales decreased by 1.4% from 89.7% in FY2023 to 88.3% in FY2024, which was mainly due to a strong demand for the new VGA Cards with NVIDIA's "SUPER" series GPUs in FY2024. There was also significantly fewer price promotion activities and discounts for clearance of end-of-life brand business VGA Cards for FY2024 as compared to FY2023. The Group's conversion cost which consists of direct labour and production overheads decreased by HK$21.3 million, or 8.8%, from HK$241.2 million in FY2023 to HK$219.9 million in FY2024. It was mainly due to a total increase in sales volume of ODM/OEM and brand VGA Cards by 10.3% together with a continuous enhancement of the manufacturing efficiency.

Gross profit and margin

The Group's gross profit in the FY2024 was HK$955.5 million, representing an increase of HK$254.8 million, or 36.4%, as compared with HK$700.7 million in FY2023. Gross profit margin was 9.5% in FY2024 as compared with 7.6% in FY2023. The change was mainly due to an increase in sales of ODM/OEM VGA Cards together with a strong demand for new VGA Cards with NVIDIA's "SUPER" series GPUs which had contributed to a higher gross profit margin and did not require significant sales promotions or discounts for the year. In addition, there was also significantly fewer price promotion activities and discounts for end-of-life of the Group's own brand VGA Cards during the year.

Other revenue and other gains and losses, net

Other revenue and other gains and losses, net increased by HK$20.2 million, or 65.6%, from HK$30.8 million in FY2023 to HK$51.0 million in FY2024. The change was mainly due to a significant increase in interest income of HK$13.6 million from HK$50.2 million in FY2023 to HK$63.8 million in FY2024. In addition, the Group received an increase in government grants of HK$2.8 million from HK$2.4 million in FY2023 to HK$5.2 million and gain on disposal of a joint venture of HK$8.0 million in FY2024. The above items had fully offset the net exchange losses that increased by HK$1.2 million from HK$29.1 million in FY2023 to HK$30.3 million in FY2024.

Management Discussion and Analysis

Selling and distribution expenses

Selling and distribution expenses decreased by HK$8.6 million, or 6.2%, from HK$138.2 million in FY2023 to HK$129.6 million in FY2024. The change was mainly due to a decrease in advertising and marketing expenses in FY2024 as compared to prior year because the new VGA Cards with NVIDIA's "SUPER" series GPUs received good market response which required fewer sales and marketing activities to stimulate product sales. In addition, the Group had incurred less on sales promotion activities on end-of-life of the Group's own brand VGA Cards since most of the end-of-life of such VGA Cards had been cleared in FY2023.

Administrative expenses

Administrative expenses were HK$89.2 million higher than last year, which represents an increase by 20.1% from HK$442.8 million in FY2023 to HK$532.0 million in FY2024. Staff costs and directors' remuneration increased by HK$64.1 million, or 19.8%, from HK$323.0 million in FY2023 to HK$387.1 million in FY2024. This was mainly associated with a provision for staff performance bonus and directors' profit sharing due to the increase in profit in FY2024. Other administrative expenses increased by HK$25.1 million, or 21.0%, from HK$119.8 million in FY2023 to HK$144.9 million in FY2024, mainly due to increased spending on professional and consulting fees associated with the Singapore listing.

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

Impairment losses on financial assets decreased by HK$6.5 million from provision for impairment loss of HK$3.1 million in FY2023 to reversal of provision for impairment loss of HK$3.4 million in FY2024. This was mainly due to reversal of provision of impairment loss of a customer in FY2024.

Finance costs

Finance costs decreased by HK$22.5 million, or 37.9%, from HK$59.3 million in FY2023 to HK$36.8 million in FY2024. The change was mainly due to a decline in bank borrowings as the Group relied more on internal surplus reserves and cash to finance the majority of its procurement needs in FY2024.

Income tax expenses

Income tax expenses of HK$50.9 million were recorded in FY2024, which represents an increase by HK$22.7 million, or 80.5%, from HK$28.2 million in FY2023. The change was mainly due to an increase in profit of some of the major operating subsidiaries of our Company in FY2024.

Profit for the year attributable to owners of the Company

As a result of the above factors, the Group recorded a profit attributable to owners of the Company of HK$262.1 million in FY2024 as compared to a profit attributable to owners of the Company of HK$60.8 million in FY2023. The increase in profit was mainly due to an improvement in gross profit margin which offset higher expenses for the year.

Earnings per share and Dividends

The profit attributable to owners of the Company in FY2024 was HK$262.1 million which resulted in basic earnings of HK$0.68 per share and diluted earnings of HK$0.68 per share. Profit attributable to owners of the Company in FY2023 was HK$60.8 million with basic earnings of HK$0.16 per share and diluted earnings of HK$0.16 per share. In view of the financial performance for FY2024 together with a strong net cash position, the Board proposed a final dividend of HK$0.15 per share for the year ended 31 December 2024 and it is estimated to be HK$58.2 million in total.

FINANCIAL POSITION

Non-current assets

The Group's total non-current assets increased by HK$108.8 million, or 16.3%, from HK$667.5 million as at 31 December 2023 to HK$776.3 million as at 31 December 2024. The change was mainly due to an increase in net book value of property, plant and equipment and right-of-use assets.

Net book value of property, plant and equipment increased by HK$79.6 million, or 14.3%, from HK$557.4 million as at 31 December 2023 to HK$637.0 million as at 31 December 2024. The increase was mainly due to an additional investment to set up a new manufacturing site in Indonesia in FY2024. In addition, the Group had newly set up and relocated its headquarter to Singapore during the year which would also result in an increase of net book value of property, plant and equipment for the year.

Right-of-use assets increased by HK$16.6 million, or 17.9%, from HK$92.6 million as at 31 December 2023 to HK$109.2 million as at 31 December 2024, mainly due to the entering into of lease contracts for the setting up in Southeast Asia of both the Singapore headquarter and the Indonesia manufacturing plant.

Intangible assets consist of brand name and goodwill which was acquired through acquisitions of businesses. Goodwill has been fully impaired. As the valuation of the brand name using the income-based approach is higher than its carrying value, there was no impairment loss of the brand name and the carrying value remained unchanged as at 31 December 2024.

Other financial asset consists of an investment in 1% of the preferred stock of a private and unrelated company incorporated in the USA. The Group had irrevocably elected at initial recognition to measure the investment at fair value through other comprehensive income and no dividends have been received since the Group made the investment in a virtual reality experience company in 2017. There was no impairment loss recognised, so the carrying value remained unchanged as at 31 December 2023 and 31 December 2024 at HK$1.2 million.

Deferred tax assets increased by HK$1.8 million, or 31.0%, from HK$5.8 million as at 31 December 2023 to HK$7.6 million as at 31 December 2024, mainly due to an increase in tax losses of some members of the Group.

Trade and other receivables consist of deposits, prepayment and other receivables amounting to HK$8.3 million, HK$7.7 million and HK$0.5 million respectively as at 31 December 2024. Trade and other receivables under non-current assets increased by HK$10.8 million, or 189.5%, from HK$5.7 million as at 31 December 2023 to HK$16.5 million as at 31 December 2024 mainly due to new rental deposit paid and prepayments to acquire equipment for new leased properties of both the Singapore headquarter office and the new manufacturing premises in Batam, Indonesia.

Management Discussion and Analysis

Current assets

The Group's total current assets decreased by HK$389.0 million, or 8.4%, from HK$4,627.9 million as at 31 December 2023 to HK$4,238.9 million as at 31 December 2024. The change was mainly due to a decrease in inventories and together with cash and bank balances which offset an increase of trade and other receivables.

Inventories of the Group as at 31 December 2024 were HK$842.3 million which decreased by HK$293.2 million, or 25.8%, as compared with HK$1,135.5 million as at 31 December 2023. Inventories decreased on both raw materials and finished goods which was mainly due to insufficient GPU supply in the last quarter of the year together with the channel market running short of inventories of VGA cards speed up shipment of finished products. Raw materials decreased by HK$95.7 million, or 16.6%, from HK$575.3 million as at 31 December 2023 to HK$479.6 million as at 31 December 2024. Finished goods decreased by HK$206.7 million, or 38.2%, from HK$541.1 million as at 31 December 2023 to HK$334.4 million as at 31 December 2024. Work-in-progress goods increased by HK$9.2 million, or 48.2%, from HK$19.1 million as at 31 December 2023 to HK$28.3 million as at 31 December 2024 due to production ramped up to fulfill the sales demand.

Trade and other receivables under current assets consisting of trade receivables at amortised cost, trade receivables at fair value through profit and loss, other receivables, deposits and prepayment, increased by HK$86.8 million, or 9.7%, from HK$894.1 million as at 31 December 2023 to HK$980.9 million as at 31 December 2024. Trade receivables at amortised cost decreased by HK$40.5 million, or 5.4%, from HK$752.7 million as at 31 December 2023 to HK$712.2 million as at 31 December 2024. The decrease was mainly due to a decrease in sales by end of the year, which resulted in a lower trade receivables balance as at 31 December 2024. Trade receivables at fair value through profit or loss increased by HK$30.2 million, or 48.8%, from HK$61.9 million as at 31 December 2023 to HK$92.1 million as at 31 December 2024. The change was due to an increase in sales on credit subject to a factoring arrangement with banks by end of the year relative to end of FY2023.

As at 31 December 2024, total expected credit loss ("ECL") provision of about HK$1.4 million, HK$1.9 million, HK$1.5 million, HK$10.4 million and HK$280.3 million was recognised for trade receivables at amortised cost aged "Not past due", "Within 1 month past due", "Over 1 month within 3 months past due", "Over 3 months but within 1 year past due" and "Over 1 year past due" respectively under the ECL assessment on both individual and collective basis. As at 31 December 2023, total ECL provision of about HK$0.3 million, HK$0.5 million, HK$0.5 million, HK$1.7 million and HK$305.7 million was recognised for trade receivables at amortised cost aged "Not past due", "Within 1 month past due", "Over 1 month within 3 months past due", "Over 3 months but within 1 year past due" and "Over 1 year past due" respectively under the ECL assessment on both individual and collective basis. As at 14 February 2025, the Group has collected a total of HK$668.7 million representing 60.8% of the gross carrying amount of trade receivables as at 31 December 2024.

Other receivables, deposits and prepayment under current assets increased by HK$97.1 million, or 122.1%, from HK$79.5 million as at 31 December 2023 to HK$176.6 million as at 31 December 2024. This was mainly associated with the rectification in FY2024 of duties payable to the United States Customs & Border Protection ("CBP") in respect of our Group's VGA Cards imported in FY2021.

Right of return assets decreased by HK$9.6 million, or 24.9%, from HK$38.6 million as at 31 December 2023 to HK$29.0 million as at 31 December 2024. The change was mainly due to a decrease in sales return for credit by end of the year.

Current income tax recoverable decreased by HK$15.8 million, or 23.1%, from HK$68.5 million as at 31 December 2023 to HK$52.7 million as at 31 December 2024. The decrease in income tax recoverable was mainly due to an increase in assessable profit of certain subsidiaries of the Company.

The Group's cash and bank balances decreased by HK$157.2 million, or 6.3%, from HK$2,491.2 million as at 31 December 2023 to HK$2,334.0 million as at 31 December 2024. This was mainly due to higher utilization of surplus cash on hand to finance procurement and operations during the year.

Current liabilities

The Group's total current liabilities decreased by HK$378.3 million, or 15.4%, from HK$2,452.2 million as at 31 December 2023 to HK$2,073.9 million as at 31 December 2024. The change was mainly due to a decrease in trade and other payables together with bank borrowings.

Trade and other payables decreased by HK$203.7 million, or 15.9%, from HK$1,280.1 million as at 31 December 2023 to HK$1,076.4 million as at 31 December 2024. Trade payables decreased by HK$230.7 million, or 22.0%, from HK$1,046.9 million as at 31 December 2023 to HK$816.2 million as at 31 December 2024. The change was mainly due to a decline in purchase of raw materials by end of the year due to a shortage of GPU supply. Other payables increased by HK$27.0 million, or 11.6%, from HK$233.2 million as at 31 December 2023 to HK$260.2 million as at 31 December 2024. The increase resulted from the provision for staff performance bonus and directors' profit sharing as at 31 December 2024.

Refund liabilities are related to the customer's right of return of defective products within the warranty period. At the point of sales, a refund liability and a corresponding adjustment to revenue is recognised for products expected to be returned. The Group uses its accumulated historical experience to estimate the sales amount of returned goods. Refund liabilities decreased by HK$13.2 million, or 27.0%, from HK$48.8 million as at 31 December 2023 to HK$35.6 million as at 31 December 2024, mainly due to lower returns of goods in FY2024.

Contract liabilities decreased by HK$9.2 million, or 15.1%, from HK$61.0 million as at 31 December 2023 to HK$51.8 million as at 31 December 2024. The change was mainly due to a decrease in customer prepayments to secure purchase of products by end of the year.

The Group's bank borrowings decreased by HK$162.9 million, or 16.6%, from HK$982.4 million at 31 December 2023 to HK$819.5 million as at 31 December 2024. This was mainly due to the Group utilising free cash flow to finance procurement and operations during the year.

Management Discussion and Analysis

Under the terms of certain sales agreements of the Group, the Group will rectify any product defects and returns arising within warranty period. A provision for product warranties and returns is therefore made for the best estimate of the expected settlement of warranty claims under such sales agreements. The amount of provision takes into account the Group's recent claim experience and is only made where a warranty claim is probable. The provision for product warranties and returns decreased by HK$0.6 million, or 1.5%, from HK$41.1 million as at 31 December 2023 to HK$40.5 million as at 31 December 2024.

The Group leases a number of properties in the jurisdictions where it operates. The terms of property leases vary among the jurisdictions. The lease terms of contracts are generally from 1 to 10 years which include the period covered by extension options. The Group also leases offices, office equipment and motor vehicles. All leases comprise only fixed payments over the lease terms. The current lease liability increased by HK$7.3 million, or 24.2%, from HK$30.2 million as at 31 December 2023 to HK$37.5 million as at 31 December 2024. The change was mainly due to additional lease liabilities regarding the setting up in Southeast Asia of the Singapore headquarter office and the new manufacturing facility in Batam, Indonesia.

Current income tax liabilities increased by HK$4.0 million, or 46.5%, from HK$8.6 million as at 31 December 2023 to HK$12.6 million as at 31 December 2024. The change was mainly associated with a higher profit being achieved under some of the members of the Group.

Non-current liability

Non-current liability consists of non-current lease liabilities and other payables which increased by HK$10.3 million, or 14.9%, from HK$69.0 million as at 31 December 2023 to HK$79.3 million as at 31 December 2024. The increase was mainly associated with additional leases for the setting up in Southeast Asia of both the Singapore headquarter office and the manufacturing premises in Batam, Indonesia together with the provision of relevant reinstatement cost of the premises.

Equity

As at 31 December 2024, total equity amounted to HK$2,862.0 million. This comprised issued capital of HK$38.8 million, non-controlling interests of HK$0.1 million and reserves of HK$2,823.3 million comprising share premium, translation reserve, merger reserve, other reserve, legal reserve, financial asset reserve and retained earnings.

Liquidity and Capital Resources

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

As at 31 December 2024, we have cash and cash equivalents of HK$2,177.4 million and net current assets of HK$2,165.0 million, and the Group had credit facilities of HK$1,874.2 million which have not been utilised.

Working Capital

Inventories of the Group as at 31 December 2024 were HK$842.3 million which decreased by HK$293.2 million, or 25.8%, as compared with HK$1,135.5 million as at 31 December 2023. Inventory turnover days decreased from 64 days as at 31 December 2023 to 40 days as at 31 December 2024. It was mainly due to a shortage of GPU supply in the last quarter of the year together with a low level of next generation RTX 50 series GPUs being received by end of the year.

Trade receivables as at 31 December 2024 were HK$804.3 million, which decreased by HK$10.3 million, or 1.3%, as compared with HK$814.6 million as at 31 December 2023, so that trade receivable turnover days has decreased from 40 days as at 31 December 2023 to 29 days as at 31 December 2024. The change was mainly associated with a higher sales revenue reflecting a strong demand of product sales which resulted in a faster collection from customers.

Trade payables as at 31 December 2024 were HK$816.2 million, which decreased by HK$230.7 million, or 22.0%, as compared with HK$1,046.9 million as at 31 December 2023. It was mainly due to a shortage of GPU supply in the last quarter of the year together with a low level of next generation RTX 50 series GPUs being received by end of the year so that trade payable turnover days decreased from 43 days as at 31 December 2023 to 37 days as at 31 December 2024.

Cash Flow Analysis

Net Cash generated from Operating Activities

Net cash from operating activities was HK$1,954.8 million in FY2024 which was significantly lower than HK$3,575.1 million in FY2023. The change was mainly due to a decline of working capital consisting of inventories and trade and other payables by end of the year as compared to prior year.

Net Cash generated from Investing Activities

Net cash from investing activities was HK$150.1 million in FY2024 as compared to the net cash used in the investing activities of HK$382.3 million in FY2023. The change was mainly due to more withdrawal of time deposits with initial maturity of over three months as compared to the placements of time deposits with initial maturity of over three months in FY2024 which offset the payment to acquire property, plant and equipment.

Net Cash used in Financing Activities

Net cash used in financing activities of HK$2,009.0 million in FY2024 which was lower than the net cash used in financing activities of HK$3,293.8 million in FY2023. The net cash used in financing activities mainly comprised of repayment of import loans of HK$1,812.9 million that has been reduced from HK$3,119.2 million in FY2023 since the Group utilised surplus cash to finance procurement and operations instead of bank borrowings which resulted in a lower utilisation of import loans for FY2024.

Management Discussion and Analysis

Foreign Exchange Management

The Group's reporting currency is in HKD. As at 31 December 2024, the Group was exposed to currency risk primarily through sales and purchases denominated in currencies other than the functional currency of the operations to which they relate. The currencies giving rise to the risk are primarily USD, RMB, EUR, KRW, JPY, SGD and IDR. The appreciation or depreciation in the value of other currency other than the functional currencies of the Company's subsidiaries will have either a positive or negative effect on the financial results of the Group. The Group entered into three structured investment contract in FY2023 and one structured investment contract in FY2024.

CHARGES ON ASSETS

As at 31 December 2024, bank deposits of HK$0.3 million were pledged to a bank to secure the corporate credit card granted to the Group and the Group had pledged certain office premises with an aggregate carrying value of approximately HK$353.1 million to a bank.

CAPITAL MANAGEMENT, CAPITAL EXPENDITURES, DIVESTMENTS AND COMMITMENTS

Capital Management

The capital structure of the Group consists of debts, which includes borrowings and lease liabilities, and equity of the Group, comprising share capital, reserves and retained earnings disclosed in the consolidated statement of changes in equity. Management reviews the capital structure on a regular basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. The Group has a target gearing ratio of below 100% determined as the proportion of net debt to equity.

The Group's net cash to equity ratio (being cash and bank balances minus debts divided by total equity) decreased from 50.8% as at 31 December 2023 to 49.0% as at 31 December 2024. The change was mainly due to a decrease of cash and bank balances and borrowings and an increase in total equity as at 31 December 2024. Gearing ratio was not presented as the Group was at a net cash position as at 31 December 2023 and 31 December 2024.

Capital Expenditures

The capital expenditure during the year was HK$149.5 million mainly for the purchase of leasehold improvement, plant and machinery, office and testing equipment, furniture and fixtures and motor vehicles. Funding for capital expenditures was from internally generated funds.

As the Group relocated its global headquarters to Singapore and set up a new manufacturing facility in Batam, Indonesia which has operated before end of the year, such relevant capital expenditure was approximately HK$16.2 million and HK$107.1 million, for renovation of the office premises of the new headquarters in Singapore and the installation of three production lines and renovation at the factory premises of the new production facility in Batam, Indonesia respectively.

Divestments

Divestments during the year consisted mainly of assets written off after the useful life for leasehold improvement, plant and machinery, office and testing equipment, furniture and fixtures and motor vehicles for a total of HK$16.9 million, mainly on retirement of plant and machinery items.

Capital Commitments

The Group had entered into capital commitment contracts for the acquisition of property, plant and equipment amounting to HK$7.0 million as at 31 December 2024 which will be financed by internally generated funds.

Lease Commitments

The Group had the following lease commitments for future minimum lease payments under non-cancellable operating leases in respect of the rental of its manufacturing plant, office, warehouse and office equipment in the PRC, Hong Kong, Taiwan, Indonesia, Singapore, Germany, Japan and South Korea and certain of its motor vehicles for business use. The Group finances the above lease commitments from internally generated funds.

CONTINGENT LIABILITY

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

While the Group maintains that the VGA Cards are specifically designed and produced for gaming purposes and thus should be classified as "gaming components", the Group voluntarily sought to rectify its declaration as to the classification of its VGA Cards with the CBP to avoid additional penalties on unreported tariffs, and has since 1 March 2023 imported the relevant VGA Cards under such "corrected" HTSUS Code. List 3 Products are excluded from the 25% Section 301 Tariff until 31 May 2025.

The Group has assessed that the estimated potential amount of the potential tariff arising from the HTSUS reclassification of the Group's import of VGA Cards during the Gap Period is estimated to be approximately US$25 million (approximately HK$196 million), for which the Company is requesting a refund.

The Group has also engaged a professional firm to conduct a tariff classification analysis and file an appeal with the CBP, so that it may seek clarity on the issue. The Group has filed a litigation protest ("Protest") with the CBP on 2 July 2024, which, among others, puts forth that no tariffs should be payable during the Gap Period (notwithstanding that the product exclusion scheme was not available), on the same basis as that invoked in another similar case pending a decision before the U.S. Court of Appeals for the Federal Circuit.

Management Discussion and Analysis

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the year ended 31 December 2024, there was no material acquisitions and disposals of subsidiaries, associates and joint ventures by the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Company has been listed on the SGX-ST since 15 November 2024, and plans to delist from the SEHK in FY2025.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed herein, there are no important events that have occurred after the year ended 31 December 2024 and up to the date of this report.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2024, the Group had 2,536 employees (2023: 2,490 employees). Employees are remunerated on the basis of their individual performance and prevailing industry practice. Compensation policies and remuneration packages of the employees are reviewed at least once a year. In addition to basic salary, medical benefits, provident fund, performance related bonuses may also be awarded to employees.

The Company adopted a pre-IPO share option scheme to recognise the contributions of and as retention incentive to the executive directors, certain management staff and selected long service employees of the Group. On 17 June 2016, the Company adopted another share option scheme ("2016 Share Option Scheme") as incentives or rewards to its directors, employees, consultants and other participants of the 2016 Share Option Scheme for their retention and contribution or potential contribution to the Group.

The Company terminated the 2016 share option scheme on 18 July 2024. Immediately before the termination, the maximum number of shares in respect of which options might be granted under the scheme mandate limit of the 2016 Share Option Scheme was only 7,961,866, representing approximately 2.05% of the total number of shares in issue, which might not be sufficient for making further grants without refreshing the scheme mandate limit. Additionally, the term of the 2016 Share Option Scheme was going to expire on 16 June 2026 which was less than 2 years. Based on the above, the Board is of the view that the termination is justified and any future share options or share awards that may be granted by the Company shall be granted pursuant to a scheme that complies with the requirements of the existing Chapter 17 of the Listing Rules.

SIGNIFICANT ACQUISITION AND DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

The Group has acquired property, plant or equipment for a total of HK$123.3 million for the setting up in Southeast Asia of both the Singapore headquarter office and the new manufacturing facilities in Batam, Indonesia in FY2024.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE REPORT

Objective

PC Partner Group Limited ("the Company", together with its subsidiaries, as "the Group" or "we") is pleased to present the Environmental, Social and Governance ("ESG") report (the "Report"), which summarised the ESG initiatives and accomplishments for the financial year ended 31 December 2024 ("Reporting Period" or "2024"). The Report serves the following purposes:

- communicate to all stakeholders the Group's achievement in practising corporate social responsibility;
- promote sustainable development; and
- focus on the environmental and social issues that may have impacts on stakeholders' interests.

The Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") contained in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("SEHK"), and the Singapore Exchange Securities Trading Limited's ("SGX-ST") Listing Rule 711A ("LR 711A"), Listing Rule 711B ("LR 711B") and Practice Notes 7.6 ("PN 7.6"). The report has also been prepared with reference to the Global Reporting Initiative ("GRI") Standards issued by Global Sustainability Standards Board, for the purpose of identifying and making disclosure of the material matters and key performance indicators ("KPIs") in relation to the Group's environmental, social and governance and promoting the full implementation of sustainable development and social responsibilities by the Group. Moreover, the report has been compiled in reference to the recommendations from the Task Force on Climate-related Financial Disclosures ("TCFD") for climate reporting.

Participation of board of directors

The Group's ESG philosophy is to create long-term value for its stakeholders that aligns with the strategic development and sustainability of its business. The Board of Directors (the "Board") of the Company believes that sound corporate governance is the foundation for promoting and safeguarding the interests of its stakeholders. Hence, the Group is committed to maintaining a rigorous framework of corporate governance with an aim to create values for the environment, society and stakeholders and align with the corporate's sustainability strategies.

The Board is composed of members from the management committees of the Group who also sit on the boards of various companies within the Group with relevant expertise and skills, ensuring the ability to effectively oversee the ESG matters of the Group. The Board endeavours to support the Group's commitment to incorporating sustainable development into the consideration of its corporate development strategies. The Board has overall responsibility for formulating strategies, monitoring and managing ESG-related risks, as well as ensuring the effectiveness of ESG risk management and internal control systems. The ESG issues are discussed in the Board at least once every year.

Environmental, Social and Governance Report

We have established a two-tier governance structure, which consists of the Board and the ESG working team of the Company (the "ESG Working Team"). The Board is responsible for the Group's ESG strategy and reporting and ensuring that the Group has effective ESG management and internal control systems in place. Led by our Chief Financial Officer, the ESG Working Team is responsible for collecting, analysing and verifying ESG data to assist the Board in handling ESG-related matters, including but not limited to (i) identify and assess the Group's ESG-related risks; (ii) evaluate the implementation and effectiveness of the Group's policies and practices on corporate governance and ESG; (iii) review the Group's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report as required under the Listing Rules; (iv) examine and review the Group's ESG performance against its ESG-related goals and targets and (v) make any other recommendations to the Board as it deems appropriate on any area within its scope of duties where action or improvement is needed. The ESG Working Team's findings, decisions and recommendations are reported to the Board and discussed through meetings at least once every year. Where appropriate, external advisors would be engaged to provide expertise and professional advice for the ESG management process.

The Board will continuously review its business strategies to ensure that environmental and social impacts are assessed and minimised. Moreover, the Board will conduct an annual internal review of the Group's disclosures in its ESG report.

Report scope, standard and boundaries

The Report covers the environmental impacts brought by the Company's manufacturing of computer electronic products, including a newly added maintenance company which located in the People's Republic of China ("PRC") and a factory (i.e. 東莞栢能電子科技有限公司 ("PC Partner Dongguan"), a wholly owned subsidiary of the Company) and the social impacts brought by the Group for the Reporting Period. As the Group actively seeks to align its operations with global best practices, this report has been prepared with reference to the Global Reporting Initiative (GRI) reporting Standards 2021. The source of data in preparing the Report is primarily based on the Group's internal policies and documents as well as information provided by various key stakeholders.

The Group will continue to optimise its data collection and reporting system over the three aspects — environmental management, social responsibility and governance, and gradually expand the disclosure scope to improve the quality and comprehensiveness of the ESG report in the long term.

Reporting principles

In the course of the Report's preparation, we have adhered to the following reporting principles as set out in the ESG Reporting Guide:

Principle	Context	Our Action
Materiality	The Report should contain issues that reflect material ESG impact or substantially affect stakeholders.	We communicated with our stakeholders to understand their concerns relating to issues that reflect material ESG impact and conducted materiality assessment to identify and prioritise the material sustainability topics.
Quantitative	The Report should disclose KPIs in measurable ways so that the effectiveness of relevant ESG policies and management systems can be evaluated and validated.	We measured and presented KPIs, quantitative information, the methodologies and source of conversion factors used in collecting the data, where applicable.
Balance	The Report should provide an unbiased picture of our performance, which should avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the Report reader.	We kept the Report balanced and made fair disclosures on key ESG aspects. We disclosed both achievements and challenges in the Report.
Consistency	The Report should use consistent methodologies for disclosing ESG data over time. Any changes to the methods used or any other relevant factors affecting the methodologies should be disclosed in the Report.	We reported in accordance with the ESG Reporting Guide, LR 711A, LR 711B and PN 7.6 and with reference to the GRI Standards. We adopted consistent methodologies in the Report and there are no material changes in the reporting approach and methodologies from those adopted by the Group in the previous reporting period, which is for the financial year ended 31 December 2023 ("2023").

Environmental, Social and Governance Report

STAKEHOLDER ENGAGEMENT

The Group believes that understanding and taking actions to address key stakeholders' concerns and meet with their expectations are essential to achieve sustainable development. As part of the business strategy, the Group actively engages key stakeholders through a variety of communication channels to understand their concerns and expectations which in turn to improve the business strategies and positioning to create values for the environment, society and stakeholders. The following table shows the main channels through which the Group communicates with its major stakeholders, their expectations and concerns as identified by the Group, and the corresponding management responses.

Stakeholders	**Communication channels**	**Expectations and concerns**	**Management feedback**
The Board	• Board meetings • Committee meetings • Annual general meeting • Emails	• Corporate governance • Regulatory compliance • Financial performance • Strategic development	• Report to the Board regularly on the financial performance and strategic plans and development through emails, board meetings and committee meetings; and • Monitor law and regulation updates, and strictly comply with all regulatory requirements.
Shareholders and Investors	• Annual general meeting and other shareholders' meetings • Financial reports • Announcements and circulars • Company website and emails • Investor meetings	• Corporate governance • Business strategy and performance • Investment returns	• Release corporate governance information, operating data and financial results (annual report/interim report/announcement) in due course; and • Actively listen to the views and needs of shareholders and investors through conducting general meeting.

Stakeholders	Communication channels	Expectations and concerns	Management feedback
Customers	• Site visits • After-sales services	• Product quality • Delivery time • Financial performance • Service value • Compliance with laws and regulations	• Enhance the quality of pre-sales, in-sales and after-sales services; • Maintain the production lead time; • Collect customer feedback through customer satisfaction survey; • Immediately follow-up and handle customer complaints; • Earnestly protect customer privacy; and • Ensure the materials used in products are in compliance with applicable laws and regulation.
Employees	• Training • Interviews for employees • Employee handbook • Internal notices • Emails	• Rights and benefits • Remuneration and compensation • Training and development • Career development • Health and safety • Working environment	• Formulate competitive remuneration package and provide fair career development path; • Provide regular trainings; • Listen to employees' voices through various channels; and • Strengthen safety management and ensure that the production processes comply with safety standards.

Environmental, Social and Governance Report

Stakeholders	Communication channels	Expectations and concerns	Management feedback
Suppliers	• Selection assessment • Procurement process • Performance assessment • Regular communication	• Payment schedule • Stable demand • Fair and open tendering • Financial strength	• Maintain open and transparent tendering process, and provide equal competition opportunity to suppliers; • Closely communicate with suppliers in a proactive manner; and • Check on the qualification of suppliers regularly and monitor market supply and demand closely.
Media, community and the public	• Company website • Public relation through emails, phone calls and interviews • Participation in local community activities and volunteering work • Charitable donations	• Environmental protection • Employment and community development • Social contribution • Compliance with laws and regulations	• Actively participate in charity activities and community donation; • Create job opportunities; and • Monitor law and regulation updates, and strictly comply with all regulatory requirements.

MATERIALITY ASSESSMENT

The Group conducts materiality assessment on ESG-related topics annually based on the feedback from stakeholders. Factors such as the Group's business strategies, objectives and internal policies, industry standards, legal and regulatory responsibilities, environmental protection, use of resources, employee protection, etc. were considered in order to identify the ESG issues and impacts that are of most concern to the Group's business operations and stakeholders and determine the material ESG issues to be disclosed in the Report.

