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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)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

RESULTS HIGHLIGHT

- Revenue amounted to approximately HK$1,593.3 million in 1H2024, representing an increase of 71.4% as compared with 1H2023
- Gross profit amounted to approximately HK$94.5 million in 1H2024, representing an increase of 86.6% as compared with 1H2023
- The net profit attributable to owners of the Company for 1H2024 amounted to approximately HK$2.8 million, while a net loss of HK$17.7 million was recorded for 1H2023
- Basic earnings per share for 1H2024 amounted to 0.26 HK cents, while loss per share of 1.67 HK cents was recorded for 1H2023.

INTERIM RESULTS

The board of directors of Apex Ace Holding Limited (the "**Company**", the "**Directors**" and the "**Board**", respectively) hereby announces the unaudited financial results of Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2024 ("**1H2024**" or the "**Review Period**") together with the comparative figures for the six months ended 30 June 2023 ("**1H2023**" or the "**Last Corresponding Period**"). These unaudited financial results for 1H2024 have been reviewed by the audit committee of the Board (the "**Audit Committee**").

* *For identification purposes only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Note	**1H2024** ***HK$'000*** **(Unaudited)**	1H2023 *HK$'000* (Unaudited)
Revenue	*3*	**1,593,301**	929,606
Cost of sales		**(1,498,816)**	(878,965)
Gross profit		**94,485**	50,641
Other income	*4*	**8,816**	1,568
Reversal of impairment loss/(impairment loss) on trade receivables		**3,100**	(3,659)
Fair value gain in financial instrument at fair value through profit or loss		**175**	272
Fair value (loss)/gain in derivative asset		**(1,099)**	319
Distribution and selling expenses		**(30,564)**	(18,887)
Administrative expenses		**(43,837)**	(33,636)
Finance costs	*5*	**(25,819)**	(14,369)
Profit/(loss) before tax	*6*	**5,257**	(17,751)
Income tax expense	*7*	**(2,909)**	(174)
Profit/(loss) for the period		**2,348**	(17,925)
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences arising on translation of foreign operations		**(1,795)**	(2,922)
Total comprehensive income/(expense) for the period, net of tax		**553**	(20,847)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2024

	Note	**1H2024**	1H2023
		HK$'000	*HK$'000*
		(Unaudited)	(Unaudited)
Profit/(loss) for the period attributable to:			
– Owners of the Company		**2,771**	(17,688)
– Non-controlling interests		**(423)**	(237)
		2,348	(17,925)
Total comprehensive income/(expense) for the period, net of tax attributable to:			
– Owners of the Company		**1,037**	(20,585)
– Non-controlling interests		**(484)**	(262)
		553	(20,847)
Earnings/(loss) per share attributable to owners of the Company			
– Basic	*8*	**0.26 HK cents**	(1.67) HK cents
– Diluted	*8*	**0.25 HK cents**	(1.67) HK cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Note	**As at 30 June 2024** *HK$'000* **(Unaudited)**	As at 31 December 2023 *HK$'000* (Audited)
Non-current assets			
Property, plant and equipment		**84,838**	85,973
Right-of-use assets		**7,738**	8,849
Investment property	*10*	**48,200**	48,200
Financial instrument at fair value through profit or loss		**13,300**	13,125
Intangible assets		**4,740**	7,253
Deposits paid for acquisition of property, plant and equipment		**–**	228
Deferred tax assets		**10,078**	13,094
		168,894	176,722
Current assets			
Derivative asset		**631**	1,730
Inventories		**187,363**	227,665
Trade and bills receivables	*11*	**649,883**	747,721
Other receivables, deposits and prepayments		**79,581**	103,844
Income tax recoverable		**84**	84
Bank balances, restricted balance and cash		**122,459**	96,520
		1,040,001	1,177,564
Current liabilities			
Trade payables	*12*	**177,823**	164,622
Other payables, accruals and deposits received		**37,250**	25,075
Lease liabilities – current portion		**4,142**	3,702
Loan from controlling shareholder, unsecured		**28,470**	43,784
Bank borrowings, secured		**603,965**	759,072
Income tax payable		**4,035**	3,802
		855,685	1,000,057
Net current assets		**184,316**	177,507
Total assets less current liabilities		**353,210**	354,229

