PC PARTNER GROUP LIMITED
栢能集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1263)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2012	2011	Change
	HK$' million	*HK$' million*	
Turnover	**5,175.7**	5,969.2	–13%
Gross Profit	**461.0**	477.6	–3%
Profit attributable to owners of the Company	**52.3**	70.2	–26%
Gross Profit %	**8.9%**	8.0%	+11%
Net Profit %	**1.0%**	1.2%	–17%

The board of directors (the "Board") of PC Partner Group Limited (the "Company") is pleased to announce the audited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2012 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	**2012** **HK$'000**	2011 *HK$'000*
Turnover	*4,5*	**5,175,674**	5,969,166
Cost of sales		**(4,714,677)**	(5,491,587)
Gross profit		**460,997**	477,579
Other revenue and other gains and losses	*6*	**14,881**	4,012
Selling and distribution expenses		**(99,909)**	(100,347)
Administrative expenses		**(297,838)**	(268,999)
Listing expenses		**(720)**	(19,266)
Finance costs	*7*	**(13,854)**	(11,077)
Profit before income tax	*8*	**63,557**	81,902
Income tax expense	*9*	**(11,303)**	(9,223)
Profit for the year		**52,254**	72,679
Other comprehensive income, after tax			
Exchange differences on translating foreign operations		**507**	(67)
Total comprehensive income for the year		**52,761**	72,612
Profit for the year attributable to:			
— Owners of the Company		**52,254**	70,213
— Non-controlling interests		**—**	2,466
		52,254	72,679
Total comprehensive income for the year attributable to:			
— Owners of the Company		**52,761**	70,154
— Non-controlling interests		**—**	2,458
		52,761	72,612
		HK$	*HK$*
Earnings per share	*12*		
— Basic		**0.13**	0.21
— Diluted		**0.13**	0.21

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment		**90,361**	97,259
Intangible assets		**7,990**	8,356
Other financial assets		**20,992**	20,992
Deferred tax assets		**1,762**	1,859
Total non-current assets		**121,105**	128,466
Current assets			
Inventories	*14*	**697,921**	799,495
Trade and other receivables	*13*	**851,997**	893,904
Derivative financial assets		**1,308**	559
Current tax recoverable		**344**	1,549
Pledged time deposits		**310**	7,129
Cash and cash equivalents		**602,591**	717,396
Total current assets		**2,154,471**	2,420,032
Total assets		**2,275,576**	2,548,498
Current liabilities			
Trade and other payables	*15*	**713,594**	1,146,220
Borrowings	*16*	**821,539**	813,637
Provisions		**6,228**	7,894
Obligations under finance leases		**16**	17
Derivative financial liabilities		**3**	54
Current tax liabilities		**6,148**	3,537
Total current liabilities		**1,547,528**	1,971,359
Net current assets		**606,943**	448,673
Total assets less current liabilities		**728,048**	577,139
Non-current liabilities			
Obligations under finance leases		**42**	58
NET ASSETS		**728,006**	577,081
Capital and reserves attributable to owners of the Company			
Share capital	*17*	**41,752**	33,052
Reserves		**686,254**	544,029
TOTAL EQUITY		**728,006**	577,081

Notes:

1. GENERAL INFORMATION

PC Partner Group Limited (the "Company") was incorporated in the Cayman Islands on 1 April 2010 with limited liability under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands.

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

Pursuant to the Reorganisation ("Reorganisation") as detailed in the subsection headed "Corporate Reorganisation" in Appendix V to the prospectus of the Company dated 29 December 2011 (the "Prospectus"), in preparation for the listing (the "Listing") of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and for the purpose of rationalising the Group's structure, the Company became the holding company of the subsidiaries now comprising the Group on 21 December 2011. As the Reorganisation only involved inserting a new holding entity at the top of an existing group and has not resulted in any change of economic substances, the consolidated financial statements of the Group for the year ended 31 December 2011 had been presented as a continuation of the existing group based on merger accounting principle.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS

(a) Adoption of new/revised HKFRSs — effective 1 January 2012

The Group has adopted the following new/revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2012.

Amendments to HKFRS 7	Disclosures — Transfers of Financial Assets

The adoption of the new/revised HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements.