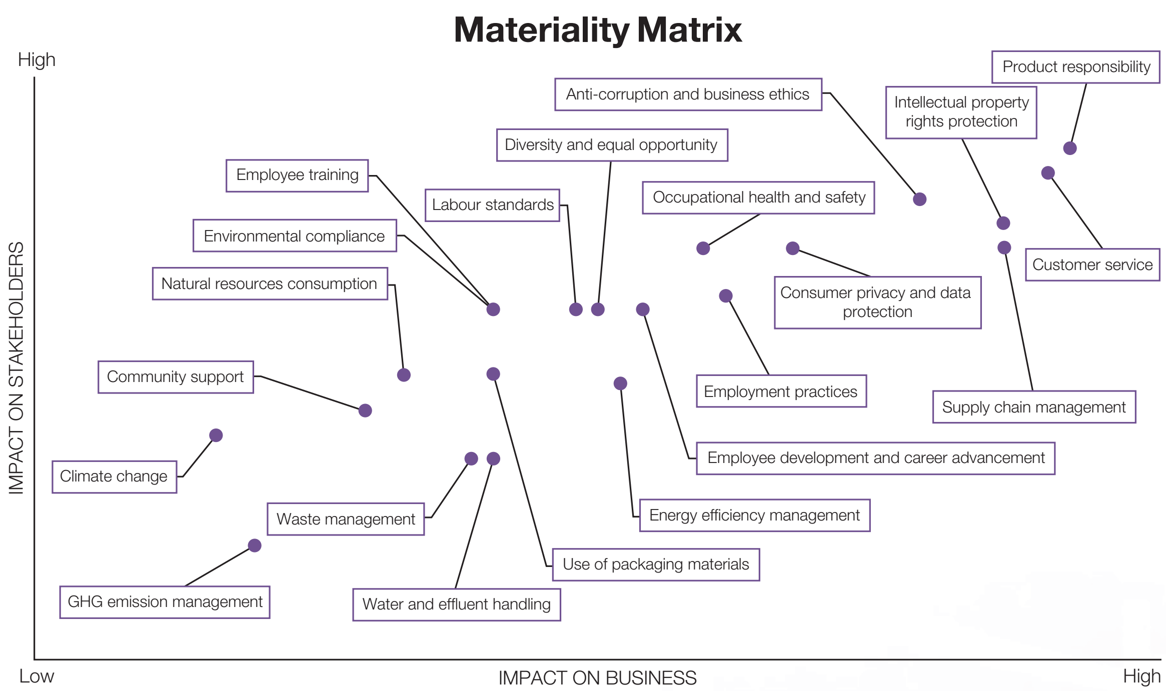
The procedures for the materiality assessment are as follow:

Step 1: Identification — With reference to the ESG Reporting Guide, LR 711A and GRI Standards and the issues of concern to industry peers, 21 ESG issues were identified based on their impact on the decision-making of stakeholders and our business operations:

ESG Aspects			No.	ESG Issues
A. Environmental		A1. Emissions	1	Environmental compliance
			2	Greenhouse gas ("GHG") emission management
			3	Waste management
		A2. Use of Resources	4	Energy efficiency management
			5	Water and effluent handling
			6	Use of packaging materials
		A3. The Environment and Natural Resources	7	Natural resources consumption
		A4. Climate Change	8	Climate change
B. Social	Employment and Labour Practices	B1. Employment	9	Employment practices
			10	Diversity and equal opportunity
		B2. Health and Safety	11	Occupational health and safety
		B3. Development and Training	12	Employee training
			13	Employee development and career advancement
		B4. Labour Standard	14	Labour standards
	Operating Practices	B5. Supply Chain Management	15	Supply chain management
		B6. Product Responsibility	16	Product responsibility
			17	Customer service
			18	Consumer privacy and data protection
			19	Intellectual property rights protection
		B7. Anti-corruption	20	Anti-corruption and business ethics
	Community	B8. Community Investment	21	Community support

Environmental, Social and Governance Report

Step 2: Prioritisation — To determine the materiality of the ESG issues, we have assessed and scored the relevance or importance of each ESG issue with the distribution of the survey to collect opinions of the relevant key stakeholders on a scale of 1 (the least important) to 6 (the most important). The 21 ESG issues were prioritised and plotted on the following materiality matrix according to their relative degree of importance in order to assess the materiality. Vertical axis of the below materiality matrix shows the result of external assessment (impact on stakeholders), and horizontal axis presents the internal assessment result (impact on business). The ESG issues that fall within top right-hand quadrant are of greatest importance.



Step 3: Application — According to the materiality matrix, "Product responsibility", "Customer service", "Intellectual property rights protection", "Supply chain management" and "Anti-corruption and business ethics" were identified as issues of higher importance. The results of this material assessment were used to guide our disclosure alignment, as well as strategic planning and risk management. The Group's responses to these important issues have been elaborated in more details in the following sections of the Report. Looking forward, the Group will continue to enhance its ESG governance and performance in response to stakeholders' expectations on the Group.

A. ENVIRONMENTAL

PC Partner Dongguan's business operations are manufacturing-based, in which significant emissions are mainly related to its electricity consumptions. Despite the inevitable but insignificant environmental impact the PC Partner Dongguan's operations has made to the environment, it actively integrates green protection concepts and implements a series of environmental protection measures into its daily manufacturing operations to achieve the goal of alleviating adverse impacts on the environment. PC Partner Dongguan has spent significant effort in reducing its energy and water consumption, carbon emission and waste disposal, and has taken initiatives to achieve long-term sustainability in business and environment.

A1. Emissions GRI 2, 3, 305, 306

As PC Partner Dongguan is principally engaged in manufacturing business, there is a certain level of air pollutant, such as nitrogen oxides ("NOx"), sulphur oxides ("SOx") and particulate matter ("PM") generated, as well as an insignificant volume of hazardous waste produced during the manufacturing operations. With the increase in vehicles usage and aging of company-own vehicles during 2024, there was an increase in emission of air pollutants as compared to 2023. The major emissions of PC Partner Dongguan are GHG emissions and solid wastes generated from its daily operations.

Environmental compliance

In strict compliance with the laws and regulations, including but not limited to the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Air Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國大氣污染防治法》), the Water Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國水污染防治法》), and the Emission Standard for Air Pollutants from Boilers (《鍋爐大氣污染物排放標準》), PC Partner Dongguan has formulated the GHG Management Guideline (《溫室氣體管理指引》), the Exhaust Gas Control Procedure (《廢氣控制程序》), the Waste Effluent Control Procedure (《廢水廢液控制程序》), the Litter Control Procedure (《廢棄物管理程序》), and the Litter Management Guideline (《廢棄物管理工作指引》) to provide guidance for its staff on managing the emissions and wastes produced from the manufacturing operations. During the Reporting Period, there was no non-compliance regarding emissions that has brought against the Group or PC Partner Dongguan.

GHG emission management

Electricity is the key source of energy of PC Partner Dongguan's business and its major source of GHG emissions. This is attributed to the uses of tin furnaces and soldering furnaces, kitchen exhaust systems and generators during the daily operations. Other minor sources of emissions include the paper waste disposed at landfills and the fuel consumed by the business air travels by our employees.

Environmental, Social and Governance Report

To show the commitment in managing its emissions, PC Partner Dongguan has made enormous efforts by implementing the following measures to reduce discharges and emissions, and enhance energy efficiency:

Measures for reducing discharges and emissions	Measures for enhancing energy efficiency
1. Improving operation schedules to reduce the number of operating hours and hence emissions; 2. Streamlining production plans to boost production efficiency and shorten production time; 3. Installing emission reduction facilities (e.g. emission filters installed in generators and kitchen, air filters are installed in tin furnaces and soldering furnaces) to cut down emissions; 4. Carrying our regular maintenance and repair for the environmental equipment to ensure proper functioning; 5. Applying nitrogen welding technology to reduce tin oxidisation in order to reduce tin wastage significantly; recasting scrap tin into tin bars (recovery rate: 90% above) for reuse to reduce waste; 6. Shortening the kitchen time with better arrangement on cooking; and 7. Reducing the number of business air travels and using alternative means of communication by teleconference or video conference to replace meetings and trainings which requires long travelling.	1. Continuously enhancing the usage of production equipment to reduce electricity consumption; 2. Continuously enhancing the layout of workshops and production lines according to the capacity needs to improve energy efficiency; 3. Enhancing modification and maintenance of equipment with heavy energy consumption, such as air conditioners and air compressors, while setting temperature limit for use of air-conditioner; 4. Retiring of old machinery and equipment and replace by new equipment with a great energy efficiency; and 5. Pay attention to electricity saving for machinery and equipment not in use in the process of manufacturing.

During the Reporting Period, PC Partner Dongguan's total GHG emissions per million HK$ of cost of production output increased by 5.44% from 1.4455 tonnes of CO_2 per million HK$ of cost of production output in 2023 to 1.5241 tonnes of CO_2 per million HK$ of cost of production output in 2024, attributing to change in data collection methodology and increase in business travel by air during 2024.

Meanwhile, PC Partner Dongguan's atmospheric emissions from tin furnaces, soldering furnaces and kitchens successfully passed the annual compliance tests undertaken by the third-party professional organisations on the standards in China e.g. Emission Limits of Air Pollutants (DB44/27–2001), Integrated Emission Standard of Air Pollutants (GB16297–1996), and Emission Standard of Cooking Fume (GB18483–2001).

In 2023, PC Partner Dongguan has set a target for 2024 to reduce or maintain GHG emissions per million HK$ of cost of production using 2023 as the baseline year. The Group did not achieve this target mainly due to change in data collection methodology and increase in business travel by air during 2024, leading to an increase in GHG emissions. The Group will continue to aim to maintain or reduce GHG emissions (Scope 1 and 2) per million HK$ of cost of production output by 1% for the financial year ended 31 December 2025 ("2025") using 2024 as the baseline year. Looking forward, PC Partner Dongguan will continue to implement necessary measures to reduce the GHG emissions.

Waste management

Non-hazardous waste

Waste paper and waste plastic are PC Partner Dongguan's major sources of non-hazardous waste, which are often produced during its production process and from its household garbage. Employees' daily activities also generate a small amount of non-hazardous domestic wastewater. Guided by our Litter Control Procedure (《廢棄物管理程序》) and Litter Management Guideline (《廢棄物管理工作指引》), non-hazardous waste generated from the production process is sorted and sold to respective recyclers, and any improper disposal of recyclable and reusable non-hazardous waste is strictly prohibited. Household garbage is brought to a central collection point and transported to municipal refuse treatment organisations for further processing. PC Partner Dongguan has also made considerable efforts in controlling the consumption and production of non-hazardous waste by implementing the measures below:

- Employees are reminded to adopt two-sided printing, reuse single-side used paper, adopt electronic means of communications (such as email, mobile and website) and use e-version of documents;

- Recyclable and reusable waste is collected and transported to green service providers for recycling and reuse;

- Waste paper and waste plastic that cannot be recycled directly are sold to respective recyclers for processing into reusable materials;

Environmental, Social and Governance Report

- Household solid waste is collected and transported to municipal environmental service providers for neutralisation treatment; and

- Household wastewater is discharged to the municipal sewer system for treatment and tested every year to ensure compliance with discharge standards.

During the Reporting Period, PC Partner Dongguan produced 0.0300 tonnes of non-hazardous waste per million HK$ of cost of production output, representing a significant increase as compared to 2023 due to change in data collection methodology. The wastewater generated from cleansing was collected and transported to qualified service provider for neutralisation treatment. Besides, the sewage treatment facilities at PC Partner Dongguan have been implemented to enhance wastewater management, allowing for its purification and subsequent reuse.

In 2023, PC Partner Dongguan has set a target for 2024 to reduce or maintain non-hazardous waste produced per million HK$ of cost of production output using 2023 as the baseline year. The Group did not achieve this target mainly due to change in data collection methodology in 2024, leading to a higher generation of non-hazardous waste. The Group will continue to aim to maintain or reduce non-hazardous waste produced per million HK$ of cost of production output by 1% for 2025 using 2024 as the baseline year.

Hazardous waste

Except for non-hazardous waste, the manufacturing process of PC Partner Dongguan also generates hazardous waste, including the activated carbon, PCB trims and other waste materials associated with the industrial wastewater treatment process. A tracking and treatment process was established by PC Partner Dongguan to handle the hazardous waste, all of which is delivered to green service providers for neutralisation treatment in accordance with laws and regulations in China. Apart from verifying the qualifications of the green service providers, audits were also performed to ensure they meet the selection criteria, and continue working towards the target to minimise and ultimately eliminate all waste.

During the Reporting Period, PC Partner Dongguan generated 0.0058 tonnes of hazardous waste per million HK$ of cost of production output. In 2023, PC Partner Dongguan has set a target for 2024 to reduce or maintain hazardous waste produced per million HK$ of cost of production output using 2023 as the baseline year. The Group did not achieve this target due to enhanced air pollutant treatment with more activated carbon in 2024. The Group will continue to aim to maintain or reduce hazardous waste produced per million HK$ of cost of production output by 1% for 2025 using 2024 as the baseline year.

General waste reduction measures

In addition to the above measures specifically for non-hazardous waste and hazardous waste, PC Partner Dongguan has also implemented the general waste reduction measures for both non-hazardous waste and hazardous waste, including:

- Continuously reducing waste through the improvement of production techniques. For example, introducing cleaning-free technique to minimise the use of chemicals, and using nitrogen welding technology to reduce tin waste;

- Using improved techniques and pollution-free chemicals to replace heavy-polluting ones for waste reduction;

- Adopting simple packaging on packaging design with less raw materials and reduced packaging waste for finished products;

- Promoting office automation operations or working environments through the development of various office automation software to reduce the use of paper;

- Providing trainings to employees to increase their environmental awareness. For example, staff are encouraged to use less disposable goods and containers; and

- Undertaking management initiatives to encourage the reduction in water use so as to reduce the amount of household wastewater.

A2. Use of Resources GRI 2, 3, 301, 302, 303

PC Partner Dongguan strives to "reduce consumption, optimise efficiency and protect the environment". It proactively responds to the call for saving energy and reducing emission by the state and complies with relevant laws and regulations, including but not limited to Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》) and Clean Production Promotion Law of the People's Republic of China (《中華人民共和國清潔生產促進法》). In response to these laws and regulations, PC Partner Dongguan has formulated the Energy Management Procedure (《能源管理程序》) to provide guidance to optimise the use of resources. PC Partner Dongguan actively encourages saving resources and energy and cultivates a green office concept among employees. Furthermore, PC Partner Dongguan reviews and assesses the efficiency, effectiveness and result of its energy management system over its production process from time to time to help strike a good balance between environmental protection and business growth.

Environmental, Social and Governance Report

Energy efficiency management

PC Partner Dongguan's direct energy consumption is mainly from the use of natural gas and petrol by canteens and company vehicles respectively, while indirect energy consumption during daily operations is mainly from purchased electricity. PC Partner Dongguan takes a series of energy-saving measures to achieve efficient use of resources, such as using solar panel for electricity in factory dormitory, investigating the use of electricity of each premise and activity to optimise the use of electricity through upgrades and better scheduling of production, lighting, air-conditioning and so forth.

During the Reporting Period, PC Partner Dongguan consumed 2,338.59 kWh of energy per million HK$ of cost of production output, representing a decrease of 8.52% as compared to 2023 mainly attributable to the increase in the cost of production output in 2024.

In 2023, PC Partner Dongguan has set a target for 2024 to reduce or maintain energy consumption per million HK$ of cost of production output using 2023 as the baseline year. The Group achieved this target mainly due to the increase in the cost of production output during 2024, leading to a decrease in the intensity of total energy consumption. In 2025, the Group will continue to aim to maintain or reduce energy consumption per million HK$ of cost of production output by 1% using 2024 as the baseline year. PC Partner Dongguan will continue to take various energy saving and optimisation measures as mentioned in Aspect A1 above such as reviewing the electricity using practice of employees in its premise and activity, advocating the employees to save energy, and replacing the aged manufacturing equipment with energy efficient equipment, in an effort to further reduce and optimise energy consumption in the future years.

Water and effluent handling

Owing to the business and operation nature, water is rarely being used for production of products in the manufacturing operations. Meanwhile, it is mainly used by employees on their daily living activities in the premises which comes from local municipal water supply. Therefore, the water policy focuses on encouraging the employees to save water through setting water consumption target for each premise, and keep upgrading the facilities to reduce the water wastage and consumption. As the water consumption was relatively low, and the local municipal water supply was stable, no issue was noted in terms of sourcing water in 2024.

To achieve the water consumption target, PC Partner Dongguan formulated comprehensive yearly water efficiency initiatives, such as improving water consumption facilities and reusing the water for cooling down the air-conditioners in the premises. Such initiatives improve water efficiency principally through better water-saving management and water consumption facilities. During the Reporting Period, PC Partner Dongguan consumed 21.3515 cubic metres of water per million HK$ of cost of production output, representing a decrease of 14.94% as compared to 2023.

With the implementation of sewage treatment facilities, PC Partner Dongguan has been able to reuse water on its premises. In 2023, PC Partner Dongguan has set a target for 2024 to reduce or maintain water consumption per million HK$ of cost of production output using 2023 as the baseline year. The Group achieved this target. The Group will continue to aim to maintain or reduce water consumption per million HK$ of cost of production output by 1% for 2025 using 2024 as the baseline year. Looking forward, it will continue to dedicate resources to improve the water consumption efficiency as one of the sustainable growth targets.

Use of packaging materials

PC Partner Dongguan uses various kinds of packaging materials and components in its production process. Designers consider environmental friendliness when designing the packaging in order to minimise the use of materials as long as the packaging serves its purpose, and putting the best efforts to choose recyclable or environmentally friendly materials to reduce the impact on the environment. Materials have been chosen carefully since all materials used to conform with all relevant laws and regulations and customers' requirements, such as the Restriction of Hazardous Substances ("RoHS") directive and the Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH") regulations, in order to reduce the impact to the environment.

During the Reporting Period, 0.1439 tonnes of packaging material per million HK$ of cost of production output were used for finished goods, representing a decrease of 26.17% as compared to 2023 due to different types of packaging materials used in 2024.

A3. The Environment and Natural Resources GRI 2, 3, 303, 305, 306

Natural resources consumption

As disclosed above, the environmental impacts brought by PC Partner Dongguan include but are not limited to the emissions of GHG associated with business air travels, usage of electricity and the consumption of paper during its office operations, thus PC Partner Dongguan's impacts on the environment and natural resources are limited. PC Partner Dongguan will continue to assess the environmental risks of its business, review its environmental practices, adopt more resource-saving and environmentally friendly measures to minimise its impacts on the natural environment as well as to comply with the laws and regulations applicable to PC Partner Dongguan's emissions and use of resources. Policies such as the GHG Management Guideline (《溫室氣體排放管理指引》), the Exhaust Gas Control Procedure (《廢氣控制程序》), the Waste Effluent Control Procedure (《廢水廢液控制程序》), the Litter Control Procedure (《廢棄物管理程序》), the Litter Management Guideline (《廢棄物管理工作指引》) and the Energy Management Procedure (《能源管理程序》) were formulated to ensure that PC Partner Dongguan's impacts on the natural environment and resources can be minimised.

Environmental, Social and Governance Report

PC Partner Dongguan has taken actions to minimise reliance on natural resources such as oil and natural gas and place more reliance on environmental friendly energy such as solar energy, by setting up roof-top solar panels to generate heat for hot water consumption in the factory dormitory. PC Partner Dongguan keeps reducing paper consumption in daily business and operation by upgrading the office automation system to reduce paper consumption. PC Partner Dongguan has started to adopt more environmentally friendly packaging materials with less paper applied on finished products packaging of the brand products. Packaging has been redesigned for a more compact size in order to consume less paper and plastic. All these actions to reduce consumption of natural resources have been embedded in the daily business and operation.

A4. Climate Change GRI 2, 3, 201

The Group acknowledges the recommendations regarding the disclosure of climate-related financial information of the TCFD and SGX-ST's requirement on climate risk disclosure. The Group understands the importance of developing a strong strategy and risk management framework that sets the foundation for its climate resilience. We assessed the impact of key climate-related risks and disclosed the adopted strategies under four overarching elements, including governance, strategy, risk management and metric and targets. The Group will integrate climate-related risks into internal management processes in the future and continue to strengthen its disclosure with reference to the TCFD.

Governance

The Board oversees and directs the implementation of sustainability-related initiatives across different business departments, and reviews climate-related disclosure and its actions to enhance climate resilience. The ESG Working Team monitors and oversees progress on climate-related risks and opportunities that meet the expectations of the shareholders, and reviews significant issues raised. The ESG Working Team will also report to and make recommendations to the Board, where appropriate, regarding the material sustainability issues, including but not limited to climate-related matters.

Strategy

Physical risks

Climate change is gradually being concerned as it not only rises average temperatures but also extreme weather events, such as strong typhoons and floods, which may interrupt the water and electricity supplies, damage the Group's properties, as well as threaten the safety of its employees. This may cause interruption to the normal business operations and thus lead to higher operating cost of the Group. Climate change may also shift wildlife populations and habitats, cause a rise in sea levels, and lead to a range of other impacts. The climate crisis is undeniable and GHG, which trapped heat on earth and caused global warming, could be one of the major contributors to climate change.

As a mitigation, insurance plans are in place to safeguard PC Partner Dongguan's employees and assets. PC Partner Dongguan and its employees will continue their commitment to mitigating the effects of climate change by further reducing the GHG emission and power consumption in daily business and operation.

Transition risks

In the PRC government's 14th Five-Year Plan, it has issued an action plan for the country to peak carbon emissions before 2030, in which it restated the country's climate goals for 2025 and 2030. The regulation namely Interim Regulation on the Administration of Carbon Emission Trading (《碳排放權交易管理暫行條例》) was also launched by the PRC government with effective from May 2024, aiming to promote green and low-carbon development and encourage more GHG emissions reductions. Although PC Partner Dongguan has not received any instruction from the government on these matters, there is possibility that the government would place instructions or restrictions on GHG emission in the near future. Moreover, it is expected that policies and regulations of the SEHK and SGX-ST related to climate change will be stricter. If PC Partner Dongguan's existing compliance procedures and business operations could not fully comply with the new legal and regulatory requirements, it might incur additional compliance costs and adversely affect the reputation of the Group.

In response to the policy and legal risks, as well as the reputation risks, PC Partner Dongguan regularly monitors existing and emerging trends, policies and regulations that are relevant to climate to avoid cost increments, non-compliance fines or reputational risks due to delayed response. It will explore more comprehensive solutions for energy saving and use of resources, to be in line with the national development of energy policies. When and where necessary, the top management will be alerted, and compliance advisory services will be obtained. In order to enhance resilience to climate-related risks, PC Partner Dongguan will continue to assess the effectiveness of its actions to incorporate climate change into its development plans.

Risk management

The Board is responsible for risk governance and ensures that the management of the Group maintains a comprehensive system of risk management. In 2024, the Group conducted a climate risk assessment to identify and address potential climate-related risks. The ESG Working Team completes the questionnaire, evaluates the risks, and revises and approves the disclosure of estimated climate risks and impacts. With the aim of managing and mitigate the identified risks, the Group regularly monitors existing and emerging trends, policies and regulations related to climate change, and reminds the management of the Group when necessary to avoid violations or reputation risks due to delayed response. In addition, the Group aims to reduce GHG and carbon emissions to contribute to global efforts to mitigate climate change. The Group will continue to monitor and review developments to relevant standards and fine-tune its management framework to ensure the process of identification, assessment and management of climate-related issues are integrated into the Group's risk management system.

Metrics and targets

The Group acknowledges that its operations contribute to GHG emissions and understands the importance of reducing these emissions as a critical priority. Therefore, the Group has identified GHG emissions as a key metric into our strategic planning and risk management processes. The Group has measured the direct (Scope 1), energy indirect (Scope 2) GHG emissions and other indirect GHG Emissions (Scope 3) in this Report. Please refer to the section "Emissions" above for the full disclosure of GHG emissions in 2024.

Environmental, Social and Governance Report

B. SOCIAL

B1. Employment GRI 2, 3, 401, 405, 406

Employment practices

The Group recognises that its success depends on the contribution and performance of every employee, therefore, the Group pays attention to the diversified composition of employees and cares about the employees' career development. In accordance with the Employment Ordinance of Hong Kong, the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) and the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》), the Group has formulated the human resources policy and employee handbook to regulate the recruitment process and standards, promotion system and termination procedures to ensure all employees are treated as equals and discriminated treatments based on gender, age, ethnicity or religion are opposed. The company also conducts labour risk assessments and implements corresponding measures to mitigate these risks and consider various aspects, including but not limited to labor recruitment, working hours and rest, wages, and benefits. These efforts are aimed at safeguarding the well-being of the employees.

As of 31 December 2024, the total number of employees of the Group reached 2,536 (2023: 2,490) where 171, 2,154 and 211 employees were situated in Hong Kong, PRC and rest of the world respectively.

Recruitment, promotion and dismissal

The Group rationalises its recruitment requirements based on the development needs of its strategic businesses. Its recruitment procedures are standardised to specify selection criteria and job qualifications of each position, which specifically request the integrity, academic achievements, expertise and relevant experience for the respective positions and potential for further development. Interview assessment criteria have also been developed based on different levels so as to ensure all candidates are treated fairly.

The Group has also set up a sound appraisal system to appropriately remunerate and recognise the efforts devoted by performing staffs. Remuneration packages are reviewed annually and adjusted with reference to the trends of labour market in different countries and staff individual appraisal review. Based on standardised rating guidelines, the management of the Group conducts regular appraisal with employees individually with reciprocal discussion on expectation and results about the performance. The remuneration increment reflects each employee appraisal result respectively with reference to the market standard. Promotion reviews are conducted upon performance appraisal by management on a regular basis.

To achieve and maintain standards of conduct and ensure consistent and fair treatment, the Group highlights education and takes punishment as a complementary measure to employees who are not discipline. Formal verbal warnings would be given for unsatisfactory performance or breach of company rules and improvement is expected to occur in a specified period of time. If a further offence occurs, a formal written warning would be issued, which specifies the reason of warning and improvement required. In cases of serious misconduct or recurring failure to meet the standards of performance, prior notices or payment in lieu of notice would be given to the employees involved concerning the termination of their employment contracts.

Working hours and rest periods, compensation, benefits and welfare

The Group encourages employees to maintain work-life balance and ensure employees adequate rest and maintain their well-being and health, therefore, the Group allocates its employees' responsibilities properly so that they can fulfil their duties within pre-defined working hours. The manufacturing plant in the PRC also runs on a shift system approved by local labour department, so that the working hours of labour can be arranged flexibly based on the work needed. When overtime work is needed, employees are provided with compensatory rest or overtime pay in accordance with the local laws and regulations, including the Minimum Wage Ordinance and Employment Ordinance of Hong Kong, and the Regulation on Paid Annual Leave for Employees (《職工帶薪年休假條例》). Regulations on Wage Calculation and Benefits (《工資計算與福利規定》) as adopted by the Group also outlines the employee benefits and holiday entitlements, serving as a channel for employees to understand wage calculations and the benefits offered by the Group.

Apart from the statutory welfare and holidays, maternity or paternity leave and annual leave the Group offers to its employees in accordance with the Employee Handbook and the relevant local laws and regulations, the Group's employees are also entitled to a comprehensive set of medical insurance benefits together with compassionate leave. Besides, the Group makes various compensation and social insurance contributions for its employees in accordance with the Employees' Compensation Ordinance and Mandatory Provident Fund Scheme Ordinance of Hong Kong, and the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》). Employees can also enjoy employee purchase discounts for the Company's products, and a comprehensive set of insurance benefit, including medical, employee compensation, business travel and personal accident insurance.

To strengthen the linkage between remuneration and performance and to ensure the employees' remuneration grows with the Group's performance, the Group offers discretionary annual allowances or year-end with an aim to recognise and reward eligible employees for their excellent performance and contributions for the year. The Group also grants share option so that outstanding employees may have chance to be awarded with shares of the Group to share the growth of the Group.

Environmental, Social and Governance Report

Diversity and equal opportunity

The Group advocates diversity among employees and complies with applicable ordinances in Hong Kong and the PRC regarding equal employment opportunities including the discrimination ordinances of Hong Kong, the Hong Kong Bill of Rights Ordinance, and the Employment Promotion Law of the People's Republic of China (《中華人民共和國就業促進法》) to ensure discriminations against employees owing to their race, colour, religion, marital status, national origin, sex, physical disability or age are prohibited. The Group has policies in place to eliminate any discrimination in the workplace as well as governing the recruitment process to ensure equal employment, and strive to aid employees who are disadvantaged in competition to enjoy alternative development opportunities. As stipulated in the Group's Employee Handbook, harassment or any form of conduct that may cause employees embarrassed or uncomfortable at work are strictly prohibited. During the Reporting Period, there was no incident reported from staff related to workplace discriminations.

Employees communication

The Group places emphasis on communication with employees and their feedback. To ensure a smooth channel for employee complaints, PC Partner Dongguan has established the Regulations for Grievances, Complaints, and the Prevention of Retaliation (《申訴、投訴及杜絕打擊報復規定》). These regulations are designed to guide internal employees in utilising internal complaint mechanisms in a reasonable and effective manner and to regulate the handling of internal employee complaints. The Group values open communication with employees and actively encourages them to provide feedback and raise concerns through appropriate channels. By establishing a framework for addressing complaints and preventing retaliation, it aims to create a supportive and inclusive work environment where employees feel comfortable expressing their opinions and reporting any issues they may encounter.

B2. Health and Safety GRI 2, 3, 403

Occupational health and safety

The Group cares about the well-being of its employees and considers occupational health and safety as the its utmost priority for successful corporate operation. The Group fully abides by the Occupational Safety and Health Ordinance of Hong Kong, the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), the Fire Control Law of the People's Republic of China (《中華人民共和國消防法》), the Regulation on Work-Related Injury Insurance (《工傷保險條例》), the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》) and the Regulations on the Reporting, Investigation and Disposition of Work Safety Accidents (《生產安全事故報告和調查處理條例》), and has fulfilled the requirements of the Responsible Business Alliance ("RBA") (《負責任商業聯盟》) standards in PRC on top of the local labour laws and regulations. In the manufacturing plant, annual internal audit would be conducted on occupational safety, hygiene, labour interests, ethics and other social responsibilities in accordance with the requirements of the ISO45001 and RBA standards.

The Group has put in place the occupational health and safety policy and procedures, which are certified by ISO45001 to provide guidance on handling accidents, work injuries, fire evacuations and emergencies. Employees are expected to exercise reasonable care and attention and avoid taking any undue risk that might lead to an accident or injury. Any work injury or accident cases would be investigated, and improvement measures would be implemented in order to prevent future occurrences. The Group has also implemented assessment procedures in terms of occupational hygiene, safety, labour rights and ethical risks to assure that such risks are well identified and mitigated. Besides, safety leaflets are always available in the offices to provide employees information and advice on occupational safety. In order to align with the requirements of the ISO45001 and RBA standards, the Group strived to integrate the requirements of the ISO45001 and RBA standards into the current health and safety policies. The Group continues to evaluate the compliance level to ensure that business operations and activities meet the requirements of all relevant laws, regulations and standards, and to assure a consistent implementation of all health and safety policies with clear guidelines and procedures, division of responsibilities and broad staff training. The Group will update policies, practices, training materials and internal audit documents and tools in the related areas in an ongoing basis.

In the past three years including the Reporting Period, the Group achieved zero work-related fatalities, and the work-related fatality rate is 0%. However, 5 work-related injuries with 463 lost days due to work-related injuries were recorded during the Reporting Period (2023: 5 work-related injuries with 325 lost days).

B3. Development and Training GRI 2, 3, 404

Employee training

To cope with PC Partner Dongguan's pace of growth, PC Partner Dongguan has formulated the Training Policy and continued to conduct various internal trainings for its employees which enables the employees to attain the necessary skills and knowledge, flexibly and quickly adapt to the ever-changing environment and achieve career development. A decentralised approach is adopted in managing the training and development programs to meet the needs of employees in PC Partner Dongguan. For example, trainings on quality and occupational safety and health are provided to quality management officers and technicians. PC Partner Dongguan also continued to roll out an internal education certification project targeting at frontline staff in 2024 to increase their comprehensive knowledge in factory management and expertise, thereby facilitating their career development. After years of efforts, an effective staff development and training programme has been established and is well-received by staff. Besides, new employees are also required to attend an introduction training session in order to gain a certain understanding of the company policies, procedures and operating systems.

During the Reporting Period, PC Partner Dongguan organised several training events (excluded the induction training for new employees). Approximately 82.45% of the employees in PC Partner Dongguan have been provided with training and an average of approximately 12.68 hours of training have been completed by each employee. PC Partner Dongguan will continuously invest resources in providing various types of training to its employees in order to improve their professional competencies.

Environmental, Social and Governance Report

Employee development and career advancement

PC Partner Dongguan offers financial support to employees to encourage them to participate external training programme, such as cultural and technical certification programmes that will support their career aspirations in their leisure time, and they have obtained their certifications through such support. The conditions are also specified under the Policy on External Training and Subsidy (《培訓及進修資助政策(外)》). PC Partner Dongguan also ensures the effective communication regarding essential RBA-related knowledge to employees, as specified under the RBA Training Management Procedure (《RBA培訓管理程序》).

B4. Labour Standards GRI 2, 3, 407, 408, 409

The Group places great emphasis on fairness and strictly prohibits child and forced labour in the Group in accordance with the applicable laws and regulations such as the Employment Ordinance of Hong Kong, the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Law of the People's Republic of China on the Protection of the Minors (《中華人民共和國未成年人保護法》) and the Provisions on the Prohibition of Using Child Labour (《禁止使用童工規定》). In compliance with these laws and regulations, the Group's Employee Handbook requires the Human Resources and Administration Department to verify the identification of job seekers during the recruitment process to ensure the authenticity of the documents and that they have reached the legal working age.

To avoid forced labour, the Group also set out provisions in the Employee Handbook on working hours, overtime work arrangements, leaves entitlement and remuneration policies. Relevant guidelines are also expressly stipulated in the RBA Work Instruction (《RBA工作指引》) such as the Regulations on Recruitment Process and Freedom of Choice of Employment (《招聘流程及自由擇業規定》) of PC Partner Dongguan in order to safeguard freedom of choice of occupation by standardising the recruitment process. Meanwhile, in order to protect the physical and mental health of children and regulate the recruitment process, PC Partner Dongguan has also established the Regulations for the Management and Control of Child Labour and Underage Workers (《童工和未成年工管理控制規定》), outlining the procedures related to recruitment and relevant measures taken when violations are discovered.

