UPDATE | TECHNOLOGY HARDWARE ▪ SINGAPORE

PC PARTNER GROUP LTD

(PCPG SP / PCT.SI)

The Server Pivot Paints the Next Growth Story

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Investment Highlights

- **A stronger result than the revenue line suggests.** 1H26 revenue rose only 1.5%, yet GPM expanded 5.9ppt to 16.5% and PATMI increased 117.9%. The print was driven by ASP and product mix, not units: own-brand VGA volume fell 18.4%, while OEM/ODM volume fell 38.4% but revenue rose 73.9% on a 181% ASP increase.
- **Servers have moved from optionality to the required growth bridge.** Management now targets servers at more than 15% of 2H26 revenue after describing FY26 contribution as minimal in March. Our rebuilt schedule underwrites HK$1.86bn of FY26 server revenue, or 21.5% of 2H26—above management's low-single-digit group-growth frame.
- **The product ladder is credible but not yet rack scale.** The 6U ZRS-326SV2 and 4U ZRS-MGX-R1 are public barebone products supporting eight RTX PRO GPUs. PC Partner is entering enterprise and industrial AI through standard PCIe/MGX designs; it is not yet a named Vera, HGX or NVL72 system builder.
- **Revenue growth will dilute percentage margin.** Our server route assumptions range from 7.5% GPM for full systems to 12.0% for true barebones. Server revenue compounds rapidly, but FY26-30 gross profit is almost flat, and group GPM falls from 16.3% to 12.5%. The opportunity is gross-profit dollars and diversification—not margin expansion.

Valuation & Action.

We *reiterate* our **OUTPERFORM** rating with a 12-month DCF value of **S$6.33,** implying 127.8% upside from S$2.78. The output uses 11.0% WACC and 2.0% terminal growth.

Risks.

Key downside risks include weaker VGA sell-through, component inflation, 4U qualification/timing, server working-capital intensity, route-mix dilution, Section 301 exposure, and failure to convert NPN access into supportable US/EU wins.

OUTPERFORM	
Last close (S$)	2.78
12M Target Price (S$)	6.33
Previous TP (S$)	2.54
Upside / (Downside) (%)	127.8%
TRADING DATA	
Market Cap (S$mn)	1,078.32
Issued Shares (mn)	387.88
3M Avg Daily Vol (mn)	3.14
3M Avg Daily Val (S$mn)	8.39
Free Float (%)	17.98
MAJOR SHAREHOLDERS (%)	
Wong Shik Ho	14.3%
LC Capital Management Pte Ltd	12.1%
Wong Fong Pak	7.1%

Financials & Key Operating Statistics

YE Dec (HK$'000)	2024	2025	2026F	2027F	2028F
Revenue	10,082	13,952	14,930	17,561	18,136
Net Profit	261	496	1,201	1,209	1,102
EPS (adj. S$ cents)	10.89	20.71	50.18	50.51	46.03
EPS growth (%)	335.3%	90.1%	142.3%	0.7%	(8.9%)
DPS (S$ cents)	6.48	6.48	19.45	17.68	16.11
Div Yield (%)	2.4%	2.4%	7.1%	6.4%	5.8%
Net Profit Margin (%)	3.6%	8.0%	6.9%	6.1%	5.5%
P/E (x)	25.7x	13.5x	5.6x	5.5x	6.1x
EV/EBITDA (x)	36.0x	18.1x	8.9x	9.3x	10.4x

Source: Company data, KGI Research

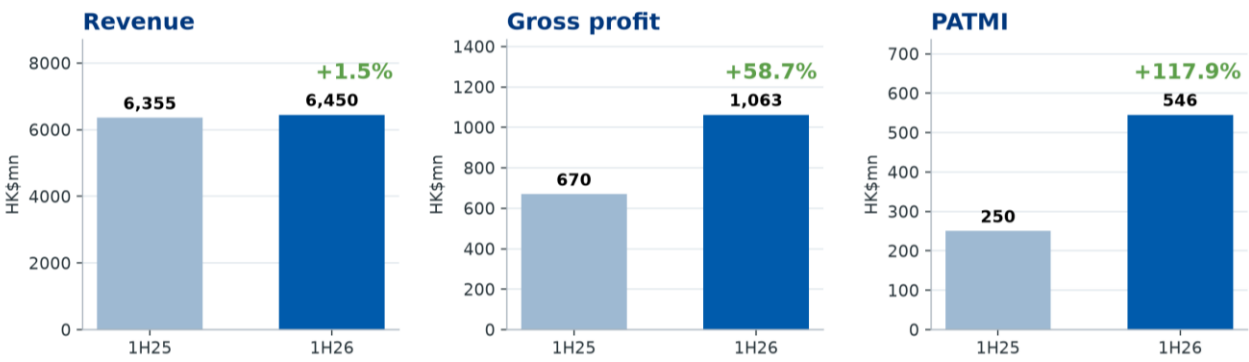
Business Updates

Recent results & operating performance

Premium mix drove the beat, but 16.5% GPM is not the new base. Raw materials fell to 81.7% of sales from 87.1%, which explains why a 1.5% revenue increase produced 58.7% gross-profit growth. The improvement is real, but both major VGA channels shipped fewer cards and the half benefited from scarce high-end supply, stronger ASP and favorable mix. We therefore treat 1H26 as a peak pre-server margin rather than an annualized run rate.