Amendments to HKFRS 7 — Disclosures — Transfers of Financial Assets

The amendments to HKFRS 7 expand the disclosure requirements for transfer transactions of financial assets, in particular where the reporting entity has continuing involvement in financial assets that it has derecognised. The newly required disclosures allow users of financial statements to better understand the risks to which the reporting entity remains exposed. And such information is relevant in assessing the amount, timing and uncertainty of the entity's future cash flows.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's operations, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Annual Improvements 2009–2011 Cycle[2]
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income[1]
Amendments to HKAS 32	Presentation — Offsetting Financial Assets and Financial Liabilities[3]
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 27 (2011)	Separate Financial Statements[2]

Notes:

[1] Effective for annual periods beginning on or after 1 July 2012
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2014
[4] Effective for annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of the potential impact of these pronouncements. The directors so far concluded that the application of these new pronouncements will have no material impact on the Group's financial statements.

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") issued by the HKICPA 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 Stock Exchange.

(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.

4. SEGMENT REPORTING

(a) Reportable segments

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

(b) Geographical information

(i) Turnover

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

	2012	2011
	HK$'000	*HK$'000*
Asia Pacific ("APAC")	**2,071,250**	2,417,745
North and Latin America ("NALA")	**629,891**	586,763
People's Republic of China ("PRC")	**943,066**	963,071
Europe, Middle East and Africa ("EMEAI")	**1,531,467**	2,001,587
	5,175,674	5,969,166

(ii) Specified non-current assets

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

	2012	2011
	HK$'000	*HK$'000*
APAC	**11,393**	10,735
NALA	**242**	—
PRC	**86,585**	94,880
EMEAI	**131**	—
	98,351	105,615

(c) Revenue from major products and services

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

	2012	2011
	HK$'000	*HK$'000*
Video graphics cards	**3,247,078**	3,859,105
Electronics manufacturing services	**1,271,219**	1,437,382
Other PC related products and components	**657,377**	672,679
	5,175,674	5,969,166

(d) Information about major customers

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

	2012	2011
	HK$'000	*HK$'000*
Customer A *(Note a)*	**550,256**	N/A
Customer B *(Note b)*	**N/A**	863,655

Notes:

(a) Revenue from this customer was derived mainly from sales of video graphics cards in the PRC. Its revenue in 2011 did not contribute 10% or more of the Group's revenue.

(b) Revenue from this customer was derived from rendering of electronics manufacturing services in the EMEAI region. Its revenue in 2012 does not contribute 10% or more of the Group's revenue.

5. TURNOVER

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

6. OTHER REVENUE AND OTHER GAINS AND LOSSES

	2012	2011
	HK$'000	*HK$'000*
Interest income	**2,681**	537
Net exchange gains/(losses)	**6,164**	(7,398)
Net fair value gains on derivative financial instruments	**800**	255
Net gain on settlement of derivative financial instrument	**2,048**	1,347
Gain on disposal of property, plant and equipment	**—**	7
Sundry income	**3,188**	9,264
	14,881	4,012

7. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Interest on bank advances and other borrowings wholly repayable within five years	**13,854**	11,077

8. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	2012	2011
	HK$'000	*HK$'000*
Inventories recognised as expense	**4,703,106**	5,484,445
Provision for obsolete inventories	**11,571**	7,142
Cost of sales	**4,714,677**	5,491,587
Staff costs	**357,249**	332,487
Auditor's remuneration	**1,545**	1,485
Depreciation of property, plant and equipment	**34,753**	39,960
Amortisation of intangible assets	**1,800**	1,728
Provision for impairment losses on trade and other receivables	**870**	471
Operating lease payments on plant and machinery	**282**	—
Operating lease payments on premises	**30,346**	27,527
Property, plant and equipment written off	**12**	21
Provision for product warranties and returns	**7,904**	12,570
Research and development expenditure *(Note)*	**27,322**	25,639

Note:

The research and development expenditure for the year include HK$27,322,000 (2011: HK$25,639,000) relating to depreciation of plant and machinery and office equipment and employee benefits expense for research and development activities, which are also included in the total amounts disclosed above for each of these types of expenses.