Besides, whistle-blowing channels are in place to allow employees to give comments and express feelings about their work or any abnormality in workplaces, such as child or forced labour. The Group will terminate the employment contract with child labour right away in case discovered, then a detailed review of the recruitment procedures will be conducted to avoid wrongful recruitment of child labour in future. The Group respects employees, ensures labour interests are protected, and prohibits any forced labour practice. The Group will investigate any discovered forced labour case and take corrective action to protect the best interests of employees in accordance with laws and regulations.

Respect for human rights

In addition to local legal compliance, the Group respects internationally recognised human rights relevant to its operations and requires its business partners and suppliers to do the same. The Group's commitment to upholding human rights is integrated in the RBA Work Instruction (《RBA工作指引》). Various channels are in place for employees to express comments or grievances relating to non-conformance with the prevailing management system, behaviour that may be detrimental to their personal interest or that of the Group. To address the grievances, standardised grievance mechanism and procedures are clearly outlined as remediation of the negative impacts. Under the policy, while valid complaints will be duly dealt with, the identity of the complainant is kept confidential in order to prevent revenge.

Every employee is entitled to the freedom of assembly and right of collective bargaining without the Group' interference, irrespective of his or her ethnicity, sex, position, religious belief, education background, age and so on. They are allowed to organise and join labour unions and will not be punished or discriminated against for joining labour unions, such as being rejected for employment, being threatened with dismissal, being restricted in promotion or pay raise, being forced to work overtime excessively, or being re-designated to an inferior position. During the Reporting Period, the Group was not aware of any violation or jeopardy of employee's rights to exercise freedom of association or collective bargaining.

Moreover, the responsibilities of a company should not be constrained within its own operations. Due diligence on human rights is conducted in management of supply chain risks. Further details are set out in the section headed "Supply chain risk management" in Aspect B5.

B5. Supply Chain Management GRI 2, 3, 308, 414

The Group strictly controls the fairness of the process of selecting suppliers and promotes standardisation of procurement to ensure a transparent and fair procurement process. Thus, a rigorous set of supplier selection criteria and procurement procedures has been established to select vendors that uphold the highest quality in order to minimise impacts on the environment and society. The Group also follows the industrial requirements closely to ensure that all of the materials and components are fully complied with RoHS directive and REACH regulations.

During the Reporting Period, the Group worked with 558 suppliers in total, including distributors and contractors, around the world, all of which were engaged where the supplier engagement practices are implemented.

Environmental, Social and Governance Report

Selection and assessment

The Group performs strict selection and assessment procedures in accordance with its procurement policies such as Supplier Management Procedures (《供應商管理程序》) before engaging in business with its suppliers and service providers, such as requiring suppliers to provide certification, documents and samples for laboratory testing to prove of the compliance with RoHS directive and REACH regulations. In addition to those aforementioned as well as financial and quality aspects, suppliers' and service providers' attitude towards the environment and society will also be a part of the assessment criteria. Qualified suppliers would be listed in the Approved Vendor List monitored by the Vendor Qualification Committee. For purchasing direct and indirect materials, a Control Procedure for Procurement Documents (《採購單據控制程序》) has been particularly formulated in order to provide guidance on the control and approval of procurement documents.

Supply chain risk management

Due diligence assessment procedures are conducted on site or in written form for the environmental and social matters include but are not limit to environment protection, occupational health and safety, labour interests, human rights and ethics. During the Reporting Period, on-site inspections have been carried out on 58 suppliers and 22 suppliers with environmental and social impact assessments respectively. The Group does not consider suppliers or service providers who have been in bribery cases or have incurred material safety or environmental incidents. The Group also conducts periodic reviews on the performance of its suppliers and service providers with the objective of better control and assurance on its products quality. Sampling inspections are performed to ensure the quality of materials. Follow-up actions will be taken accordingly when necessary.

Promoting environmentally preferable products

To ensure that the Group's products and services meet environmentally friendly requirements, IECQ QC080000 Hazardous Substance Process Management System has been established and implemented through the production processes. The Group also engages a third-party agency to conduct annual internal audit to assess the ongoing effectiveness of such management system. In addition, the Group has been committed to pursuing the ISO14001 environmental management system as well as the OHSAS18001 occupational health and safety management system. Suppliers have been notified of the requirements in terms of environmental protection, safety and health issues that they are expected to be aligned with. The Group will continue to strengthen its communication and cooperation with the suppliers and service providers in order to maintain a long-term strategic relationship and promote sustainable development of the industry chain.

To ensure that the suppliers fulfil the Group's environmental and social responsibility requirements and are in line with the Group's sustainable development, the Group also offers relevant guidance and communicates with suppliers to let them understand the Group's expectations regarding environmental impact reduction and compliance with regulations and other relevant requirements and requires suppliers to give written undertakings to comply with the Group's social responsibility policies.

B6. Product Responsibility GRI 2, 3, 416, 417, 418

Comprehensive product safety and quality management mechanism is in place, covering quality management and control, customer services, data confidentiality and customer privacy, and research and innovation, with an aim to ensure continuous improvement in the Group's product quality and service standard and establishing a reliable image to earn the long-term trust of customers on the Group's brands.

Quality control

The Group understands that the high level of standard of product quality and services must be adhered to maintain long-term customer relationship and earn customers' trust. For this reason, the Group strictly controls the quality of products, and keeps an eye on the impact of products to consumers. To safeguard consumers against any possible safety hazard during the use of products, the Group makes sure that these products are safe for use through various safety and reliability tests.

The Group has established a certified quality management system in accordance with the requirements of ISO9001 to regulate the quality management process of production, research and development, strictly control the quality and safety of its products and ensure that customers can use its products with concern. Under the quality management system, the Group carries out quality tests on the products and raw materials in accordance with industry standards and monitors key parameters of the process to ensure its stability and thus safeguard its quality. Engineering and purchasing teams co-operate with suppliers to obtain comprehensive information of each material and component. Such information allows the team to ensure whether the materials contain the relevant prohibited substances that affect the environment and the health of consumers. The Group requests the suppliers to provide laboratory report of materials issued by third-party laboratories and gives warranty to confirm that the materials does not contain restricted substances.

Product recall and return

As guided by the Group's Product Recall Procedures (《客戶退貨處理程序》), in case any product on sale in the market is found to be substandard and has potential safety hazard, the management will take immediate action to initiate recall. The Group has also adopted a product return policy and promises consumers to exchange defective products after sale and provide after sale repair service. In 2024, none of the products has been returned by customers or subject to recalls for safety and health reasons. 814 pieces of products were subject to recall due to general defect and have been returned to customers after repairments.

Environmental, Social and Governance Report

Customer service

The Group strictly follows its Customer Complaint Handling Policy (《顧客投訴處理程序》) to handle after sale product servicing requests on a daily basis and has setup in-house regional or countrywide service centres and 24-hour outsourced service centres to respond to the technical questions and product return requests in case there are quality issues of the products sold under own brands. For Original Design Manufacturer/Original Equipment Manufacturer ("ODM/OEM") products, the Group has teams in the manufacturing plant and in-house sales coordinators to take care of customer requests directly. The above measures ensure the complaints will be investigated and handled with due care. Employees and outsourced staff are well trained to handle client complaints in a prompt and courteous manner. During the Reporting Period, the Group received 4 complaints related to products or services which have all been duly handled in writing with the "Eight-Discipline Corrective/Preventive Action Report". During the Reporting Period the Group did not identify any incident of non-compliance with laws and regulations concerning the provision and use of products or services in relation to the Group.

Customer privacy and data protection

The Group's Regulation on Confidentiality and Protection of Intellectual Property Rights (《保密及保護知識產權規定》) requires all the employees to protect clients' information in a professional and ethical manner in order to preserve the integrity of the Group's relationships with clients and comply with relevant laws and regulation such as the Personal Data (Privacy) Ordinance of Hong Kong, the Patent Law of the People's Republic of China (《中華人民共和國專利法》), the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》), and the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》). Confidential information that are subject to disclosure requirements according to the applicable laws and regulations shall be exchanged internally and exclusively on a "need-to-know" basis. Relevant rules and regulations are also specified in the Business Principles (《商業原則》) requiring employees to observe confidentiality and prevent abuse of data.

Employees are required to participate in trainings in relation to the privacy policy and enter into a privacy agreement upon joining the Group to safeguard the Group's confidential information. The Group classifies confidential information and manages such information according to the respective classification. The Group arranges internal audit of the implementation of these duties each year to ensure the effective execution of the relevant privacy requirements.

During the Reporting Period, there were no complaints received concerning breaches of customer privacy and loss of data.

Intellectual property rights protection

The Group respects all intellectual property rights and actively encourages research and innovation. Any plagiarism, violation of intellectual property rights, piracy of any third parties know-how and designs in the design and development are strictly prohibited as stated in the Group's intellectual property policy.

The Group is also committed to protecting its own intellectual properties. Any inventions used or created by employees while carrying out their duties or using the Group's resources to invent, innovate, design, compose or create shall be deemed as intellectual properties of the Group. All staff of the Group shall report their inventions, innovations, designs, compositions or other creations to the Group for a decision on whether to apply for patents or copyrights. The staff are obligated to surrender all files, drafts, designs and other information on their creations to the Group and assist the Group to apply for patents or copyrights for their creations. The Group implements a project management system for the sake to enhance the security of engineering designs on both the ODM/OEM projects and the projects for brand business sector. Data and information would only be able to access with proper authorisation engineering personnel who have assigned to work on the particular projects.

B7. Anti-corruption GRI 2, 3, 205, 415

Anti-corruption and business ethics

The Group attaches great importance to conducting business with the highest level of business ethics and integrity. In order to enhance employees' integrity awareness continuously and comply with applicable laws and regulations including the Prevention of Bribery Ordinance of Hong Kong, the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》), the Interim Provisions on Banning Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》) and the Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》). Business ethics policies, including but not limited to the Regulations on Ethical Business Conduct Management (《廉潔經營管理規定》), and the Regulations on the Prohibition of Unfair Interest Regulations (《禁止不正當利益規定》) are established to provide sufficient internal guidelines on preventing potential corruption, bribery and other illegal actions during business transactions amongst stakeholders, such as its employees, customers and suppliers. The Group always upholds the principles of honesty, integrity, uprightness and fairness, and requests all employees to act impartially and fairly and not to abuse their positions for their own or someone else's interests or benefits gain while dealing with customers, suppliers and other third parties. The Group also prohibits its employees or agents from soliciting or receiving any benefits from any party having business transactions with the Group (e.g. customers, suppliers and contractors). During the Reporting Period, there was no financial and in-kind political contributions made directly and indirectly by the Group. During the Reporting Period, there was neither complaint received related to misconduct, malpractices or irregularities nor concluded legal case regarding corrupt practices that has been brought against the Group or its employees.

Environmental, Social and Governance Report

Whistle-blowing

To enable early identification and handling of corrupt practices with supervision by all employees and related parties, the Group has set up designated whistle-blowing channels to receive complaints from stakeholders. Employees are encouraged to disclose information relevant to misconduct, malpractices or irregularities through the whistle-blowing channels. It is stipulated in the Business Principles (《商業原則》) that the personal information and content of the whistle-blower will be kept confidential in order to prevent revenge, while the relevant complaints will be investigated and evaluated in a fair and proper manner. Solutions will be determined for each case, which may include punishment and legal action against any corruption in breach of the relevant laws and company policies.

Anti-corruption training

The Group requires all employees in Hong Kong and overseas to sign an annual declaration to confirm the compliance of the business ethics policy. Relevant employees are required to enter into an anti-corruption warranty in order to acknowledge the possible consequences of corruption. In 2024, policies, procedures and relevant notices have been disseminated to 5 Directors and all employees to get them familiarised with guidance on anti-corruption. The Group also provides training to the employees at least once every year with necessary and updated knowledge to deal with anti-corruption. During the Reporting Period, 796 employees in PC Partner Dongguan attended training workshops for approximately 1,592 hours with discussion on business ethics, common ways of fraud as well as methods of management and prevention of corruption. In addition, the Group also invites Independent Commission Against Corruption to conduct seminars in Hong Kong office to strengthen employees' awareness of corruption. The Group will continue to promote ethical value and culture in workplace.

B8. Community Investment GRI 2, 3, 201, 203

Community support

In active fulfilment of corporate social responsibility, the Group takes into consideration the impact of its business activities might have on the neighbourhood. Under the Business Principles (《商業原則》), the Group places great emphasis on cultivating social responsibility awareness among the staff and encourages them to better serve the community at work and during their personal time. We actively look for the opportunities and focuses on supporting our local communities. During the Reporting Period, approximately HK$7,000 was donated by the Group for the needy.

The Group will continuously support community and environmental programmes that align with the Group's missions and values in the future years.

PERFORMANCE DATA SUMMARY

Environmental[1]

KPIs		Unit	2024	2023
A1.1: Emissions of air pollutants GRI 305	NOx	Kilogram ("kg")	**192.50**	171.80
	SOx	kg	**2.49**	2.36
	PM	kg	**6.06**	4.66
A1.2: GHG emissions GRI 305	**Scope 1 — Direct GHG emissions**			
	Total direct GHG emissions	Carbon dioxide equivalent emission (in tonnes) ("tCO_2e")	**235.46**	236.58
	Intensity[2] of direct GHG emissions	tCO_2e/million HK$ of cost of production output	**0.0304**	0.0344
	Scope 2 — Energy indirect GHG emissions			
	Purchased electricity	tCO_2e	**10,616.43**	9,532.22
	Total energy indirect GHG emissions	tCO_2e	**10,616.43**	9,532.22
	Intensity[2] of energy indirect GHG emissions	tCO_2e/million HK$ of cost of production output	**1.3727**	1.3842

Notes:

1. Calculation of emission factors for environmental KPIs is based on, including but not limited to "How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" issued by SEHK, the "2023 National Power Carbon Footprint Factor" jointly released by the Ministry of Ecology and Environment of the People's Republic of China, the National Bureau of Statistics, and the National Energy Administration, the global warming potential values from the "Sixth Assessment Report" issued by Intergovernmental Panel on Climate Change, unless otherwise specified in this Report.

2. The factor used for calculating the intensity for relevant environmental KPI is "per million HK$ cost of production output". During 2024, the cost of production output amounted to HK$7,733.99 million (2023: HK$6,886.23 million). The data are also used for calculating other intensity data.

Environmental, Social and Governance Report

KPIs		Unit	**2024**	2023
A1.2: GHG emissions GRI 305 (continued)	**Scope 3 — Other indirect GHG emissions**			
	Paper waste disposed at landfills[3]	tCO_2e	**914.80**	183.45
	Business air travel by employees	tCO_2e	**20.89**	1.84
	Total other indirect GHG emissions	tCO_2e	**935.69**	185.29
	Intensity[2] of other indirect GHG emissions	tCO_2e/million HK$ of cost of production output	**0.1210**	0.0269
	Total GHG emissions			
	Total GHG emissions	tCO_2e	**11,787.58**	9,954.09
	Intensity[2] of GHG emissions	tCO_2e/million HK$ of cost of production output	**1.5241**	1.4455
A1.3: Hazardous waste GRI 306	Total hazardous waste produced	Tonnes	**45.14**	30.92
	Intensity[2] of hazardous waste produced	Tonnes/million HK$ of cost of production output	**0.0058**	0.0045
A1.4: Non-hazardous waste GRI 306	Papers[4]	Tonnes	**190.58**	38.22
	General waste	Tonnes	**41.71**	13.66
	Total non-hazardous waste produced	Tonnes	**232.29**	51.88
	Intensity[2] of non-hazardous waste produced	Tonnes/million HK$ of cost of production output	**0.0300**	0.0075

Notes:

3. Formula used for calculation of paper waste disposed at landfills: paper waste in kg x 4.8 kg CO_2 equivalent/kg.

4. The amount of paper in 2023 and 2024 included office paper and paper materials.

KPIs		Unit	2024	2023
A2.1: Energy consumption GRI 302	**Direct energy consumption[5]**			
	Diesel	Kilowatt hour ("kWh")	**88,868.96**	56,299.02
	Natural Gas	kWh	**748,563.60**	736,243.02
	Petrol	kWh	**139,704.60**	96,432.60
	Total direct energy consumption	kWh	**977,137.16**	888,974.64
	Indirect energy consumption			
	Purchased electricity	kWh	**17,109,470**	16,714,400
	Total indirect energy consumption	kWh	**17,109,470**	16,714,400
	Total energy consumption	kWh	**18,086,607.16**	17,603,374.64
	Intensity[2] of total energy consumption	kWh/million HK$ of cost of production output	**2,338.59**	2,556.32
A2.2: Water consumption GRI 303	Total water consumption	Cubic metre	**165,132**	172,855
	Intensity[2] of water consumption	Cubic metre/million HK$ of cost of production output	**21.3515**	25.1015
A2.5: Packaging material GRI 301	Total packaging material used for finished goods	Tonnes	**1,113.06**	1,342.05
	Intensity[2] of packaging material used for finished goods	Tonnes/million HK$ of cost of production output	**0.1439**	0.1949

Note:

5. The unit conversion method of energy consumption data is formulated based on the "Energy Statistics Manual" issued by the International Energy Agency.

Environmental, Social and Governance Report

Social

KPIs		Unit	2024	2023
B1.1: Total workforce GRI 2, 405	Total workforce	Number of employees	**2,536**	2,490
	By employment type			
	Full time	Number of employees	**2,530**	2,484
	Part time	Number of employees	**6**	6
	By geographical region			
	Hong Kong	Number of employees	**171**	182
	The PRC	Number of employees	**2,154**	2,210
	Rest of the world	Number of employees	**211**	98
	By gender			
	Male	Number of employees	**1,455**	1,459
	Female	Number of employees	**1,081**	1,031
	By age			
	Below 31	Number of employees	**838**	756
	31–50	Number of employees	**1,437**	1,501
	Over 50	Number of employees	**261**	233

KPIs		Unit	2024	2023
B1.2: Employee turnover rate GRI 401	Employee turnover rate[6]	%	**30.32**	49.52
	By geographical region			
	Hong Kong	%	**11.70**	9.34
	The PRC	%	**34.63**	54.62
	Rest of the world	%	**1.42**	9.18
	By gender			
	Male	%	**29.35**	49.83
	Female	%	**31.64**	49.08
	By age			
	Below 31	%	**44.15**	87.17
	31–50	%	**25.68**	36.84
	Over 50	%	**11.49**	9.01
B2.1: Number and rate of work-related fatalities GRI 403	Number of work-related fatalities occurred	Number of employees	**Nil**	Nil
	Rate of work-related fatalities occurred	%	**Nil**	Nil
B2.2: Lost days due to work injury GRI 403	Lost days due to work injury	Days	**463**	325

Note:

6. Calculation of turnover rate:

$$\frac{\textit{Number of employees who left during the reporting period}}{\textit{Number of employees at the end of the reporting period}} \times 100\%$$

Environmental, Social and Governance Report

KPIs		Unit	2024	2023
B3.1: Percentage of Employees trained[7]	Percentage of employees trained	%	**82.45**	92.36
	By gender			
	Male	%	**80.42**	91.47
	Female	%	**85.24**	93.58
	By employee category			
	Management	%	**94.74**	94.60
	General staff	%	**80.41**	92.00
B3.2: Average training hours completed[8] GRI 404	Average training hours completed per employee	Hours	**12.68**	14.04
	By gender			
	Male	Hours	**13.39**	14.62
	Female	Hours	**11.71**	13.24
	By employee category			
	Management	Hours	**20.20**	21.81
	General staff	Hours	**11.44**	12.79
B5.1: Number of suppliers GRI 2	Number of suppliers	Number of suppliers	**558**	574
	By geographical region			
	Asia Pacific	Number of suppliers	**345**	370
	The PRC	Number of suppliers	**159**	150
	North and Latin America	Number of suppliers	**40**	40
	Europe, Middle East, Africa and India	Number of suppliers	**14**	14

Notes:

7. Calculation of percentage of employees trained:

$$\frac{\textit{Number of employees trained category during the reporting period}}{\textit{Number of employees at the end of the reporting period}} \times 100\%$$

8. Calculation of average training hours for employees:

$$\frac{\textit{Training hours of employees during the reporting period}}{\textit{Number of employees at the end of the reporting period}}$$

KPIs	Unit	**2024**	2023
B6.1: Percentage of total products sold or shipped subject to recalls for safety and health reasons	%	**Nil**	Nil
B6.2: Number of products and service-related complaints received GRI 2, 3, 418	Number of complaints	**4**	4
B7.1: Number of concluded legal cases regarding corrupt practices brought against the Group or its employees GRI 205	Number of cases	**Nil**	Nil
B8.2: Resources contributed to the focus areas of contribution GRI 201	Hong Kong dollars	**7,000**	7,000
	Hours	**Nil**	Nil

Environmental, Social and Governance Report

SEHK ESG REPORTING GUIDE, SGX-ST SUSTAINABILITY REPORTING GUIDE & GRI CONTENT INDEX

Mandatory Disclosure Requirements	Section/Declaration
Governance Structure	Participation of board of directors
Reporting Principles	Reporting principles
Reporting Boundary	Report scope, standard and boundaries

Statement of use	PC Partner Group Limited has reported the information cited in this GRI content index for the period from 1 January 2024 to 31 December 2024 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

Aspects	General disclosures and KPIs	Description	Corresponding section	Corresponding SGX-ST Sustainability Reporting Guide	Corresponding GRI Standards
A. Environmental					
A1: Emissions	General Disclosure	Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the Group relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	A1. Emissions	LR 711B – 1b, PN 7.6 – 4.1c	GRI 2: General Disclosures 2021 GRI 3: Material Topics 2021 GRI 305: Emissions 2016 GRI 306: Waste 2020
	A1.1	The types of emissions and respective emissions data.	Performance Data Summary	PN 7.6 – 4.2	GRI 305: Emissions 2016
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) GHG emissions (in tonnes) and, where appropriate, intensity.	Performance Data Summary	PN 7.6 – 4.3	GRI 305: Emissions 2016
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	A1. Emissions – Waste management, Performance Data Summary	PN 7.6 – 4.3	GRI 306: Waste 2020

Aspects	General disclosures and KPIs	Description	Corresponding section	Corresponding SGX-ST Sustainability Reporting Guide	Corresponding GRI Standards
A1: Emissions (continued)	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	A1. Emissions — Waste management, Performance Data Summary	PN 7.6 — 4.3	GRI 306: Waste 2020
	A1.5	Description of emission target(s) set and steps taken to achieve them.	A1. Emissions — GHG emission management	PN 7.6 — 4.1d	GRI 3: Material Topics 2021 GRI 305: Emissions 2016
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	A1. Emissions — Waste management	PN 7.6 — 4.37	GRI 3: Material Topics 2021 GRI 306: Waste 2020
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	A2. Use of Resources	PN 7.6 — 4.37	GRI 2: General Disclosures 2021 GRI 3: Material Topics 2021
	A2.1	Direct and/or indirect energy consumption by type in total (kWh in'000s) and intensity.	A2. Use of Resources — Energy efficiency management, Performance Data Summary	PN 7.6 — 4.3	GRI 302: Energy 2016
	A2.2	Water consumption in total and intensity.	A2. Use of Resources — Water and effluent handling, Performance Data Summary	PN 7.6 — 4.3	GRI 303: Water and Effluents 2018
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	A2. Use of Resources — Energy efficiency management	PN 7.6 — 4.1d	GRI 3: Material Topics 2021 GRI 302: Energy 2016

Environmental, Social and Governance Report

Aspects	General disclosures and KPIs	Description	Corresponding section	Corresponding SGX-ST Sustainability Reporting Guide	Corresponding GRI Standards
A2: Use of Resources (continued)	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	A2. Use of Resources — Water and effluent handling	PN 7.6 — 4.1a, c, d	GRI 3: Material Topics 2021 GRI 303: Water and Effluents 2018
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	A2. Use of Resources — Use of packaging materials, Performance Data Summary	PN 7.6 — 4.3	GRI 301: Materials 2016
A3: The Environment and Natural Resources	General Disclosure	Policies on minimizing the Group's significant impacts on the environment and natural resources.	A3. The Environment and Natural Resources — Natural resources consumption	PN 7.6 — 4.37	GRI 2: General Disclosures 2021 GRI 3: Material Topics 2021
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	A3. The Environment and Natural Resources — Natural resources consumption	PN 7.6 — 4.3	GRI 3: Material Topics 2021 GRI 303: Water and Effluents 2018 GRI 305: Emissions 2016 GRI 306: Waste 2020
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the Group.	A4. Climate Change	LR 711B — 1 Aa, LR 711B — 2, PN 7.6 — 4b	GRI 2: General Disclosures 2021 GRI 3: Material Topics 2021
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the Group, and the actions taken to manage them.	A4. Climate Change	PN 7.6 — 4b	GRI 201: Economic Performance 2016

Aspects	General disclosures and KPIs	Description	Corresponding section	Corresponding SGX-ST Sustainability Reporting Guide	Corresponding GRI Standards
B. Social					
B1: Employment	General Disclosure	Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	B1: Employment — Employment practices	LR 711B — 1b, PN 7.6 — 4.1c	GRI 2: General Disclosures 2021 GRI 3: Material Topics 2021 GRI 406: Non-discrimination 2016
	B1.1	Total workforce by gender, employment type, age group and geographical region.	B1: Employment — Employment practices, Performance Data Summary	PN 7.6 — 4.1a, c	GRI 2: General Disclosures 2021 GRI 405: Diversity and Equal Opportunity 2016
	B1.2	Employee turnover rate by gender, age group and geographical region.	Performance Data Summary	PN 7.6 — 4.3	GRI 401: Employment 2016
B2: Health and Safety	General Disclosure	Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards.	B2: Health and Safety — Occupational health and safety	LR 711B — 1 b, PN 7.6 — 4.1c	GRI 2: General Disclosures 2021 GRI 3: Material Topics 2021 GRI 403: Occupational Health and Safety 2018
	B2.1	Number and rate of work- related fatalities occurred in each of the past three years including the reporting year.	B2: Health and Safety — Occupational health and safety, Performance Data Summary	PN 7.6 — 4.1a, c	GRI 403: Occupational Health and Safety 2018

Environmental, Social and Governance Report

Aspects	General disclosures and KPIs	Description	Corresponding section	Corresponding SGX-ST Sustainability Reporting Guide	Corresponding GRI Standards
B2: Health and Safety (continued)	B2.2	Lost days due to work injury.	B2: Health and Safety – Occupational health and safety, Performance Data Summary	PN 7.6 – 4.3	GRI 403: Occupational Health and Safety 2018
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	B2: Health and Safety – Occupational health and safety	PN 7.6 – 4.3	GRI 3: Material Topics 2021 GRI 403: Occupational Health and Safety 2018
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	B3: Development and Training	LR 711B – 1b, PN 7.6 – 4.1c	GRI 2: General Disclosures 2021 GRI 3: Material Topics 2021 GRI 404: Training and Education 2016
	B3.1	The percentage of employees trained by gender and employee category.	Performance Data Summary	PN 7.6 – 4.1a, c	Not directly covered by the GRI Standards
	B3.2	The average training hours completed per employee by gender and employee category.	Performance Data Summary	PN 7.6 – 4.3	GRI 404: Training and Education 2016

Aspects	General disclosures and KPIs	Description	Corresponding section	Corresponding SGX-ST Sustainability Reporting Guide	Corresponding GRI Standards
B4: Labour Standards	General Disclosure	Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the Group relating to preventing child and forced labour.	B4. Labour Standards	LR 711B – 1b, PN 7.6 – 4.1c	GRI 2: General Disclosures 2021 GRI 3: Material Topics 2021 GRI 407: Freedom of Association and Collective Bargaining 2016
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	B4. Labour Standards	LR 711B – 1b, PN 7.6 – 4.1c	GRI 3: Material Topics 2021 GRI 408: Child Labor 2016 GRI 409: Forced or Compulsory Labor 2016
	B4.2	Description of steps taken to eliminate such practices when discovered.	B4. Labour Standards	PN 7.6 – 4.1a, c	GRI 3: Material Topics 2021 GRI 408: Child Labor 2016 GRI 409: Forced or Compulsory Labor 2016

Environmental, Social and Governance Report

Aspects	General disclosures and KPIs	Description	Corresponding section	Corresponding SGX-ST Sustainability Reporting Guide	Corresponding GRI Standards
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	B5. Supply Chain Management	LR 711B – 1b, PN 7.6 – 4.1c	GRI 2: General Disclosures 2021 GRI 3: Material Topics 2021
	B5.1	Number of suppliers by geographical region.	B5. Supply Chain Management, Performance Data Summary	PN 7.6 – 4.1a, c	GRI 2: General Disclosures 2021
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	B5. Supply Chain Management – Selection and assessment	PN 7.6 – 4.1c	GRI 2: General Disclosures 2021 GRI 3: Material Topics 2021 GRI 308: Supplier Environmental Assessment 2016 GRI 414: Supplier Social Assessment 2016
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	B5. Supply Chain Management – Supply chain risk management	PN 7.6 – 4.1c	GRI 2: General Disclosures 2021 GRI 3: Material Topics 2021 GRI 308: Supplier Environmental Assessment 2016 GRI 414: Supplier Social Assessment 2016
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	B5. Supply Chain Management – Promoting environmentally preferable products	PN 7.6 – 4.1c PN 7.6 – 4.3	GRI 3: Material Topics 2021

Aspects	General disclosures and KPIs	Description	Corresponding section	Corresponding SGX-ST Sustainability Reporting Guide	Corresponding GRI Standards
B6: Product Responsibility	General Disclosure	Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	B6. Product Responsibility	PN 7.6 — 4.3	GRI 2: General Disclosures 2021 GRI 3: Material Topics 2021 GRI 416: Customer Health and Safety 2016 GRI 417: Marketing and Labeling 2016 GRI 418: Customer Privacy 2016
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	B6. Product Responsibility — Product recall and return, Performance Data Summary	PN 7.6 — 4.3	Not directly covered by the GRI Standards
	B6.2	Number of products and service related complaints received and how they are dealt with.	B6. Product Responsibility — Customer service, Performance Data Summary	PN 7.6 — 4.1c	GRI 2: General Disclosures 2021 GRI 3: Material Topics 2021 GRI 418: Customer Privacy 2016
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	B6. Product Responsibility — Intellectual property rights protection	PN 7.6 — 4.1a, c	Not directly covered by the GRI Standards
	B6.4	Description of quality assurance process and recall procedures.	B6. Product Responsibility — Quality control	PN 7.6 — 4.1a, c	Not directly covered by the GRI Standards
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	B6. Product Responsibility — Customer privacy and data protection	LR 711B — 1b, PN 7.6 — 4.1c	GRI 3: Material Topics 2021

Environmental, Social and Governance Report

Aspects	General disclosures and KPIs	Description	Corresponding section	Corresponding SGX-ST Sustainability Reporting Guide	Corresponding GRI Standards
B7: Anti-corruption	General Disclosure	Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering.	B7. Anti-corruption – Anti-corruption and business ethics	LR 711B – 1b, PN 7.6 – 4.1c	GRI 2: General Disclosures 2021 GRI 3: Material Topics 2021 GRI 205: Anti-corruption 2016 GRI 415: Public Policy 2016
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the Group or its employees during the reporting period and the outcomes of the cases.	B7. Anti-corruption – Anti-corruption and business ethics, Performance Data Summary	PN 7.6 – 4.4	GRI 205: Anti-corruption 2016
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	B7. Anti-corruption – whistle-blowing	PN 7.6 – 4.1c	GRI 2: General Disclosures 2021 GRI 3: Material Topics 2021 GRI 205: Anti-corruption 2016
	B7.3	Description of anti-corruption training provided to directors and staff.	B7. Anti-corruption – Anti-corruption training	PN 7.6 – 4.4	GRI 205: Anti-corruption 2016

Aspects	General disclosures and KPIs	Description	Corresponding section	Corresponding SGX-ST Sustainability Reporting Guide	Corresponding GRI Standards
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the Group operates and to ensure its activities take into consideration the communities' interests.	B8. Community Investment — Community support	PN 7.6 — 4.1a, c	GRI 2: General Disclosures 2021 GRI 3: Material Topics 2021
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	B8. Community Investment — Community support	PN 7.6 — 4.1a, c	GRI 203: Indirect Economic Impacts 2016
	B8.2	Resources contributed (e.g. money or time) to the focus area.	B8. Community Investment — Community support, Performance Data Summary	PN 7.6 — 4.1a, c	GRI 201: Economic Performance 2016

CORPORATE GOVERNANCE REPORT

This Corporate Governance Report highlights the best practices that the Company has adopted and explained how the Company has applied the principles of the Code Provisions set out in the Corporate Governance Code (the "Code") as contained in Part 2 of the Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). During the year ended 31 December 2024, the Company has complied with the Code except for the deviation as described below.

A. CORPORATE GOVERNANCE PRACTICES

Effective corporate governance is crucial for the Company's long-term success and sustainability. The Company has adopted the Code as the foundation for its governance practices and policies. The company continuously reviews and improves these practices and policies to ensure alignment with the evolving business environment and stakeholder expectations. The Company is committed to upholding the highest standards of corporate governance and safeguarding the interests of its stakeholders.