Operating leverage was positive, although the enterprise cost base is already rising. Selling expense declined 24.3% to HK$53.2m, while administrative expense increased 18.1% to HK$379.3m as staff, R&D, bonus and profit-sharing costs rose. This mix supported the PATMI step-up in 1H26, but it also signals that platform engineering, validation and support spending will absorb part of the future server gross-profit contribution.

Figure 1: Revenue barely moved, while gross profit and PATMI re-based



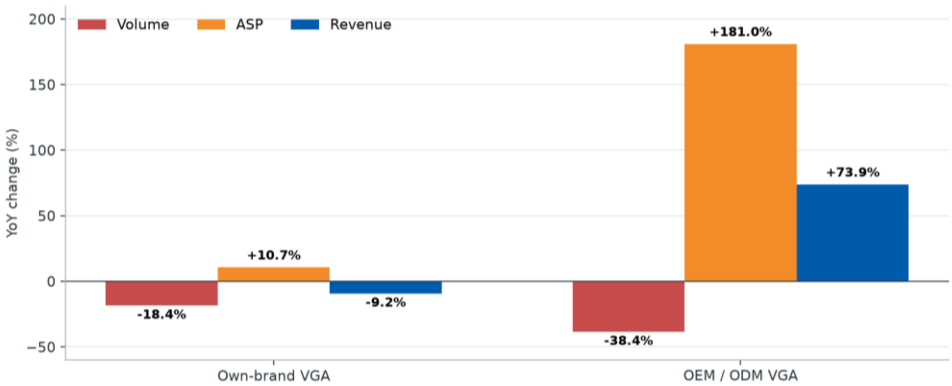
Source: Company Data

Price did the work that units could not

ASP and SKU mix, not demand volume, drove VGA economics. PC Partner shipped roughly 1.0m branded cards and 0.3m OEM cards in 1H26, while Q2 ASPs reached approximately US$600 and US$580 even as units fell again sequentially. The price-volume divergence explains how ODM/OEM revenue increased 73.9% despite a 38.4% volume decline and why gross profit per card is now more informative than headline allocation.

Our OEM build is concentrated in RTX 5080 and should be read as underwriting. RTX 5080 represents 48.9% of KGI's modeled FY26 OEM units and 63.6% of OEM revenue, which is sufficient to lift the modeled OEM ASP above own-brand. PC Partner does not disclose SKU-level OEM mix, so the concentration is an estimate designed to reconcile reported channel economics rather than a company-provided product schedule.

Figure 2: 1H26 VGA price-volume bridge



Source: Company Data

Figure 3: 1H26 VGA price-volume bridge (KGI's est.)

Own-brand VGA Unit Mix by SKU	FY25A	FY26E	FY27E	FY28E	FY29E	FY30E
RTX 5090	3.4%	4.5%	4.5%	3.0%	2.0%	1.0%
RTX 5080	8.0%	8.2%	10.0%	7.0%	5.0%	3.0%
RTX 5070 Ti	8.0%	10.2%	12.0%	10.0%	8.0%	5.0%
RTX 5070	14.0%	16.0%	15.0%	14.0%	12.0%	8.0%
RTX 5060 Ti	18.0%	20.0%	18.0%	17.0%	15.0%	10.0%
RTX 5060	20.0%	22.5%	20.0%	19.0%	15.0%	10.0%
Other / successor generation	28.6%	18.5%	20.5%	30.0%	43.0%	63.0%
Own-brand VGA Realized ASP by SKU (USD / card)	**FY25E**	**FY26E**	**FY27E**	**FY28E**	**FY29E**	**FY30E**
RTX 5090	$2,200	$3,113	$3,260	$2,900	$2,650	$2,400
RTX 5080	$900	$1,062	$1,150	$1,020	$950	$850
RTX 5070 Ti	$650	$751	$820	$730	$680	$620
RTX 5070	$480	$552	$620	$560	$520	$480
RTX 5060 Ti	$350	$414	$475	$430	$410	$380
RTX 5060	$260	$299	$340	$310	$300	$280
Other / successor generation	$314	$297	$320	$730	$760	$800
Own-brand weighted ASP	**$471**	**$598**	**$672**	**$661**	**$651**	**$689**
OEM / ODM VGA Unit Mix by SKU	**FY25A**	**FY26E**	**FY27E**	**FY28E**	**FY29E**	**FY30E**
RTX 5090	-	0.5%	0.5%	-	-	-
RTX 5080	5.0%	48.9%	52.0%	40.0%	30.0%	20.0%
RTX 5070 Ti	5.0%	20.5%	21.0%	18.0%	15.0%	10.0%
RTX 5070	10.0%	9.5%	8.0%	10.0%	10.0%	8.0%
RTX 5060 Ti	18.0%	7.5%	6.0%	8.0%	8.0%	7.0%
RTX 5060	25.0%	4.5%	3.0%	5.0%	5.0%	5.0%
Other / successor generation	37.0%	8.6%	9.5%	19.0%	32.0%	50.0%
OEM / ODM VGA Realized ASP by SKU (USD / card)	**FY25E**	**FY26E**	**FY27E**	**FY28E**	**FY29E**	**FY30E**
RTX 5090	$2,000	$2,491	$2,700	$2,500	$2,300	$2,100
RTX 5080	$650	$794	$865	$800	$760	$720
RTX 5070 Ti	$480	$579	$640	$590	$560	$530
RTX 5070	$340	$418	$480	$440	$420	$400
RTX 5060 Ti	$260	$322	$375	$345	$330	$315
RTX 5060	$190	$230	$270	$245	$235	$225
Other / successor generation	$150	$198	$230	$790	$820	$850
OEM weighted ASP	**$240**	**$611**	**$689**	**$660**	**$655**	**$687**