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2024

	Note	**As at 30 June 2024** *HK$'000* **(Unaudited)**	As at 31 December 2023 *HK$'000* (Audited)
Non-current liabilities			
Convertible bond	*13*	**16,562**	16,150
Lease liabilities – non-current portion		**3,988**	5,448
Deferred tax liabilities		**4,165**	4,552
		24,715	26,150
Net assets		**328,495**	328,079
Capital and reserves			
Share capital	*14*	**10,751**	10,751
Reserves		**270,221**	269,865
Equity attributable to owners of the Company		**280,972**	280,616
Perpetual subordinated convertible securities		**10,000**	10,000
Non-controlling interests		**37,523**	37,463
Total equity		**328,495**	328,079

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The interim financial results set out in this announcement do not constitute the Group's interim financial statements for the Review Period (the "**Interim Financial Statements**") but are extracted from the Interim Financial Statements.

The Interim Financial Statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**" and the "**Listing Rules**", respectively), including compliance with Hong Kong Accounting Standard ("**HKAS**") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

The Interim Financial Statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 December 2023 ("**2023 Annual Financial Statements**"), except for the accounting policy changes that are expected to be reflected in the annual financial statements for the year ending 31 December 2024. Details of any changes in accounting policies are set out in Note 2.

The Interim Financial Statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 Annual Financial Statements. The Interim Financial Statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

The Interim Financial Statements are unaudited, but have been reviewed by Graham H. Y. Chan & Co. in accordance with Hong Kong Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the HKICPA.

2. APPLICATION OF NEW AND REVISED HKFRSs

(a) New and revised HKFRSs adopted as at 1 January 2024

For the current period, the Group has adopted for the first time the following amendments to HKFRSs issued by the HKICPA, which are effective for the Group's accounting period beginning on 1 January 2024.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current and related Amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-Current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current (the "2020 Amendments") and Amendments to HKAS 1 – Non-current Liabilities with Covenants (the "2022 Amendments")

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 1 January 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

Amendments to HKAS 7 and HKFRS 7 – Supplier Finance Arrangements

Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. The Group will provide additional disclosures regarding supplier finance arrangements in its annual consolidated financial statements for the year ending 31 December 2024.

The adoptions of other new and revised HKFRSs in the current interim period did not have any material impact on the Group's financial performance and financial position.

(b) New and revised HKFRSs issued but not yet effective

The Group has not applied the following new and amendments to HKFRSs that have been issued but are not yet effective for the current period.

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

1 Effective for annual periods beginning on or after a date to be determined.

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

3 Effective for annual periods beginning on or after 1 January 2026

4 Effective for annual periods beginning on or after 1 January 2027

The Group is currently assessing the full impact of the new and amendments to HKFRSs.

3. **REVENUE AND SEGMENT INFORMATION**

Segment information reported internally was analysed on the basis of the type of products sold and activities carried out by the Group's operating division. The Group is currently operating in two operating segments as follows:

(a) Digital storage products; and

(b) General components.

	1H2024	1H2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Segment Revenue		
Digital storage products	**1,097,436**	634,164
General components	**495,865**	295,442
Total reportable segment revenue	**1,593,301**	929,606
Segment Results		
Digital storage products	**56,679**	26,628
General components	**37,806**	24,013
Total reportable segment profit	**94,485**	50,641
Other income	**8,816**	1,568
Fair value gain in financial instrument at fair value through profit or loss	**175**	272
Fair value (loss)/gain in derivative asset	**(1,099)**	319
Finance costs	**(25,819)**	(14,369)
Depreciation of property, plant and equipment	**(3,119)**	(2,752)
Depreciation of right-of-use assets	**(2,119)**	(1,790)
Amortisation of intangible assets	**(2,366)**	(2,453)
Reversal of impairment loss/(impairment loss) on trade receivables	**3,100**	(3,659)
Unallocated corporate expenses	**(66,797)**	(45,528)
Profit/(loss) before tax	**5,257**	(17,751)
Income tax expenses	**(2,909)**	(174)
Profit/(loss) for the period	**2,348**	(17,925)

