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PC PARTNER GROUP LIMITED

栢能集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1263)

CONTINUING CONNECTED TRANSACTIONS SALE OF VIDEO GRAPHICS CARDS TO A CONNECTED PERSON

During the period from March 2020 to April 2021, Manli Technology, an indirect wholly owned subsidiary of the Company, sold video graphics cards to BCL in its ordinary and usual course of business. Since May 2021, Manli Technology has ceased to conduct any Transactions.

As all the issued shares of BCL are owned by the brother of Mr. Man, who is an executive Director, BCL is an associate of Mr. Man and a connected person of the Company. Therefore, the Transactions constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios as calculated under Rule 14.07 of the Listing Rules for the Transactions in respect of each of Year 2020 and Four-Month 2021 has exceeded 0.1% but all of them are less than 5%, the Transactions in respect of each of Year 2020 and Four-Month 2021 are subject to the reporting, announcement and annual review requirements but exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

TRANSACTIONS

During the period from March 2020 to April 2021, Manli Technology, an indirect wholly owned subsidiary of the Company, sold video graphics cards to BCL in its ordinary and usual course of business. Since May 2021, Manli Technology has ceased to conduct any Transactions.

In March 2020, Manli Technology started to provide samples of video graphic cards in relatively small quantity to BCL for testing. For every new customer intending to purchase video graphics cards from the Group, the Group in following usual market practice will provide sufficient samples and allow sufficient time for the new customer to test, among others, the conformity of the video graphics cards with their specifications and whether their performance meets the customer's needs. For this reason, the Company considers that no formal sales will have been made with a customer until it places an official order for the purchase of the Group's products (including video graphics cards). In the case of BCL, it placed its first official order with Manli Technology for video graphics cards on 30 November 2020.

The total amount of the Transactions in respect of each of Year 2020 and Four-Month 2021 are as follows:

	Approximate amount HK\$
During Year 2020	6,320,000
During Four-Month 2021	<u>40,026,000</u>
Total:	<u><u>46,346,000</u></u>

PRICING

For the Transactions, after BCL had placed orders with Manli Technology, Manli Technology would issue to BCL proforma invoices, which set out (among others) the model of the video graphics cards, the purchase quantity, the sale unit price and the payment terms, to confirm the orders. Upon completion of the delivery of the video graphics cards under each proforma invoice, BCL would then settle the proforma invoice in full unless a credit period was approved and granted by Manli Technology under the proforma invoice.

The sale unit price of the video graphics cards sold by Manli Technology to BCL was determined after arm's length negotiation and taking into consideration, among others, the minimum sale price suggested by the Group's relevant supplier of the processors embedded on the video graphics cards (where applicable), the size of the order, the payment terms and a reasonable profit margin.

The Directors (excluding Mr. Man but including the independent non-executive Directors) consider that the pricing of the Transactions as mentioned above is in line with general market practice, fair and reasonable and in the interests of the Company and its shareholders as a whole.

REASONS FOR AND BENEFITS OF CONDUCTING THE TRANSACTIONS

BCL is principally engaged in trading (including video graphics cards) of goods for re-sale, like some other third party customers of the Group. The Transactions were conducted in the ordinary and usual course of business of the Group and BCL.

The terms of the Transactions were agreed between Manli Technology and BCL after arm's length negotiations.

The Directors (excluding Mr. Man but including the independent non-executive Directors) consider that the Transactions were in the interests of the Company and its shareholders as a whole, on normal commercial terms or better and in the ordinary and usual course of business of the Group, and the terms of the Transactions were no more favourable to the terms offered by the Group to its third party customers of the same products and fair and reasonable.

Mr. Man is considered having direct or indirect material interest in the Transactions by virtue of him being the brother of the sole shareholder of BCL and he abstained from voting on the Board resolution(s) approving the Transactions. Save as disclosed above, none of the Directors is considered having a material interest in the Transactions and no Director was required to abstain from voting on the Board resolution(s) approving the Transactions.

INFORMATION ON THE COMPANY AND MANLI TECHNOLOGY

The Group is principally engaged in design, manufacturing and trading of personal computer related products and components, such as video graphics cards for desktop personal computers and mini-PC with its operation based in the PRC.

Manli Technology is a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company. It is principally engaged in trading of computer accessories and computers.

INFORMATION ON BCL

BCL is a company incorporated in Hong Kong with limited liability, all the issued shares of which are owned by Mr. Man Wai Kau, the brother of Mr. Man. It is principally engaged in trading.