Source: KGI Research

Outlook

PC Partner is becoming an RTX PRO platform integrator

MGX shortens time-to-market but limits differentiation. PC Partner's platform content includes the chassis, motherboard or HPM, power distribution, redundant PSUs, cooling, PCIe risers and backplanes, storage bays, BMC and firmware, mechanical integration, assembly and validation. Standard NVIDIA MGX building blocks allow a smaller vendor to enter faster, but common architecture also makes specification alone a weak moat.

PC Partner is a platform integrator, not an AI-factory prime. The current scope sits between add-in boards and rack-scale infrastructure: more value-added than reselling GPUs, but without public evidence of hyperscaler co-design, liquid-cooled rack orchestration, cluster software or global lifecycle service. Qualification, on-time delivery, local support and repeat orders therefore become the competitive proof points.

Figure 4: PC Partner's current server stack

AVAILABILITY	Shipping	September 2026 readiness
SYSTEM PLATFORM		
Model	ZRS-326SV2 	ZRS-MGX-R1 
Rack height	6U	4U
Platform	Barebone GPU server	NVIDIA MGX
CPU	Dual 5th-gen Intel Xeon	Dual Intel Xeon 6
GPU capacity	Up to 8 × RTX PRO 6000 or 4500	8 × PCIe Gen5 x16 GPU slots
Connectivity	8 × PCIe Gen5 x16 GPU slots	8 × 400G ConnectX-8 SuperNIC ports
Power	4 × 2,700W Titanium PSUs	4 × 3,200W Titanium PSUs
Configuration	GPU excluded; CPU, memory and storage configurable	CPU, memory and storage configurable

Status	Product scope	Model treatment
Current	6U + 4U PCIe RTX PRO platforms	Base case
KGI's forecast	Vera CPU solutions	Minimal revenue through FY28
Potential upside	HGX Rubin NVL8 / NVL72 rack scale	Excluded and to be observed

Source: Company Data, KGI Research

ZRS-326SV2: the near-term 6U volume engine

The 6U is a barebone, not an eight-GPU revenue SKU. ZOTAC describes the ZRS-326SV2 as a "Barebone Package"; GPUs are excluded, while CPU, memory and storage are configuration options. The relevant revenue base is therefore the chassis, motherboard, power, cooling and integration content unless PC Partner separately supplies the accelerators or complete system, and the product should not be priced like a fully populated eight-GPU server.

The 3,000-unit FY26 ramp lacks order-book support. The final sales build increased 6U volume from 1,200 to 3,000 units in FY26 and from 950 to 6,000 units in FY27. Management says shipments have begun, but no disclosed backlog, customer count, transaction ASP or route margin supports the modeled scale. Reorder cadence is therefore the first evidence needed to defend the forecast.

Figure 5: ZOTAC ZRS-326SV2 6U eight-GPU server platform

Specification	Official product detail	Economic implication
Compute	Supports dual 5th-gen Xeon; 32 DIMMs	CPU/memory configurable
Accelerators	8× PCIe Gen5 x16 GPU slots	RTX PRO 6000/4500 optional
Power / cooling	4× 2,700W Titanium; 6U air-cooled	Platform value-add
Networking	25GbE OCP; ConnectX-7 / BlueField-3 optional	SI controls configuration

FY26 UNITS	ASP	GPM	REVENUE
3,000	**US$30k**	**12.0%**	**HK$702m**
KGI est.*	Barebone KGI est.*	KGI est.*	FY26E

Source: Company Data, KGI Research

ZRS-MGX-R1: denser networking and a broader roadmap

Management positions the 4U MGX as the denser follow-on platform. The ZRS-MGX-R1 is NVIDIA-qualified and expected to be ready for shipment in September. The product expands networking and expansion density relative to the 6U platform and gives the company a more standardized path into enterprise RTX PRO deployments, but shipment timing and customer conversion remain highly speculative until public order or delivery evidence emerges.

Figure 6: ZOTAC ZRS-MGX-R1 4U NVIDIA MGX platform

Specification	Official product detail	Why it matters
Host	Supports dual Intel Xeon 6; 32 DIMMs	Modern CPU platform
GPU	8× PCIe Gen5 x16 slots	RTX PRO eight-card design
Networking	8× 400G ConnectX-8; BlueField-3 slot	Enterprise scale-out
Power / storage	4× 3,200W; 8 hot-swap bays	Denser 4U integration

FY26 UNITS	ASP	GPM	FY28 UNITS
200	**US$50k**	**10.5%**	**4,050**
September start assumed	barebone route KGI est.*	early-ramp KGI est.*	KGI est.* ramp