Geographical information

The Group is domiciled in Hong Kong. The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets. The geographical location of customers is based on the location of the customers. The geographical location of the non-current assets other than deposits paid for acquisition of property, plant and equipment, financial instrument at fair value through profit or loss, and deferred tax assets is based on the physical location of the assets in case of property, plant and equipment, investment property and right-of-use assets, and the location of operations to which they are allocated in case of intangible assets.

	1H2024	1H2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue from external customers		
Hong Kong	**508,979**	185,149
The People's Republic of China ("**PRC**")	**1,069,506**	724,958
Others	**14,816**	19,499
	1,593,301	929,606

	As at 30 June 2024	As at 31 December 2023
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Non-current assets		
Hong Kong	**124,914**	125,745
The PRC	**20,491**	24,530
Others	**111**	–
	145,516	150,275

Information about major customers

The Group's revenue from customers which accounted for 10% or more of the Group's total revenue are as follow:

	Segment	**1H2024** ***HK$'000*** **(Unaudited)**	1H2023 *HK$'000* (Unaudited)
Customer A	Digital storage products	**196,798**	N/A*
Customer B	Digital storage products and general components	**191,547**	153,992

* *The corresponding revenue did not account for over 10% of the total revenue of the Group for that period.*

4. OTHER INCOME

	1H2024 ***HK$'000*** **(Unaudited)**	1H2023 *HK$'000* (Unaudited)
Bank interest income	**407**	274
Rental income	**708**	672
Rebate income	**4,680**	–
Sundry income	**3,021**	622
	8,816	1,568

5. FINANCE COSTS

	1H2024 ***HK$'000*** **(Unaudited)**	1H2023 *HK$'000* (Unaudited)
Discounting charges on factoring loans	**7,670**	2,656
Interest on convertible bond	**512**	512
Interests on other bank borrowings	**16,100**	10,974
Interest expense on lease liabilities	**212**	227
Interest expense on loan from controlling shareholder	**1,325**	–
	25,819	14,369

6. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) for the period has been arrived at after charging and (crediting):

	1H2024 *HK$'000* (Unaudited)	1H2023 *HK$'000* (Unaudited)
Cost of inventories recognised as expenses	**1,498,626**	874,721
Write-down of inventories	**190**	4,244
Auditor's remuneration	**800**	700
Depreciation of property, plant and equipment	**3,119**	2,752
Depreciation – right-of-use assets	**2,119**	1,790
Amortisation of intangible assets *(note 1)*	**2,366**	2,453
Net foreign exchange loss/(gain)	**4,089**	(289)
Short term leases expenses in respect of land and buildings	**100**	412
Commission and promotion expenses	**17,285**	7,446
Research and development expenses *(note 2)*	**1,910**	1,304
Staff costs including directors' emoluments		
– Basic salaries and allowance	**21,072**	18,893
– Contributions to defined contribution retirement plans	**2,027**	1,911
– Share-based payments	**83**	351
– Messing and welfare	**442**	612
Loss on disposal of property, plant and equipment	**49**	10

Notes:

1. Amortisation of intangible assets was included in administrative expenses.

2. Staff costs of approximately HK$1,562,000 (1H2023: HK$1,081,000) were included in research and development expenses.

7. INCOME TAX EXPENSE

	1H2024	1H2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong Profits Tax	**194**	611
Under-provision in prior years:		
PRC tax	**–**	2
	194	613
Deferred tax	**2,715**	(439)
Total income tax expense recognised in profit or loss for the period	**2,909**	174

Hong Kong Profits Tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits of the qualifying group entity and at 16.5% on the estimated assessable profits above HK$2 million. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

For qualified small and thin-profit enterprises in the PRC, the effective Enterprise Income Tax rate for 1H2024 is 5% (1H2023: 5%) on the annual taxable income up to Renminbi ("**RMB**") 3 million (inclusive). Certain PRC subsidiaries of the Company enjoy this preferential income tax treatment for the periods.

8. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

The earnings/(loss) and weighted average number of ordinary shares used in the calculation of basic earnings/(loss) per share are as follows:

	1H2024	1H2023
	HK\$'000	*HK\$'000*
	(Unaudited)	(Unaudited)
Profit/(loss) for the period attributable to owners of the Company	**2,771**	(17,688)
Interest on perpetual subordinated convertible securities	**(50)**	(50)
Earnings/(loss) used in the calculation of basic earnings per share	**2,721**	(17,738)

	1H2024	1H2023
	(Unaudited)	(Unaudited)
Number of ordinary shares		
Weighted average number of ordinary shares in issue for the purpose of basic earnings/(loss) per share	**1,055,130,164**	1,059,418,508

For 1H2024 and 1H2023, the weighted average number of ordinary shares for the purpose of calculation of basic earnings/(loss) per share has been adjusted for the effect of shares held by the custodian of restricted share award scheme (the "**Custodian**") pursuant to the restricted share award scheme adopted by the Company on 30 August 2019 (the "**Restricted Share Award Scheme**").

Diluted earnings/(loss) per share

The earnings/(loss) and weighted average number of ordinary shares used in the calculation of diluted earnings/(loss) per share are as follows:

	1H2024	1H2023
	HK\$'000	*HK\$'000*
	(Unaudited)	(Unaudited)
Earnings/(loss) used in the calculation of basic earnings/(loss) per share	**2,721**	(17,738)
Interest on perpetual subordinated convertible securities	**50**	–
Earnings/(loss) used in the calculation of diluted earnings/(loss) per share	**2,771**	(17,738)

	1H2024	1H2023
	(Unaudited)	(unaudited)
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**1,055,130,164**	1,059,418,508
Unvested shares under Restricted Share Award Scheme	**4,846,000**	–
Perpetual subordinated convertible securities	**28,570,000**	–
Weighted average number of ordinary shares in issue for the purpose of diluted earnings/(loss) per share	**1,088,546,164**	1,059,418,508
Diluted earnings/(loss) per share	**0.25HK cents**	(1.67)HK cents

During 1H2024, the Group excluded potential shares arising from conversion of convertible bond from the computation of diluted earnings per share due to anti-dilutive effect.

For 1H2023, as the Group incurred losses, the potential ordinary shares under Restricted Share Award Scheme, perpetual subordinated convertible securities and convertible bond are not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive.

9. DIVIDENDS

The Board has resolved not to declare any dividend for 1H2024 (1H2023: nil).

10. INVESTMENT PROPERTY

	As at 30 June 2024	As at 31 December 2023
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
At fair value		
At 1 January 2024/2023	**48,200**	51,200
Fair value adjustment for the period/year	**–**	(3,000)
At 30 June 2024/31 December 2023	**48,200**	48,200

The Group's investment property is a commercial property situated in Hong Kong and leased out to a third party. The investment property was revalued by Ravia Global Appraisal Advisory Limited, an independent professional property valuer, as at 30 June 2024 and 31 December 2023 respectively on an open market value basis.