9. INCOME TAX EXPENSE

(a) The amounts of income tax expense in the consolidated statement of comprehensive income represent:

	2012	2011
	HK$'000	*HK$'000*
Current tax — Hong Kong		
— provision for the year	**8,208**	6,556
— under/(over) provision in respect of prior year	**3**	(46)
Current tax — PRC		
— provision for the year	**2,232**	3,169
— under provision in respect of prior year	**256**	—
Current tax — Korea		
— provision for the year	**503**	117
— under provision in respect of prior year	**4**	2
	11,206	9,798
Deferred tax		
— origination and reversal of temporary differences	**97**	(575)
Income tax expense	**11,303**	9,223

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

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

Hong Kong profits tax is calculated at 16.5% (2011: 16.5%) on the estimated assessable profits for the year ended 31 December 2012. A significant subsidiary of the Group, PC Partner Limited, is exempted under Departmental Interpretation and Practice Notes No.21 issued by the Inland Revenue Department of Hong Kong in respect of claiming 50% of all of its manufacturing profits as offshore in nature and non-taxable.

The Group's wholly owned subsidiary located in the PRC, 東莞栢能電子科技有限公司 successfully obtained the "High Technology Enterprise" status during the year and the applicable PRC enterprise income tax rate is 15%. Other PRC subsidiaries of the Group are subject to PRC enterprise income tax at a statutory rate of 25% (2011: 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 2012.

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

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

	2012	2011
	HK$'000	*HK$'000*
Profit before income tax	**63,557**	81,902
Tax on profit before income tax, calculated at Hong Kong profits tax rate	**10,487**	13,514
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(1,446)**	(2,738)
Effect of tax exemption granted to a subsidiary	**(1,563)**	(5,609)
Tax effect of non-taxable net income relating to offshore operation	**(7,698)**	(4,503)
Tax effect of expenses not deductible for tax purposes	**5,028**	3,887
Tax effect of revenue not taxable for tax purposes	**2,814**	2,214
Tax effect of tax losses and deductible temporary differences not recognised	**3,087**	5,374
Utilisation of tax losses previously not recognised	**—**	(2,921)
Under/(over) provision in prior year	**263**	(44)
Tax rebate	**(50)**	(72)
Others	**381**	121
Income tax expense	**11,303**	9,223

10. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company for the year ended 31 December 2012 includes a profit of approximately HK$6,697,000 (2011: a loss of approximately HK$20,103,000), which has been dealt with in the financial statements of the Company.

Reconciliation of the above amount to the Company's profit/(loss) for the year:

	2012	2011
	HK$'000	*HK$'000*
Amount of consolidated profit/(loss) attributable to owners of the Company dealt with in the Company's financial statements	**6,697**	(20,103)
Final dividend from a subsidiary attributable to the profits of the previous financial year, approved and paid during the year	**55,442**	—
Company's profit/(loss) for the year	**62,139**	(20,103)

11. DIVIDENDS

	2012	2011
	HK$'000	*HK$'000*
Dividend paid for the year	**41,752**	66,504
Interim dividend declared and paid — HK$0.02 per share	**8,351**	—
Interim dividend in respect of the previous financial year declared *(Note a & b)*	**—**	66,504
Final dividend proposed after the end of previous reporting period *(Note b)*	**33,401**	—
	41,752	66,504

(a) Dividend paid and payable for 2011 by the Company's subsidiary to the then shareholders prior to the reorganisation were as disclosed in the consolidated statement of changes in equity.

(b) The rates of dividends and the number of shares ranking for the interim dividend paid in 2011 and final dividend paid in 2012 were not presented as such information is not meaningful for the purpose of the annual financial statements.

(c) The directors of the Company proposed a final dividend of HK$0.03 (2011: HK$0.08) per share, totaling HK$12,526,000 (2011: HK$33,401,000) after the end of the reporting period. The final dividend has not been recognised as liabilities at the end of the reporting period.

12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share for the years ended 31 December 2012 and 2011 is based on the profit attributable to the owners of the Company and assuming the shares were in issue during the current and prior years, calculated as follows:

Earnings	**2012**	2011
	HK$'000	*HK$'000*
Earnings for the purpose of basic and diluted earnings per share	**52,254**	70,213

Number of shares	**2012**	2011
Weighted average number of ordinary shares for the purpose of basic earnings per share	**414,903,914**	330,518,668
Effect of dilutive potential ordinary shares:		
— share options	**—**	138,039
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**414,903,914**	330,656,707

The computation of diluted earnings per share for the year ended 31 December 2012 does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price for shares.