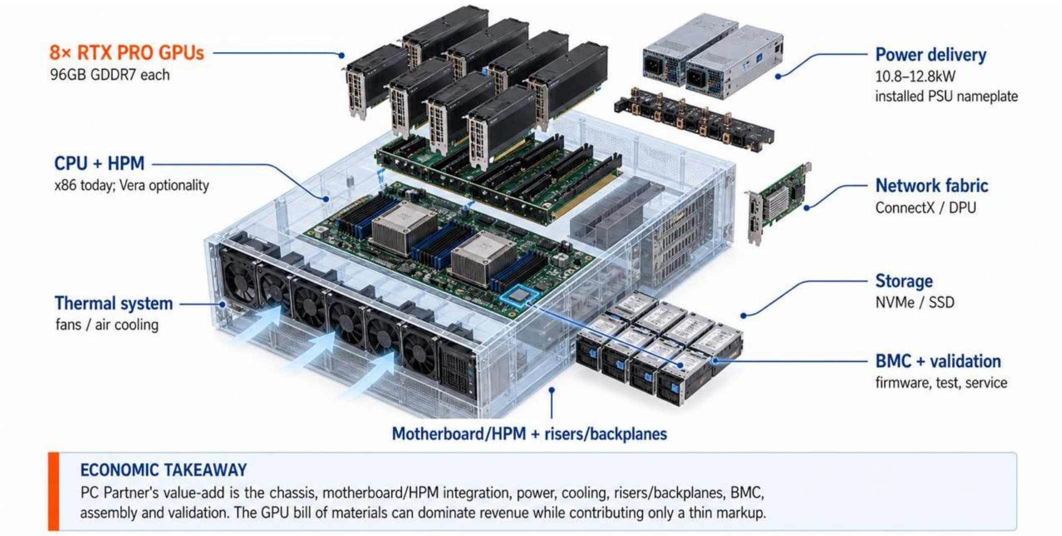
Source: Company Data

RTX PRO is enterprise AI infrastructure, not rack scale

RTX PRO fits enterprise and industrial AI. The most credible customer set comprises enterprises, industrial users, universities, regional clouds and system integrators that need inference, simulation, visualization or digital-twin capability. These customers can deploy one server or one four-node unit at a time, which matches PC Partner's modular PCIe platforms and lowers the initial integration burden relative to frontier AI clusters.

PCIe scale-out is not HGX or NVL rack scale. External networking can connect multiple RTX PRO systems, but HGX and NVL add high-bandwidth scale-up fabrics, liquid cooling, rack orchestration, cluster software and lifecycle service. PC Partner has not publicly demonstrated those capabilities, and we **exclude HGX Rubin NVL8 and NVL72 economics** from the base case rather than assigning the company the entire NVIDIA AI-factory opportunity.

Figure 7: Inside a RTX PRO/MGX server



Workload	RTX PRO fit	HGX/NVL fit	PC Partner's moat
Agentic inference	Strong	Strong	Official platform target
Industrial / physical AI	Strong	Selective	RTX PRO positioning
Simulation / visualization	Strong	Selective	GPU-board heritage
Fine-tuning / mid-size training	Moderate	Strong	PCIe scale-out
Frontier training	Weak	Strong	N.A.
NVL72 deployment	Not applicable	Strong	N.A.

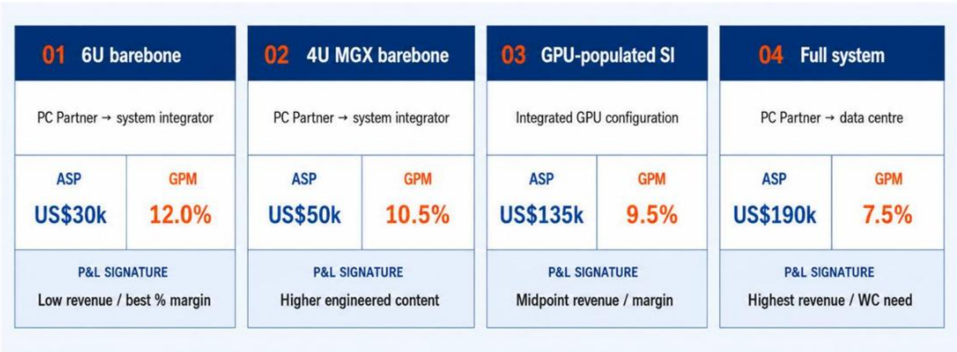
Source: KGI Research

Four routes to market; four economic profiles

Route economics depend on who procures the GPU. Management describes standard-design barebones sold to system integrators and complete systems sold to data centres. We model those routes separately and add a GPU-populated SI case to bridge the potential middle ground, although management has not confirmed its commercial scope. Units alone are therefore insufficient; configuration and procurement ownership determine both revenue per box and working-capital exposure.

Principal-versus-agent accounting changes the denominator, not necessarily the economics. If the customer supplies the GPUs or PC Partner acts as agent, accelerator value may be excluded from revenue and COGS, causing reported GPM to rise mechanically even when absolute GP is unchanged. Conversely, a principal full-system sale can produce very high revenue and GP per box while diluting GPM. We therefore forecast route GP and cash return alongside reported billings.