B. BOARD OF DIRECTORS

Role and Responsibilities

The Company's board of directors (the "Board") is collectively responsible for overseeing the Company's strategic direction, its risk management and performance. The Board consists of 13 Directors who have diverse backgrounds, skills, and experience and has established 5 committees (one of them was dissolved on 5 November 2024) to assist the Board in fulfilling its duties and responsibilities. The Board and its committees conduct regular meetings and reviews to monitor the Company's operations, financials, compliance, sustainability and risk management. The Board also engages with the senior management and external auditors to ensure the integrity and reliability of the Company's information and reporting systems.

During the year, the Board undertook the following corporate governance responsibilities:

- executed all necessary corporate restructuring actions for relocating the Company's headquarters to Singapore and secondary listing of its issued shares on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST");
- established and updated the Company's corporate governance policies and practices;
- reviewed and monitored the training and ongoing professional development of the Directors and senior management;
- ensured the Company's compliance with applicable legal, statutory, and regulatory requirements;
- developed, reviewed, and monitored the code of conduct for the Directors, officers and employees of the Company and its subsidiaries (collectively, the "Group"); and
- Assessed the Group's adherence to corporate governance codes in Hong Kong and Singapore and ensured proper disclosure in this Report.

The Board delegates the Group's management and administration functions to senior management. It also established Board committees, assigning them various duties and responsibilities as described in their respective terms of reference. During the year, except those mentioned in the board composition below, each Director has performed his/her duties in good faith, in compliance with the applicable laws and regulations, and acted in the best interests of the Company and its shareholders at all times.

Board Composition

The Board consists of 13 Directors with diverse professional or management expertise, including five Executive Directors, one Non-executive Director and seven Independent Non-executive Directors. It is chaired by Mr. WONG Shik Ho Tony. The Directors do not have any financial, business, family or other material or relevant relationships among themselves. Composition of the Board and its committees are set out on pages 77 to 80 of this Report.

The Board predominantly consists of Non-executive Directors, ensuring a high level of independence and a robust decision-making process. The Independent Non-executive Directors bring extensive expertise in finance, law, management and information technology. Their regular participation and active involvement have significantly contributed the Board's effectiveness.

Each Independent Non-executive Director has provided an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Board considers the Independent Non-executive Directors to be independent according to guidelines as set out in the Listing Rules.

Composition of the Board and the Board Committees, Directors' Attendance Records, and their Continuous Professional Training during the Year ended 31 December 2024

	Attendance Records (attended/held)								Continuous Professional Training	
				Board Committee Meetings						
Directors	Board Meetings	2024 AGM (held on 28 June 2024)	2024 EGM (held on 20 December 2024)	Audit	Remuneration	Nomination	Investment (Dissolved on 5 November 2024) (note 14)	Executive (established on 20 November 2024) (note 15)	Attending seminars/ in-house workshop relevant to the Company's business, Listing Rules and SGX Listing Manual compliance, regulatory and statutory updates	Reading newspapers, journals, and other relevant materials regarding regulatory updates and corporate governance matters
Executive Directors										
Mr. WONG Shik Ho Tony (Notes 1 and 16)	15/15 (Chairman)	1/1 (Chairman)	1/1 (Chairman)		0/2	1/3	0/0 (Chairman)	1/1 (Chairman)	√	√
Mr. WONG Fong Pak (Notes 2 and 17)	15/15	1/1	1/1				0/0	1/1	√	√
Mr. LEUNG Wah Kan (Notes 2 and 17)	15/15	1/1	1/1				0/0	1/1	√	√
Mr. HO Nai Nap (Note 17)	15/15	1/1	1/1					1/1	√	√
Mr. MAN Wai Hung (Note 17)	15/15	1/1	1/1					1/1	√	√

Corporate Governance Report

Directors	Attendance Records (attended/held)								Continuous Professional Training	
				Board Committee Meetings						
	Board Meetings	2024 AGM (held on 28 June 2024)	2024 EGM (held on 20 December 2024)	Audit	Remuneration	Nomination	Investment (Dissolved on 5 November 2024) (note 14)	Executive (established on 20 November 2024) (note 15)	Attending seminars/ in-house workshop relevant to the Company's business, Listing Rules and SGX Listing Manual compliance, regulatory and statutory updates	Reading newspapers, journals, and other relevant materials regarding regulatory updates and corporate governance matters
Non-executive Directors										
Mrs. HO WONG Mary Mee-Tak	15/15	1/1	1/1						√	√
Mr. CHIU Wing Yui (Alternate Director to Mrs. HO WONG Mary Mee-Tak) (note 3)									√	√
Independent Non-executive Directors										
Mr. LAI Kin Jerome (note 4)	8/15	1/1		2/4 (Chairman – from 1 January to 9 October)			0/0		√	√
Mr. IP Shing Hing, *B.B.S., J.P.* (note 5)	12/15	1/1		2/4	1/2 (Chairman – from 1 January to 4 November)	2/3 (Chairman – from 1 January to 4 November)	0/0		√	√
Mr. CHEUNG Ying Sheung (note 6)	12/15	1/1		2/4	1/2	2/3			√	√
Ms. CHAN Yim (note 7)	15/15	1/1	1/1	2/4 (Chairman – from 10 October to 4 November)	2/2 (Chairman – from 5 November to 31 December)	3/3			√	√
Mr. CHUA Ser Miang (note 8)	2/15		1/1	2/4 (Chairman – from 5 November to 31 December)					√	√
Mr. Jason GOH Hseng Wei (note 9)	2/15		1/1		1/2				√	√
Mr. KONG Chee Keong (note 10)	2/15		1/1	2/4					√	√
Ms. Alicia KWAN Xiuying (note 11)	2/15		1/1	2/4					√	√
Prof. LOW Teck Seng (note 12)	2/15		1/1			1/3 (Chairman – from 5 November to 31 December)			√	√
Mr. TEO Chun-Wei, Benedict (note 13)	2/15		0/1		1/2	1/3			√	√

Notes:

1. Mr. WONG Shik Ho Tony is the chairman of the Board. He was appointed as a member of the Nomination Committee and the Remuneration Committee upon their establishment on 21 December 2011. He was appointed as the Chairman of the Investment Committee upon its establishment on 28 August 2015. On 5 November 2024, Mr. WONG stepped down from his positions in the Nomination Committee, the Remuneration Committee, and the Investment Committee as part of the Company's restructuring efforts in preparation for a relocation of headquarters and its listing on the SGX-ST (the "Corporate Restructuring").

2. Mr. WONG Fong Pak and Mr. LEUNG Wah Kan were appointed as members of the Investment Committee upon its establishment and ceased to be members of it upon dissolution of the Committee.

3. Mr. CHIU Wing Yui was appointed an Alternate Director to Mrs. Ho Wong Mary Mee-Tak on 1 November 2012. He ceased to be an Alternate Director due to the Corporate Restructuring on 5 November 2024.

4. Mr. LAI Kin Jerome was appointed as an Independent Non-executive Director on 24 January 2011. He became chairman of the Audit Committee and a member of the Committees of Remuneration, Nomination and Investment upon their establishment. Mr. LAI resigned from his directorship and positions on these four committees due to health reasons on 10 October 2024.

5. Mr. IP Shing Hing was appointed as an Independent Non-executive Director on 24 January 2011. He was appointed as chairman of the Remuneration Committee and the Nomination Committee and a member of the Audit Committee and the Investment Committee upon their establishment. Mr. IP resigned from his directorship and positions on these four committees due to the Corporate Restructuring on 5 November 2024.

6. Mr. CHEUNG Ying Sheung was appointed as an Independent Non-executive Director on 24 January 2011. He joined the Audit Committee, the Remuneration Committee, and the Nomination Committee as a member upon their establishment in December 2011. Mr. CHEUNG resigned from his directorship and positions on these three committees due to the Corporate Restructuring on 5 November 2024.

7. Ms. CHAN Yim was appointed as an independent Non-executive Director on 1 January 2023. She joined the Audit Committee, the Remuneration Committee, and the Nomination Committee as a member upon her appointment. Following the resignation of Mr. LAI Kin Jerome, Ms. CHAN was appointed as the Chairman of the Audit Committee on 10 October 2024. Due to the Corporate Restructuring, she resigned from her Chairman position on the Audit Committee and was appointed as chairman of the Remuneration Committee on 5 November 2024.

8. Mr. CHUA Ser Miang was appointed as an Independent Non-executive Director and the Chairman of the Audit Committee on 5 November 2024.

9. Mr. Jason GOH Hseng Wei was appointed as an Independent Non-executive Director and a member of the Remuneration Committee on 5 November 2024.

10. Mr. KONG Chee Keong was appointed as an Independent Non-executive Director and a member of the Audit Committee on 5 November 2024.

11. Ms. Alicia KWAN Xiuying was appointed as an Independent Non-executive Director and a member of the Audit Committee on 5 November 2024.

Corporate Governance Report

12. Prof. LOW Teck Seng was appointed as an Independent Non-executive Director and the chairman of the Nomination Committee on 5 November 2024.

13. Mr. TEO Chun-Wei, Benedict was appointed as an Independent Non-executive Director and a member of the Remuneration Committee and the Nomination Committee on 5 November 2024.

14. The Investment Committee was established on 28 August 2015 with written terms of reference. It was dissolved by resolutions of the Board on 5 November 2024.

15. The Executive Committee was established on 20 November 2024 with written terms of reference.

16. Mr. WONG Shik Ho Tony was appointed as Chairman of the Executive Committee upon its establishment on 20 November 2024.

17. Mr. WONG Fong Pak, Mr. LEUNG Wah Kan, Mr. HO Nai Nap, and Mr. MAN Wai Hung were appointed as members of the Executive Committee upon its establishment on 20 November 2024.

Corporate Restructuring

On 30 August 2024, the Company applied for secondary listing of its issued shares on the Mainboard of the SGX-ST by introduction. The SGX-ST issued an eligibility-to-list letter to the Company on 4 November 2024. On 15 November 2024, the Company relocated its headquarters to Singapore and its Shares were successfully secondary listed on the SGX-ST.

In preparation for relocating the Company's headquarters from Hong Kong to Singapore (the "Relocation of Headquarters") and the secondary listing of its shares on the SGX-ST, the Group has undergone a series of exercises (the "Corporate Restructuring").

A brief description of exercises carried out by the Board for the Corporate Restructuring during the year is set out below:

Date	**Changes of the Board Composition during the year**
10 October 2024	Resignation of Mr. LAI Kin Jerome from his directorship and positions in the Audit Committee, the Remuneration Committee, the Nomination Committee, and the Investment Committee
10 October 2024	Appointment of Ms. CHAN Yim as Chairman of the Audit Committee
5 November 2024	Dissolution of the Investment Committee
5 November 2024	Resignation of Mr. IP Shing Hing from his directorship and positions in the Audit Committee, the Remuneration Committee, the Nomination Committee, and the Investment Committee
5 November 2024	Resignation of Mr. CHEUNG Ying Sheung from directorship and positions in the Audit Committee, the Remuneration Committee and the Nomination Committee
5 November 2024	Cessation of Ms. CHAN Yim as Chairman of the Audit Committee
5 November 2024	Cessation of Mr. CHIU Wing Yui as Alternate Director to Mrs. HO WONG Mary Mee-Tak
5 November 2024	Cessation of Mr. WONG Shik Ho Tony as a member of the Remuneration Committee, the Nomination Committee, and chairman of the Investment Committee
5 November 2024	Cessation of Mr. WONG Fong Pak and Mr. LEUNG Wah Kan as members of the Investment Committee
5 November 2024	Appointment of Mr. CHUA Ser Miang, Mr. Jason GOH Hseng Wei, Mr. KONG Chee Keong, Ms. Alicia KWAN Xiuying, Prof. LOW Teck Seng, and Mr. TEO Chun-Wei, Benedict as Independent Non-executive Directors and chairman/members of the board committees
20 November 2024	Establishment of the Executive Committee with written terms of reference
20 November 2024	Appointment of Mr. WONG Shik Ho Tony as Chairman, and Mr. WONG Fong Pak, Mr. LEUNG Wah Kan, Mr. HO Nai Nap and Mr. MAN Wai Hung as members of the Executive Committee

Corporate Governance Report

Board Process

The Board meet regularly and hold meetings at least four times a year at approximately quarterly intervals. Throughout the year, the Board convened 15 meetings and achieved a full attendance. All Directors attended the Company's annual general meeting on 28 June 2024 (the "2024 AGM"). An extraordinary general meeting was held in Hong Kong and Singapore contemporaneously on 20 December 2024 (the "2024 EGM") to appoint additional auditors and to adopt new memorandum and articles of association of the Company in preparation for the conversion of the Company's listing status to primary listing on the SGX-ST (the "Conversion"). Only one Independent Non-executive Director was absent from the 2024 EGM due to his business engagement. Attendance records for the 2024 AGM, the 2024 EGM, the Board, and the Board Committee meetings held in the year are set out on pages 77 to 80 of this Report.

Directors' Continuous Professional Development

During the year, all Directors have participated in continuous professional development to develop and refresh their knowledge and skill to ensure their contribution to the Board remains informed and relevant. The Company would, on an on-going basis, arrange and fund suitable training for the Directors to develop and refresh their knowledge and skills. Details of the Directors' continuous professional training are provided in the table on pages 77 and 78 of this Report.

C. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

According to code provision C.2.1 of the Code, the roles of chairman and chief executive officer should be performed by separate individuals. Mr. WONG Shik Ho Tony served as both the chairman and the chief executive officer of the Company for the year. As one of the Group's founders, Mr. WONG has been actively involved in its daily operation since its inception. He oversees strategic planning and corporate development, supported by the other Executive Directors.

The Board consists of 13 Directors and the Non-executive Directors (including seven Independent Non-Executive Directors) forming the majority. This Board composition ensures a strong capacity for independent decision-making. These 13 directors, collectively, bring a diverse mix of skills, knowledge, experience, and management expertise to the Board. Given that all major decisions are made after thorough discussions, and the Independent Non-executive Directors consistently play an active role in the decision-making, the Board believes that the current structure fosters a strong and balanced corporate management, which is in the best interests of the shareholders of the Company.

D. APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

Resignation

During the year, the following persons ceased to be Directors on their accords. Each of them has confirmed that there is no disagreement with the Board and no matter relating to their resignation that needs to be brought to the attention of the Stock Exchange of Hong Kong Limited, the SGX-ST and shareholders of the Company.

Date of Resignation	Name of Director	Office Held	Reason of the Resignation/cessation
10 October 2024	Mr. LAI Kin Jerome	Independent Non-executive Director	Health Reasons
5 November 2024	Mr. CHIU Wing Yui	Alternate Director to Mrs. HO WONG Mary Mee-Tak	Corporate Restructuring
	Mr. IP Shing Hing	Independent Non-executive Director	
	Mr. CHEUNG Ying Sheung	Independent Non-executive Director	

New Appointment

During the year, the Board appointed six Independent Non-executive Directors (as set out in the table below) for the Corporate Restructuring. Their letters of appointment with the Company are for a fixed term of three years from 5 November 2024, subject to termination by either party with at least three months' written notice.

All newly appointed Directors have obtained legal advice from a firm of solicitors qualified to advise on Hong Kong law as required under Rule 3.09D of the Listing Rules. The dates on which they obtained the legal advice are set out in the table below. Each newly appointed Director had confirmed his/her understanding of his/her obligations as a director of a listed company.

Date of Appointment	Name of Director	Office Held	Date of Obtaining Legal Advice
5 November 2024	Mr. CHUA Ser Miang	Independent Non-executive Director	17 September 2024
	Mr. Jason GOH Hseng Wei		22 October 2024
	Mr. KONG Chee Keong		17 September 2024
	Ms. Alicia KWAN Xiuying		30 September 2024
	Prof. LOW Teck Seng		22 October 2024
	Mr. TEO Chun-Wei, Benedict		30 September 2024

Corporate Governance Report

Re-election in 2024 AGM

All Directors are subject to rotation pursuant to Article 108 of the Company's Articles of Association ("Articles of Association"). At each annual general meeting, a minimum of one-third of the Directors for the time being shall retire from office by rotation and shall then be qualified for re-election. Each Director shall retire from office at least once every three years. During the year, the Directors set out in the table below were retired and re-elected at the 2024 AGM on 28 June 2024.

Name of Director	Office Held
Mr. WONG Shik Ho Tony	Executive Director
Mr. WONG Fong Pak	Executive Director
Mrs. HO WONG Mary Mee-Tak	Non-executive Director
Mr. IP Shing Hing	Independent Non-executive Director

Re-election in 2025 AGM

According to Article 108 of the Articles of Association, the following Directors will retire from office by rotation at the upcoming annual general meeting on 25 April 2025 (Friday) (the "2025 AGM"), and being eligible, will offer themselves for re-election at the meeting.

Name of Director	Office Held
Mr. LEUNG Wah Kan	Executive Director
Mr. MAN Wai Hung	

According to Article 112 of the Articles of Association, any Director appointed by the Board either to fill a casual vacancy or as an addition to the existing Board shall hold office until the 2025 AGM, and shall then be eligible for re-election. All the six newly appointed Directors (whose names are in the table below) will retire from office at the 2025 AGM, and being eligible, will offer themselves for re-election at the meeting.

Name of Director	Office Held
Mr. CHUA Ser Miang	Independent Non-executive Director
Mr. Jason GOH Hseng Wei	
Mr. KONG Chee Keong	
Ms. Alicia KWAN Xiuying	
Prof. LOW Teck Seng	
Mr. TEO Chun-Wei, Benedict	

E. BOARD COMMITTEES

The Board has established five board committees (the "Committees") (as set out in the table below) with written terms of reference.

Board Committee	Date of Establishment	Remark
Audit Committee	21 December 2011	
Nomination Committee	21 December 2011	
Remuneration Committee	21 December 2011	
Investment Committee	28 August 2015	Dissolved by the resolutions of the Board on 5 November 2024
Executive Committee	20 November 2024	

The composition of these Committees is provided on pages 77 to 80 of this Report. These Committees are equipped with resources and timely information to enable their members to fulfill their responsibilities effectively. They have access to independent professional advice, as needed, to support their duties at the Company's expense.

Audit Committee

The Company established the Audit Committee on 21 December 2011 with written terms of reference.

The Audit Committee serves as a focal point for communication between the Board, external and internal auditors (or the professional firm which provides internal audit services) of the Company in respect of the Company's financial reporting, internal controls, external and internal audits.

During the year, there were major changes in the composition of the Audit Committee. Details of these changes are set out in the table below:

Date	Changes in Composition of the Audit Committee
10 October 2024	Resignation of Mr. LAI Kin Jerome as Chairman due to health reasons
	Appointment of Ms. CHAN Yim as Chairman upon Mr. LAI's resignation
5 November 2024	Resignation of Mr. IP Shing Hing and Mr. CHEUNG Ying Sheung as members due to the Corporate Restructuring
	Cessation of Ms. CHAN Yim as Chairman due to the Corporate Restructuring
	Appointment of Mr. CHUA Ser Miang as Chairman due to the Corporate Restructuring
	Appointment of Mr. KONG Chee Keong and Ms. Alicia KWAN Xiuying as members due to the Corporate Restructuring

Corporate Governance Report

As at the date of this Report, the Audit Committee consists of 3 Independent Non-executive Directors. It is chaired by Mr. CHUA Ser Miang. All members have a strong financial management or accounting backgrounds, possess knowledge and experience in corporate governance, internal controls and risk management.

During the year, the Audit Committee convened 4 meetings and achieved full attendance. The composition of the Audit Committee and attendance record of each of the Committee members are set out on pages 77 to 80 of this Report.

During the year, the Audit Committee performed the following duties:

- Approved terms of engagement of the following professional firms and made recommendations on their appointment and retention:

  a) BDO Limited as the Company's auditors,

  b) Grant Thornton to perform internal audit function,

  c) BDO LLP as the Company's additional auditors to comply with the requirements of the Conversion.

- Held regular meetings with external auditors to discuss financial reporting obligations and audit issues.

- Reviewed and monitored the external auditors' independence, objectivity, and the effectiveness of the audit process under applicable standards.

- Monitored the integrity of the Company's financial statements, reports, and other financial matters.

- Reviewed the financial reports before submitting them to the Board to ensure compliance with the applicable financial reporting requirements.

- Assisted the Board in maintaining an effective risk management and internal control system.

- Reviewed the adequacy of resources in the Company's accounting, financial reporting, internal control, and risk management functions.

Remuneration Committee

The Company established the Remuneration Committee on 21 December 2011 with written terms of reference.

The Remuneration Committee is responsible for establishing policies on the structure and remuneration of the Company's Directors and senior management. It conducts periodic reviews and makes recommendations to the Board to ensure a formal and transparent remuneration policy is in place.

The Company adopted a remuneration policy on 13 January 2012 (the "Remuneration Policy"). Under the Remuneration Policy, remunerations of the Directors and employees of the Group is based on their merit, qualifications, and competence, as well as the Company's profitability and the prevailing market pay conditions.

The Remuneration Committee determines the emoluments (such as Director fees, salaries, bonuses, pension, share options, housing and other allowances) for the Directors and senior management of the Group, as proposed by management, in accordance with the Remuneration Policy. The Remuneration Committee meets at least once per annum.

During the year, the Remuneration Committee convened 2 meetings and achieved almost full attendance. Composition of the Remuneration Committee and the attendance record of each of its members are set out on pages 77 to 80 of this Report.

At the date of this Report, the Remuneration Committee consists of 3 members who are Independent Non-executive Directors. It is chaired by Ms. CHAN Yim. The composition of the Remuneration Committee is set out on pages 77 to 80 of this Report.

During the year, there were major changes in the composition of the Remuneration Committee. Details of these changes are set out in the table below:

Date	**Changes in Composition of the Remuneration Committee**
10 October 2024	Resignation of Mr. LAI Kin Jerome as a member due to health reasons
5 November 2024	Resignation of Mr. IP Shing Hing as Chairman and Mr. CHEUNG Ying Sheung as a member due to the Corporate Restructuring
	Cessation of Mr. WONG Shik Ho Tony as a member due to the Corporate Restructuring
	Appointment of Ms. CHAN Yim as Chairman due to the Corporate Restructuring
	Appointment of Mr. Jason GOH Hseng Wei and Mr. TEO Chun-Wei, Benedict as members due to the Corporate Restructuring

During the year, the Remuneration Committee performed the following duties:

- Reviewed the Remuneration Policy.
- Made recommendations of the remuneration package of the Independent Non-executive Directors to the Board for approval.
- Reviewed and approved the Group's remuneration proposals prepared by management to ensure their alignment with the Board's goals and objectives.
- Reviewed and approved the remuneration package of the Executive Directors, and ascertained that a substantial part of it corresponded to the corporate and individual performance.

Corporate Governance Report

Nomination Committee

The Company established the Nomination Committee on 21 December 2011 with written terms of reference.

The Nomination Committee is responsible for formulating policies on the nomination of Directors and senior management to ensure the Company follows a formal and transparent process for the appointment. It identifies suitable candidates and advises the Board on their appointment or reappointment and their succession planning. It reviews the structure, size, and composition of the Board annually and proposes any changes to the Board that align with the Company's corporate strategy.

The Company adopted a nomination policy for the appointment, re-election, and removal of Directors in March 2019. The policy requires that individuals appointed as Directors possess the character, professional skill, work experience, and integrity and demonstrate a level of competence that meets the Company's expectations.

At the date of this Report, the Nomination Committee consists of 3 members who are Independent Non-executive Directors. It is chaired by Prof. LOW Teck Seng. The composition of the Nomination Committee is set out on pages 77 to 80 of this Report.

The Nomination Committee meets at least once per annum. During the year, the Nomination Committee convened 3 meetings with very high turnout. The composition of the Committee and the attendance record of each of its members are set out on pages 77 to 80 of this Report.

During the year, there were major changes in the composition of the Nomination Committee. Details of these changes are set out in the table below:

Date	Changes in Composition of the Nomination Committee
10 October 2024	Resignation of Mr. LAI Kin Jerome as a member due to health reasons
5 November 2024	Resignation of Mr. IP Shing Hing as Chairman and Mr. CHEUNG Ying Sheung as a member due to the Corporate Restructuring
	Cessation of Mr. WONG Shik Ho Tony as a member due to the Corporate Restructuring
	Appointment of Prof. LOW Teck Seng as Chairman due to the Corporate Restructuring
	Appointment of Mr. TEO Chun-Wei, Benedict as a member due to the Corporate Restructuring

During the year, the Nomination Committee has performed the following duties:

- Recommended the proposed appointment of six Independent Non-executive Directors to the Board for approval;

- Reviewed structure, size and composition (including gender, skills, knowledge and experience) of the Board; and

- Advised the Board on the re-appointment of Directors.

Investment Committee

The Board set up the Investment Committee on 28 August 2015 with written terms of reference.

The Investment Committee establishes policies for the Company's long term investment and performs periodic reviews on them. It assesses investment proposals from management and advises the Board on these proposals. The Investment Committee comprises 5 members, including three Executive Directors and two Independent Non-executive Directors. It was chaired by Mr. WONG Shik Ho Tony. Composition of the committee is set out on pages 77 to 80 of this Report. No Investment Committee meeting was held during the year.

On 5 November 2024, the Investment Committee was dissolved by the resolution of the Board and, after its dissolution, all its functions were returned to and assumed by the Board.

Executive Committee

The Board set up the Executive Committee on 20 November 2024 with written terms of reference.

The Executive Committee advises and assists the Board in formulating policies and monitoring the performance of the management in carrying out and implementing the Board's policies for the Group. Without prejudice to the generality of the foregoing, the Executive Committee undertakes the following duties and responsibilities:

- developing the Company's strategic and investment plans and making recommendations to the Board;

- developing the Company's annual budget and capital expenditure (including any amendments thereto), and making recommendations to the Board;

- monitoring and reviewing the implementation of the Group's strategic and investment plans;

- monitoring and reviewing the organization, business, and personnel policies of the Group;

- liaising and consulting with other Board committees on all matters about the Group's businesses;

Corporate Governance Report

- taking any actions necessary to enable it to discharge the powers and functions conferred by the Board; and
- performing any tasks delegated by the Board from time to time.

The Executive Committee consists of five members, all of whom are Executive Directors. It is chaired by Mr. WONG Shik Ho Tony. One Executive Committee meeting was held during the year with full attendance. The composition of the Executive Committee and its members' attendance records are set out on pages 77 to 80 of this Report.

During the year, the Executive Committee reviewed and approved the Company's execution of a corporate guarantee in favour of a bank for the provision of general banking facilities by the bank to one of the Company's subsidiaries for its operational needs.

F. COMPANY SECRETARY

Ms. LEE Yuet Wan was appointed as the Company Secretary effective on 1 September 2021. She holds a Bachelor's degree in Law from the University of London, a Master's degree in International Economic Law from the Chinese University of Hong Kong, and a Master's degree in Language Studies (Language and Law) from the City University of Hong Kong. Ms. LEE joined the Group in August 2011 and is well acquainted with the Group's daily operations. She reports to the Chairman of the Board and has a duty to ensure all Directors have access to her advice and services. Besides, she has duties to ensure the board activities are conducted efficiently and effectively under applicable policies, rules, and regulations.

During the year, Ms. LEE discharged the following duties:

- Provided legal and company secretarial supports to the Group;
- arranged and organized meetings of the Board and the Committees, as well as the 2024 AGM and the 2024 EGM;
- advised the Board on corporate governance matters; and
- organized induction for newly appointed Independent Non-executive Directors and ongoing professional training for the Directors.

Ms. LEE completed no less than 15 hours of relevant professional training during the year.

G. DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules as the required standard for regulating Directors' dealings in the Company's securities (the "Model Code").

A Director who wishes to deal in the Company's securities (the "Shares") must notify the Chairman (or a Director designated by the Board for such purpose) in writing and obtain his acknowledgment before any dealing with the Shares.

Under Rule A.1 of the Model Code, no Director shall deal in any Shares when possessing any inside information concerning the Shares, or without clearance under Rule B.8 of the Model Code. However, Mr. LAI Kin Jerome ("Mr. LAI"), an Independent Non-executive Director, sold 6,000 Shares on 26 August 2024 and 14,000 Shares on 28 August 2024 in the open market while possessing certain inside information without prior acknowledgment from the Chairman, thereby violating Rules A.1 and B.8 of the Model Code. Due to health reasons, Mr. LAI resigned from his position as an Independent Non-executive Director, chairman of the Audit Committee and a member of the Remuneration Committee, the Nomination Committee and the Investment Committee effective on 10 October 2024.

Following specific inquiries by the Company, all the current Directors confirmed their compliance with the required standards as set out in the Model Code throughout the year.

H. RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining an adequate system of risk management and internal controls for the Company, conducting an annual review through the Audit Committee.

Under code provision D.2.5 of the Code, the Company should have an internal audit function. Although the Company did not have an internal audit function during the year, it appointed a professional firm to assess its risk management and internal controls on an annual basis. This professional firm reported directly to and held regular meetings with the Audit Committee.

In April 2024, the professional firm was engaged to evaluate the internal controls over certain business processes and risk management systems as part of the Company's initiative to list its Shares on the SGX-ST. In September 2024, the firm presented an Internal Controls Assessment Report (the "Assessment Report"), which included:

- assessment of internal control weaknesses of the Company and its key subsidiaries, covering financial and business procedures, systems and internal controls (including financial, operational, compliance and information technology controls); and

- recommendations for improvement in relation to its proposed listing on the SGX-ST.

Management has implemented remedial measures in response to the recommendations in the Assessment Report, and it is concluded that the Company's risk management and internal control system is effective and adequate.

It is believed that continuing to engage such an external professional firm to perform the internal audit function on an annual basis provides an independent unbiased opinion to the Board and enhances risk management and internal control of the Group.

Corporate Governance Report

I. AUDITORS' REMUNERATION AND AUDIT RELATED MATTERS

Auditors' Remuneration

The remuneration paid and payable for the year ended 31 December 2024 to the Company's external auditor, BDO Limited, is set out as follows:

Services rendered to the Group	HK$
Audit services	1,640,000
Joint audit service	953,000
Non-audit services (note)	160,000

Note: Non-audit services on agreed-upon procedures on the interim results of the Group and preliminary results announcement.

The remuneration paid or payable to other audit firms for audit and non-audit services for the other subsidiaries is approximately HK1,598,000.

Appointment of additional Auditors

On 15 November 2024, the Company's Shares were secondary listed on the SGX-ST. It plans to apply for conversion of its listing status on the SGX-ST from secondary to primary listing once a minimum public float of 10% of its Shares is achieved.

The SGX-ST issued SGX Listing Decision numbered LD-2024–01 on 3 September 2024, which addresses the conversion by companies' listing status on the SGX-ST from secondary to primary listing. According to the Decision, the Company must appoint joint auditors for the financial year in which the Conversion takes place.

The Board anticipates that the Conversion will take place during the financial year ending 31 December 2025. To comply with the above requirement, the Board has proposed to appoint BDO LLP as additional auditors of the Company. The joint auditors will be responsible for the financial statements of the year in which the conversion takes place.

The proposed appointment of BDO LLP, in addition to the Company's auditors, was approved by a special resolution by shareholders at the 2024 EGM on 20 December 2024. Both BDO Limited and BDO LLP will hold office until the conclusion of the 2025 AGM.

J. DIVERSITY

The Company has implemented a board diversity policy to ensure a balanced representation of gender, culture, education, skills, and experience on the Board. The current Board consists of 13 Directors (including five Executive Directors, a Non-executive Director and seven Independent Non-executive Directors), all from diverse cultural, age and professional backgrounds, with 3 female Directors (an increase from 2 female Directors during the year).

Although women constitute less than 10% of the Company's senior management, The Board is committed to improving gender diversity when more suitable candidates are identified for Board and senior management positions.

In selecting directors and senior management, the Company considers various factors, such as gender, age, culture, education, ethnicity, professional experience, skills, knowledge, length of service, and other factors. The Company does not set immediate numerical targets or deadlines for the gender ratio in the workforce. The appointments are based on the merit and contribution of the candidates, with a strong emphasis on the benefit of diversity on the Board.

The Nomination Committee will regularly review the board diversity policy, monitoring its implementation and effectiveness to ensure an appropriate balance of gender diversity on the Board and within the senior management, in line with the stakeholders' expectations.

K. SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting by shareholders

Article 64 of the Company's Articles of Association stipulates that an extraordinary general meeting of the Company must be convened upon the request of one or more shareholders holding at least 10% of the Company's paid up capital with voting rights at general meetings concerned. Shareholders can make a written request to the Board or the Company Secretary to call an extraordinary general meeting by the Board for any specified business. Such a meeting must be held within 2 months of the request. If the Board does not convene the extraordinary general meeting within 21 days of the request, the requester may convene the meeting himself, the Company must reimburse all reasonable expenses incurred due to the Board's failure to convene such meeting.