11. TRADE AND BILLS RECEIVABLES

	As at 30 June 2024 *HK$'000* (Unaudited)	As at 31 December 2023 *HK$'000* (Audited)
Trade receivables	**717,745**	818,065
Bills receivable	**541**	1,220
	718,286	819,285
Less: allowance for impairment	**(68,403)**	(71,564)
	649,883	747,721

The following is an ageing analysis of trade and bills receivables based on the invoice date:

	As at 30 June 2024 *HK$'000* (Unaudited)	As at 31 December 2023 *HK$'000* (Audited)
0-30 days	**228,108**	273,114
31-60 days	**181,011**	257,946
61-90 days	**137,617**	124,439
More than 90 days	**171,009**	162,566
Total trade receivables before impairment	**717,745**	818,065
Bills receivables	**541**	1,220
Less: allowance for impairment	**(68,403)**	(71,564)
	649,883	747,721

The Group's trading terms with its customers are mainly on open account terms, except for new customers, where payment in advance is normally required. The balance of the trade receivables is on open account terms, which is normally covered by customers' letters of credit or factored to external financial institutions. The credit terms vary from 1 day to 120 days after the monthly statement. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are regularly reviewed by management. Trade receivables are non-interest-bearing and their carrying amounts approximate to their fair values.

12. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each reporting period, based on the invoice date, is as follows,

	As at 30 June 2024 *HK$'000* (Unaudited)	As at 31 December 2023 *HK$'000* (Audited)
Trade payables:		
0–30 days	**70,538**	114,953
31–60 days	**65,077**	33,620
61–90 days	**7,537**	8,288
More than 90 days	**34,671**	7,761
	177,823	164,622

13. CONVERTIBLE BOND

	As at 30 June 2024 *HK$'000* (Unaudited)	As at 31 December 2023 *HK$'000* (Audited)
Liability component:		
– Non-current liabilities	**16,562**	16,150

	1H2024 *HK$'000*
At 1 January 2024 (Audited)	**16,150**
Interest charged	**512**
Repayment	**(100)**
At 30 June 2024 (Unaudited)	**16,562**

The Company issued a convertible bond with principal amount of HK$20,000,000 to Nicegoal Limited on 23 February 2022 ("**CB**"). The coupon rate of the CB is 0.5% per annum. The CB will mature in the fifth anniversary of the issue date, i.e. 23 February 2027 (the "**Maturity Date**"), or can be converted into 57,140,000 shares at any time up to and including the date falling on the seventh day immediately prior to the Maturity Date at the bondholder's option at the conversion price of HK$0.35 per share. At any time prior to the Maturity Date, the Company shall have the right to partly or fully redeem the CB early, by giving 10 business days' prior notice in writing to the bondholder.

The CB comprises a liability component, an equity conversion component and an early redemption option. The Group appointed a professional valuer to estimate the fair values of the CB and its components and option at 30 June 2024 and 31 December 2023.

14. SHARE CAPITAL

	Number of shares	Amount
		HK$
The Company		
Ordinary shares of HK$0.01 each		
Authorised:		
As at 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	2,000,000,000	20,000,000
Issued and fully paid:		
As at 1 January 2023, 31 December 2023(audited), 1 January 2024 and 30 June 2024 (unaudited)	1,075,110,000	10,751,100

Note:

During 1H2024, the Company caused the Custodian to purchase the Company's shares on the Stock Exchange for the Restricted Share Award Scheme as follows:

Month of purchase	Number of ordinary shares	Price per share Highest	Price per share Lowest	Aggregate consideration paid
		HK$	*HK$*	***HK$'000***
April 2024	**1,950,000**	**0.410**	**0.405**	**797**

As at 30 June 2024, 21,105,000 of the Company's shares were held by the Custodian (31 December 2023: 19,155,000).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a Hong Kong-based distributor of semiconductors and other electronic components, and is engaged in the supply of digital storage products and general electronic components along with the provision of complementary technical support. It focuses on identifying, sourcing, selling and distributing quality electronic components produced by branded upstream manufacturers to downstream manufacturers within the technology, media, telecommunications and new energy sector in Mainland China, Hong Kong and Taiwan.