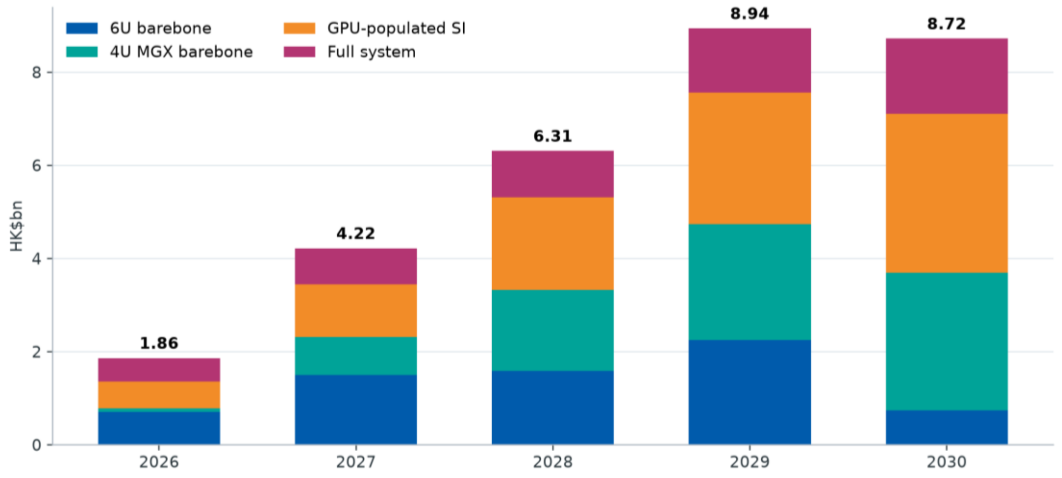
Figure 8: Route-to-market changes what PC Partner records and funds



Source: KGI Research

Physical units make the server build auditable. We forecast each route as units multiplied by US-dollar ASP and 7.8 HKD/USD, then apply an explicit gross-margin assumption. Populated SI and full-system routes contain eight RTX PRO cards, while barebones carry no GPU revenue. This architecture makes configuration, revenue per box and GP per box visible and prevents server-installed cards from remaining in the VGA schedule.

Figure 9: Server revenue by route (HK$bn)



GPU Server Revenue Build - 6U / 4U MGX / RTX PRO 60	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
GPU server revenue (HK$'000)		**1,863,030**	**4,219,800**	**6,308,445**	**8,938,800**	**8,718,060**
Annual GPU server revenue share		12.3%	24.0%	34.8%	45.1%	44.4%
2H26 GPU server revenue share		21.5%				
4U MGX shipping months in fiscal year		4	12	12	12	12
6U barebone units (FY26: 2H only)		3,000	6,000	6,000	8,000	2,500
4U MGX barebone units (FY26: Sep-Dec)		200	2,000	4,050	5,500	6,200
GPU-populated SI solution units		550	1,000	1,645	2,200	2,500
Full-system units sold to data centres		340	500	605	800	900
Total server units / chassis		**4,090**	**9,500**	**12,300**	**16,500**	**12,100**
SI RTX PRO attach rate (cards / solution)		8	8	8	8	8
Implied RTX PRO GPU demand		7,120	12,000	18,000	24,000	27,200
6U true barebone ASP (USD)		$30,000	$32,000	$34,000	$36,000	$38,000
4U MGX barebone / semi-barebone ASP (USD)		$50,000	$52,000	$55,000	$58,000	$61,000
GPU-populated SI solution ASP (USD)		$135,000	$145,000	$155,000	$165,000	$175,000
Full-system ASP (USD)		$190,000	$200,000	$210,000	$220,000	$230,000
6U barebone revenue (HK$'000)		702,000	1,497,600	1,591,200	2,246,400	741,000
4U MGX barebone revenue (HK$'000)		78,000	811,200	1,737,450	2,488,200	2,949,960
GPU-populated SI solution revenue (HK$'000)		579,150	1,131,000	1,988,805	2,831,400	3,412,500
Full-system revenue (HK$'000)		503,880	780,000	990,990	1,372,800	1,614,600
GPU server revenue - route total		**1,863,030**	**4,219,800**	**6,308,445**	**8,938,800**	**8,718,060**