LISTING RULES IMPLICATIONS

As all the issued shares of BCL are owned by the brother of Mr. Man, who is an executive Director, BCL is an associate of Mr. Man and a connected person of the Company. Therefore, the Transactions constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios as calculated under Rule 14.07 of the Listing Rules for the Transactions in respect of each of Year 2020 and Four-Month 2021 has exceeded 0.1% but all of them are less than 5%, the Transactions in respect of each of Year 2020 and Four-Month 2021 are subject to the reporting, announcement and annual review requirements but exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since the Board only became aware of the connected nature of the Transactions under Chapter 14A of the Listing Rules after 22 April 2021 as mentioned below, no announcement (other than this announcement) has been made by the Company in respect of the Transactions.

Pursuant to the practice of the Group, when an entity becomes a new customer of the Group, it shall provide such documents as may be required by the Company for background check and credit check. After BCL became a customer of the Group, through inadvertent and unintentional oversight Manli Technology had failed to report the shareholding structure of BCL to the management of the Group to allow the Company to identify the relationship of BCL with Mr. Man. For this reason, BCL has all along been treated as a third party customer of the Group and the Board was not alerted to the fact that the Transactions constituted continuing connected transactions of the Company. It was on or about 22 April 2021 when Mr. Man completed the Company's internal annual declaration form of interest on, among others, any conflict he has or may have in relation to his position with the Group that upon communicating with the management of the Company he came to realize that the Transactions were continuing connected transactions of the Company.

Immediately upon becoming aware of the continuing connected transactions constituted by the Transactions, the Company has as soon as practicable taken such actions as the Board considers necessary and appropriate in an attempt to remedy the situation to the extent possible and to prevent any similar incident from happening in the future, which include:

1. having sought legal advice regarding the re-compliance with the relevant requirements under Chapter 14A of the Listing Rules in relation to the Transactions;
2. having promptly ceased to conduct any further Transactions since the Company and the Directors became aware that the Transactions constitute continuing connected transactions for the Company;
3. arranging to publish this announcement on the Stock Exchange's website and the Company's website;
4. the Board (including the independent non-executive Directors) having approved and ratified the Transactions;

5. the independent non-executive Directors after reviewing the Transactions having formed the opinion that the terms of the Transactions are fair and reasonable, the Transactions are on normal commercial terms and in the ordinary and usual course of business of the Group, and the Transactions are in the interests of the Company and its shareholders as a whole;
6. arranging to seek the auditors of the Company to issue a letter covering the matters set out in Rule 14A.56(1) to (3) of the Listing Rules with regard to the Transactions conducted in Year 2020;
7. having re-circulated the Company's Related Party Transactions and Connected Transactions Management Policies to all relevant directors and employees of the members of the Group reminding them of, among others, the requirements under these policies;
8. having arranged for a seminar given to the Directors by the legal advisers of the Company on, among others, Chapter 14A of the Listing Rules; and
9. for prudence sake, arranging to engage an external internal control adviser to conduct an interim review of the Company's internal control procedures with a focus on compliance with the connected transactions requirements under Chapter 14A of the Listing Rules, notwithstanding that the effectiveness of the Company's internal control procedures have been subject to annual review and no material defect has been discovered.

DEFINITIONS

In this announcement, unless otherwise defined, terms used herein shall have the following meanings:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“BCL”	BC (HK) Technology Limited, a company incorporated in Hong Kong with limited liability, all the issued shares of which are owned by the brother of Mr. Man
“Board”	the board of Directors
“Company”	PC Partner Group Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 1263)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company

“Four-Month 2021”	the period of four months ended 30 April 2021
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Manli Technology”	Manli Technology Group Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company
“Mr. Man”	Mr. Man Wai Hung, an executive Director
“PRC”	the People’s Republic of China, which for the purposes of this announcement excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the sale of video graphics cards by Manli Technology to BCL
“Year 2020”	the year ended 31 December 2020
“%”	per cent.

By order of the Board
PC PARTNER GROUP LIMITED
WONG Shik Ho Tony
Chairman

Hong Kong, 25 May 2021

As at the date of this announcement, the Executive Directors are Mr. WONG Shik Ho Tony, Mr. WONG Fong Pak, Mr. LEUNG Wah Kan, Mr. HO Nai Nap, Mr. MAN Wai Hung; the Non-executive Director is Mrs. HO WONG Mary Mee-Tak (Mr. CHIU Wing Yui is Alternate Director to Mrs. HO WONG Mary Mee-Tak); and the Independent Non-executive Directors are Mr. IP Shing Hing, Mr. LAI Kin Jerome and Mr. CHEUNG Ying Sheung.

* For identification purposes only