Procedure for putting forward a shareholder's proposal at general meetings

Shareholder may put forward a proposal at the Company's general meeting by sending a written notice of proposal (the "Proposal") with his contact information to the Company's principal places of business below for the attention of the Board or the Company Secretary:

	The Company's Principal Places of Business
Singapore (Headquarters)	#11–27, West Tower, 20 Pasir Panjang Road, Mapletree Business City, Singapore 117439
Hong Kong	28th Floor, NCB Innovation Centre, 888 Lai Chi Kok Road, Kowloon, Hong Kong

Corporate Governance Report

The Company will verify the identity of the shareholders through its branch share registrars in Singapore or Hong Kong (as applicable). Once the relevant branch share registrar confirms that the request is valid, lawful, and from a shareholder of the Company, the Board will incorporate the Proposal into the agenda for the general meeting. Shareholders will receive sufficient notice to consider the Proposal, with the notice period being no less than those specified below:

	Minimum Notice Period for convening a general meeting (excluding the date of notice and the date of meeting)	
Nature of Proposal	**Annual General Meeting**	**Extraordinary General Meeting**
Ordinary Resolution	21 days	14 days
Special Resolution	21 days	21 days

L. INVESTORS RELATIONS

Significant changes in the Company's constitutional documents

On 27 November 2024, the Board proposed certain amendments to the Company's memorandum and articles of association (the "Memorandum and Articles of Association") to, inter alia, comply with the relevant requirements of the Listing Rules and the SGX-ST Listing Manual (the "Listing Manual") for the Conversion. Such amendments will become effective upon the conversion of listing status from secondary to primary on the SGX-ST. The proposed adoption of a new Memorandum and Articles of Association was approved as a special resolution by shareholders at the extraordinary general meeting on 20 December 2024.

Shareholders Communication Policy

The Company has adopted a shareholders communication policy to ensure all its shareholders ("Shareholders") and, where appropriate, the wider investment community (including prospective investors and analysts) (the "Investment Community") are provided with ready, equal and timely access to balanced and understandable information about the Company at all relevant times, to enable them to exercise their rights in an informed manner. Principal channels of communication used by the Company for communication with Shareholders and the Investment Community during the year are set out below:

Shareholders meeting:	General meetings of the Company are the principal means of communication between the Company and the Shareholders. Shareholders are invited to attend and participate actively in person (and in the case of hybrid meetings, both in person and online through designated platforms) or by their proxies who may exercise their voting rights on their behalf at the Shareholders Meetings. The 2024 AGM and 2024 EGM were convened at locations and time that are convenient to the Shareholders. All Directors, the chief financial officer and auditors of the Company attended the 2024 AGM, and almost all Directors attended the 2024 EGM to respond to Shareholders' inquiries.

Corporate Communications:	The Company releases its financial results on semi-annually and annually, along with interim and annual reports. The Company maintains communicates with Shareholders through announcements, circulars, notices and other regulatory disclosures in compliance with the Listing Rules and the Listing Manual. All corporate communications are available in both English and Chinese to facilitate Shareholders' understanding. During the year, unless otherwise required by the Listing Rules, the Listing Manual or applicable laws and regulations, the Company delivered all corporate communications (the "Corporate Communications") to Shareholders electronically. Printed copies were provided upon requested by Shareholders. Financial reports and updated business information are published in accordance with the Listing Rules on the SEHK's (www.hkexnews.hk), the Listing Manual on the SGX-ST's website (sgx.com/securities), and the Company's websites (www.pcpartner.com) respectively to keep Shareholders and the Investment Community informed of the latest company information.
Corporate Website:	The Company's website (www.pcpartner.com) features a dedicated Investor Relations section. All Corporate Communications and other information that the Company publishes on SEHK's and the SGX-ST's websites will be promptly posted on the Company's website. The Company will keep its website updated regularly.
Investment Community Engagement:	The Company have meetings with the Investment Community on a regular basis to ensure their continual and effective communication.
Shareholding, Share Transfer, Share Registration, Payment of Dividend:	Shareholders may contact the Company's branch share registrars below:

	Branch Share Registrars	Address
Singapore Shareholders	B.A.C.S. Private Limited	77 Robinson Road, #06–03 Robinson 77, Singapore 068896
Hong Kong Shareholders	Computershare Hong Kong Investor Services Limited	Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong

Corporate Governance Report

Investor Relations, General Inquiry, Corporate Communications and Whistleblowing:

Shareholders, the Investment Community and general public may contact the Company's designated officers set out in the table below:

Particulars	Email Address	Office Address	Attention
Investor Relations	ir@pcpartner.com	#11–27, West Tower, 20 Pasir Panjang Road, Mapletree Business City, Singapore 117439 (Headquarters)	Chief Financial Officer
General Inquiry	inquiry@pcpartner.com		Chief of Staff
Corporate Communications	corp.comm@pcpartner.com	28th Floor, NCB Innovation Centre, 888 Lai Chi Kok Road, Kowloon, Hong Kong	Company Secretary
Whistleblowing	ethics@pcpartner.com		Company Secretary

Others:

Shareholders and the Investment Community may ask for the Company's information to the extent that it is publicly available.

The Company has published its Shareholder Communication Policy on its website. The Company will review the policy from time to time to ensure its efficacy in maintaining high standards of communication between the Company, Shareholders and the Investment Community. The Board has recently reviewed the Shareholders Communication Policy and considers the existing communication channels provide an effective communication between Shareholders and the Company.

M. DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Directors are responsible for preparing consolidated financial statements that provide a true and fair view in accordance with the accounting principles generally accepted both in Singapore and in Hong Kong. The Auditor's statement regarding their responsibilities for the consolidated financial statements is included in the Independent Auditor's Report in this Report.

There are no material uncertainties exist regarding events or conditions that could significant doubt the Company's ability to continue as a going concern.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. WONG Shik Ho Tony, aged 65, was appointed as a *Director* on 1 April 2010 and re-designated as an *Executive Director* and *Chief Executive Officer* on 24 January 2011. He co-founded the Group in May 1997. He is also the chairman of the Executive Committee of the Board, which was established on 20 November 2024. Mr. WONG is responsible for the overall strategic management and corporate development of the Group. He directly oversees the Group's finance and administration functions as well as the sales and marketing functions of the Group's VGA Cards, motherboards, Mini PCs and other PC accessories businesses. He also sits on the boards of various companies within the Group. Prior to co-founding the Group in 1997, he worked as a general manager at VTech Computers Limited. Mr. WONG was conferred a Bachelor of Science degree in Electronics & Electrical Engineering by the University of Swansea, South Wales, the United Kingdom in 1982.

Mr. WONG Fong Pak, aged 75, was appointed as a *Director* on 1 April 2010 and re-designated as an *Executive Director* and *Executive Vice President* on 24 January 2011. He is a co-founder of the Group and a member of the Executive Committee of the Board. Mr. WONG is responsible for managing the Group's materials management function and sales and business development function of the Group's EMS business. He also sits on the boards of various companies within the Group. Prior to co-founding the Group in 1997, Mr. WONG worked as purchasing manager at VTech Computers Limited.

Mr. LEUNG Wah Kan, aged 66 was appointed as a *Director* on 1 April 2010 and re-designated as an *Executive Director* and *Chief Operation Officer* on 24 January 2011. He is a co-founder of the Group and is a member of the Executive Committee of the Board. Mr. LEUNG is responsible for the strategic management of the Group's manufacturing operations in China and the product design and development engineering activities of the Group. He also sits on the boards of various companies within the Group. Prior to co-founding the Group in 1997, he worked at VTech Computers Limited for more than 14 years, serving in various capacities from a testing engineer to a general manager. Mr. LEUNG was conferred a Bachelor of Science in Engineering degree in 1981 by the University of Hong Kong (the "University").

Mr. HO Nai Nap, aged 69, was appointed as an *Executive Director* on 24 January 2011. He is the founder of ASK Technology Limited ("ASK Technology") which was established in 1989. Mr. HO is the general manager and managing director of ASK Technology Group Limited, a wholly-owned subsidiary of the Company, and is a member of the Executive Committee of the Board. He is responsible for the general management, including product and sales. He also sits on the boards of various companies within the Group. Before founding ASK Technology, Mr. HO worked for Plantronics Inc., Compression Labs Inc., Texas Instruments Hong Kong Ltd. and Telefunken Electronic Far East Ltd. Mr. HO was conferred a Bachelor of Science in Electrical and Computer Engineering degree in 1980 and a Master of Science degree in 1982 by the Oregon State University. He is a registered Professional Engineer in Electrical Engineering in California, the U.S.A..

Mr. MAN Wai Hung, aged 59, was appointed as an *Executive Director* on 24 January 2011 and is a member of the Executive Committee of the Board. He is one of the co-founders of Manli Technology Co. Limited, which was established in 1996. Since 2008, Mr. MAN has been the managing director of Manli Technology Group Limited, a wholly-owned subsidiary of the Company and is in charge of functions of sales and marketing, and business development. He was conferred a Bachelor of Arts degree in 1988 by the University.

Directors and Senior Management

NON-EXECUTIVE DIRECTORS

Mrs. HO WONG Mary Mee-Tak, aged 75, was appointed as a *Non-executive Director* on 24 January 2011. Mrs. HO was the wife of the late Mr. HO Hin Wun Bosco, a co-founder of the Group. Mrs. HO also sits on the Board as Non-executive Director of other companies within the Group. She pursued her studies in interior design at Ryerson University (now known as Toronto Metropolitan University) and graduated in 1972.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. CHAN Yim, aged 52, was appointed as an *Independent Non-executive Director* on 1 January 2023. She graduated from the Hong Kong University of Science and Technology with a bachelor's degree in Business Administration in Accounting in 1995. She is a fellow member of the Hong Kong Institute of Certified Public Accountants holding practising certificate. Ms. CHAN was appointed as company secretary of Great Wall Terroir Holdings Limited (formerly known as Great Wall Belt & Road Holdings Limited, and formerly also known as e-Kong Group Limited) (stock code: 0524) from May 2017 to March 2018. Ms. CHAN has over 25 years of experience in financing, auditing, accounting and company secretarial areas.

Mr. CHUA Ser Miang, age 56, was appointed as an *Independent Non-executive Director* on 5 November 2024. Mr. CHUA is a Director at Crowe Horwath Capital Pte. Ltd., specialising in the origination and execution of capital market transactions. Prior to joining Crowe Horwath Capital Pte. Ltd., he has worked for Eastwin Capital Pte. Ltd., Stamford Management Pte. Ltd. and DMG & Partners Securities Pte. Ltd. Mr. CHUA was conferred a Bachelor of Business Administration degree by the National University of Singapore in 1993 and a Master of Science in Global Finance & Banking by King's College London in 2021. He is a Chartered Financial Analyst charter holder from the CFA Institute and a Chartered Valuer and Appraiser charter holder from the Institute of Valuers and Appraisers, Singapore.

Mr. Jason GOH Hseng Wei, age 48, was appointed as an *Independent Non-executive Director* on 5 November 2024. Mr. GOH is a Senior Vice President and the Head of Strategic Investments and Mergers and Acquisitions at SATS Ltd., a global leading provider of gateway services and food solutions based in Singapore and listed on the Main Board of the SGX-ST, where he oversees SATS Ltd's global strategic investments, acquisitions and other related business opportunities. Mr. GOH has a background of more than 20 years in finance and corporate finance and has also previously worked as an investment banker and practised as a corporate lawyer. Mr. GOH was conferred a Bachelor of Science (Social Sciences) in Accounting and Law (Double Honours) from the University of Southampton in 2001.

Mr. KONG Chee Keong, age 57, was appointed as an *Independent Non-executive Director* on 5 November 2024. Mr. KONG was most recently the CEO and Executive Director of Darco Water Technologies Limited. Prior to joining Darco Water Technologies Limited, he was the Managing Director of Penvest Co. Pte Ltd., which he founded in 2011. Mr. KONG was conferred a Bachelor of Accountancy degree by the National University of Singapore in 1991 and a Master of Business Administration by the University of Manchester in 2003. Mr. KONG has been a Chartered Accountant with the Institute of Singapore Chartered Accountants since 2014 and is currently a member of the Singapore Institute of Directors.

Ms. Alicia KWAN Xiuying, age 43, was appointed as an *Independent Non-executive Director* on 5 November 2024. Ms. KWAN is a Team and Professional Coach specialising in helping teams, leaders and professionals co-create connected and effective work environments by aligning behaviours and ways of communication to their vision. Prior to this, Ms. KWAN has more than 15 years experience in the corporate finance and mergers & acquisitions industry where she worked for RTA Collab Capital Pte. Ltd., a subsidiary of Rajah & Tann Singapore LLP, and SAC Capital Private Limited. She was most recently a Director at RTA Collab Capital Pte. Ltd., a subsidiary of Rajah & Tann Singapore LLP, where she helped to set up and develop a new M&A origination department. Ms. KWAN was conferred a Bachelor of Accountancy by the Nanyang Technological University in 2003 and completed the Newfield Coaching Program, an accredited program by the International Coaching Federation, in 2021. She is also an executive committee member of the Asia Pacific Alliance of Coaches and the Chair of the Team Coaching Committee.

Prof. LOW Teck Seng, age 69, was appointed as an *Independent Non-executive Director* on 5 November 2024. Prof. LOW is a Senior Vice President (Sustainability and Resilience) at the National University of Singapore, where he oversees, manages and coordinates sustainability initiatives across the university. He was the former CEO of the National Research Foundation (NRF) of Singapore, Managing Director for the Agency for Science Technology and Research (A*STAR) and dean of engineering at the National University of Singapore. Prof. LOW received his Bachelor of Science in Electrical & Electronic Engineering in 1978 from the University of Southampton and subsequently received his Ph.D. from the same university in 1982. Prof. LOW is also a Fellow with the Institution of Engineers Singapore and Institute of Electrical and Electronic Engineers USA.

Mr. TEO Chun-Wei, Benedict, age 45, was appointed as an *Independent Non-executive Director* on 5 November 2024. Mr. TEO is a Director of Dispute Resolution and Head of Banking & Financial Disputes at Drew & Napier LLC. He regularly advises and acts for major corporations on matters of corporate governance, issues relating to management and employee matters, as well as corporate, commercial and regulatory disputes. Mr. TEO has been recognised as a leading lawyer in major law directories including Legal 500, Asialaw Leading Lawyers and Benchmark Litigation, and was named by the Singapore Business Review as one of "Singapore's Most Influential Lawyers Under 40" in 2016. Mr. TEO was conferred a Bachelor of Laws degree by the National University of Singapore in 2004.

SENIOR MANAGEMENT

Mr. WONG Man Fai, age 63, *Director of Product,* is responsible for product marketing of the ZOTAC VGA Cards of the Group. Mr. Wong has over 20 years' experience in the electronic sector and in the product marketing, logistic, purchasing and inventory control functions. He holds a Bachelor Degree in Business (Management) from Royal Melbourne Institute of Technology University Australia and a Higher Certificate in Purchasing and Supply from Hong Kong Baptist University. He joined the Group in July 2006.

Mr. LIU Ngai Choi, age 53, *Director of Sales — APAC Region,* is responsible for the Group's sales and marketing of motherboards, VGA Cards and miniPC products in the Asia Pacific region. Mr. Liu has over 15 years of relevant electronics sales experience. Prior to joining the Group in October 2005, he has worked with Ocean Office Automation and Accuracy Information Technology.

Mr. YANG Ho Ching, age 60, *General Manager,* is responsible for the Group's VGA Cards, motherboard and miniPC manufacturing operations in Dongguan. He joined the Group in November 2013. Mr. Yang has more than 25 years' experience in electronic engineering and computer manufacturing in Taiwan and China. Prior to joining the Group, he has held various quality and manufacturing management positions at Taiwan Micro-Star International, Xin Qiang Electronics and GVC Corporation etc.

Directors and Senior Management

Mr. HUANG Chia Pao, age 59, is *Director of Product,* is responsible for the product development of motherboard and miniPC businesses of the Group. Mr. Huang joined the Group in August 2009. Prior to that, he held various product development and management positions in computer hardware companies such as Abit Computer Corporations, DFI San Jose and OCZ Technology Group in Taiwan and the U.S.A. Mr. Huang holds a Bachelor Degree in Business Administration from the National Chung Hsing University in Taiwan.

Mr. LAU Ka Lai Gary, age 55, *Chief Financial Officer,* is responsible for overall financial, accounting, legal and information technology functions of the Group. He is also the President of Zotac USA, a wholly-owned subsidiary of the Company in the U.S.A. Mr. Lau joined the Group in October 2010. Prior to joining the Group, he has worked for ROLEX (HONGKONG) LIMITED, Johnson Electric International Limited, Linyi Shansong Biological Products Company Limited, Oracle Systems Hong Kong Limited, e2e Business Solutions Limited and Deloitte Touche Tohmatsu. Mr. Lau is a member of American Institute of Certified Public Accountants and a member of Hong Kong Institute of Certified Public Accountants. Mr. Lau graduated from the University of Windsor, Canada, with a Bachelor Degree in Commerce and the University of Western Ontario, Canada, with a Bachelor Degree in Science. He also holds a Master Degree in Business Administration and a Master Degree in Business Systems from the University of Manchester and the Monash University respectively.

Mr. CHOW Pak Keung, age 58, *Director of Program Management — EMS,* is responsible for account servicing and program management of the Group of EMS business. Prior to joining the Group in July 1997, he was a Senior Mechanical Engineer of VTech Computers Limited. Mr. Chow holds a Higher Certificate in Mechanical Engineering from Hong Kong Polytechnic University and a Diploma in Mechanical Engineering from Vocational Training Council.

Mr. FONG Wing Fai, age 58, *Engineering Director — Design,* is responsible for the Group's design engineering, product planning, design roadmap as well as advising the Group on the latest product technology trend and strategy. Mr. Fong has over 25 years' experience in engineering industry. Prior to joining the Group, he has worked for VTech Computers Limited as Project Manager. Mr. Fong holds a Bachelor Degree in Electrical and Electronic Engineering from the University.

Mr. KIM Seong Pyo, age 62, *General Manager* of Zotac Korea, a wholly-owned subsidiary of the Company. Mr. Kim has more than 25 years' experience in international IT business. Prior to joining Zotac Korea in May 2010, he has worked for Inside TNC Europe. Mr. Kim holds a Master Degree in Business from Hamburg University Germany.

Ms. HO Ka Yan Annie, age 50, *Chief of Staff,* is responsible for the Group's human resource management and organizational administration. Ms. Ho joined the Group in 2013 and has more than 18 years' experience in human resource and administration in Hong Kong and China. Prior to joining the Group, she has held various positions in G'Five Group as well as private equity management offices.

Mr. SIU Yu Ping Ernest, age 36, serves as the *Director of Marketing, Corporate & Hongkong,* Mr. Siu joined the company in 2017, overseeing marketing and public relations for the company. With a wealth of experience in the consumer electronics industry, Mr. Siu previously worked for Canon, Tesla, and Hong Kong Telecom etc. He holds a Bachelor's Degree in Policy Studies & Administration from the City University of Hong Kong. Additionally, Mr. Siu has obtained a Postgraduate Diploma in Finance and Law from the University of Hong Kong, as well as a Professional Certificate in Digital & Social Media Marketing from the Hong Kong Polytechnic University.

REPORT OF THE DIRECTORS

The Directors have the pleasure in presenting their report and the audited consolidated financial statements for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the design, development and manufacturing of VGA Cards for desktop PCs, EMS, and manufacturing and trading of other PC related products and components. The Company acts an investment holding company. Principal businesses of its subsidiaries as at 31 December 2024 are set out in notes 40 to the consolidated financial statements.

An analysis of the Group's segment and revenue information is set out in notes 6 and 7 respectively to the consolidated financial statements.

BUSINESS REVIEW

The Company has committed to providing comprehensive reviews of the Group's businesses and performance in this Report. A summary of the relevant sections in this Report encompassing the mandatory disclosures pursuant to Schedule 5 to the Companies Ordinance (Cap. 622 of the laws of Hong Kong SAR) is set out below:

Required Disclosure	Relevant Sections in this Report	Page
A fair review of the Group's business and a discussion and an analysis of the Group's performance during the year	• Chairman Statement • Management Discussion and Analysis	8 10
A description of the principal risks and uncertainties facing the Group	• Potential Risks and Uncertainties • Financial Risk Management, note 38 to the consolidated financial statements	13 179
Particulars of important events affecting the Group that have occurred since the end of the financial year ended 31 December 2024	• Chairman Statement	8
Outlook for the Group's business	• Chairman Statement	8
Details regarding the Company's compliance with relevant laws and regulations which have a significant impact on the Company	• Corporate Governance Report	76
Description of the Group's key relationships with its stakeholders	• Environmental, Social and Governance Report	31

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of comprehensive income on page 116 of this Report.

Report of the Directors

An interim dividend of HK$0.20 per share (2023: HK$0.1 per share) was paid for the six months ended 30 June 2024.

The Board has recommended a final dividend of HK$0.15 per share for the year ended 31 December 2024 to be paid on or before 6 June 2025 (Friday) to the shareholders of the Company whose names appear on the Company's register of members. The proposed dividend is subject to the approval of shareholders of the Company at the Company's forthcoming annual general meeting on 25 April 2025 (Friday) (the "2025 AGM").

DIVIDEND POLICY

The Company has adopted a dividend policy and the Board shall consider the following factors before declaring or recommending dividends:

(a) the Company's current and future operations, actual and expected financial performance;

(b) the Group's liquidity position, working capital and capital expenditure requirements and future expected capital needs;

(c) any corporate development plans;

(d) any restrictions on payments of dividends that may be imposed by the Group's lenders or other third parties;

(e) the level of the Group's debt to equity ratio, return on equity and the relevant financial covenants;

(f) retained earnings and distributable reserves of the Company and each of the members of the Group;

(g) general economic conditions, the business cycle of the Group's business and other internal and external factors that may have an impact on the business or financial performance and position of the Company; and

(h) any other factor that the Board deems appropriate and relevant.

The declaration and payment of dividends by the Company is also subject to any restrictions under the laws of the Cayman Islands, the articles of association of the Company and any applicable laws, rules and regulations.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in note 32 to the consolidated financial statements.

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out on page 119 and note 41 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31 December 2024 amounted to approximately HK$1,002.9 million.

DONATIONS

Charitable and other donations made by the Group during the year amounted to HK$7,000.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to shareholders by reason of their holding of the Company's securities.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment are set out in note 16 to the consolidated financial statements.

INFORMATION ON SUBSIDIARIES

Particulars of the subsidiaries of the Company are set out in note 40 to the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

The following is a summary of the consolidated results, assets, and liabilities of the Group for each of the last five years ended 31 December 2024.

	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Revenue	**10,081,957**	9,167,215	10,755,308	15,459,055	7,761,758
Profit before income tax	**311,538**	88,136	843,208	2,930,124	247,720
Income tax	**(50,866)**	(28,248)	(141,311)	(553,568)	(39,683)
Profit for the year	**260,672**	59,888	701,897	2,376,556	208,037
Attributable to:					
Owners of the Company	**262,131**	60,843	702,484	2,374,320	207,276
Non-controlling interests	**(1,459)**	(955)	(587)	2,236	761
	260,672	59,888	701,897	2,376,556	208,037
ASSETS AND LIABILITIES					
Total assets	**5,015,203**	5,295,367	6,162,010	6,924,463	3,993,180
Total liabilities	**(2,153,196)**	(2,521,152)	(3,310,865)	(3,834,121)	(2,889,402)
Total equity	**2,862,007**	2,774,215	2,851,145	3,090,342	1,103,778

Report of the Directors

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year.

SHARE OPTION SCHEME

The Company's shareholders approved and adopted the 2016 Share Option Scheme on 17 June 2016. Details of the 2016 Share Option Scheme are set out in note 33 to the consolidated financial statements.

7,961,866 options were available for grant under the 2016 Share Option Scheme at the beginning of the year. There were no outstanding options at the beginning or end of the financial year, and no options were granted, exercised, cancelled or lapsed during the year.

On 18 July 2024, the Company early terminated the 2016 Share Option Scheme under its terms. Immediately before the termination, the maximum number of shares for which options could be granted under the 2016 Share Option Scheme was 7,961,866, with no outstanding options. Following the termination, the Company no longer has any share option scheme or share award scheme in relation to the Shares or other securities exchangeable or convertible into Shares.

DIRECTORS

Executive Directors	Remarks
Mr. WONG Shik Ho Tony	
Mr. WONG Fong Pak	
Mr. LEUNG Wah Kan	
Mr. HO Nai Nap	
Mr. MAN Wai Hung	
Non-executive Directors	
Mrs. HO WONG Mary Mee-Tak	
Mr. CHIU Wing Yui (Alternate Director to Mrs. HO WONG Mary Mee-Tak)	Ceased to be an Alternate Director on 5 November 2024
Independent Non-executive Directors	
Ms. CHAN Yim	
Mr. CHUA Ser Miang	Appointed on 5 November 2024
Mr. Jason GOH Hseng Wei	Appointed on 5 November 2024
Mr. KONG Chee Keong	Appointed on 5 November 2024
Ms. Alicia KWAN Xiuying	Appointed on 5 November 2024
Prof. LOW Teck Seng	Appointed on 5 November 2024
Mr. TEO Chun-Wei, Benedict	Appointed on 5 November 2024
Mr. LAI Kin Jerome	Resigned on 10 October 2024
Mr. IP Shing Hing, *B.B.S., J.P.*	Resigned on 5 November 2024
Mr. CHEUNG Ying Sheung	Resigned on 5 November 2024

Pursuant to Articles 108 and 112 of the Articles of Association, the following directors will retire from office at the 2025 AGM, and being eligible, will offer themselves for re-election in the meeting.

Name of Director	Office Held
Mr. LEUNG Wah Kan	Executive Director
Mr. MAN Wai Hung	
Mr. CHUA Ser Miang	Independent Non-executive Director
Mr. Jason GOH Hseng Wei	
Mr. KONG Chee Keong	
Ms. Alicia KWAN Xiuying	
Prof. LOW Teck Seng	
Mr. TEO Chun-Wei, Benedict	

The Company has received annual confirmation of independence from each of the seven Independent Non-executive Directors, namely, Ms. CHAN Yim, Mr. CHUA Ser Miang, Mr. Jason GOH Hseng Wei, Mr. KONG Chee Keong, Ms. Alicia KWAN Xiuying, Prof. LOW Teck Seng and Mr. TEO Chun-Wei, Benedict that they have met all the factors concerning their independence as set out in Rule 3.13 of the Listing Rules and that there are no other factors which may affect their independence. The Company considers these Independent Non-executive Directors to be independent.

EQUITY-LINKED AGREEMENTS

Save for the 2016 Share Option Scheme as set out in this Report, no equity-linked agreements were entered into by the Group, or subsisted during the year.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Except as disclosed in note 36 to the consolidated financial statements, no transaction, arrangement or contract of significance to which the Company, any of its holding companies or fellow subsidiaries, was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' SERVICE CONTRACTS

Each of the Executive Directors has entered into a service agreement with the Company for a term of 3 years commencing from 12 January 2011 unless terminated by either party by giving to the other party not less than 3 months' prior written notice and is subject to retirement by rotation and re-election at the annual general meeting. Under the agreements, the Executive Directors will receive a fixed monthly salary, an end-of-year bonus (in an amount equal to their then monthly salary), a discretionary performance bonus and a discretionary profit-sharing bonus.

Report of the Directors

Ms. CHAN Yim was appointed as an Independent Non-executive Director with effective from 1 January 2023. Mr. CHUA Ser Miang, Mr. Jason GOH Hseng Wei, Mr. KONG Chee Keong, Ms. Alicia KWAN Xiuying, Prof. LOW Teck Seng and Mr. TEO Chun-Wei, Benedict were appointed as Independent Non-executive Directors on 5 November 2024. The letters of appointment of all the seven Independent Non-executive Directors are for a term of 3 years commencing from their dates of appointment unless otherwise terminated by either party by giving a minimum of 3 months' prior written notice.

All Directors are subject to retirement by rotation and re-election at the annual general meeting. Apart from the above, none of the Directors offering themselves for re-election at the forthcoming annual general meeting has a service contract with the Company or any member of the Group which is not determinable within one year without payment of compensation, other than statutory compensation.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into with Directors or existed during the year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) ("SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the SEHK pursuant to the Model Code are as follows:

Long Positions in the shares of the Company

Name of Director	Type of Interest	Number of Shares Held	Percentage of Shareholding
Mr. WONG Shik Ho Tony	Beneficial Owner	55,405,750	14.28%
Mrs. HO WONG Mary Mee-Tak	Beneficial Owner	55,050,000	14.19%
Mr. WONG Fong Pak	Beneficial Owner	27,639,750	7.13%
Mr. LEUNG Wah Kan	Beneficial Owner	25,100,500	6.47%
Mr. HO Nai Nap	Beneficial Owner	21,472,538	5.54%
Mr. MAN Wai Hung	Beneficial Owner	5,807,065	1.50%

Save as disclosed above, as at 31 December 2024, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified by the Company and the SEHK pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the 2016 Share Option Scheme as set out in this Report, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or chief executive of the Company (including their spouse and minor children) to acquire benefits by means of the acquisition of shares in or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2024, the following parties with interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company according to Section 336 of the SFO:

Interest in the Company

Name	Long/Short Position	Type of Interest	Number of Shares Held	Percentage of Shareholding
Mr. WONG Shik Ho Tony	Long Position	Beneficial Owner	55,405,750	14.28%
Mrs. HO WONG Mary Mee-Tak	Long Position	Beneficial Owner	55,050,000	14.19%
Mr. WONG Fong Pak	Long Position	Beneficial Owner	27,639,750	7.13%
Mr. LEUNG Wah Kan	Long Position	Beneficial Owner	25,100,500	6.47%
Mr. HO Nai Nap	Long Position	Beneficial Owner	21,472,538	5.54%

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of sales and purchases attributable to the Group's largest customers and suppliers are as follows:

	2024 %	2023 %
Sales		
— the largest customer	**6%**	6%
— five largest customers combined	**19%**	18%
Purchases		
— the largest supplier	**72%**	69%
— five largest suppliers combined	**83%**	78%

During the year, none of the Directors, their associates or any shareholders (which to the knowledge of the Directors own more than 5% of the share capital of the Company) had any interest in any of the Group's five largest customers or suppliers.

Report of the Directors

CONNECTED TRANSACTIONS

During the year, there are no connected transactions of the Group which are subject to the requirements of reporting, annual review, announcement and independent shareholders' approval under Chapter 14A of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

CORPORATE GOVERNANCE

The corporate governance report is set out on pages 76 to 96 of this Annual Report.

PERMITTED INDEMNITY

Pursuant to the Articles of Association of the Company, the Director(s) shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation to any affairs of the Company.

The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group throughout the year.

AUDITORS

The consolidated financial statements for the year ended 31 December 2024 have been audited by BDO Limited.

On 20 December 2024, BDO LLP was appointed as additional auditors of the Company by shareholders in the 2024 EGM. The appointment of additional auditors was for compliance with the SGX Listing Manual before the conversion of the Company's listing status to a primary listing on the SGX-ST. Both BDO Limited and BDO LLP will be jointly responsible for the Company's financial statements for the financial year in which the conversion takes place.

The Joint Auditors will retire and offer themselves for re-appointment in the forthcoming AGM. A resolution for the re-appointment of the Joint Auditors will be proposed at the AGM.

ON BEHALF OF THE BOARD
WONG Shik Ho Tony
Chairman

Hong Kong, 28 February 2025

INDEPENDENT AUDITOR'S REPORT

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

TO THE MEMBERS OF PC PARTNER GROUP LIMITED
(栢能集團有限公司)
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of PC Partner Group Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 116 to 195, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information. In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Refer to notes 4(g) and 7 to the consolidated financial statements

The Group's revenue principally comprises sales of video graphics cards, electronics manufacturing services and other PC related products and components. Customers obtain control of the products when the goods are delivered to and have been accepted. Revenue is thus recognised when the customers accepted the products.

We identified the recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Group and it is significant to the consolidated financial statements.

Our response:

During our audit, we conducted the following audit procedures, amongst others, to address this key audit matter.

- Obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls over revenue recognition;

- Assessing the appropriateness of the Group's revenue recognition policy under HKFRS 15 by inspecting a sample of representative contracts with customers;

- Assessing the existence and identity of a sample of new customers of the Group during the year by performing background searches on these customers;

- Assessing whether revenue had been recognised in the appropriate accounting period and in accordance with the terms of the sales contracts by comparing a sample of sales transactions recorded immediately before and after the year end with relevant underlying documents, which included delivery notes or documentation indicating the customers' acknowledgement of delivery of the goods sold; and

- Identifying significant sales returns from the sales ledger after the year end and inspecting the underlying documentation in relation to these sales returns to assess if the related adjustments to revenue had been accounted for in the appropriate accounting period.

Provision for obsolete inventories

Refer to notes 4(e), 5 and 22 to the consolidated financial statements

As at 31 December 2024, inventories net of provision for obsolescence of HK$99,254,000, amounted to HK$842,325,000 which represent approximately 16.8% of total assets of the Group. The inventories are measured at the lower of cost and net realisable value. Sale of video graphics cards and other PC related products and components can be extremely volatile with the launching in the market of new computer products based on more advanced technology. As a result there is significant risk that the carrying value of inventories exceed their net realisable value. In view of the above, management has made estimates based on certain assumptions relating to inventory obsolescence. Obsolescence provision considerations included inventories ageing profiles, as well as different market factors impacting the sales of these models of products. In addition, the determination of the method and period to use to determine the provisioning percentages to be applied to aged inventories as a result of changing trends, requires significant judgement based on experience.