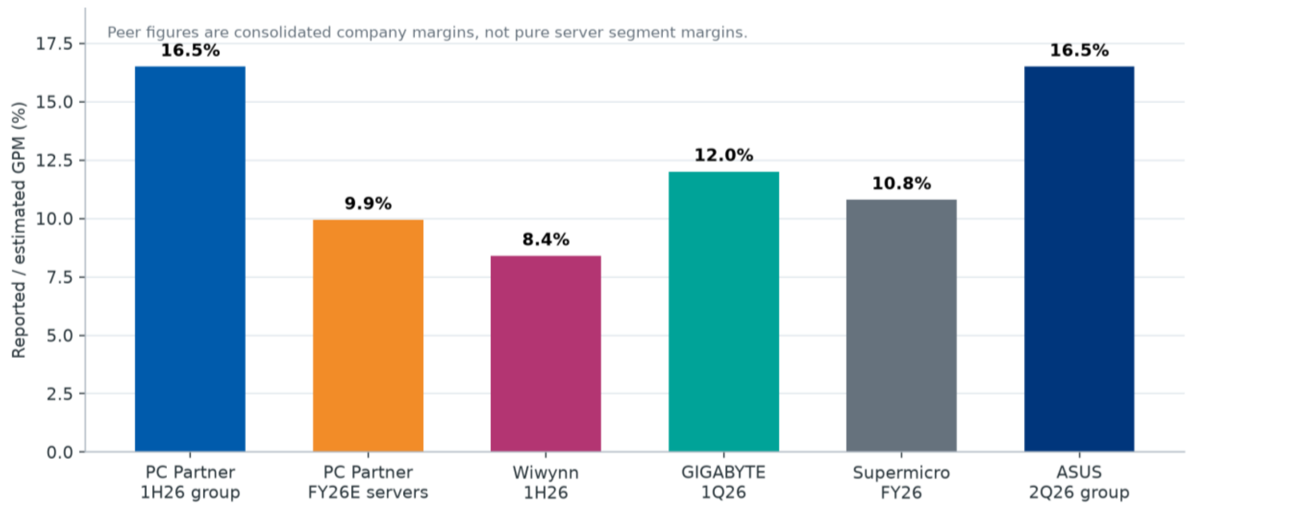
Source: KGI Research

PC Partner is not ASUS, GIGABYTE, Supermicro or Wiwynn

PC Partner's scope is narrower than rack-scale peers. GPU-board heritage, ZOTAC and INNO3D channels and potentially responsive regional SI supply are useful advantages for RTX PRO deployments. However, PC Partner has not publicly demonstrated the hyperscaler co-design, liquid-cooled rack integration, cluster software or global enterprise service capabilities associated with ASUS, GIGABYTE, Supermicro or Wiwynn at scale. The closest comparison is therefore a regional platform integrator rather than an AI-factory prime contractor.

NPN improves access, not delivery depth. NVIDIA Partner Network (NPN) participation can provide training, product resources, technical credibility and channel introductions, which may reduce early customer-acquisition friction. It does not replace qualification, proof-of-concept work, site integration, spare-parts coverage or local warranty support. Repeat orders and cash collection—not membership alone—are the relevant tests of commercial moat and customer-acquisition efficiency.

Figure 10: Latest consolidated GPMs of peers



Company	Current scope	Notes
ASUS	End-to-end branded infrastructure	16.5% 2Q26 consolidated; AI Lab/validation
GIGABYTE	Rack-scale, HGX and software	12.0% 1Q26; servers 71.5% of revenue
Supermicro	Global building blocks + rack integration	10.8% FY26; quarterly mix volatility
Wiwynn	Hyperscale custom ODM + NRE	8.4% 1H26; agency procurement effects
PC Partner	Standard PCIe RTX PRO barebones/systems	~9.9% FY26E server GPM; KGI estimate

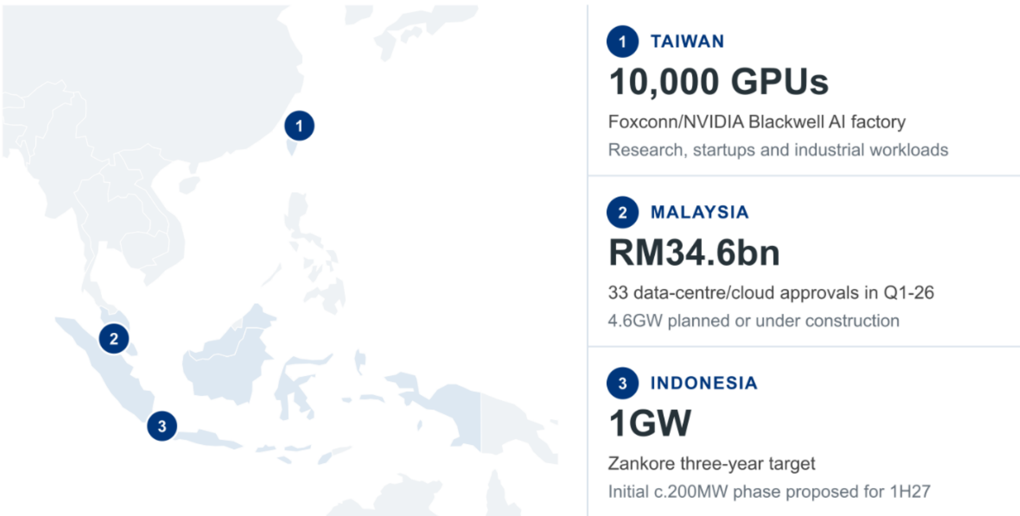
Source: Company Data

Asia Pacific is the most credible first market

SI-led APAC entry is the most plausible near-term route. Malaysia, Taiwan and Indonesia are adding data-centre and AI capacity, but PC Partner's realistic entry point is narrower than the national investment totals. A local SI can source or allocate GPUs, complete software and deployment and provide first-line support, while PC Partner supplies a validated barebone platform. That structure fits the company's present product scope and reduces the funding burden relative to direct full-system sales.

National capacity does not equal PC Partner revenue, but it re-emphasises GPU infrastructure demand. The final sales build has no geography schedule, and a working case that weighted Malaysia, Taiwan and Indonesia heavily is used as a sanity check, not reproduced as a forecast. We require a named partner, proof of concept, purchase order, shipment, acceptance, cash collection and repeat order before moving national infrastructure announcements into country-level SOM or revenue.