During the Review Period, the consumer electronics industry recovered moderately. Shipments of smartphones and PCs resumed growth, while shipments of wearable devices continued to grow. According to a report by the China Academy of Information and Communications Technology, in the first half of 2024, 147 million mobile phones were shipped in the domestic market, representing a year-on-year growth of 13.2%. New technologies such as folding screen and AI are becoming the new engines that drive the development of consumer electronics. Meanwhile, foreign exports also rebounded after hitting rock bottom, with China's integrated circuit exports reaching RMB542.7 billion in the first half of the year, representing a year-on-year growth of 25.6%, according to General Administration of Customs of the People's Republic of China. In terms of prices, storage chips prices lifted in general as supply and demand returned to balance and raw material costs rose. Driven by AI technology, the market demand for high-performance computing chips climbed rapidly.

In contrast, affected by the global economic downturn and weak industrial and automotive applications markets, the overall demand for analogue chips has not grown significantly, with a slightly flat overall performance. However, driven by new energy vehicles as well as wind and solar energy storage markets, the IGBT and third generation semiconductor power devices market showed structural rapid growth; new product demand in segments such as intelligent vehicle and industrial control also increased. With the gradual decline in inventory levels and the development of 5G, IoT and autonomous driving, demand for industrial control and automotive semiconductor products is expected to recover thereafter.

Chip domestication also provides a good opportunity for the development of Chinese chip companies. In recent years, foreign sanctions against China's semiconductor industry have escalated, highlighting the increasing significance and urgency of the security and independent control of the chip supply chain, there are strong demands for the domestication substitution and independent research and development of semiconductor equipment.

By product type

Digital storage products

The Group's digital storage products include DRAM, FLASH and MCP memory products, which are widely applied to multimedia and mobile devices such as set-top boxes, smart TVs, wearable devices, mobile phones, etc. These products also include optical and mass storage products, which are mainly used in enterprise-level storage and server systems.

During the Review Period, revenue generated from this product segment increased by 73.1% to approximately HK$1,097.4 million (1H2023: HK$634.2 million), which was mainly due to increase in prices of products sold. Gross profit of the segment increased to approximately HK$56.7 million (1H2023: HK$26.6 million), representing an increase of 112.9% when compared with the Last Corresponding Period. Gross profit margin for this segment rose to 5.2% (1H2023: 4.2 %), which was mainly due to the rebound in product prices in the 1H2024, as well as the adoption of effective cost control.

General Components

General components include switches, connectors, passive components, main chips, sensors, power semiconductors and analog-to-digital converters, which are mainly designed for use in mobile and multimedia devices.

The Group continued to record growth in revenue from this segment during the Review Period, with revenue increased by 67.8% to approximately HK$495.9 million (1H2023: HK$295.4 million). Gross profit of this segment increased by 57.4% to approximately HK$37.8 million (1H2023: HK$24.0 million), while the gross profit margin was 7.6% (1H2023: 8.1%).

FINANCIAL REVIEW

Revenue

The two major product segments, namely digital storage products and general components, contributed 68.9% and 31.1% of the Group's total revenue during the Review Period, respectively.

The Group's revenue for the Review Period was approximately HK$1,593.3 million (1H2023: HK$929.6 million), representing an increase of 71.4% from the Last Corresponding Period. The growth in revenue was primarily due to the unit prices of some products rebounded in the Review Period.

Gross profit and gross profit margin

The Group's gross profit for the Review Period amounted to approximately HK$94.5 million (1H2023: HK$50.6 million), representing an increase of 86.6% when compared with the Last Corresponding Period, while the gross profit margin was 5.9% (1H2023: 5.4%). The increase in gross profit margin was mainly due to the increase in sales of certain high margin products.

Reversal of impairment loss/impairment loss on trade receivables

A reversal of impairment loss on trade receivables of approximately HK$3.1 million was recognised during the Review Period (1H2023: an impairment loss of approximately HK$3.7 million) arising from the recent settlements of trade receivables for which provision of impairment were recognised in previous years.