13. TRADE AND OTHER RECEIVABLES

	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**844,834**	858,169
Less: Accumulated impairment losses	**(8,354)**	(8,805)
	836,480	849,364
Other receivables	**1,392**	20,231
Deposits and prepayments	**14,125**	20,509
Amount due from a shareholder	**—**	3,800
	851,997	893,904

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

	2012	2011
	HK$'000	*HK$'000*
Within 1 month	**398,743**	514,133
Over 1 month but within 3 months	**385,110**	296,168
Over 3 months but within 1 year	**50,198**	33,097
Over 1 year	**2,429**	5,966
	836,480	849,364

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

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

	2012	2011
	HK$'000	*HK$'000*
Within 1 month	**230,922**	197,076
Over 1 month but within 3 months	**88,219**	35,291
Over 3 months but within 1 year	**13,181**	22,055
Over 1 year	**2,233**	5,966
	334,555	260,388

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

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

The below table reconciles the impairment loss of trade receivables for the year:

	2012	2011
	HK$'000	*HK$'000*
At beginning of year	**8,805**	8,345
Provision of impairment loss recognised	**870**	471
Uncollectible amounts written off	**(1,343)**	—
Exchange difference	**22**	(11)
At end of year	**8,354**	8,805

14. INVENTORIES

	2012 *HK$'000*	2011 *HK$'000*
Raw materials	**384,238**	446,297
Work-in-progress	**11,625**	27,540
Finished goods	**335,602**	347,636
	731,465	821,473
Less: Provision for obsolete inventories	**(33,544)**	(21,978)
	697,921	799,495

15. TRADE AND OTHER PAYABLES

	2012 *HK$'000*	2011 *HK$'000*
Trade payables	**553,223**	939,093
Other payables and accruals	**160,371**	175,831
Dividend payables	**—**	31,296
	713,594	1,146,220

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

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

	2012 *HK$'000*	2011 *HK$'000*
Within 1 month	**225,699**	422,841
Over 1 month but within 3 months	**291,596**	401,415
Over 3 months but within 1 year	**32,900**	113,617
Over 1 year	**3,028**	1,220
	553,223	939,093

16. BORROWINGS

	2012 *HK$'000*	2011 *HK$'000*
Import loans — secured	**767,928**	718,524
Bank loans — secured	**48,411**	82,422
Discounted bills and factoring loans	**5,200**	12,691
	821,539	813,637

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

	2012	2011
	HK$'000	*HK$'000*
On demand or within one year	**797,374**	765,224
Due after one year		
More than one year, but not exceeding two years	**16,915**	24,244
More than two years, but not exceeding five years	**7,250**	24,169
	24,165	48,413
	821,539	813,637

17. SHARE CAPITAL

	2012		2011	
	Number	***HK$'000***	*Number*	*HK$'000*
Authorised:				
Ordinary shares of HK$0.1 each	**1,000,000,000**	**100,000**	1,000,000,000	100,000
Issued and fully paid:				
Ordinary shares of HK$0.1 each				
At beginning of the year/on incorporation	**330,518,668**	**33,052**	3	—
Shares issued pursuant to the Reorganisation *(Note a)*	**—**	**—**	330,518,665	33,052
Shares issued under initial public offering *(Note b)*	**87,000,000**	**8,700**	—	—
At end of the year	**417,518,668**	**41,752**	330,518,668	33,052

(a) Pursuant to the Reorganisation, the Company allotted and issued in aggregate 330,518,665 shares to the shareholders of PC Partner Holdings Limited on 21 December 2011 credited as fully paid in such proportion as shall mirror their then shareholding proportion in PC Partner Holdings Limited's shares such that the shareholding structure of PC Partner Holdings Limited is replicated at the Company level.

(b) On 12 January 2012, 87,000,000 new ordinary shares of HK$0.10 each were issued at a price of HK$1.60 per share under the initial public offering. The Group raised approximately HK$128,031,000, net of related expenses from the share offer and placing.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK3 cents per share for the year ended 31 December 2012 be paid on or before 15 July 2013 (Monday) to the shareholders of the Company whose names appear on the Company's register of members at the close of business on 26 June 2013 (Wednesday). The proposed final dividend is subject to the approval by the shareholders of the Company at the forthcoming Annual General Meeting ("AGM") to be held on 21 June 2013 (Friday).

