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APEX ACE
APEX ACE HOLDING LIMITED
光麗科技控股有限公司*
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 6036)

SUPPLEMENTAL ANNOUNCEMENT
REGARDING THE PUBLISHED UNAUDITED ANNUAL RESULTS
AND
UPDATE ON THE AUDITED ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Reference is made to the announcement of Apex Ace Holding Limited (the “**Company**” together with its subsidiaries, the “**Group**”) dated 25 March 2022 (the “**2021 Results Announcement**”) in relation to the unaudited consolidated annual results of Group for the year ended 31 December 2021 (the “**2021 Annual Results**”). Capitalized terms used herein, unless otherwise defined, shall have the same meanings as those defined in the 2021 Results Announcement.

Note: Amounts and percentage figures included in this announcement, including information presented in thousands or millions of units, have been subject to rounding adjustments.

** For identification purposes only*

The audit process for the 2021 Annual Results was completed on 22 April 2022. The audited financial statements of the Group for the 2021 Annual Results include adjustments made to the unaudited 2021 Annual Results disclosed in the 2021 Results Announcement as detailed below. The adjustments were mainly attributable to the change of accounting treatment of certain transactions from trading to other income.

	Page No. reference on 2021 Results Announcement	Per 2021 Results Announcement HK\$'000	Adjustments HK\$'000	Per audited consolidated financial statements HK\$'000
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME				
Revenue	2	2,673,335	(33,235)	2,640,100
Cost of sales	2	(2,447,392)	33,366	(2,414,026)
Gross profit	2	225,943	131	226,074
Other income	2	9,813	(131)	9,682
Note 3 – REVENUE AND SEGMENT INFORMATION				
SEGMENT REVENUE				
Digital Storage Products	8	2,022,076	(33,235)	1,988,841
Total	8	2,673,335	(33,235)	2,640,100
SEGMENT RESULT				
Digital Storage Products	8	146,259	131	146,390
Total reportable segment profit	8	225,943	131	226,074
Other income	8	9,813	(131)	9,682
Revenue from external customers:				
The People's Republic of China ("PRC")	9	1,972,372	(33,235)	1,939,137
Total	9	2,673,335	(33,235)	2,640,100
Note 4 – OTHER INCOME				
Sundry income	10	3,208	(131)	3,077
Total	10	9,813	(131)	9,682
Note 6 – PROFIT BEFORE TAX				
Cost of inventories recognised as an expenses	10	2,442,425	(33,366)	2,409,059

NOTE FOR THE CONSOLIDATED FINANCIAL RESULT

Page No. of 2021

Results Announcement

Revised as follows

**P.11 INCOME TAX
EXPENSE**

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For Small and Micro Enterprises in the PRC, for the portion of annual taxable income which does not exceed RMB1 million, shall be deducted to 12.5% (2020:25%) and the Enterprise Income Tax shall be calculated at the rate of 20%; the portion of annual taxable income from RMB1 million to RMB3 million (inclusive), shall be deducted by 50% and the Enterprise Income Tax shall be calculated at the rate of 20%. Certain PRC subsidiaries of the Company enjoy this preferential income tax treatment for the Year and Year 2020.

MANAGEMENT DISCUSSIONS AND ANALYSIS

Page No. of 2021

Results Announcement

Revised as follows

P.15 BUSINESS REVIEW

– the second paragraph

Driven by the trend of localization policy and affected by epidemic restrictions in the Year, an increasing number of enterprises chose domestic brand semiconductor products. On the supply side, due to COVID-19 and the influence of international political factors, the global semiconductor industry chain was interrupted, which has yet been fully recovered. Market supply was seriously insufficient, and the semiconductor price continued to rise under the imbalance between supply and demand. In addition, with the benefit from the surge in demand for semiconductor parts in emerging fields such as new energy vehicles, the demand in the semiconductor market remained robust. The Company, acting as a stable supplier of digital storage products and general electronic components, achieved an outstanding performance against the background of rising market volume and price. The Group's revenue for the Year was HK\$2,640.1 million, representing an increase of 50.3% as compared with the Year 2020, while net profit attributable to owners of the Company for the Year was HK\$6.7 million, representing a turnaround from net loss attributable to owners of the Company HK\$5.1 million for the Year 2020.