Accordingly, the provision carried against inventories is considered to be a key audit matter.

Our response:

During our audit, we conducted the following audit procedures, amongst others, to address this key audit matter:

- Evaluating the assumptions and estimates applied to the determination of obsolescence provision by performing analytical procedures and comparison to historical records, taking into account recent developments in the market;

- Assessing whether there were inventories which were sold with a negative margin by checking to sales invoices or available market information subsequent to 31 December 2024 on a sample basis to validate management's assessment of inventory obsolescence; and

- Checking on a sample basis that items on the inventory ageing listing were classified in the appropriate ageing bracket.

Independent Auditor's Report

Impairment of trade receivables

Refer to notes 4(f), 5, 23 and 38(a) to the consolidated financial statements

As at 31 December 2024, the Group had trade receivables measured at amortised cost of HK$1,007,590,000 and accumulated impairment losses of HK$295,457,000 has been made over the balance.

Determining loss allowances for trade receivables measured at amortised cost is based on management's estimate of the lifetime expected credit losses to be incurred, which is estimated by taking into account the credit loss experience, ageing of trade receivables, customers' repayment history and customers' financial position and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgement. We identified assessing the recoverability of trade receivables measured at amortised cost as a key audit matter because the assessment of the recoverability of trade receivables and recognition of loss allowances are inherently subjective and require significant management judgement.

Our response:

During our audit, we conducted the following audit procedures, amongst others, to address this key audit matter:

- Obtaining an understanding of the model adopted by management in estimating lifetime expected credit losses and key controls which oversee credit control, debt collection and estimation of lifetime expected credit losses;

- Checking the ageing analysis of the trade receivables, on a sample basis;

- Assessing the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgement, including checking the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information; and

- Checking subsequent settlement of the year end trade receivables balances on a sample basis.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants

Ng Wai Man
Practising Certificate no. P05309

Hong Kong, 28 February 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Revenue	6, 7	**10,081,957**	9,167,215
Cost of sales		**(9,126,471)**	(8,466,469)
Gross profit		**955,486**	700,746
Other revenue and other gains/(losses), net	8	**51,031**	30,770
Selling and distribution expenses		**(129,588)**	(138,183)
Administrative expenses		**(532,043)**	(442,773)
Reversal of provision/(provision) for impairment losses on financial assets		**3,417**	(3,118)
Finance costs	9	**(36,765)**	(59,306)
Profit before income tax	10	**311,538**	88,136
Income tax	11	**(50,866)**	(28,248)
Profit for the year		**260,672**	59,888
Other comprehensive income, after tax			
Items that are or may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign subsidiaries		**(9,665)**	(1,381)
Reclassification adjustment for disposal of a joint venture during the year		**(8,062)**	—
Total comprehensive income for the year		**242,945**	58,507
Profit/(loss) for the year attributable to:			
— Owners of the Company		**262,131**	60,843
— Non-controlling interests		**(1,459)**	(955)
		260,672	59,888
Total comprehensive income for the year attributable to:			
— Owners of the Company		**244,404**	59,462
— Non-controlling interests		**(1,459)**	(955)
		242,945	58,507
		HK$	HK$
Earnings per share	15		
— Basic		**0.68**	0.16
— Diluted		**0.68**	0.16

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment	16	**636,945**	557,369
Right-of-use assets	17	**109,223**	92,559
Intangible assets	18	**4,825**	4,825
Other financial asset	19	**1,268**	1,268
Deferred tax assets	21	**7,614**	5,788
Trade and other receivables	23	**16,433**	5,664
Total non-current assets		**776,308**	667,473
Current assets			
Inventories	22	**842,325**	1,135,492
Trade and other receivables	23	**980,922**	894,097
Right of return assets	24	**28,984**	38,601
Current income tax recoverable		**52,641**	68,487
Cash and bank balances	25	**2,334,023**	2,491,217
Total current assets		**4,238,895**	4,627,894
Total assets		**5,015,203**	5,295,367
Current liabilities			
Trade and other payables	26	**1,076,314**	1,280,048
Refund liabilities	27	**35,571**	48,837
Contract liabilities	28	**51,775**	60,957
Borrowings	29	**819,533**	982,426
Provision for product warranties and returns	30	**40,508**	41,124
Lease liabilities	31	**37,522**	30,164
Current income tax liabilities		**12,645**	8,546
Total current liabilities		**2,073,868**	2,452,102
Net current assets		**2,165,027**	2,175,792
Total assets less current liabilities		**2,941,335**	2,843,265

Consolidated Statement of Financial Position

As at 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Non-current liabilities			
Lease liabilities	31	**73,460**	69,050
Other payables	26	**5,868**	—
Total non-current liabilities		**79,328**	69,050
NET ASSETS		**2,862,007**	2,774,215
Capital and reserves			
Share capital	32	**38,788**	38,788
Reserves		**2,823,294**	2,734,043
Equity attributable to owners of the Company		**2,862,082**	2,772,831
Non-controlling interests		**(75)**	1,384
TOTAL EQUITY		**2,862,007**	2,774,215

On behalf of the Board

WONG Shik Ho Tony
Director

WONG Fong Pak
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Equity attributable to owners of the Company											
	Share capital HK$'000	Share premium (note (a)) HK$'000	Translation reserve HK$'000	Merger reserve (note (b)) HK$'000	Other reserve (note (c)) HK$'000	Legal reserve (note (d)) HK$'000	Financial asset at FVTOCI reserve HK$'000	Share-based payment reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2023	38,768	197,619	(2,255)	6,702	21,775	3,506	(14,352)	167	2,596,876	2,848,806	2,339	2,851,145
Profit for the year	–	–	–	–	–	–	–	–	60,843	60,843	(955)	59,888
Other comprehensive income												
– exchange differences on translating foreign subsidiaries	–	–	(1,381)	–	–	–	–	–	–	(1,381)	–	(1,381)
Total comprehensive income	–	–	(1,381)	–	–	–	–	–	60,843	59,462	(955)	58,507
Share issued under share option scheme	20	417	–	–	–	–	–	(115)	–	322	–	322
Lapse of share options	–	–	–	–	–	–	–	(52)	52	–	–	–
Dividends paid (note 14)	–	–	–	–	–	–	–	–	(135,759)	(135,759)	–	(135,759)
At 31 December 2023 and 1 January 2024	**38,788**	**198,036**	**(3,636)**	**6,702**	**21,775**	**3,506**	**(14,352)**	**–**	**2,522,012**	**2,772,831**	**1,384**	**2,774,215**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**262,131**	**262,131**	**(1,459)**	**260,672**
Other comprehensive income												
– exchange differences on translating foreign subsidiaries	**–**	**–**	**(9,660)**	**–**	**(5)**	**–**	**–**	**–**	**–**	**(9,665)**	**–**	**(9,665)**
– Reclassification adjustment for disposal of a joint venture during the year	**–**	**–**	**(8,062)**	**–**	**–**	**–**	**–**	**–**	**–**	**(8,062)**	**–**	**(8,062)**
Total comprehensive income	**–**	**–**	**(17,722)**	**–**	**(5)**	**–**	**–**	**–**	**262,131**	**244,404**	**(1,459)**	**242,945**
Dividends paid (note 14)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(155,153)**	**(155,153)**	**–**	**(155,153)**
Transfer from retained profit	**–**	**–**	**–**	**–**	**–**	**7,131**	**–**	**–**	**(7,131)**	**–**	**–**	**–**
At 31 December 2024	**38,788**	**198,036**	**(21,358)**	**6,702**	**21,770**	**10,637**	**(14,352)**	**–**	**2,621,859**	**2,862,082**	**(75)**	**2,862,007**

Notes:

(a) Share premium represents premium arising from the issue of shares at a price in excess of their par value per share. Under the Companies Law of the Cayman Islands, the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(b) Merger reserve represents the difference between the share capital of the Company and the combined share capital and share premium of the subsidiaries (after eliminating intra-group investments and share capital) acquired by the Company pursuant to the Reorganisation underwent in December 2011.

(c) Other reserve represents the excess of the fair value of shares issued as consideration for acquisition of the additional interests of the subsidiaries from their non-controlling shareholders pursuant to the Reorganisation over their nominal values.

(d) Legal reserve included (i) reserve appropriated by a subsidiary established in Macau under the Macau Commercial Code which requires the subsidiary to retain not less than 25% of profits of the accounting period as legal reserve, until such reserve reaches 50% of the capital of this entity; and (ii) reserves appropriated by the Group's subsidiaries established in the PRC pursuant to the PRC Company Law and the respective articles of association which require the PRC subsidiaries to appropriate 10% of its annual statutory net profit (determined in accordance with the PRC accounting principles and regulations and after offsetting any prior years' losses) to the statutory reserve fund until such reserve fund reaches 50% of the registered capital of these entities. The statutory reserve can be utilised, upon obtaining approval by the relevant authorities, to offset accumulated losses or to increase capital of the subsidiary, provided that the balance after such issue is not less than 25% of its registered capital.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Operating activities			
Profit before income tax		311,538	88,136
Adjustments for:			
Depreciation of property, plant and equipment		67,865	74,568
Depreciation of right-of-use assets		34,988	31,889
Interest income		(63,791)	(50,228)
Net fair value gains on derivative financial instruments		(164)	(506)
Interest expense		36,765	59,306
Bad debts written off		—	1,753
Gain on disposal of property, plant and equipment		(215)	(40)
Gain on termination of lease		—	(20)
Gain on disposal of a joint venture		(8,062)	—
Property, plant and equipment written off		1	2
(Reversal of provision)/provision for impairment losses on financial assets		(3,417)	3,118
(Reversal of provision)/provision for obsolete inventories		(19,326)	41,763
Provision for product warranties and returns, net		14,809	17,404
Operating profit before working capital changes		370,991	267,145
Inventories		313,164	654,772
Trade and other receivables		(86,688)	375,916
Right of return assets		9,617	30,960
Trade and other payables		1,451,368	2,409,625
Refund liabilities		(13,266)	(34,957)
Contract liabilities		(8,538)	(15,573)
Provision for product warranties and returns		(15,425)	(15,716)
Cash generated from operations		2,021,223	3,672,172
Interest paid		(33,991)	(59,306)
Income tax paid		(32,396)	(37,773)
Net cash generated from operating activities		1,954,836	3,575,093

	Notes	2024 HK$'000	2023 HK$'000
Investing activities			
Payments to acquire property, plant and equipment		**(140,815)**	(33,073)
Prepayments to acquire property, plant and equipment		**(6,335)**	(8,736)
Proceeds from disposal of property, plant and equipment		**279**	40
Payments to acquire right-of-use assets		**(71)**	(15)
Placement of time deposit with initial maturity of over three months		**(514,690)**	(665,650)
Withdrawal of time deposit with initial maturity of over three months		**748,759**	274,400
Interest received		**62,763**	50,228
Cash received on settlement of derivative financial instruments		**164**	506
Net cash generated from/(used in) investing activities		**150,054**	(382,300)
Financing activities			
Issue of new shares		**–**	322
Dividends paid to owners of the Company		**(155,153)**	(135,759)
Repayment of bank loans		**(7,757)**	(7,757)
Repayment of import loans		**(1,812,922)**	(3,119,178)
Repayment of principal of lease liabilities		**(33,199)**	(31,425)
Net cash used in financing activities		**(2,009,031)**	(3,293,797)
Net increase/(decrease) in cash and cash equivalents		**95,859**	(101,004)
Cash and cash equivalents at beginning of year		**2,100,381**	2,206,987
Effect of exchange rate changes on cash and cash equivalents		**(18,847)**	(5,602)
Cash and cash equivalents at end of year, representing cash and bank balances (net of pledged deposit and time deposit with initial maturity of over three months)	25	**2,177,393**	2,100,381

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

PC Partner Group Limited (the "Company") was incorporated in the Cayman Islands on 1 April 2010 with limited liability under the Companies Act (Revised) of the Cayman Islands and its shares have been primary listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "SEHK") since 12 January 2012 and secondary listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 15 November 2024. The address of its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KYI-1108, Cayman Islands. Its principal place of business is situated at 28/F., NCB Innovation Centre, 888 Lai Chi Kok Road, Kowloon, Hong Kong and #11–27, West Tower, 20 Pasir Panjang Road, Mapletree Business City, Singapore 117439.

The Company and its subsidiaries (referred to as the "Group") are engaged in the business of design, manufacturing and trading of electronics and personal computer ("PC") parts and accessories with its operation base in Mainland China and Indonesia and trading of electronics and PC parts and accessories with its operation bases in Singapore, Hong Kong, Japan, Korea and the U.S.A.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of amended HKFRSs — effective on 1 January 2024

The HKICPA has issued a number of amended HKFRSs that were adopted by the Group effective from 1 January 2024:

• Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
• Amendments to HKAS 1	Non-current Liabilities with Covenants
• HK Interpretation 5 (2022)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
• Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
• Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Amendments to HKAS 1: Classification of Liabilities as Current or Non-current

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

(a) Adoption of amended HKFRSs — effective on 1 January 2024 (Continued)

Amendments to HKAS 1: Non-current Liabilities with Covenants

The amendments clarify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. An entity is required to disclose information about these covenants in the notes to the financial statements.

HK Interpretation 5 (2022): Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

HK Interpretation 5 (2022) was revised as a consequence of the Amendments to HKAS 1 issued in December 2022. The revision to HK Interpretation 5 (2022) updates the wordings in the interpretation to align with the Amendments to HKAS 1 with no change in conclusion and do not change the existing requirements.

Amendments to HKFRS 16: Lease Liability in a Sale and Leaseback

The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements of HKFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require a seller-lessee to determine "lease payments" or "revised lease payments" such that the seller-lessee would not recognise a gain or loss that relates to the right of use retained by the seller-lessee. The amendments also clarify that applying the requirements does not prevent the seller-lessee from recognising in profit or loss any gain or loss relating to subsequent partial or full termination of a lease.

Amendments to HKAS 7 and HKFRS 7: Supplier Finance Arrangements

The amendments add a disclosure objective to HKAS 7 Cash flow statements stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, HKFRS 7 Financial Instruments: Disclosures was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

(b) New and amended HKFRSs that have been issued but are not yet effective

The following new and amended HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments[2]
Annual improvements to HKFRS Accounting Standards — Volume 11[2]	
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]

1 Effective for annual periods beginning on or after 1 January 2025.

2 Effective for annual periods beginning on or after 1 January 2026.

3 Effective for annual periods beginning on or after 1 January 2027.

4 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

Amendments to HKFRS 10 and HKAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

Amendments to HKAS 21 and HKFRS 1: Lack of Exchangeability

The amendments specify when a currency is exchangeable into another currency and when it is not and how an entity estimates the spot exchange rate when a currency is not exchangeable. In addition, the amendments require disclosure of information that enables users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

(b) New and amended HKFRSs that have been issued but are not yet effective (Continued)

Amendments to HKFRS 9 and HKFRS 7: Classification and Measurement of Financial Instruments

The amendments include requirements on:

- classification of financial assets with environmental, social or governance targets and similar features;
- settlement of financial liabilities through electronic payment systems; and
- disclosures regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent feature.

Annual improvements to HKFRS Accounting Standards — Volume 11

The Annual Improvements contain narrow amendments to HKFRSs and accompanying guidance as part of its regular maintenance of the standards.

The amendments to HKFRS 1 update the wordings in paragraph B6 regarding "qualifying criteria" and added cross-references to HKFRS 9 in paragraphs B5 and B6 to improve the consistency with the requirements of HKFRS 9 and understandability of HKFRS 1 related to hedge accounting.

The amendments to HKFRS 7 remove an obsolete reference to paragraph 27A and updated the wordings in paragraph B38 regarding "unobservable inputs" to be consistent with HKFRS 13.

The amendments to the accompanying guidance on implementing HKFRS 7 clarify that the guidance does not necessarily illustrate all the requirements in the reference paragraphs of HKFRS 7, as well as update the wordings in paragraph IG14 of HKFRS 7 regarding "fair value" consistent with other standards.

The amendments to HKFRS 9 address a conflict between HKFRS 9 and HKFRS 15 over the initial measurement of trade receivables, and how a lessee accounts for the derecognition of a lease liability under paragraph 23 of HKFRS 9.

The amendments to HKFRS 10 clarify that the relationship described in paragraph B74 is just one example of a circumstance in which judgement is required to determine whether a part is acting as a de facto agent.

The amendments to HKAS 7 replace the term "cost method" with "at cost" in paragraph 37 as the definition of "cost method" has already been removed in prior years

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

(b) New and amended HKFRSs that have been issued but are not yet effective (Continued)

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 will replace HKAS 1 and aims to improve the transparency and comparability of information about an entity's financial performance.

The main changes comprise:

- a more structured income statement;
- enhanced disclosure requirements on management-defined performance measures ("MPMs"); and
- enhanced requirements on aggregation and disaggregation of information.

HKFRS 19 Subsidiaries without Public Accountability: Disclosures

HKFRS 19 simplifies financial reporting by allowing eligible subsidiaries to apply and hence assert compliance with HKFRSs with reduced disclosures. A subsidiary may elect to apply HKFRS 19 in its consolidated, separate or individual financial statements provided that, at the reporting date:

- it does not have public accountability: and
- its parent produces consolidated financial statements that are available for public use under HKFRSs.

A subsidiary applying HKFRS 19 is required to clearly state in its explicit and unreserved statement of compliance with HKFRSs that HKFRS 19 has been adopted.

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. The Group does not expect the adoption of the new and amended standards will result in significant impact on the Group's results and financial position.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, 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 consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the SEHK.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values as explained in the accounting policies set out below.

(c) Functional and presentation currency

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company. All values presented are rounded to the nearest thousand ("HK$'000") unless otherwise stated.

4. ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

(b) Subsidiary

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. In the note to the consolidated financial statements that discloses the Company's statement of financial position, investment in a subsidiary is stated at cost less impairment loss, if any. The results of subsidiary are accounted for by the Company on the basis of dividend received and receivable.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Freehold buildings	39 years
Leasehold land and buildings	45 years
Leasehold improvements	Shorter of remaining lease terms or 3 to 5 years
Plant and machinery	2 to 5 years
Office and testing equipment	2 to 5 years
Furniture and fixtures	2 to 5 years
Motor vehicles	3 years
Moulds	2 to 4 years
Electric generator	5 years

(d) Leasing

The Group as a lessee

All leases are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on a straight-line basis over the lease terms.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Under the cost model, the Group measures the right-to-use asset at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

4. ACCOUNTING POLICIES (CONTINUED)

(d) Leasing (Continued)

The Group as a lessee (Continued)

Lease liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the lessee's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. ACCOUNTING POLICIES (CONTINUED)

(d) Leasing (Continued)

The Group as a lessee (Continued)

Lease liability (Continued)

When the Group renegotiates the contractual terms of a lease with the lessor, if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease, in all other cases, where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount. If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date and the right-of-use asset is adjusted by the same amount.

(e) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs to completion and estimated costs necessary to make the sale.

(f) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("ECL") on trade receivables and financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

4. ACCOUNTING POLICIES (CONTINUED)

(f) Impairment loss on financial assets (Continued)

The Group has elected to measure loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when: (1) the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status.

The Group considers a financial asset to be credit-impaired when:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. ACCOUNTING POLICIES (CONTINUED)

(f) Impairment loss on financial assets (Continued)

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 3 years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

(g) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or services may be transferred over time or at a point in time. Control of the goods or services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or services.

4. ACCOUNTING POLICIES (CONTINUED)

(g) Revenue recognition (Continued)

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Sales of video graphics cards ("VGA Cards"), electronics manufacturing services ("EMS") and other PC related products and components

Customers obtain control of the products when the goods are delivered to and have been accepted. Revenue is thus recognised when the customers accepted the products. There is generally only one performance obligation. Invoices are usually payable within 30–90 days.

Some of the Group's contracts with customers from the sale of products provide customers a right of return. The right of return allows the returned goods to be refunded in cash for specific customers. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the Group has a right to recover the product when customers exercise their right of return. Consequently, the Group recognises a right of return asset and a corresponding adjustment to cost of sales. The Group uses its accumulated historical experience to estimate sales amount of returned goods as refund liability. At the end of each reporting period, the refund liability is re-measured arising from any changes in expectations about the amount of refunds with corresponding adjustments as revenue (or reductions of revenue). The right of return asset is recognised by reference to the former carrying amount of the products less any expected costs to recover those products including potential decrease in the value to the Group of returned products. At the end of each reporting period, the carrying amount of the right of return asset is re-measured arising from any changes in expectations about products to be returned.

(h) Contract liabilities

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

(i) Contract costs

The Group applies the practical expedient in paragraph 94 of HKFRS 15 and recognises the incremental costs of obtaining contracts relating to the sale of goods as an expenses when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. ACCOUNTING POLICIES (CONTINUED)

(j) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised, provided that the deductible temporary differences do not arise from initial recognition of assets and liabilities in a transaction other than in a business combination that affects neither taxable profit nor the accounting profit. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period and reflect any uncertainty related to income tax.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Income taxes are recognised in profit or loss except when they relate to items directly recognised in other comprehensive income in which case the taxes are also directly recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

(k) Impairment of non-financial assets

At the end of each reporting period, the Group/Company reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment (including right-of-use assets);
- intangible assets with finite useful lives; and
- investment in a subsidiary and a joint venture.

Irrespective of whether there is any indication of impairment, the Group also test goodwill and intangible assets with indefinite useful life for impairment annually.

4. ACCOUNTING POLICIES (CONTINUED)

(k) Impairment of non-financial assets (Continued)

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

An impairment loss on goodwill is not reversed. For other assets, an impairment loss is reversed, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Value in use is based on the estimated future cash flows expected to be derived from the asset or cash-generating unit, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

(l) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty are discussed below.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on the higher of value in use calculations and fair value less costs of disposal. These calculations require the use of judgements and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs of disposal and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to profit or loss.

Useful lives of property, plant and equipment, right-of-use assets and intangible assets

The Group's management determines the estimated useful lives, and related depreciation and amortisation charges for its property, plant and equipment, right-of-use assets and intangible assets. The estimates are based on the historical experience of the actual useful lives of property, plant and equipment, right-of-use assets and intangible assets of similar nature and functions. Management will increase the depreciation and amortisation charges where useful lives are less than previously estimated. It will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in the estimated useful lives and therefore affect the depreciation and amortisation charges in future periods.

Fair value measurement of financial assets

A number of assets and liabilities included in the Group's consolidated financial statements require measurement at, and/or disclosure of, fair value.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Fair value measurement of financial assets (Continued)

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures a number of items at fair value:

- Other financial asset (note 19)
- Trade receivables at FVTPL (note 23(b))

For more detailed information in relation to the fair value measurement of the items above, please refer to the applicable notes.

Provision for obsolete inventories

Management estimates the net realisable value of inventories based primarily on the latest market prices and current market conditions. The Group carries out an inventory review at the end of each reporting period and makes allowance on obsolete and slow moving items to write off or write down inventories to their net realisable value. Where the expectation on the net realisable value is lower than the cost, an impairment may arise.

Impairment of trade receivables

The provision rate of trade receivables is determined on assessment of their recoverability and ageing analysis of trade receivables as well as other quantitative and qualitative information and on management's judgement and assessment of the forward-looking information. At the end of each reporting period, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Impairment of trade receivables (Continued)

The assessment of the correlation between historical observed default rates, forecast of economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast of economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 38(a).

Warranty provision and refund liabilities

As explained in notes 27 and 30, the Group makes provisions under the warranties and right of return it gives on sales of its electronic products taking into account the Group's cumulative past claim experience. As the Group is continually upgrading its product designs and launching new models, it is possible that the cumulative past claim experience is not indicative of future claims that it will receive in respect of past sales. Any increase or decrease in the provision would affect profit or loss in future years.

Estimated provisions for litigation claims or custom tariff

The Group evaluates whether a present obligation exists after taking into account all available evidence, including the opinion of experts. A provision is recognised if the Directors consider it is more likely than not that present obligation exists and a reliable estimate can be made on the settlement amount of the claim. If it is more likely than not that no present obligation exists, the Group should disclose a contingent liability, unless the possibility of any transfer of economic benefits in settlement is remote. Details of the provisions for litigation claims and the contingent liability for custom tariff are disclosed in note 26(b) and note 42, respectively.

Determining the lease term of contracts with extension options — the Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised by the Group.

The Group has two lease contracts that include extension options which are exercisable at the discretion of the Group. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the extension option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control. The Group typically exercises its option to renew for these leases of properties used for production because there will be a significant negative effect on production if a replacement asset is not readily available and there was significant customisation to the leased asset. The majority of extension options held are exercisable only by the Group and not by the respective lessor. The Group assessed and concluded that it is reasonably certain that the Group will exercise extension options included in one of the lease arrangements of which the additional periods covered by extension options of 3 years.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Estimating the incremental borrowing rate — the Group as lessee

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") of the relevant lessee to measure lease liabilities. The IBR is the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the lessee would have to pay, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease such as when leases are not in the subsidiary's functional currency. The Group estimates the IBR using observable inputs such as market interest rates when available.

To determine the IBR, the Group:

— Where possible, use recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, and

— Makes adjustments specific to the lease, e.g. term, country, currency and security.

Recognition of deferred tax assets

Deferred tax assets are recognised in respect of deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. The Group has recognised HK$7,614,000 (2023: HK$5,788,000) as deferred tax assets in respect of deductible temporary differences. These deductible temporary differences relate to subsidiaries that have taxable temporary difference or tax planning opportunities available that could partly support the recognition of these deductible temporary differences as deferred tax assets. Further details on deferred tax are disclosed in note 21.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the respective entities in the Group, judgement is required to determine the currency that mainly influences sales prices of goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on the local management's assessment of the economic environment in which the entities operate and the respective entities' process of determining sales prices.

6. SEGMENT REPORTING

(a) Reportable segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker which is the board of directors that are used to make strategic decisions. The Group principally operates in one business segment, which is the design, manufacturing and trading of electronics and PC parts and accessories. The following summary describes the operation of the Group's reportable segments:

Revenue from contracts with customers within the scope of HKFRS 15:

	2024 **HK$'000**	2023 HK$'000
Design, manufacturing and trading of electronics and PC parts and accessories	**10,081,957**	9,167,215

6. SEGMENT REPORTING (CONTINUED)

(a) Reportable segments (Continued)

Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by primary geographical market, major products and services, brand and non-brand businesses and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

For the year ended 31 December	Design, manufacturing and trading of electronics and PC parts and accessories	
	2024 **HK$'000**	2023 HK$'000
Primary geographical markets		
APAC	**4,355,025**	3,274,159
NALA	**1,275,638**	1,282,346
PRC	**2,263,059**	2,127,307
EMEAI	**2,188,235**	2,483,403
	10,081,957	9,167,215
Major products/services		
VGA Cards	**8,481,820**	7,266,157
EMS	**676,427**	738,958
Other PC related products and components	**923,710**	1,162,100
	10,081,957	9,167,215
Brand and non-brand businesses		
Brand businesses	**6,442,305**	5,815,602
Non-brand businesses	**3,639,652**	3,351,613
	10,081,957	9,167,215
Timing of revenue recognition		
At a point in time	**10,081,957**	9,167,215

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

6. SEGMENT REPORTING (CONTINUED)

(b) Geographic information

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than financial instruments and deferred tax assets ("Specified non-current assets").

	Revenue from external customers (by customer location)		Specified non-current assets	
	2024 HK$'000	2023 HK$'000	**2024 HK$'000**	2023 HK$'000
APAC	**4,355,025**	3,274,159	**568,629**	433,836
NALA	**1,275,638**	1,282,346	**22,647**	23,210
PRC	**2,263,059**	2,127,307	**175,907**	203,354
EMEAI	**2,188,235**	2,483,403	**243**	17
	10,081,957	9,167,215	**767,426**	660,417

(c) Information about the major customer

During the years ended 31 December 2024 and 2023, none of the customers contributed 10% or more of the Group's revenue.

7. REVENUE

Revenue represents the consideration to which the Group expects to be entitled in exchange for goods sold and service income earned by the Group excluding amounts collected on behalf of third parties. The following table provides information about contract liabilities from contracts with customers.

	2024 HK$'000	2023 HK$'000
Contract liabilities (note 28)	**51,775**	60,957

The contract liabilities mainly relate to the advance consideration received from customers and volume rebates and sales allowances to customers. HK$44,848,000 of the contract liabilities as at 1 January 2024 and HK$50,876,000 of the contract liabilities as at 1 January 2023 has been recognised as revenue for the year ended 31 December 2024 and 2023 respectively from performance obligations satisfied when the goods were sold.

7. REVENUE (CONTINUED)

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its contracts for sale of goods and services and therefore the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sale of goods and services which had an original expected duration of one year or less.

8. OTHER REVENUE AND OTHER GAINS/(LOSSES), NET

	2024 **HK$'000**	2023 HK$'000
Government grants (note)	**5,190**	2,447
Interest income	**63,791**	50,228
Net exchange losses	**(30,324)**	(29,133)
Net fair value gains on derivative financial instruments	**164**	506
Gain on disposal of property, plant and equipment	**215**	40
Gain on termination of leases	**—**	20
Gain on disposal of a joint venture	**8,062**	—
Sundry income	**3,933**	6,662
	51,031	30,770

Note:

The government grants were received from several PRC local government authorities on a discretionary basis before year end. There is no unfulfilled conditions and other contingencies attaching to the government grants that have been recognised.

9. FINANCE COSTS

	2024 **HK$'000**	2023 HK$'000
Interest on bank advances and other borrowings	**32,512**	54,766
Interest on lease liabilities	**4,165**	4,540
Interest on reinstatement cost for leasing properties	**88**	—
	36,765	59,306

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

10. PROFIT BEFORE INCOME TAX

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

	2024 HK$'000	2023 HK$'000
Inventories recognised as expense	9,145,797	8,424,706
(Reversal of provision)/provision for obsolete inventories	(19,326)	41,763
Cost of sales	9,126,471	8,466,469
Staff costs (note 12)	470,032	410,777
Auditor's remuneration		
— Audit services	3,866	1,578
— Non-audit services	485	344
Bad debts written off	—	1,753
Depreciation of property, plant and equipment	67,865	74,568
Depreciation of right-of-use assets	34,988	31,889
(Reversal of provision)/provision for impairment losses on financial assets (note 38(a))	(3,417)	3,118
Short-term lease expenses	489	505
Low-value assets leases expenses	22	24
Property, plant and equipment written off	1	2
Provision for product warranties and returns, net (note 30)	14,809	17,404
Research and development expenditure (note)	63,838	74,971

Note:

The research and development expenditure for the year represents depreciation of plant and machinery and office equipment and right-of-use assets and staff costs for research and development activities, which are also included in the total amounts disclosed above for each of these types of expenses.

11. INCOME TAX

(a) The amount of income tax expense in the consolidated statement of comprehensive income represents:

	2024 HK$'000	2023 HK$'000
Current tax — Hong Kong		
— provision for the year	**42,781**	26,668
— under/(over) provision in respect of prior year	**883**	(989)
Current tax — PRC		
— provision for the year	**7,668**	4,446
— over provision in respect of prior years	**(696)**	—
Current tax — others		
— provision for the year	**2,056**	172
— over provision in respect of prior year	**—**	(267)
	52,692	30,030
Deferred tax		
— origination and reversal of temporary differences (note 21)	**(1,826)**	(1,782)
Income tax expense	**50,866**	28,248

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act (Revised) of the Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax.

The Company's Macau subsidiary is exempted from Macau Complimentary Tax pursuant to Decree Law No. 58/99/M, Chapter 2, Article 12, dated 18 October 1999.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces a two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

11. INCOME TAX (CONTINUED)

(a) The amount of income tax expense in the consolidated statement of comprehensive income represents: (continued)

Under the two-tiered profits tax rates regime, if the entity has one or more connected entity, the two-tiered profits tax rates would only apply to the one which is nominated to be chargeable at the two-tiered rates. Hong Kong profits tax of the nominated entity is calculated at 8.25% on assessable profits up to HK$2 million and 16.5% on any part of assessable profits over HK$2 million. For those entities which do not qualify for two-tiered profits tax rates, a profits tax rate of 16.5% on assessable profits shall remain in calculating Hong Kong profits tax. For the years ended 31 December 2024 and 2023, Hong Kong profits tax is calculated in accordance with the two-tiered profits tax rates regime. A significant subsidiary of the Company, PC Partner Limited, is entitled to claim 50% of all of its manufacturing profits as offshore in nature and non-taxable under Departmental Interpretation and Practice Notes No.21 issued by the Inland Revenue Department of Hong Kong ("HKIRD").

The Company's wholly-owned subsidiary located in the PRC, 東莞栢能電子科技有限公司 has obtained the "High Technology Enterprise" status since 2012 and currently renewed successfully for three years from 2024 to 2027 and the applicable PRC enterprise income tax rate for the year is 15% (2023: 15%). Other PRC subsidiaries of the Company are subject to PRC enterprise income tax at a statutory rate of 25% (2023: 25%) on the assessable profits as determined in accordance with the relevant income tax rules and regulations of the PRC for the year ended 31 December 2024.