ANNUAL GENERAL MEETING

The AGM of the Company will be held on 21 June 2013 (Friday). The Notice of the AGM, which constitutes part of the circular to shareholders, will be sent together with the 2012 Annual Report in due course.

CLOSURE OF REGISTER OF MEMBERS AND RECORD DATE

(a) For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 18 June 2013 (Tuesday) to 21 June 2013 (Friday) (both days inclusive), during which time no transfer of shares will be registered. To ensure that shareholders are entitled to attend and vote at the AGM, shareholders must deliver their duly stamped instruments of transfer, accompanied by the relevant share certificates, to the Company's share registrar, Computershare Hong Kong Investor Services Limited, located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on 17 June 2013 (Monday) for registration of the relevant transfer.

(b) The proposed final dividend is subject to the approval of the shareholders at the AGM. The record date for the proposed final dividend is at the close of business on 26 June 2013 (Wednesday). For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from 27 June 2013 (Thursday) to 28 June 2013 (Friday) (both days inclusive), during which time no transfer of shares will be registered. In order to qualify for the proposed final dividend, shareholders must deliver their duly stamped instruments of transfer, accompanied by the relevant share certificates, to the Company's share registrar, Computershare Hong Kong Investor Services Limited, located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on 26 June 2013 (Wednesday) for registration of the relevant transfer.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the design, development, and manufacture of video graphics cards for desktop PCs, electronics manufacturing services ("EMS"), and manufacturing and trading in other PC products and components.

The Group manufactures video graphics cards for Original Design Manufacturer/Original Equipment Manufacturer ("ODM/OEM") customers and also manufactures and markets video graphics cards under its own ZOTAC, Inno3D and Manli brands. The 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 its customers. Video graphics cards remained as the core business of the Group for the year under review.

The Group provides EMS to globally recognised brands. Among these, the Group manufactures computer base units for a provider of Internet Media Tablets, Point-Of-Sales ("POS") and Automatic Teller Machines ("ATM") systems, as well as modules for a Light Emitting Diode ("LED") provider, a flash memory provider and a healthcare product provider. Besides the video graphics cards and EMS businesses, the Group manufactures and sells other PC related products, such as mini-PCs and motherboards under its own brands, and derives revenue from trading in components.

Business Performance

Total revenue decreased by HK$793.5 million or 13.3%, from HK$5,969.2 million in 2011 to HK$5,175.7 million in 2012.

Asia Pacific region

The Asia Pacific ("APAC") region experienced a decline in revenue by HK$346.5 million or 14.3%, from HK$2,417.7 million in 2011 to HK$2,071.2 million in 2012. This was mainly resulted from a significant decline in sales of video graphics cards to the ODM/OEM basis customers in the region.

Europe, Middle East and Africa region

The Europe, Middle East and Africa ("EMEAI") region experienced a decline of HK$470.1 million or 23.5%, from HK$2,001.6 million in 2011 to HK$1,531.5 million in 2012. It was mainly due to a significant decline in orders from the Internet Media Tablet customer by HK$427.3 million or 49.6%, which was partially offset by a strong demand on LED display products with an increase of revenue by HK$160.3 million or 204.7%, from HK$78.3 million in 2011 to HK$238.6 million in 2012 in the EMS sector. The economic situation in Europe deteriorated noticeably in the financial year 2012 affecting orders for the Group's own brands products, which resulted in significant decline in the demand on ZOTAC products in the region by HK$156.4 million or 22.9%, from HK$681.9 million in 2011 to HK$525.5 million in 2012.

North and Latin America region

The North and Latin America ("NALA") region marked a growth of HK$43.1 million or 7.3%, from HK$586.8 million in 2011 to HK$629.9 million in 2012. It was mainly attributable to revenue contribution from a new EMS customer for the year.

People's Republic of China region

Sales declined by HK$20.0 million, or 2.1%, from HK$963.1 million in 2011 to HK$943.1 million in 2012 for the region. It was mainly resulted from the decline of own brands video graphics cards, which was due to strong price competition from competitors.