P.15 BUSINESS REVIEW

– **By Product type**

– *Digital Storage*

Products

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During the Year, revenue generated from this product segment increased by 69.5% to HK\$1,988.8 million (Year 2020: HK\$1,173.7 million), mainly due to a combination of the increase in (i) volume of products sold; and (ii) average selling price. Gross profit of the segment increased by 121.3% to HK\$146.4 million (Year 2020: HK\$66.2 million). Gross profit margin increased to 7.4% (Year 2020: 5.6%), which was mainly attributable to a further broadening of the customer base and a higher average selling price driven by an industry-wide semiconductor shortage and supply chain constraints.

**P.16 FINANCIAL
REVIEW
– Revenue**

The two major product segments, namely Digital Storage Products and General Components had contributed 75.3% and 24.7% of the Group's total revenue during the Year respectively.

The Group's revenue for the Year was HK\$2,640.1 million (Year 2020: HK\$1,756.0 million), representing an increase of 50.3% from the previous year. The increase was attributable to a combination of (i) the sales growth from both existing and new customers; and (ii) the increase in both average selling price and profit margin of digital storage products sold by the Group during the first half of the Year as a result of the current global shortage of electronic products.

**P.16 FINANCIAL
REVIEW
– Gross profit and gross
profit margin**

The Group's gross profit for the Year amounted to HK\$226.1 million (Year 2020: HK\$139.0 million), representing an increase of 62.6% as compared with last year. The gross profit margin for the Year was 8.6% (Year 2020: 7.9%). Such increase was mainly due to the increase in revenue during the Year as well as the increase in both average selling price and profit margin of the products sold by the Group during the Year as a result of the current global shortage of electronic products.

**P.16 FINANCIAL
REVIEW
– Other income and
decrease in fair value of
investment property**

During the Year, the Group had recognised no changes in the fair value of an investment property (Year 2020: loss of HK\$0.7 million). Other income dropped from HK\$11.9 million for Year 2020 to HK\$9.7 million for the Year, which was mainly due to the receipt of HKSAR Government subsidies in Year 2020 which did not happen again in the Year.

**P.18 LIQUIDITY
AND FINANCIAL
RESOURCES
– the third paragraph**

As at 31 December 2021, the Group breached the covenant requirements relating to the Group's tangible net worth and external gearing of certain banking facilities with a bank and has obtained one-off waiver from strict compliance with the covenant requirements in relation to all the outstanding bank borrowings.

**P.20 CHARGES ON
ASSETS**

As at 31 December 2021, the banking facilities of the Group were secured by (i) its trade receivables with an aggregate carrying amount of HK\$321.8 million (31 December 2020: HK\$229.3 million); (ii) the legal charge over the investment property of the Group of HK\$51.0 million (31 December 2020: HK\$51.0 million); (iii) the Group's leasehold land and buildings valued at HK\$50.8 million (31 December 2020: HK\$50.3 million); (iv) a personal guarantee executed by Mr. Pai Yin Lin (a director and a non-controlling shareholder of subsidiaries of the Company); and (v) corporate guarantees executed by the Group.

Save as disclosed above, the 2021 Annual Results disclosed in the 2021 Results Announcement remain unchanged.

AUDITOR'S AGREEMENT ON THE 2021 ANNUAL RESULTS

Following the adjustments disclosed above, the Company's auditor, Graham H. Y. Chan & Co. ("**Auditor**"), has agreed on the 2021 Annual Results (including the financial figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto) as set out in the 2021 Results Announcement. The audited consolidated financial statements of the Group for the Year have been reviewed by the Audit Committee and were approved by the Board on 22 April 2022.

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the Year as set out in the 2021 Results Announcement (as supplemented by this announcement) and this announcement have been agreed by the Auditor, to the amounts set out in the Group's audited consolidated financial statements for the year as approved by the Board on 22 April 2022. The work performed by the Auditor 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 Engagement issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditor on the 2021 Results Announcement (as supplemented by this announcement) or this announcement.

DESPATCH OF ANNUAL REPORT

As the auditing process for the 2021 Annual Results has been completed, the Company expects to despatch its annual report for the Year on or before 29 April 2022. Save as disclosed above, all other information in the 2021 Results Announcement remains unchanged.

On behalf of the Board
Apex Ace Holding Limited
Lee Bing Kwong

Executive Director, Chairman and Chief Executive Officer

Hong Kong, 22 April 2022

As at the date of this announcement, the executive Directors are Mr. Lee Bing Kwong (Chairman and Chief Executive Officer), Mr. Lo Yuen Kin and Ms. Lo Yuen Lai; and the independent non-executive Directors are Mr. Cheung Siu Kui, Mr. Yim Kwok Man and Dr. Chow Terence.