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

The Group applied the temporary exception issued by the HKICPA in July 2023 from the accounting requirements for deferred taxes in HKAS 12. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

On 31 March 2023 and 21 December 2023, the governments of Japan and South Korea, where the subsidiaries are incorporated, enacted the Pillar Two income taxes legislation effective from 1 April 2024 and 1 January 2025 respectively. Under the legislation, the Group will be required to pay top-up tax on profits of its subsidiaries that are taxed at an effective tax rate of less than 15 per cent.

11. INCOME TAX (CONTINUED)

(a) The amount of income tax expense in the consolidated statement of comprehensive income represents: (continued)

As at 31 December 2024, only South Korea is currently taxed at the average effective tax rate of 10.3%, which is lower than 15% and might be subject to Pillar Two income taxes. However, this information is based on the profits and tax expense determined as part of the preparation of the Group's consolidated financial statements without considering adjustments that would have been required applying the legislation. Because of the specific adjustments envisaged in the Pillar Two legislation which may give rise to different effective tax rates compared to those calculated based on accounting profit, the actual impact that the Pillar Two income taxes legislation would have had on the Group's results if it had been in effect for the year ended 31 December 2024 may have been significantly different.

The Group is continuing to assess the impact of the Pillar Two income taxes legislation on its future financial performance.

In February 2024, PC Partner Limited received a letter from HKIRD in respect of a compliance review to be conducted on PC Partner Limited. The review undertaken by HKIRD concerns, among others, whether the treatment of claiming 50% of all of its manufacturing profits as offshore in nature and non-taxable is appropriate. In March 2024 and November 2024, the HKIRD filed a notice of assessment of additional tax payable by PC Partner Limited for years of assessment 2017/18 and 2018/19 of HK$16.5 million and HK$16.5 million respectively and PC Partner Limited filed objection letters to the notice of assessments above. Based on the assumption that the HKIRD eventually rejects PC Partner Limited's application of the 50:50 Treatment and disallows the claim on capital allowances, the potential tax exposure of PC Partner Limited for the years of assessment from 2017/18 to 2022/23 estimated by the Group's tax advisor would be approximately HK$60 million.

PC Partner Limited had paid HK$11.0 million under Tax Reserve Certificates for "Conditional Standover Order" as a form of security for the objection against the assessment on 29 April 2024. Subsequent to the Reporting Period, PC Partner Limited further paid HK$13.0 million under Tax Reserve Certificates for "Conditional Standover Order" as a form of security for the objection against the assessment on 9 January 2025.

The Group applied IFRIC INT 23 *Uncertainty over Income Tax Treatments* guidance on accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Group has not provided provision for additional income taxes relating to PC Partner Limited's 50% non-taxable offshore manufacturing profit as at 31 December 2024 because the Directors are of the view that the contract processing arrangement between subsidiaries remained unchanged throughout the period and there was no significant change in applicable tax laws and practice of HKIRD on the source of profit derived from the contract processing arrangement in recent years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

11. INCOME TAX (CONTINUED)

(b) The income tax expense for the year can be reconciled to the profit before income tax per the consolidated statement of comprehensive income as follows:

	2024 HK$'000	2023 HK$'000
Profit before income tax	**311,538**	88,136
Tax calculated at Hong Kong profits tax rate	**51,404**	14,542
Effect of different tax rates of subsidiaries operating in other jurisdictions	**163**	(18,748)
Tax effect of non-taxable net expenditure relating to offshore operation	**15,844**	6,276
Tax effect of expenses not deductible for tax purposes	**9,164**	1,780
Tax effect of revenue not taxable for tax purposes	**(27,219)**	(17,682)
Tax effect of tax losses and deductible temporary differences not recognised	**17,406**	48,030
Utilisation of tax losses and deductible temporary differences previously not recognised	**(10,843)**	(728)
Under/(over) provision in respect of prior year	**187**	(1,256)
Tax rebate and tax concession	**(5,753)**	(4,888)
Others	**513**	922
Income tax expense	**50,866**	28,248

12. STAFF COSTS

	2024 HK$'000	2023 HK$'000
Staff costs (including directors' emoluments) comprise:		
Wages and salaries	**417,173**	358,955
Pension contribution	**3,680**	3,924
Social insurance	**35,740**	36,036
Provision for long services payment, annual leave and others	**13,439**	11,862
	470,032	410,777

13. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

The emoluments paid or payable to each of the seventeen (2023: eleven) directors were as follows:

Year ended 31 December 2024

Name of directors	Fees HK$'000	Basic salaries HK$'000	Discretionary bonuses HK$'000	Pension contribution HK$'000	Housing and other allowances and benefits in kind HK$'000	Total HK$'000
Executive Directors						
Mr. WONG Shik Ho Tony	–	5,427	12,157	13	84	17,681
Mr. WONG Fong Pak	–	4,590	2,243	–	46	6,879
Mr. LEUNG Wah Kan	–	4,698	6,702	3	41	11,444
Mr. MAN Wai Hung	–	2,489	5,955	18	–	8,462
Mr. HO Nai Nap	–	2,726	1,879	–	19	4,624
Non-executive Directors						
Mrs. HO WONG Mary Mee-Tak	90	–	–	–	–	90
Mr. CHIU Wing Yui (note (ii))	76	–	–	–	–	76
Independent Non-executive Directors						
Mr. IP Shing Hing, *B.B.S., J.P.* (note (iv))	253	–	–	–	–	253
Mr. LAI Kin Jerome (note (iii))	250	–	–	–	–	250
Mr. CHEUNG Ying Sheung (note (iv))	253	–	–	–	–	253
Ms. CHAN Yim	313	–	–	–	–	313
Mr. CHUA Ser Miang (note (v))	56	–	–	–	–	56
Mr. Jason GOH Hseng Wei (note (v))	51	–	–	–	–	51
Mr. KONG Chee Keong (note (v))	51	–	–	–	–	51
Ms. Alicia KWAN Xiuying (note (v))	51	–	–	–	–	51
Prof. LOW Teck Seng (note (v))	56	–	–	–	–	56
Mr. TEO Chun-wei, Benedict (note (v))	56	–	–	–	–	56
	1,556	19,930	28,936	34	190	50,646

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

13. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS (CONTINUED)

(a) Directors' emoluments (Continued)

Year ended 31 December 2023

Name of directors	Fees HK$'000	Basic salaries HK$'000	Discretionary bonuses HK$'000	Pension contribution HK$'000	Housing and other allowances and benefits in kind HK$'000	Total HK$'000
Executive Directors						
Mr. WONG Shik Ho Tony	–	5,003	1,928	18	333	7,282
Mr. WONG Fong Pak	–	4,436	–	–	65	4,501
Mr. LEUNG Wah Kan	–	4,539	104	18	45	4,706
Mr. MAN Wai Hung	–	2,404	2,587	18	–	5,009
Mr. HO Nai Nap	–	2,633	–	–	13	2,646
Non-executive Directors						
Mrs. HO WONG Mary Mee-Tak	90	–	–	–	–	90
Mr. CHIU Wing Yui (note (ii))	90	–	–	–	–	90
Independent Non-executive Directors						
Mr. IP Shing Hing, *B.B.S., J.P.* (note (iv))	300	–	–	–	–	300
Mr. LAI Kin Jerome (note (iii))	300	–	–	–	–	300
Mr. CHEUNG Ying Sheung (note (iv))	300	–	–	–	–	300
Mr. CHAN Yim	300	–	–	–	–	300
	1,380	19,015	4,619	54	456	25,524

Notes:

(i) The remuneration of directors is determined by the remuneration committee having regard to the level and composition of pay and the general market conditions in the respective countries and businesses.

(ii) As alternative director to Mrs. HO WONG Mary Mee-Tak who ceased to be an alternative director on 5 November 2024.

(iii) Independent Non-executive director resigned on 10 October 2024.

(iv) Independent Non-executive directors resigned on 5 November 2024.

(v) Independent Non-executive directors appointed on 5 November 2024.

13. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS (CONTINUED)

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, all (2023: four) were directors of the Company whose emoluments are included in the disclosure in note 13(a) above.

The emoluments of the remaining one non-director individual whose emolument is included in the band of HK$7,000,001 to HK$7,500,000 for the year ended 31 December 2023.

	2024 HK$'000	2023 HK$'000
Salary	**–**	2,285
Discretionary bonuses	**–**	5,111
Pension contribution	**–**	18
	–	7,414

During the year, 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 (2023: HK$Nil). In addition, none of the directors waived or agreed to waive any emoluments during the year (2023: None).

(c) Senior management's emoluments

The emoluments paid or payable to members of senior management, which exclude directors, were within the following bands:

	2024 No. of individuals	2023 No. of individuals
HK$Nil to HK$1,000,000	**2**	2
HK$1,000,001 to HK$1,500,000	**6**	5
HK$1,500,001 to HK$2,000,000	**1**	1
HK$2,000,001 to HK$2,500,000	**1**	–
HK$3,000,001 to HK$3,500,000	**1**	–
HK$4,000,001 to HK$4,500,000	**–**	1
HK$7,000,001 to HK$7,500,000	**–**	1

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

14. DIVIDENDS

	2024 HK$'000	2023 HK$'000
2023 Final dividend paid — HK$0.20 per share (2023: 2022 Final dividend paid — HK$Nil per share)	**77,577**	—
2022 Special dividend paid — HK$0.25 per share	**—**	96,971
2024 Interim dividend paid — HK$0.20 per share (2023: 2023 Interim dividend paid — HK$0.10 per share)	**77,576**	38,788
Dividends paid for the year	**155,153**	135,759

The directors of the Company propose a final dividend of HK$0.15 (2023: HK$0.20) per share, totalling HK$58,183,000 (2023: HK$77,577,000) after the end of the reporting period. The final dividend has not been recognised as liabilities at the end of the reporting period.

15. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share for the years ended 31 December 2024 and 2023 is based on the following data:

Profit	2024 HK$'000	2023 HK$'000
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	**262,131**	60,843

Shares in issue	2024 (number of shares)	2023 (number of shares)
Weighted average number of ordinary shares for the purpose of basic earnings per share	**387,883,668**	387,850,243
Effect of dilutive potential ordinary shares: — share options	**—**	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**387,883,668**	387,850,243

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings HK$'000	Leasehold land and buildings HK$'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	Electric generator HK$'000	Total HK$'000
Cost:										
At 1 January 2023	25,117	403,126	52,524	362,508	111,550	5,405	5,616	13,226	7,008	986,080
Additions	–	–	7,116	7,271	19,347	607	418	807	–	35,566
Disposals/written off	–	–	(2,484)	(3,364)	(2,783)	–	(486)	–	–	(9,117)
Exchange adjustments	–	–	(15)	–	(12)	(3)	(2)	–	–	(32)
At 31 December 2023 and 1 January 2024	**25,117**	**403,126**	**57,141**	**366,415**	**128,102**	**6,009**	**5,546**	**14,033**	**7,008**	**1,012,497**
Additions	**–**	**–**	**26,336**	**101,520**	**20,087**	**1,252**	**334**	**–**	**–**	**149,529**
Disposals/written off	**–**	**–**	**(41)**	**(12,201)**	**(4,535)**	**(10)**	**(120)**	**–**	**–**	**(16,907)**
Exchange adjustments	**(149)**	**–**	**(197)**	**(1,642)**	**(264)**	**(25)**	**(13)**	**–**	**–**	**(2,290)**
At 31 December 2024	**24,968**	**403,126**	**83,239**	**454,092**	**143,390**	**7,226**	**5,747**	**14,033**	**7,008**	**1,142,829**
Accumulated depreciation:										
At 1 January 2023	2,358	1,507	30,351	245,883	90,407	1,379	5,315	10,889	1,613	389,702
Depreciation	331	9,042	6,221	29,954	25,480	872	172	1,094	1,402	74,568
Written back on disposals/written off	–	–	(2,484)	(3,364)	(2,781)	–	(486)	–	–	(9,115)
Exchange adjustments	(1)	–	(15)	–	(9)	(2)	–	–	–	(27)
At 31 December 2023 and 1 January 2024	**2,688**	**10,549**	**34,073**	**272,473**	**113,097**	**2,249**	**5,001**	**11,983**	**3,015**	**455,128**
Depreciation	**329**	**9,042**	**9,327**	**30,015**	**15,601**	**945**	**208**	**996**	**1,402**	**67,865**
Written back on disposals/written off	**–**	**–**	**(41)**	**(12,201)**	**(4,534)**	**(10)**	**(56)**	**–**	**–**	**(16,842)**
Exchange adjustments	**(17)**	**–**	**(72)**	**(28)**	**(128)**	**(19)**	**(3)**	**–**	**–**	**(267)**
At 31 December 2024	**3,000**	**19,591**	**43,287**	**290,259**	**124,036**	**3,165**	**5,150**	**12,979**	**4,417**	**505,884**
Net carrying amount:										
At 31 December 2024	**21,968**	**383,535**	**39,952**	**163,833**	**19,354**	**4,061**	**597**	**1,054**	**2,591**	**636,945**
At 31 December 2023	22,429	392,577	23,068	93,942	15,005	3,760	545	2,050	3,993	557,369

As at 31 December 2024, the Group had pledged certain leasehold land and buildings with an aggregate carrying value of approximately HK$353,139,000 (2023: HK$361,465,000) to a bank.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

17. RIGHT-OF-USE ASSETS

	Land and buildings (note) HK$'000	Office and testing equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 January 2023	120,111	429	1,226	121,766
Additions	581	733	—	1,314
Depreciation	(31,419)	(181)	(289)	(31,889)
Effect of modification to lease terms	2,118	472	—	2,590
Effect of termination of leases	(483)	(695)	—	(1,178)
Foreign exchange movement	(22)	—	(22)	(44)
At 31 December 2023 and 1 January 2024	**90,886**	**758**	**915**	**92,559**
Additions	**33,001**	**85**	**179**	**33,265**
Depreciation	**(34,486)**	**(195)**	**(307)**	**(34,988)**
Effect of modification to lease terms	**18,920**	**—**	**—**	**18,920**
Effect of termination of leases	**(2)**	**—**	**—**	**(2)**
Foreign exchange movement	**(423)**	**—**	**(108)**	**(531)**
At 31 December 2024	**107,896**	**648**	**679**	**109,223**

Note: The Group has lease contracts for factory and offices, which are mainly located in PRC, Hong Kong, Singapore and Indonesia. The lease terms of contracts are generally from 1 to 10 years which include the period covered by extension options.

18. INTANGIBLE ASSETS

	Brand name HK$'000
Cost:	
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	**6,196**
Accumulated amortisation and impairment:	
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	**1,371**
Carrying amount:	
At 31 December 2024	**4,825**
At 31 December 2023	4,825

The brand name acquired through acquisition of businesses is considered by management of the Group as having indefinite useful life as there was no limit to the period the brand name would contribute to net cash inflows.

For impairment testing, brand name of Innovision's brand is allocated to the cash generating unit (CGU) — VGA Cards retailing business that contribute the cash flows.

The recoverable amount of the CGU for Innovision's brand name has been determined from value in use calculations. The Group prepares cash flow projections derived from the most recent financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period are extrapolated using the long-term growth rate stated below.

The key assumptions used for value in use calculations are as follows:

	2024	2023
Profit margin (average of next three years)	**1.6%**	1.5%
Long-term growth rate	**2.5%**	2.5%
Growth rate for 2025 (2023: 2024)	**21.8%**	6.0%
Growth rate for 2026 to 2027 (2023: 2025 to 2026)	**5%**	–0.9–5.0%
Discount rate	**15.75%**	17.48%

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

18. INTANGIBLE ASSETS (CONTINUED)

As at 31 December 2024, the recoverable amount is negatively correlated to the discount rate. It is estimated that with all other variables held constant, an increase/decrease in discount rate by 1% would have decreased/increased the recoverable amount by approximately HK$1,600,000 and HK$1,700,000 respectively.

As at 31 December 2024, the recoverable amount is negatively correlated to the terminal growth rate. It is estimated that with all other variables held constant, an increase/decrease in terminal growth rate by 1% would have decreased/increased the recoverable amount by approximately HK$1,300,000 and HK$900,000 respectively.

Management determined the profit margin based on past performance and its expectations regarding market development. The long-term growth rate does not exceed the long-term average growth rate for the industry. The discount rate used is pre-tax and reflects specific risks relating to the CGU. The growth rates are based on industry growth forecasts.

The recoverable amount of the CGU based on the estimated value in use calculations was higher than its carrying amount at 31 December 2024. Accordingly, no provision for impairment loss for Innovision's brand name is considered necessary.

19. OTHER FINANCIAL ASSET

	2024 HK$'000	2023 HK$'000
Equity investment measured at FVTOCI — Non-current		
— Preferred stock in Dreamscape Immersive Inc. (note)	**1,268**	1,268
Total	**1,268**	1,268

Note:

This is an investment in 1% interest of preferred stock in a private company incorporated in the U.S.A. It is not accounted for under the equity method as the Group does not have the power to participate in the formulation of its operating and financial policies, evidenced by the lack of any direct or indirect involvement at board level. The Group does not have the right to appoint any directors in the board.

The Group has irrevocably elected at initial recognition to measure the investment at fair value through other comprehensive income upon adoption of HKFRS 9 as it is a strategic investment. No dividends were received on this investment during the year (2023: Nil). The reconciliation of unlisted equity investment is disclosed under note 39.

20. INTEREST IN A JOINT VENTURE

The Group and another independent third party formed a sino-foreign equity joint venture enterprise in the PRC on 25 March 2019 and each has 50% interest in the joint venture, FuZhou Partner Cloud Technology Co., Limited ("Partner Cloud"). The primary activity of Partner Cloud is the leasing of servers and projects involving cloud computing, container cloud and deep learning in the PRC.

The Group contributed cash of US$2,317,200 (approximately HK$18,146,000) and VGA Cards of US$14,482,800 (approximately HK$113,414,000). The other joint venture partner contributed computer servers and accessories of US$16,800,000 (approximately HK$131,560,000).

The contractual arrangement provides the Group with only the rights to the net assets of the joint arrangement, with the rights to the assets and obligation for the liabilities of the joint arrangement resting primarily with Partner Cloud. Under HKFRS 11 this joint arrangement is classified as a joint venture and has been included in the consolidated financial statements using the equity method.

The joint venture enterprise has ceased operations since July 2021 as requested by the PRC provincial government to perform a self-investigation to identify whether there was computational power in data center serving cryptocurrency mining which are required to suspend immediately.

As at 31 December 2021, the carrying value of each of the underlying assets of the joint venture enterprise was stated at their respective estimated recoverable amount as the joint venture enterprise has ceased operations and the possibility of resumption of the business of the joint venture enterprise is highly uncertain in light of the regulatory environment of the PRC in relation to cryptocurrency mining. The directors performed an impairment testing of the carrying value of the interest in a joint venture in accordance with the Group's accounting policy and conclude that the carrying value of the interest in a joint venture is a close approximation of the fair value less costs of disposal of the interest in a joint venture and no impairment is required to be recognised.

On 23 April 2024, the Group disposed the 50% equity shares of the joint venture to an independent third party at nil consideration.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

20. INTEREST IN A JOINT VENTURE (CONTINUED)

Summarised financial information of the joint venture, adjusted for any differences in accounting policies, is presented below:

	2024 HK$'000	2023 HK$'000
As 31 December		
Current assets	**–**	4,174
Non-current assets	**–**	73,857
Current liabilities	**–**	(489,042)
Net liabilities	**–**	(411,011)
Included in the above amounts are:		
Cash and cash equivalents	**–**	4,174
Year ended 31 December		
Revenue	**–**	–
Loss for the year	**(21,693)**	(225,178)
Included in the above amounts are:		
Depreciation and amortisation	**(21,463)**	(194,040)
Interest income	**–**	56

The Group has discontinued the recognition of its share of loss of the joint venture, because the share of loss of the joint venture exceeds the Group's interest in the joint venture and the Group has no obligation to take up further loss. The amount of the Group's unrecognised share of loss of the joint venture for the current year was HK$Nil (2023: HK$112,589,000). As at 31 December 2023, the accumulated unrecognised loss of the joint venture was HK$212,149,000.

21. DEFERRED TAX

Details of the deferred tax assets recognised and movements during the year:

	(Accelerated)/ decelerated tax depreciation HK$'000	Provision for doubtful debts, annual leave and warranty HK$'000	Tax losses HK$'000	Total HK$'000
At 1 January 2023	(191)	4,190	—	3,999
(Charged)/credited to profit or loss (note 11)	(7)	458	1,331	1,782
Exchange difference	—	7	—	7
At 31 December 2023 and 1 January 2024	**(198)**	**4,655**	**1,331**	**5,788**
Credited to profit or loss (note 11)	**326**	**241**	**1,259**	**1,826**
At 31 December 2024	**128**	**4,896**	**2,590**	**7,614**

Deferred tax asset has not been recognised for the following:

	2024 HK$'000	2023 HK$'000
Unused tax losses	**214,093**	181,737
Other deductible temporary differences	**361,825**	393,632
	575,918	575,369

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

21. DEFERRED TAX (CONTINUED)

The PRC subsidiaries of the Company are subject to PRC withholding income tax at a statutory rate of 10% (2023: 10%) on any dividend declared. The temporary difference associated with investment in subsidiaries for which deferred tax liabilities have not been recognised amounted to approximately HK$180,626,000 (2023: HK$150,328,000). The Group has determined that the undistributed profits of its subsidiaries will not be distributed in the foreseeable future.

No deferred tax asset has been recognised in respect of the unused tax losses of HK$214,093,000 (2023: HK$181,737,000) and other deductible temporary differences as it is not probable that taxable profit will be available against which the unused tax losses and deductible temporary differences can be utilised. The other deductible temporary differences mainly consist of full impairment losses on the outstanding balance of the customer as set out in note 23(e). Tax losses amounting to approximately HK$89,580,000 (2023: HK$104,613,000) could be carried forward indefinitely. Remaining tax losses amounting to approximately HK$124,513,000 (2023: HK$77,124,000) will expire from 2029 to 2039.

22. INVENTORIES

	2024 **HK$'000**	2023 HK$'000
Raw materials	**532,069**	639,171
Work in progress	**28,764**	19,424
Finished goods	**380,746**	626,837
	941,579	1,285,432
Less: Provision for obsolete inventories	**(99,254)**	(149,940)
	842,325	1,135,492

23. TRADE AND OTHER RECEIVABLES

	2024 HK$'000	2023 HK$'000
Trade receivables at amortised cost	**1,007,590**	1,061,508
Less: Accumulated impairment losses	**(295,457)**	(308,741)
Trade receivables at amortised cost, net (note (a))	**712,133**	752,767
Trade receivables at fair value through profit or loss (note (b))	**92,130**	61,859
Other receivables (note (c))	**3,307**	12,586
Prepayments, value added tax recoverable and tariff recoverable (note (d))	**137,065**	24,689
Deposits	**58,279**	53,419
Less: Accumulated impairment losses	**(5,559)**	(5,559)
	52,720	47,860
	997,355	899,761
Less: Other receivables — non-current portion	**(433)**	(1,149)
Deposits — non-current portion	**(8,275)**	(4,515)
Prepayment — non-current portion	**(7,725)**	—
	(16,433)	(5,664)
Trade and other receivables — current portion	**980,922**	894,097

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

23. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes:

(a) The ageing analysis of trade receivables at amortised cost (net of impairment losses) of the Group, based on invoice dates, as at the end of the year is as follows:

	2024 HK$'000	2023 HK$'000
Within 1 month	**397,135**	403,872
Over 1 month but within 3 months	**287,454**	316,703
Over 3 months but within 1 year	**27,544**	29,703
Over 1 year	**—**	2,489
	712,133	752,767

The Group recognised impairment losses based on the accounting policy stated in note 4(f).

The credit period on sale of goods is 7 to 90 days (2023: 14 to 90 days) from the invoice date. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 38(a).

(b)

	2024 HK$'000	2023 HK$'000
Trade receivables at fair value through profit or loss	**92,130**	61,859

It represents trade receivables which are subject to a factoring arrangement without recourse with specific customers. Under this arrangement, the Group will transfer the relevant receivables to the bank in exchange for cash after year end.

The Group considers this is a "hold to sell" model and hence these trade receivables are measured at fair value through profit or loss.

The Group is also exposed to credit risk in relation to these trade receivables. The maximum exposure at the end of reporting period is HK$92,130,000 (2023: HK$61,859,000).

23. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (continued)

(b) (continued)

The ageing analysis of trade receivables at fair value through profit or loss of the Group, based on invoice dates, as at the end of the year is as follows:

	2024 HK$'000	2023 HK$'000
Within 1 month	**16,844**	22,221
Over 1 month but within 3 months	**75,286**	39,638
	92,130	61,859

The credit period of sales of goods is 60 to 90 days (2023: 60 to 90 days) from the invoice date.

The ageing analysis of trade receivables at fair value through profit or loss of the Group, based on due dates, as at the end of the year is as follows:

	2024 HK$'000	2023 HK$'000
Not past due	**92,090**	59,679
Within 1 month past due	**40**	2,180
	92,130	61,859

(c) The balance includes a claim of HK$2,445,000 (2023: HK$2,460,000) under an insurance policy as detailed in note 26(b).

(d) The balance includes payment of 25% tariff of US$11.8 million (approximately HK$91.4 million) under section 301 of the U.S. Trade Act of 1974 (the "China Section 301 Tariff") as detailed in note 42 and payment of Tax Reserve Certificates of HK$11.0 million as detailed in note 11.

(e) During the year ended 31 December 2019, the Group entered into a sales contract with a customer for sale of VGA Cards under which the sales amount would be paid by the customer in instalments the last of which would fall in May 2021. During 2020, a revised repayment schedule was agreed by both parties and the last instalment will fall in September 2022. As at 31 December 2024, the total outstanding balance due from the customer which is fully impaired amounted to HK$269,711,000 (2023: HK$294,617,000). The crack down on cryptocurrency mining and trading in China in 2021 has forced the customer to cease operation and resulted in a repayment issue of the remaining instalment receivable. The Group has reviewed the collectability of the debts as at 31 December 2021, it is uncertain when the customer will be able to resume the payment of the remaining balance according to the instalment payment scheme. Therefore, the Group has decided to make a full impairment of the total outstanding balance of the customer in the year ended 31 December 2021. The sales contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months and is accounted for in accordance with the Group's accounting policy set out in note 4(g).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

24. RIGHT OF RETURN ASSETS

	2024 **HK$'000**	2023 HK$'000
Right of return assets	**28,984**	38,601

The right of return assets represent the products expected to be returned from customers where customers exercise their right of return within two to three years from the date of sales ("Warranty Period"). The Group uses its accumulated historical experience to estimate the expected level of returns. The Group's accounting policy of right of return assets is set out in note 4(g).

25. CASH AND BANK BALANCES

	2024 **HK$'000**	2023 HK$'000
Cash and bank balances	**1,475,941**	1,057,530
Bank deposit pledged for corporate credit card	**334**	336
Time deposits	**857,748**	1,433,351
	2,334,023	2,491,217
Less: Bank deposit pledged for corporate credit card	**(334)**	(336)
Time deposits with initial maturity of over three months	**(156,296)**	(390,500)
	(156,630)	(390,836)
Cash and cash equivalents	**2,177,393**	2,100,381

25. CASH AND BANK BALANCES (CONTINUED)

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

	2024 HK$'000	2023 HK$'000
Renminbi	**129,580**	192,551
Japanese Yen	**49,880**	39,483
Taiwan Dollars	**544**	1,043
United States Dollars	**1,871,203**	1,762,021
Hong Kong Dollars	**93,164**	62,527
Korean Won	**29,013**	41,587
Euro	**1,570**	1,139
Others	**2,439**	30
	2,177,393	2,100,381

Renminbi is not freely convertible into other currencies. Under PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for other currencies through banks authorised to conduct foreign exchange business.

26. TRADE AND OTHER PAYABLES

	2024 HK$'000	2023 HK$'000
Trade payables	**816,145**	1,046,866
Provision of employee benefit (notes (a))	**129,882**	89,027
Other tax payables	**36,840**	37,315
Other payables and accruals (notes (b))	**99,315**	106,840
	1,082,182	1,280,048
Less: Other payables and accruals — non-current portion	**(5,868)**	—
Trade and other payables — current portion	**1,076,314**	1,280,048

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

26. TRADE AND OTHER PAYABLES (CONTINUED)

Notes:

(a) As at 31 December 2024, provision of employee benefit mainly comprised provision for staff performance bonus, provision for directors' profit sharing and social insurance.

(b) On 22 August 2016, a joint liquidator of Changtel Solutions UK Limited ("Changtel"), which is a customer of the Group, informed the Group that Changtel was wound up by the United Kingdom ("UK") Court on 28 January 2015 and alleged that the transactions between Changtel and the Group during Changtel's winding-up period from 7 June 2013 to 28 January 2015 ("Winding-up Period") are void pursuant to section 127 of UK Insolvency Act 1986. Based on this, the joint liquidator requested for a return of sales payments, which is the contractual payments for goods sold and delivered by the Group to Changtel during the Winding-up Period.

The Group was not aware of the winding up action against Changtel. The management has sought for legal opinion from a local independent lawyer. According to the legal opinion, such payment may be valid if validation order is granted by the court to the Group. However, the lawyer does not consider that any application for a validation order by the Group is likely to succeed. As such, the Group has made a provision of HK$6,417,000 (2023: HK$6,456,000) in respect of the abovementioned demand, of which HK$2,445,000 (2023: HK$2,460,000) is covered by insurance policy (note 23(c)). Up to the date of this report, there is no further update from the liquidator.

The movement of provision for demand of repayment is as follows:

	2024 HK$'000	2023 HK$'000
At 1 January	**6,456**	6,456
Exchange difference	**(39)**	—
At 31 December	**6,417**	6,456

The ageing analysis of trade payables of the Group, based on invoice dates, as at the end of the year is as follows:

	2024 HK$'000	2023 HK$'000
Within 1 month	**536,384**	714,376
Over 1 month but within 3 months	**263,114**	291,472
Over 3 months but within 1 year	**12,440**	36,587
Over 1 year	**4,207**	4,431
	816,145	1,046,866

27. REFUND LIABILITIES

	2024 HK$'000	2023 HK$'000
Refund liabilities	**35,571**	48,837

The refund liabilities relate to customer's right of return of defective products within the Warranty Period. At the point of sales, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. The Group uses its accumulated historical experience to estimate the sales amount of goods expected to be returned.

28. CONTRACT LIABILITIES

	2024 HK$'000	2023 HK$'000
Contract liabilities arising from:		
Sale of goods	**51,775**	60,957

Movements in contract liabilities

	2024 HK$'000	2023 HK$'000
At 1 January	**60,957**	76,521
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(44,848)**	(50,876)
Decrease in contract liabilities as a result of settlement of volume rebates and sales allowances during the year that was included in the contract liabilities at the beginning of the year	**(8,293)**	(13,211)
Increase in contract liabilities as a result of advance consideration received from customers during the year	**41,605**	40,051
Increase in contract liabilities as a result of volume rebates and sales allowances to customers during the year	**2,998**	8,463
Exchange difference	**(644)**	9
At 31 December	**51,775**	60,957

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

29. BORROWINGS

	2024 HK$'000	2023 HK$'000
Bank loans — secured and guaranteed	177,123	184,880
Import loans — guaranteed	642,410	797,546
	819,533	982,426

The above borrowings are denominated in HK$.

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

	2024 HK$'000	2023 HK$'000
Within 1 year	650,167	805,303
Over 1 year but within 2 years	7,757	7,757
Over 2 years but within 5 years	161,609	169,366
	819,533	982,426

(i) At 31 December 2024, the above borrowings bear interest at effective interest rates ranging from 0.2% to 2.5% (2023: 0.8% to 2.5%) per annum over cost of funds for the year.

(ii) At 31 December 2024, leasehold land and building with aggregate carrying value of approximately HK$353,139,000 (2023: HK$361,465,000) was pledged to a bank to secure the mortgage loan of HK$177,123,000 (2023: HK$184,880,000) granted to the Group.

(iii) At 31 December 2024, bank deposits of HK$334,000 (2023: HK$336,000) were pledged to a bank to secure the corporate credit card granted to the Group.

(iv) The banks have overriding right of repayment on demand for all bank loans irrespective of whether the Group has complied with the covenants and met the scheduled repayment obligations. Therefore, the bank loans were entirely classified as current liabilities in the consolidated statement of financial position.

30. PROVISION FOR PRODUCT WARRANTIES AND RETURNS

	2024 HK$'000	2023 HK$'000
Provision for product warranties and returns		
At 1 January	**41,124**	39,436
Additional provision, net	**14,809**	17,404
Utilisation	**(15,425)**	(15,716)
Net movement for the year	**(616)**	1,688
At 31 December	**40,508**	41,124

Under the terms of certain sales agreements of the Group, the Group will rectify any product defects arising within Warranty Period. Provision is therefore made for the best estimate of the expected settlement of warranty under such sales agreements. The amount of provision takes into account the Group's recent claim experience and is only made where a warranty claim is probable.

31. LEASES

Nature of leasing activities (in the capacity as lessee)

The Group has lease contracts for factory and offices, which are mainly located in PRC, Hong Kong, Singapore and Indonesia. The lease terms of contracts are generally from 1 to 10 years which include the period covered by extension options. The Group also leases certain items of office and testing equipment and motor vehicles. All leases comprise only fixed payments over the lease terms.