Outlook

Given the conservative market sentiment, the Group experienced a challenging year in 2012. In anticipation of a volatile global economy and tough retail and operating environments, the Group will continue with its prudent development strategy to further expand its business channels to develop, produce and promote new products and brand names with our advanced research and development, branding and manufacturing capabilities. Meanwhile, we are well positioned to capture the long-term growth, and are confident with the growth opportunities in the EMS and other PC related products and components segments. Demand for the Group's core products will be maintained at a promising level supported by improving living standards.

Leveraging on our competitive design, development and engineering capabilities, we successfully developed a recognised branding and extensive manufacturing facilities. The Group will continue to push ahead with the development of new products and new businesses in order to drive the revenue growth of the Group. Being one of the world's leading computer electronics manufacturers, we will further strengthen our strategic partnership with worldwide major chipset providers, which will enable PC Partner to develop high performance, cost-competitive products and solutions for our customers.

FINANCIAL REVIEW

Revenue

During the year under review, total revenue decreased by HK$793.5 million or 13.3%, from HK$5,969.2 million in 2011 to HK$5,175.7 million in 2012. It was mainly due to a decline in sales of video graphics cards by HK$612.0 million or 15.9%, from HK$3,859.1 million in 2011 to HK$3,247.1 million in 2012, mainly resulted from a slowdown in demand for video graphics cards from ODM/OEM contract manufacturing customers. Revenue derived from ODM/OEM contract manufacturing businesses decreased by HK$513.6 million or 25.6%, from HK$2,004.1 million in 2011 to HK$1,490.5 million in 2012.

Revenue from the EMS business decreased by HK$166.2 million or 11.6%, from HK$1,437.4 million in 2011 to HK$1,271.2 million in 2012. The decline was primarily due to a decrease in sales of Internet Media Tablets and the flash memory modules, which has partially offset by relatively high demand on both POS and ATM systems, LED products, and other EMS products.

Sales of other PC related products and components decreased by HK$15.3 million or 2.3%, from HK$672.7 million in 2011 to HK$657.4 million in 2012. The decrease was mainly due to the net effect of decline in components trading by HK$39.8 million or 18.8%, and the increase in sales of other PC related products by HK$24.5 million or 5.3%.

Gross Profit and Margin

The gross profit of the Group for the year ended 31 December 2012 was HK$461.0 million, representing a decrease of HK$16.6 million or 3.5% compared with HK$477.6 million in 2011. It was mainly due to the decline in sales by HK$793.5 million or 13.3%, from HK$5,969.2 million in 2011 to HK$5,175.7 million in 2012. Gross profit margin for the year increased 0.9% from 8.0% in

2011 to 8.9% in 2012. It was mainly attributable to the improvement in the Group's product mix, which reduced the overall material cost to revenue ratio by 1.4%, from 86.7% in 2011 to 85.3% in 2012. However, resulted from the increase in minimum wages in Dongguan and appreciation of Renminbi, increment on conversion costs include labour, subcontracting charges and production overheads to revenue ratio increased 0.5% from 5.3% in 2011 to 5.8% in 2012, which was partially offset the product mix contribution and resulted in a net improvement of 0.9% on the gross profit margin.

Profit for the year

The profit for the year was HK$52.3 million in 2012, representing a decrease of HK$20.4 million or 28.1% over the previous financial year. The drop in gross profit was mainly due to the decline in sales by HK$793.5 million or 13.3% to HK$5,175.7 million for the year ended 31 December 2012, together with an increase on administration expenses by HK$28.8 million or 10.7% in 2012. Correspondingly, the profit margin for the year decreased 0.2% from 1.2% in 2011 to 1.0% in 2012.

Selling and distribution expenses maintained at approximately HK$100.0 million in 2012 compared with the previous financial year. As a percentage of Group revenue, selling and distribution expenses increased 0.2% from 1.7% in 2011 to 1.9% in 2012, due to a decline in sales of HK$793.5 million or 13.3% for the year.