Figure 11: APAC regional demand



Market	Official signal	PC Partner obtainable market	KGI monitoring cases
Malaysia	RM34.6bn / 33 DC-cloud projects approved in 1Q26	Barebone to local SI	Multi-year power and commissioning
Taiwan	Foxconn/NVIDIA 10,000-Blackwell-GPU AI factory	Enterprise RTX PRO niches	World-class ODM/OEM competition
Indonesia	274MW base; >2GW target by 2029	Local assembly + SI partner	Tender, service and infrastructure gates

Source: Malaysia MIDA; NVIDIA/Foxconn Taiwan; Indonesia Komdigi

US and Europe expand SOM only after service is proven

NPN may reduce channel friction, but Western SOM remains conditional. NVIDIA describes training, product, sales and marketing tools and a connected partner ecosystem, while PC Partner identifies itself as an NPN Integration Partner and already operates Western VGA channels. These assets can improve introductions and lower the cost of reaching relevant SIs, but we need prove that enterprise customers will accept PC Partner as a server supplier for a future re-rating.

US and European revenue require qualification, references and service. We treat Western customer acquisition as unproven until PC Partner has public qualification or certification, at least two non-Asian references, local spares and warranty capability, a functioning SI or distributor programme and cash-disciplined payment terms. These are the gates that would support a materially larger 2027 SOM; broad US and European AI investment is TAM evidence rather than current revenue support. In the US, data centres could use c.649TWh, or 11.8% of US electricity, by 2030 in its reference case. PC Partner's plausible entry is distributors/SIs serving mid-market enterprise, university, industrial and regional-cloud workloads. For European markets, Europe has 19 AI Factories and 13 antennas; EuroHPC is pursuing up to seven AI Gigafactories. Public rack-scale projects are not automatic matches for RTX PRO barebones; fragmented tenders, sovereignty and service matter but PC partner moving up the value chain will be constructive for future upside.

Valuation

We raise out price target to **S$6.33** and reiterate out OUTPERFORM recommendation. We value PC Partner using an 11.0% WACC and 2.0% terminal growth rate, producing a 127.8% upside. The valuation reflects a larger server-led revenue base, but it does not assume that the exceptional 16.5% 1H26 GPM persists. Instead, it underwrites a mix shift toward lower-margin servers, offset by higher gross-profit dollars and operating leverage. The rating therefore depends on server shipments becoming recurring cash earnings rather than simply expanding the reported revenue denominator.

Commercial proof can support the base case without a higher terminal multiple. A disclosed 6U reorder cadence, on-time 4U MGX shipments, repeat APAC customers and evidence of serviceable US or European channels would improve confidence in the explicit revenue and gross-profit forecasts. Equally important would-be route-level evidence that realized ASP, GPM, warranty cost and payment terms are consistent with our assumptions. These milestones would reduce execution risk because they demonstrate recurring economics.

Figure 12: DCF Model

DCF VALUATION *All amounts in S$'000 unless otherwise stated*	*Projected*				
Year ended 31 Dec	**2026**	**2027**	**2028**	**2029**	**2030**
EBIT	1,460,908	1,413,723	1,256,159	1,235,905	1,182,504
Tax rate	16.0%	16.0%	16.0%	16.0%	16.0%
EBIT (1-T)	**1,227,162**	**1,187,527**	**1,055,174**	**1,038,161**	**993,304**
(+) D&A	99,761	91,923	85,416	79,986	75,434
(-) Adj. Change in NWC	712,656	183,032	(893,413)	253,826	324,449
(-) Capex	33,714	33,714	33,714	33,714	33,714
Free Cash Flow	**2,005,865**	**1,428,767**	**213,462**	**1,338,259**	**1,359,472**
Free Cash Flow to Firm	2,005,865	1,428,767	213,462	1,338,259	1,359,472
Terminal Value					15,407,353
Total FCFF to be Discounted	**2,005,865**	**1,428,767**	**213,462**	**1,338,259**	**16,766,825**
PV of Free Cash Flow	**1,807,086**	**1,159,620**	**156,082**	**881,552**	**9,950,294**
Enterprise Value	**13,954,634**				
(-) Debt	1,301,984				
(+) Cash	2,506,671				
Equity Value	**15,159,321**				
Diluted Shares Outstanding ('000)	387,884				
Fair Value / Share (HK$)	**39.082**				
SGD/HKD	**6.17**				
Fair Value / Share (S$)	**6.33**				
Current Share Price (S$)	2.78				
Upside / (Downside)	**127.8%**				

SENSITIVITY: FAIR VALUE / SHARE (S$)					
WACC / Terminal Growth	**1.0%**	**1.5%**	**2.0%**	**2.5%**	**3.0%**
9.00%	7.27	7.61	7.99	8.43	8.95
10.00%	6.52	6.77	7.06	7.38	7.75
11.00%	5.92	6.12	6.33	6.58	6.85
12.00%	5.43	5.58	5.76	5.95	6.16
13.00%	5.02	5.15	5.28	5.44	5.60