The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. If the Group is not reasonably certain to exercise the extension options, the future lease payments during the extension periods are not included in the measurement of lease liabilities. The potential exposure to these future lease payments is summarized below:

	Lease liabilities recognised (discounted)		Potential future lease payments under extension options not included in lease liabilities (undiscounted)	
	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000
Office — Singapore	**15,338**	—	**10,379**	—

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

31. LEASES (CONTINUED)

Lease liabilities

	Land and buildings HK$'000	Office and testing equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 January 2023	126,379	441	1,238	128,058
Additions	581	733	—	1,314
Interest expense	4,487	22	31	4,540
Effect of termination of leases	(488)	(710)	—	(1,198)
Effect of modification to lease terms	2,103	472	—	2,575
Lease payments	(35,456)	(198)	(311)	(35,965)
Foreign exchange movements	(88)	—	(22)	(110)
At 31 December 2023 and 1 January 2024	**97,518**	**760**	**936**	**99,214**
Additions	**27,355**	**85**	**179**	**27,619**
Interest expense	**4,116**	**23**	**26**	**4,165**
Effect of termination of leases	**(2)**	**—**	**—**	**(2)**
Effect of modification to lease terms	**18,920**	**—**	**—**	**18,920**
Lease payments	**(36,825)**	**(209)**	**(330)**	**(37,364)**
Foreign exchange movements	**(1,457)**	**(3)**	**(110)**	**(1,570)**
At 31 December 2024	**109,625**	**656**	**701**	**110,982**

Future lease payments are due as follows:

	Future lease payments 31 December 2024 HK$'000	Interest 31 December 2024 HK$'000	Present value 31 December 2024 HK$'000
Not later than 1 year	**41,473**	**3,951**	**37,522**
Later than 1 year and not later than 2 years	**36,553**	**2,425**	**34,128**
Later than 2 years and not later than 5 years	**40,689**	**1,357**	**39,332**
	118,715	**7,733**	**110,982**

31. LEASES (CONTINUED)

Lease liabilities (Continued)

Future lease payments are due as follows: (Continued)

	Future lease payments 31 December 2023 HK$'000	Interest 31 December 2023 HK$'000	Present value 31 December 2023 HK$'000
Not later than 1 year	33,711	3,547	30,164
Later than 1 year and not later than 2 years	29,065	2,396	26,669
Later than 2 years and not later than 5 years	44,065	1,684	42,381
	106,841	7,627	99,214

The present value of future lease payments are analysed as:

	2024 HK$'000	2023 HK$'000
Current liabilities	**37,522**	30,164
Non-current liabilities	**73,460**	69,050
	110,982	99,214

Disclosures under HKFRS 16

	2024 HK$'000	2023 HK$'000
Short term lease expense	**489**	505
Low value asset lease expense	**22**	24
Aggregate undiscounted commitments for short term leases	**5,305**	5,829

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

32. SHARE CAPITAL

	2024 Number of shares	2024 Amount HK$'000	2023 Number of shares	2023 Amount HK$'000
Authorised:				
Ordinary shares of HK$0.10 each	**1,000,000,000**	**100,000**	1,000,000,000	100,000
Issued and fully paid:				
Ordinary shares of HK$0.10 each				
At beginning of year	**387,883,668**	**38,788**	387,683,668	38,768
Share options exercised	**—**	**—**	200,000	20
At end of year	**387,883,668**	**38,788**	387,883,668	38,788

33. SHARE-BASED PAYMENT

A share option scheme (the "2016 Share Option Scheme") was adopted by the Company on 17 June 2016 (the "Effective Date"). The primary purpose of the 2016 Share Option Scheme is to provide incentives or rewards to eligible participants. 2016 Share Option Scheme was terminated on 18 July 2024.

2016 Share Option Scheme

a) *Purpose of the 2016 Share Option Scheme*

The purpose of the 2016 Share Option Scheme is to enable the Company to grant share options ("Options") to participants as incentives or rewards for their retention and contribution or potential contribution to the Group.

b) *Participants of the 2016 Share Option Scheme*

The Board may, at its absolute discretion, invite any employees, proposed employees, directors, advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners or service providers of any member of the Group, and any company wholly owned by one or more persons belonging to any of the above classes of participants to take up Options to subscribe for shares.

c) *Maximum number of Shares available for subscription*

The maximum number of shares in respect of which options may be granted under the 2016 Share Option Scheme is 41,751,866 shares, representing 10% of issued share capital of the Company as at the date of adoption of the 2016 Share Option Scheme.

33. SHARE-BASED PAYMENT (CONTINUED)

2016 Share Option Scheme (Continued)

d) *Total Maximum Entitlement of each Eligible Participant*

The total number of shares issued and to be issued upon exercise of the Options granted to each participant (including both exercised and outstanding Options) in any 12-month period must not exceed 1% of the shares in issue from time to time.

e) *Maximum Period within which an Option may be exercised*

The period within which an Option may be exercised must not exceed 10 years from the Effective Date.

f) *Duration of the 2016 Share Option Scheme*

The 2016 Share Option Scheme is for a term of 10 years from the Effective Date and may be terminated by resolution in a general meeting or the Board. During its term, two batches of options were granted on 26 August 2016 and 22 September 2020 respectively, with 33,790,000 options exercised in total. It was terminated by the Board on 18 July 2024.

g) *Option Period*

Unless otherwise determined by the Board at their absolute discretion, there is no requirement of a minimum period for which an option must be held or a performance target which must be achieved before an Option can be exercised.

h) *Payment of Acceptance of an Option*

The offer of a grant of share options under the 2016 Share Option Scheme may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK$1.00 in total by the grantee.

i) *Subscription Price*

The subscription price in respect of any particular option shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant option (and shall be stated in the letter containing the offer of the grant of the Option) but in any case the subscription price must be at least the higher of (i) the closing price of the shares as stated in the SEHK's daily quotations sheet on the date of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the SEHK's daily quotations sheets for the 5 business days immediately preceding the date of grant; and (iii) the nominal value of a share. Without prejudice to the generality of the foregoing, the Board may grant options in respect of which the subscription price is fixed at different prices for certain periods during the option period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

33. SHARE-BASED PAYMENT (CONTINUED)

2016 Share Option Scheme (Continued)

The Board terminated the 2016 Share Option Scheme on 18 July 2024 in accordance with its terms. At the beginning of the financial year, the total number of options that could have been granted under the 2016 Share Option Scheme was 7,961,866. There were no outstanding options at the beginning or end of the financial year, and no options were granted, exercised, cancelled, or lapsed during the year.

The fair values for total share options granted to directors, employees and external consultant amounted to HK$2,945,000 and HK$6,267,000 respectively and were calculated using the Binomial Option Pricing Model. The weighted average remaining contractual life of the share options outstanding at 31 December 2024 is Nil (2023: Nil).

Movements in the number of share options outstanding and their exercise prices for the year ended 31 December 2023 are as follow:

					2023 Number of option shares							
	Date of grant	Exercise price per share (note 1) HK$	Exercise period	Vesting period	Outstanding at 1 January 2023 '000	Granted during the year '000	Exercised during the year '000	Cancelled during the year '000	Lapsed during the year '000	Outstanding at 31 December 2023 '000	Exercisable at 31 December 2023 '000	Weighted average closing price of shares immediately before the dates of exercise HK$
Directors												
Mr. WONG Shik Ho Tony	22 September 2020	1.61	1 April 2021– 31 March 2023	N/A	–	–	–	–	–	–	–	N/A
Mr. WONG Fong Pak	22 September 2020	1.61	1 April 2021– 31 March 2023	N/A	–	–	–	–	–	–	–	N/A
Mr. LEUNG Wah Kan	22 September 2020	1.61	1 April 2021– 31 March 2023	N/A	–	–	–	–	–	–	–	N/A
Mr. HO Nai Nap	22 September 2020	1.61	1 April 2021– 31 March 2023	N/A	–	–	–	–	–	–	–	N/A
Mr. MAN Wai Hung	22 September 2020	1.61	1 April 2021– 31 March 2023	N/A	–	–	–	–	–	–	–	N/A
Mrs. HO WONG Mary Mee-Tak	22 September 2020	1.61	1 April 2021– 31 March 2023	N/A	–	–	–	–	–	–	–	N/A
Mr. LAI Kin Jerome	22 September 2020	1.61	1 April 2021– 31 March 2023	N/A	–	–	–	–	–	–	–	N/A
Mr. IP Shing Hing, *B.B.S., J.P.*	22 September 2020	1.61	1 April 2021– 31 March 2023	N/A	200	–	(200)	–	–	–	–	5.404
Mr. CHEUNG Ying Sheung	22 September 2020	1.61	1 April 2021– 31 March 2023	N/A	–	–	–	–	–	–	–	N/A
Sub-total	22 September 2020	1.61	1 April 2021– 31 March 2023	N/A	200	–	(200)	–	–	–	–	
Employees	22 September 2020	1.61	1 April 2021– 31 March 2023	N/A	90	–	–	–	(90)	–	–	N/A
External consultant (note 2)	22 September 2020	1.61	1 April 2021– 31 March 2023	N/A	–	–	–	–	–	–	–	N/A
Total					290	–	(200)	–	(90)	–	–	

33. SHARE-BASED PAYMENT (CONTINUED)

2016 Share Option Scheme (Continued)

Notes:

1. The closing price per share as quoted on the SEHK on 21 September 2020, being the date immediately before the date of grant of the options described in the table above, is HK$1.61.

2. The external consultant is Ms. LEUNG Sau Fong, Ms. LEUNG was the secretary of the Company before tendering her resignation with effect from 1 September 2021. The share options were granted to her as rewards for her contribution to the Group.

The inputs into the model were as follows:

	"2016 Share Option Scheme" Employees, external consultant and directors As at 22 September 2020
Weighted average share price	1.61
Weighted average exercise price	1.61
Expected volatility	73.29%
Expected life	2.52 years
Risk-free interest rate	0.139%
Early exercise behaviour	220% to 280%
Expected dividend yield	5.83%

The expected volatility is based on the historical volatility on publicly available information.

The risk-free interest rate was determined with reference to the yield rate of the Hong Kong Exchange Fund Notes with duration similar to the expected life of the options.

Expected dividend yield is based on historical dividend yield.

The options under the "2016 Share Option Scheme" were expected to be exercised when the share price of the underlying security of the options rises ranging from 220% to 280% of the exercise price.

Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in grant date fair value measurement of the services received. There were no market conditions associated with the share options granted.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

34. NOTE SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities:

	Borrowings (note 29) HK$'000	Lease liabilities (note 31) HK$'000
At 1 January 2024	982,426	99,214
Repayment of bank loans	(7,757)	–
Repayment of lease liabilities	–	(33,199)
Repayment of import loans	(1,812,922)	–
Total changes from financing cash flows:	(1,820,679)	(33,199)
Other changes:		
Decrease in trade payables	1,655,100	–
Interest payable	2,686	–
Additions	–	27,619
Effect of modification to lease terms	–	18,920
Effect of termination of leases	–	(2)
Exchange difference	–	(1,570)
Total other changes	1,657,786	44,967
At 31 December 2024	819,533	110,982

34. NOTE SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Reconciliation of liabilities arising from financing activities: (Continued)

	Borrowings (note 29) HK$'000	Lease liabilities (note 31) HK$'000
At 1 January 2023	1,738,733	128,058
Repayment of bank loans	(7,757)	—
Repayment of lease liabilities	—	(31,425)
Repayment of import loans	(3,119,178)	—
Total changes from financing cash flows:	(3,126,935)	(31,425)
Other changes:		
Decrease in trade payables	2,367,329	—
Additions	—	1,314
Effect of modification to lease terms	—	2,575
Effect of termination of leases	—	(1,198)
Exchange difference	3,299	(110)
Total other changes	2,370,628	2,581
At 31 December 2023	982,426	99,214

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

35. CAPITAL COMMITMENTS

At 31 December 2024 and 2023, the Group had the following capital commitments contracted for but not provided in respect of:

	2024 HK$'000	2023 HK$'000
Acquisition of property, plant and equipment	**6,965**	15,883

36. RELATED PARTIES AND CONNECTED TRANSACTIONS

The directors of the Company represented the key management personnel of the Company whose remuneration is set out in note 13.

37. CAPITAL MANAGEMENT

The capital structure of the Group consists of debts, which includes the borrowings disclosed in note 29 and the lease liabilities disclosed in note 31 and equity of the Group, comprising share capital, reserves and retained profits disclosed in consolidated statement of changes in equity. Management reviews the capital structure on a semi-annual basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital.

The Group has a target gearing ratio of below 100% determined as the proportion of net debts (debts less cash and bank balances) to equity.

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

	2024 HK$'000	2023 HK$'000
Debts	**930,515**	1,081,640
Cash and bank balances	**(2,334,023)**	(2,491,217)
Net debts	**Nil**	Nil
Total equity	**2,862,007**	2,774,215
Net debt to equity ratio	**Nil**	Nil

38. 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. For receivables with balances that are more than 3 months' overdue, further credit will only be granted under management's approval, otherwise, the customers are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers except for those mentioned below, however the Group has arranged credit insurance coverage for certain customers.

As at 31 December 2024, the Group has a certain concentration of credit risk as 0.3% (2023: 0.0%) and 18.6% (2023: 16.1%) of the total trade receivables were due from the Group's largest customer and the five largest customers respectively.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Measurement of expected credit loss on individual basis

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables assessed on individual basis as at 31 December 2024:

	Expected loss rate %	Gross carrying amount HK$'000	Expected credit loss HK$'000
Over 1 year past due	**100.000%**	**269,711**	**269,711**
		269,711	**269,711**

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables assessed on individual basis as at 31 December 2023:

	Expected loss rate %	Gross carrying amount HK$'000	Expected credit loss HK$'000
Within 1 month	—	549	—
Over 1 year past due	99.188%	297,029	294,618
		297,578	294,618

Measurement of expected credit loss on collective basis

Expected credit losses are also estimated by grouping the remaining receivables. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Measurement of expected credit loss on collective basis (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables assessed on collective basis as at 31 December 2024:

	Expected loss rate %	Gross carrying amount HK$'000	Expected credit loss HK$'000
Not past due	**0.247%**	**542,810**	**1,342**
Within 1 month past due	**1.385%**	**135,552**	**1,877**
Over 1 month but within 3 months past due	**4.201%**	**35,274**	**1,482**
Over 3 months but within 1 year past due	**76.520%**	**13,620**	**10,422**
Over 1 year past due	**100.000%**	**10,623**	**10,623**
		737,879	**25,746**

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables assessed on collective basis as at 31 December 2023:

	Expected loss rate %	Gross carrying amount HK$'000	Expected credit loss HK$'000
Not past due	0.066%	551,068	361
Within 1 month past due	0.287%	178,130	511
Over 1 month but within 3 months past due	2.950%	17,254	509
Over 3 months but within 1 year past due	26.488%	6,384	1,691
Over 1 year past due	99.612%	11,094	11,051
		763,930	14,123

Expected loss rates are based on actual loss experience over the past 2 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

As at 31 December 2024, the Group held pledges of landed properties for certain of these balances amounted to Nil (2023: HK$2,960,000) while the net realisable value of pledged landed properties amounted to Nil (2023: HK$3,749,000). The Group does not have the right to sell or re-pledge the properties held as collateral in the absence of default by customers.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Measurement of expected credit loss on collective basis (Continued)

Movement in the loss allowance account in respect of trade receivables at amortised cost during the year is as follows:

	2024 HK$'000	2023 HK$'000
At 1 January	308,741	313,948
(Reversal of provision)/provision for impairment losses recognised during the year	(3,417)	3,118
Exchange difference	(9,867)	(8,325)
At 31 December	295,457	308,741

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

Other receivables measured at amortised cost are subject to the ECLs model and the loss allowances are limited to 12-month ECLs as there has not been a significant increase in credit risk since initial recognition. The ECLs of other receivables as at 31 December 2024 were determined to be immaterial.

The loss allowance for deposits are based on the Group's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

Movement in the loss allowance account in respect of deposits during the year is as follows:

	2024 HK$'000	2023 HK$'000
At 1 January	5,559	5,559
Impairment losses recognised during the year	—	—
Exchange difference	—	—
At 31 December	5,559	5,559

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk

The Group's policy is to regularly monitor its current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the Group's remaining contractual maturities for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank borrowings with a repayment on demand clause can be exercised at the bank's sole discretion. The analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity dates for other financial liabilities are based on the agreed repayment dates.

	Carrying amount HK$'000	Total contractual undiscounted cash flows HK$'000	On demand or within 1 year HK$'000	Over 1 year but within 2 years HK$'000	More than 2 years within 5 years HK$'000
At 31 December 2024					
Trade and other payables	**915,460**	**916,551**	**909,592**	**–**	**6,959**
Borrowings	**819,533**	**819,533**	**819,533**	**–**	**–**
Lease liabilities	**110,982**	**118,715**	**41,473**	**36,553**	**40,689**
Total	**1,845,975**	**1,854,799**	**1,770,598**	**36,553**	**47,648**
At 31 December 2023					
Trade and other payables	1,153,706	1,153,706	1,153,706	–	–
Borrowings	982,426	982,426	982,426	–	–
Lease liabilities	99,214	106,841	33,711	29,065	44,065
Total	2,235,346	2,242,973	2,169,843	29,065	44,065

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (Continued)

The below table summarises the maturity analysis of bank borrowings with a repayment on demand clause based on agreed scheduled repayments. Taking into account the Group's financial position, the directors do not consider that it is probable that the banks will exercise their discretion to demand immediate repayment. The directors believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates.

	Carrying amount HK$'000	Total contractual undiscounted cash flows HK$'000	Within 1 year HK$'000	Over 1 year but within 2 years HK$'000	More than 2 years but within 5 years HK$'000
31 December 2024	**819,533**	**835,928**	**658,368**	**12,317**	**165,243**
31 December 2023	982,426	1,012,338	819,297	13,616	179,425

(c) Interest rate risk

The Group's interest rate risk arises primarily from borrowings. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk.

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

	2024		2023	
	Effective interest rate (per annum)	**HK$'000**	Effective interest rate (per annum)	HK$'000
Variable rate borrowings:				
Bank loans	**2.75%**	**177,123**	3.38%	184,880
Import loans	**4.66%**	**642,410**	6.22%	797,546
		819,533		982,426
Fixed rate borrowings:				
Lease liabilities	**4.15%**	**110,982**	4.14%	99,214

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Interest rate risk (Continued)

At 31 December 2024, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after tax for the year ended 31 December 2024 by approximately HK$3,410,000 (2023: HK$4,102,000) respectively.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of reporting period and had been applied to the exposure to interest rate risk for the borrowings in existence at that date. The 50 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date. The analysis is performed on the same basis as 2023.

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily Renminbi and Euro.

The following table details the Group's exposure at 31 December 2024 and 2023 to significant currency risk arising from the recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	2024 Renminbi HK$'000	2023 Renminbi HK$'000	**2024 Euro HK$'000**	2023 Euro HK$'000
Trade and other receivables	**832**	1,296	**162**	173
Cash and bank balances	**17,280**	94,726	**39**	354
Trade and other payables	**(14,322)**	(23,534)	**(896)**	(962)
Lease liabilities	**(839)**	(128)	**—**	—
Overall net exposure	**2,951**	72,360	**(695)**	(435)

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Currency risk (Continued)

The following table indicates the approximate change in the Group's profit after income tax and retained profits and other components of consolidated equity in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of reporting period. The sensitivity analysis includes balances between group companies where the denomination of the balances is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in profit for the year and other equity where the HK$ weakens against the relevant currency. For a strengthening of the HK$ against the relevant currency, there would be an equal and opposite impact on the profit for the year and other equity, and the balances below would be negative.

	Increase in foreign exchange rates	Effect on profit after income tax HK$'000
As at 31 December 2024		
Renminbi	**5%**	**123**
Euro	**5%**	**(29)**
As at 31 December 2023		
Renminbi	5%	3,021
Euro	5%	(18)

The sensitivity analysis has been determined assuming that the change in foreign exchange rate had occurred at the end of the reporting period and had been applied to each of the group entities; exposure to currency risk for both derivative and non-derivative financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rate over the periods until the next annual reporting date. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the group entities' profit for the year and equity measured in the respective functional currencies, translated into HK$ at the exchange rate ruling at the end of reporting period for presentation purposes. The analysis is performed on the same basis as 2023.

39. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows the carrying amount of financial assets and liabilities:

	2024 Carrying amount HK$'000	2023 Carrying amount HK$'000
Financial assets		
Financial assets at fair value through profit or loss		
— Trade receivables at fair value through profit or loss	**92,130**	61,859
Financial assets at amortised cost		
— Cash and bank balances	**2,334,023**	2,491,217
— Trade and other receivables	**768,160**	813,213
Financial asset at fair value through other comprehensive income		
— Unlisted equity investment	**1,268**	1,268
Financial liabilities		
Financial liabilities at amortised cost		
— Trade and other payables	**915,460**	1,153,706
— Borrowings	**819,533**	982,426
— Lease liabilities	**110,982**	99,214

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

39. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (CONTINUED)

	Group 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Financial assets at fair value through profit or loss				
— Trade receivables at fair value through profit or loss	**—**	**92,130**	**—**	**92,130**
Financial asset at fair value through other comprehensive income				
— Unlisted equity investment	**—**	**—**	**1,268**	**1,268**
	—	**92,130**	**1,268**	**93,398**

	Group 2023			
	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets at fair value through profit or loss				
— Trade receivables at fair value through profit or loss	—	61,859	—	61,859
Financial asset at fair value through other comprehensive income				
— Unlisted equity investment	—	—	1,268	1,268
	—	61,859	1,268	63,127

There were no transfers between levels during the year.

39. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (CONTINUED)

Reconciliation for financial instrument carried at fair value based on significant unobservable inputs (Level 3) are as follows:

Unlisted equity investment	**Financial asset at FVTOCI**	
	2024	2023
	HK$'000	HK$'000
At 1 January	**1,268**	1,268
Total gains or losses:		
— in other comprehensive income (included in changes in fair value of financial assets at FVTOCI)	**—**	—
At 31 December	**1,268**	1,268

(a) Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and bank balances, trade and other receivables, trade and other payables and borrowings.

Due to their short term nature, the carrying values of cash and bank balances, trade and other receivables, trade and other payables and borrowings approximate to their fair values.

(b) Financial instruments measured at fair value

The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of level 2 and level 3 financial instruments, as well as the relationship between key observable inputs and fair value are set out below.

Information about level 2 fair value measurements

The fair value of trade receivables at fair value through profit or loss is determined based on the weighted-average discount rates applicable to trade receivables factored without recourse during the year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

39. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (CONTINUED)

(b) Financial instruments measured at fair value (Continued)

Information about level 3 fair value measurements

As at 31 December 2024, the fair value of the unlisted equity investment in Dreamscape Immersive Inc. is estimated by using the market approach and option pricing model based on the enterprise value to sales ratios of comparable companies. The valuation technique adopts expected enterprise value to sales ratio of 4.51 (2023: 4.51), volatility of 43.42% (2023: 43.42%) and risk-free rate of 4.42% (2023: 4.42%) as key unobservable inputs.

As at 31 December 2024, the fair value measurement is positively correlated to the enterprise value to sales ratio. It is estimated that with all other variables held constant, an increase/decrease in enterprise value to sales ratio by 1 would have increased/decreased the Group's other comprehensive income by approximately HK$433,000 (2023: HK$435,000) and HK$364,000 (2023: HK$366,000) respectively.

The Group considers that changes in the volatility and risk-free rate to the valuation technique disclosed above would not have a significant effect on fair value of the unlisted equity investment as at 31 December 2024 and 2023.

40. PARTICULARS OF SUBSIDIARIES

As at 31 December 2024, the particulars of the Company's principal 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/ registered capital	Attributable equity interest held		Principal activities
				Directly	Indirectly	
PC Partner Holdings Limited	BVI 2 May 1997	Hong Kong	US$4,264,757	100%	–	Investment holding
Ask Technology Group Limited	Hong Kong 10 March 2008	Hong Kong	HK$10,000	–	100%	Trading of computer accessories
Innovision Multimedia Limited	Hong Kong 6 February 1998	Hong Kong	HK$10,000	–	100%	Trading of computer accessories
Manli Technology Group Limited	Hong Kong 10 March 2008	Hong Kong	HK$10,000	–	100%	Trading of computer accessories and computers
Zotac Holdings Limited	BVI 10 July 2003	Hong Kong	US$20,000,000	–	100%	Investment holding
PC Partner Limited	Hong Kong 12 February 1988	Hong Kong	HK$26,520,000	–	100%	Design, manufacture and sale of computer accessories and computers
Zotac International Macau Limited	Macau 20 September 2006	Macau	MOP100,000	–	100%	Trading of computer accessories and computers
Zotac Korea Co., Ltd. (note iii)	Korea 12 May 2010	Korea	KRW559,820,000	–	100%	Wholesale of computers, computer peripheral equipment and software
Zotac USA Inc. (Nevada)	U.S.A. 9 October 2007	U.S.A.	US$200,000	–	100%	Trading of computer accessories and computers
PC Partner (Dongguan) Limited (notes i and iii)	PRC 10 July 2009	PRC	US$21,600,000 (note ii)	–	100%	Subcontracting of computer accessories and computers
Zotac (Dongguan) Electronic Technology Company Limited (notes i and iii)	PRC 20 June 2016	PRC	RMB600,000	–	100%	Trading of computer accessories and computers
Zotac Europe GmbH	Germany 25 September 2012	Germany	EUR25,000	–	100%	Provision of technical support services
PC Partner Wealth Investment Limited	Hong Kong 12 August 2013	Hong Kong	HK$20,000,000	–	100%	Investment holding
PC Partner Services Limited	Hong Kong 16 June 2021	Hong Kong	HK$10,000	–	100%	Provision of company secretarial services
PC Partner Investment Limited	BVI 21 December 2021	Hong Kong	US$50,000	–	100%	Investment holding
PC Partner Properties Limited	Hong Kong 30 December 2021	Hong Kong	HK$10,000	–	100%	Property holding
VRSense Solutions Limited	BVI 14 September 2016	Hong Kong	US$2,000,000	–	100%	Investment holding

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

40. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place and date of incorporation/ establishment	Place of operations	Issued and fully paid-up share capital/ registered capital	Attributable equity interest held Directly	Attributable equity interest held Indirectly	Principal activities
Excelsior Technology Limited	BVI 18 July 1997	Hong Kong	US$1	–	100%	Investment holding
Zotac Technology Limited	Hong Kong 20 July 2005	Hong Kong	HK$150,000,000	–	100%	Trading of computer accessories and computers
Excelsior (Dongguan) Digital Technology Limited (notes i and iii)	PRC 11 December 2017	PRC	RMB1,000,000	–	100%	Trading of computer accessories and computers
Zotac International Limited	Hong Kong 30 October 2017	Hong Kong	HK$1,000,000	–	100%	Holding of intellectual properties
Zotac Nippon Corporation (note iii)	Japan 18 December 2017	Japan	JPY50,000,000	–	80%	Trading of computer accessories and computers
PC Partner Technology Pte. Limited	Singapore 8 May 2024	Singapore	US$30,000,000	–	100%	1) Wholesale of computer hardware and peripheral equipment (except cybersecurity related hardware and peripheral equipment) (46511) 2) manufacture of computers and peripheral equipment n.e.c. (26209)
Zotac Technology Pte. Limited	Singapore 13 May 2024	Singapore	US$1,000,000	–	100%	Wholesale of computer hardware and peripheral equipment (except cybersecurity related hardware and peripheral equipment) (46511)
Manli Technology Pte. Limited	Singapore 14 May 2024	Singapore	US$1,000,000	–	100%	Wholesale of computer hardware and peripheral equipment (except cybersecurity related hardware and peripheral equipment) (46511)
Innovision Multimedia Pte. Limited	Singapore 16 May 2024	Singapore	US$1,000,000	–	100%	Wholesale of computer hardware and peripheral equipment (except cybersecurity related hardware and peripheral equipment) (46511)
Zhiyingtong Electronics (Dongguan) Co., Ltd (notes i and iii)	PRC 30 May 2024	PRC	RMB1,000,000	–	100%	Trading of computer accessories and computers
PT PCPartner Technology Indonesia	Indonesia 14 June 2024	Indonesia	Rp275,000,000,000	–	100%	Manufacturing of video graphic cards

Notes:

(i) All subsidiaries established in the PRC are wholly foreign-owned enterprises.

(ii) As at 31 December 2024, the registered capital of US$21,298,265 was paid up and the remaining registered capital is not yet paid up to the date of this Annual Report.

(iii) For companies incorporated in Korea, the PRC and Japan, their English names are for indentification purposes only

41. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

	2024 HK$'000	2023 HK$'000
Non-current assets		
Investment in a subsidiary	**538,467**	538,467
Current assets		
Prepayments and other receivables	**588**	316
Amounts due from subsidiaries	**520,027**	510,853
Cash and cash equivalents	**25,617**	7,230
Total current assets	**546,232**	518,399
Current liabilities		
Accruals	**43,044**	9,471
Amounts due to subsidiaries	**–**	595
Total current liabilities	**43,044**	10,066
Net current assets	**503,188**	508,333
NET ASSETS	**1,041,655**	1,046,800
Capital and reserves		
Share capital	**38,788**	38,788
Reserves (note)	**1,002,867**	1,008,012
TOTAL EQUITY	**1,041,655**	1,046,800

On behalf of the Board

WONG Shik Ho Tony
Director

WONG Fong Pak
Director

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

41. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024 (CONTINUED)

Note:

Movements of the reserves of the Company are as follows:

	Share premium	Other reserve (note)	Share-based payment reserve	Retained profits	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2023	197,619	495,778	167	316,924	1,010,488
Profit for the year	—	—	—	132,981	132,981
Dividends paid (note 14)	—	—	—	(135,759)	(135,759)
Shares issued under share option scheme	417	—	(115)	—	302
Lapse of share options	—	—	(52)	52	—
At 31 December 2023 and 1 January 2024	**198,036**	**495,778**	**—**	**314,198**	**1,008,012**
Profit for the year	**—**	**—**	**—**	**150,008**	**150,008**
Dividends paid (note 14)	**—**	**—**	**—**	**(155,153)**	**(155,153)**
At 31 December 2024	**198,036**	**495,778**	**—**	**309,053**	**1,002,867**

Note: Other reserve of the Company represents the difference between the nominal value of the ordinary shares issued by the Company and the net asset value of subsidiaries acquired through an exchange of shares pursuant to the Reorganisation underwent in December 2011.

42. CONTINGENT LIABILITY

Included in the sales of products to the U.S.A. was the Group's own brand VGA cards, which are imported to U.S.A. under the tariff code for video game consoles and machines for custom declaration. In 2023, the Group identified a classification issue on import declaration of VGA cards that U.S. Customs and Border Protection ("CBP") determined these VGA cards HTSUS Code 8473.30.1180 (for "parts and accessories of the machines of heading 8471, not incorporating a cathode ray tube") which falls under List 3 of the Section 301 of the U.S. Trade Act of 1974 (the "China Section 301 Tariff"). Such classification would lead to a 25% tariff under China Section 301 Tariff for products imported during certain different periods of time and the estimated amount of the potential tariff approximates US$25 million (approximately HK$196 million). Under lawyer's advice, the Group took an initiative to rectify the declaration in CBP in order to avoid additional penalty on unreported tariff.

On the basis of the professional advice, the Directors are of view that it was not probable that an outflow of economic benefits will be required on the above classification issue on declaration of imported goods to the U.S.A.

42. CONTINGENT LIABILITY (CONTINUED)

In July 2024, the Group filed a litigation protest to CBP to put forth that no tariffs should be payable for these products imported during certain different periods.

At date of the reporting period, the Group had paid US$11.8 million (approximately HK$91.4 million) of the total contingent liability of US$25 million (approximately HK$196 million) in connection with filing the litigation protest and consequently, this payment was recorded as other receivable in the consolidated statement of financial position are set out in note 23(d). Up to the date of this report, there is no further payment.

43. COMPARATIVE FIGURES

Certain comparative figures have been adjusted to conform with changes in presentation in the current year.

44. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 28 February 2025.

PROPERTY INTERESTS HELD BY THE GROUP

Description	Group interest	Use	Tenure
2396 Bateman Avenue, Irwindale, California, U.S.A.	100%	For workshop and ancillary office purposes	Freehold
28/F., NCB Innovation Centre, 888 Lai Chi Kok Road, Kowloon, Hong Kong	100%	For the Group's principal office in Hong Kong	Medium-term lease
Car Parking Spaces Nos. B2-P96, B2-P97, B2-P98, B2-P103, B2-P104, on Basement 2 Floor and B3-P4, B3-P5, B3-P6, B3-P7, B3-P8, B3-P9, B3-P10, B3-P76, B3-P77, B3-P78, B3-P79, B3-P80, B3-P81, B3-P82, B3-P83 on Basement 3 Floor of NCB Innovation Centre, 888 Lai Chi Kok Road, Kowloon, Hong Kong	100%	For senior management staff and certain other authorised employees of the Group	Medium-term lease