Administrative expenses increased by HK$28.8 million or 10.7%, from HK$269.0 million in 2011 to HK$297.8 million in 2012; in which, salaries and compensation (exclusive of directors' emoluments) increased by HK$31.8 million or 22.3%, from HK$142.5 million in 2011 to HK$174.3 million in 2012. Such increase was mainly due to an increase in salaries and additional staffs for the year. Share-based payment under staff costs was increased by HK$11.9 million from HK$0.6 million in 2011 to HK$12.5 million in 2012. As a percentage of Group revenue, administrative expenses increased 1.3% from 4.5% in 2011 to 5.8% in 2012. The remaining administrative expenses reduced by HK$3.0 million or 2.4%, from HK$126.5 million in 2011 to HK$123.5 million in 2012, which was resulted from effective cost savings on administration.

Other revenue and other gains and losses increased substantially by HK$10.9 million from HK$4.0 million in 2011 to HK$14.9 million in 2012. This increase included a net exchange gain of HK$6.2 million arising from the Group's global operations in the ordinary course of business, compared with a net exchange loss of HK$7.4 million in the previous financial year. Interest income and gain on settlement of derivative financial instruments together increased by HK$2.8 million from HK$1.9 million in 2011 to HK$4.7 million in 2012. The above gain has offset the additional finance costs incurred for the year.

Listing expenses incurred in 2012 is substantially lower than the expenses in 2011 as most of the expenses have already been recognised in previous year.

Income tax expense increased by HK$2.1 million or 22.8% from HK$9.2 million in 2011 to HK$11.3 million in 2012, which was mainly contributed by both Hong Kong and the PRC entities during the year.

Profit Attributable to Shareholders and Dividends

The profit attributable to shareholders of the Group for the year ended 31 December 2012 was HK$52.3 million, representing a decrease of HK$20.4 million compared with the previous financial year.

Basic earnings per share for the year ended 31 December 2012 were HK13 cents as compared with HK21 cents in the previous financial year. The Group declared and paid an interim dividend of HK2 cents per share, which aggregated to HK$8.4 million in 2012. The Directors proposed a final dividend of HK3 cents per share for the year ended 31 December 2012, which is estimated to be HK$12.5 million.

Liquidity and Financial Resources

Shareholders' Funds

Total shareholders' funds amounted to HK$728.0 million as compared with HK$577.1 million in 2011. Book value per share remained at HK$1.7.

Financial Position

The Group has total current assets of HK$2,154.5 million in 2012 and HK$2,420.0 million in 2011. The Group's total current liabilities amounted to HK$1,547.5 million in 2012 and HK$1,971.4 million in 2011. The Group's current ratio, defined as total current assets over total current liabilities, improved to 1.4 in 2012 from 1.2 in 2011.

The Group's cash and bank balances decreased from HK$717.4 million in 2011 to HK$602.6 million in 2012. Based on the borrowings of HK$821.6 million in 2012 and HK$813.7 million in 2011 and total equity of HK$728.0 million in 2012 and HK$577.1 million in 2011, the Group's gearing ratio (being net debts divided by total equity) rose from 16.7% in 2011 to 30.1% in 2012. The increase in gearing ratio was mainly attributable to low cash and cash equivalent level on hand, which was driven by slow level on trade receivable collection and fast settlement on trade payables to suppliers for the year.

Treasury Policies

The Group's treasury policies are designed to mitigate the impact of fluctuations in foreign currency exchange rates arising from the Group's global operations and to minimise the Group's financial risks. The Group principally uses forward foreign exchange contracts and performance swap contracts as appropriate risk management purposes only, for hedging foreign exchange transactions and for managing the Group's assets and liabilities. It is the Group's policy not to enter into derivative transactions for speculative purposes.

Working Capital

Inventories of the Group as at 31 December 2012 were HK$697.9 million, decreased by HK$101.6 million or 12.7% as compared with HK$799.5 million as at 31 December 2011. The reduction in inventories was mainly due to the decline in revenue in 2012. Inventory turnover days maintained at 58 days for both financial years ended in 2012 and in 2011.

Trade receivables as at 31 December 2012 were HK$836.5 million, decreased by HK$12.9 million or 1.5% as compared with HK$849.4 million as at 31 December 2011. Trade receivable turnover days increased from 54 days to 59 days, which was mainly due to an increase in outstanding receivables of HK$88.9 million for over one month but within three months.

Trade payables as at 31 December 2012 were HK$553.2 million, decreased by HK$385.9 million or 41.1% as compared with HK$939.1 million as at 31 December 2011. Trade payable turnover days decreased from 65 days to 58 days, which was mainly resulted from shorter payment terms provided by new suppliers appointed by some EMS customers.