Source: KGI Research

Financial Summary

INCOME STATEMENT (HK$'000)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	10,082	13,952	14,930	17,561	18,136
Cost of sales	(9,126)	(12,529)	(12,499)	(15,003)	(15,697)
Gross profit	**955.5**	**1,422.9**	**2,431.6**	**2,558.0**	**2,438.3**
Selling and distribution expenses	(129.6)	(146.6)	(194.1)	(228.3)	(235.8)
Administrative expenses	(532.0)	(635.7)	(746.5)	(878.0)	(906.8)
EBITDA	**387.3**	**771.7**	**1,560.7**	**1,505.6**	**1,341.6**
Depreciation & amortisation	102.9	135.5	99.8	91.9	85.4
Operating profit (EBIT)	**284.4**	**636.2**	**1,460.9**	**1,413.7**	**1,256.2**
Net finance income / (cost)	27.1	4.5	(31.3)	25.4	55.2
Other gains / (losses)	-	-	-	-	-
Profit before tax	**311.5**	**640.6**	**1,429.6**	**1,439.1**	**1,311.3**
Tax expense	(50.9)	(145.0)	(228.7)	(230.3)	(209.8)
Minority interests	-	-	-	-	-
Net profit (PATMI)	**260.7**	**495.6**	**1,200.9**	**1,208.9**	**1,101.5**
EPS (adj. S$ cents)	10.89	20.71	50.18	50.51	46.03
DPS (adj. S$ cents)	6.48	6.48	19.45	17.68	16.11

CASH FLOW STATEMENT (HK$'000)	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before tax	312	641	1,430	1,439	1,311
Depreciation & amortisation	103	136	100	92	85
Working capital changes	1,650	2,046	2,775	1,805	463
Tax paid	(32)	(17)	(149)	(150)	(136)
Other operating items	(77)	11	(50)	(82)	(104)
Operating cash flow	**1,955**	**2,815**	**4,106**	**3,104**	**1,619**
Capex	(141)	(34)	(30)	(30)	(30)
Proceeds from disposal of PPE	0	0	-	-	-
Other investing items	291	196	32	63	85
Investing cash flow	**150**	**163**	**1**	**33**	**55**
Dividends paid to owners of the Company	(155)	(155)	(465)	(423)	(386)
Repayment of import loans	(1,813)	(2,460)	(2,062)	(1,622)	(1,356)
Repayment of loans and borrowings	(8)	(8)	(8)	(7)	(7)
Other financing items	(33)	(43)	10	11	12
Financing cash flow	**(2,009)**	**(2,665)**	**(2,526)**	**(2,041)**	**(1,737)**
Forex gains/(loss)	**(19)**	**16**	**-**	**-**	**-**
Net change in cash	**96**	**312**	**1,581**	**1,096**	**(62)**
Beginning cash	**2,100**	**2,177**	**2,506**	**4,088**	**5,184**
Ending cash	**2,177**	**2,507**	**4,088**	**5,184**	**5,121**

BALANCE SHEET (HK$'000)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and bank balances	2,334	2,507	4,088	5,184	5,121
Trade and other receivables	981	1,433	1,291	1,519	1,569
Inventories	842	1,692	1,356	962	1,491
Right of return assets	29	22	27	32	33
Other current assets	53	7	7	7	7
Current assets	**4,239**	**5,661**	**6,770**	**7,704**	**8,221**
Property, plant & equipment	637	581	539	503	471
Right-of-use assets	109	93	84	77	72
Other non-current assets	30	51	51	51	51
Non-current assets	**776**	**725**	**674**	**631**	**594**
Total assets	**5,015**	**6,386**	**7,444**	**8,336**	**8,816**
Trade payables	1,076	1,544	1,307	1,569	1,642
Contract liabilities	52	61	56	68	71
Other current liabilities	946	1,512	2,056	1,881	1,561
Current liabilities	**2,074**	**3,118**	**3,419**	**3,517**	**3,273**
Lease liabilities	73	55	76	83	92
Other non-current liabilities	6	14	14	14	14
Non-current liabilities	**79**	**69**	**90**	**98**	**106**
Total liabilities	**2,153.2**	**3,186.9**	**3,509.6**	**3,615.2**	**3,379.2**
Retained earnings	2,823	3,159	3,895	4,680	5,396
Minority interests	(0)	1	1	1	1
Share capital	39	39	39	39	39
Total equity	**2,862**	**3,199**	**3,935**	**4,720**	**5,436**

KEY RATIOS & VALUATION	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue growth (%)	10.0%	38.4%	7.0%	17.6%	3.3%
Gross margin (%)	9.5%	10.2%	16.3%	14.6%	13.4%
EBITDA margin (%)	3.8%	5.5%	10.5%	8.6%	7.4%
Net profit margin (%)	3.6%	8.0%	6.9%	6.1%	5.5%
ROE (%)	9.1%	15.5%	30.5%	25.6%	20.3%
ROA (%)	5.2%	7.8%	16.1%	14.5%	12.5%
Net debt / equity (x)	(0.5x)	(0.3x)	(0.6x)	(0.8x)	(0.7x)
Net debt / EBITDA (x)	N.M.	N.M.	N.M.	N.M.	N.M.
Dividend payout (%)	51.5%	66.9%	38.8%	35.0%	35.0%
P/E (x)	25.7x	13.5x	5.6x	5.5x	6.1x
EV/EBITDA (x)	36.0x	18.1x	8.9x	9.3x	10.4x
Dividend yield (%)	2.4%	2.4%	7.1%	6.4%	5.8%

Source: Company, KGI Research estimates

KGI's Ratings

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