Charge on Assets

As at 31 December 2012, bank deposit of HK$0.3 million was pledged to bank to secure general banking facilities granted to the Group.

Capital Expenditure

For the year ended 31 December 2012, the Group invested HK$17.1 million in the purchase of property, plant and equipment. All of these capital expenditures were financed by internal resources and the proceeds from the initial public offering.

Capital Commitments and Contingent Liabilities

As at 31 December 2012, total capital commitments amounted to HK$1.8 million (2011: HK$1.7 million), and there were no material contingent liabilities or off balance sheet obligations.

USE OF PROCEEDS

The aggregated net proceeds from the Offering (as defined in the Company's prospectus dated 29 December 2011), based on an offer price of HK$1.60 per offer share, was HK$109 million. The Group intends to apply such net proceeds as set forth in the prospectus dated 29 December 2011, namely HK$46 million for expansion production capacity, HK$24 million for promotion and development of new products and brand name, HK$24 million for research and development, HK$5 million for upgrading the existing Enterprise Resource Planning ("ERP") system and IT resources, and HK$10 million for the Group's working capital and general corporate purposes. As at 31 December 2012, the Group has applied HK$9.4 million on expansion of production facilities, HK$8.9 million on promotion of development of new products and brand name, HK$1.7 million on research and development, and HK$3.5 million on ERP system upgrade project.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2012, the Group had 5,321 employees (2011: 5,814 employees). Employees are remunerated on basis of their individual performance and prevailing industry practices. Compensation policies and remuneration packages of the employees are reviewed at least once a year. In addition to basic salary, medical benefits, provident fund and performance-related bonuses may also be awarded to the employees. The Company has also adopted a Pre-IPO Share Option Scheme to recognize the contributions of and as retention incentive to the executive directors, certain management staff and selected long service employees of the Group.

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

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

CORPORATE GOVERNANCE

During the year ended 31 December 2012, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices effective until 31 March 2012 and Corporate Governance Code effective from 1 April 2012 (the "New CG Code") as contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange ("the Listing Rules"), except for the deviation from code provision A.2.1 of the New CG Code as described below.

Under code provision A.2.1 of the New CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. For the year ended 31 December 2012, roles of chairman and chief executive officer of the Company were performed by Mr. WONG Shik Ho Tony. With Mr. WONG's extensive experience in the electronics markets, he is also responsible for the overall strategic management and corporate development of the Group. The Board considers that vesting the roles of chairman and chief executive officer simultaneously by Mr. WONG is beneficial to the business prospects and management of the Group. The roles of the respective executive directors and senior management staff in charge of different functions complement the role of the chairman and chief executive officer. The Board believes that this structure is conducive to a strong and balanced management organisation that enables the Group to operate effectively. The Board currently comprises of 5 Executive Directors, 1 Non-executive Director and 3 Independent Non-executive Directors and therefore has sufficient independent elements in its composition.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("the Model Code") as set out in Appendix 10 to the Listing Rules as the required standard for securities transactions by Directors. All directors, after specific enquiries made by the Company, confirmed that they have complied with the required standards set out in the Model Code during the year.

AUDIT COMMITTEE

The Company established an audit committee on 21 December 2011 with written terms of reference. The primary duties of the audit committee are to review and supervise our financial reporting process and internal control system of the Company and to provide advice and comments to the Board. The audit committee consists of three members who are all Independent Non-executive Directors, namely, Mr. LAI Kin Jerome, Mr. IP Shing Hing and Mr. CHEUNG Ying Sheung, and Mr. LAI Kin Jerome was appointed as the chairman of the audit committee.

The audit committee has reviewed the audited financial statements of the Group for the year ended 31 December 2012.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2012 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the website of Hong Kong Exchanges and Clearing Limited ("HKEx") www.hkex.com.hk and on the Company's website at www.pcpartner.com. The 2012 Annual Report of the Company will be dispatched to the shareholders and will be available on the websites of HKEx and the Company in due course.

By order of the Board of
PC Partner Group Limited
WONG Shik Ho Tony
Chairman

Hong Kong, 25 March 2013

As at the date of this announcement, the executive Directors of the Company 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*