In respect of trade receivables, the Group has put in place a credit policy and will perform credit evaluations on all customers requiring credit over a certain amount. Certain trade receivable balances on open account terms are covered by customers' letters of credit or are factored to external financial institutions.

As at 31 December 2023, trade receivables past due over one year amounted to approximately HK$73.9 million, of which approximately HK$13.7 million (the "**Settlement Sum**") had been settled during the Review Period.

As at 30 June 2024, trade receivables past due over one year amounted to HK$66.0 million (31 December 2023: HK$73.9 million) and provision for impairment loss of HK$63.4 million had been made (31 December 2023: HK$66.5 million). Substantially part of which was brought forward from 31 December 2023. To the best knowledge of the Directors, the past due over one year as at 30 June 2024 was mainly attributable to the business deterioration of several customers as a result of COVID-19 pandemic. Up to the date of this announcement, no settlement has been made by these customers save for the Settlement Sum.

The Group has been negotiating various repayment schedules with customers taking into account their respective circumstances. Contemporaneous to the negotiations and rescheduling, we have also sought legal advice from our Hong Kong legal advisor and PRC legal advisor on the procedures for taking legal actions against the relevant customers and/or their guarantors (if any).

For the customers who have been making partial repayments from time to time, we have not taken any legal action. The Group will pay close attention to their business development and continue monitoring their progress of repayment. If they cease to make any further repayment or if the amount of their further repayment is not to the Group's satisfaction, the Group shall take necessary legal actions.

The Group aims to maintain healthy business relationships with these customers while taking all reasonable steps to recover the trade receivables as it is the Group's belief that their business performance should progressively improve as the COVID-19 pandemic gradually subsides.

Distribution and selling expenses

The distribution and selling expenses mainly include salaries of marketing and sales staff, commission expenses, promotion fee, transportation fees, freight charges, declarations and sample expenses. For the Review Period, selling and distribution expenses amounted to approximately HK$30.6 million (1H2023: HK$18.9 million), mainly resulted from the increase in commission expenses and promotion fee.

Administrative expenses

Administrative expenses primarily comprise salaries and benefits (including emoluments to executive Directors), legal and professional fees, insurance, short-term lease expenses and other premises fees, foreign exchange differences, bank charges and depreciation expenses. The Group's administrative expenses increased by approximately HK$10.2 million to approximately HK$43.8 million for the Review Period (1H2023: HK$33.6 million). Such increase was mainly due to exchange loss resulting from depreciation of RMB.

Finance costs

The Group's finance costs mainly represented interest expenses on its bank borrowings, with such bank borrowings having been obtained by the Group for general working capital needs. During the Review Period, the Group had finance costs of approximately HK$25.8 million (1H2023: HK$14.4 million), which edged up on the back of an increased use of factoring loans, import loans and trust receipts loans and increase in market interest rate.

Net profit/(loss) for the Review Period

Net profit for the Review Period amounted to approximately HK$2.3 million, compared with net loss of approximately HK$17.9 million for the Last Corresponding Period. The turn from net loss to net profit was mainly attributable to growth in gross profit resulting from the increase in unit price of some products in 1H2024 and the adoption of effective costs control.

Net profit/(loss) attributable to the owners of the Company

The net profit attributable to the owners of the Company for the Review Period was approximately HK$2.8 million, compared with net loss attributable to the owners of the Company of approximately HK$17.7 million for the Last Corresponding Period.

LIQUIDITY AND FINANCIAL RESOURCES

During the Review Period, the Group met its liquidity requirements principally through a combination of internal resources, loan from controlling shareholder and bank borrowings. The Group's cash resources as at 30 June 2024 were approximately HK$122.5 million (31 December 2023: HK$96.5 million) and were mainly denominated in RMB, Hong Kong dollars ("**HK$**") and United States dollars ("**US$**").

As at 30 June 2024, the Group's total outstanding bank borrowings amounted to approximately HK$604.0 million (31 December 2023: HK$759.1 million), which mainly comprised bank factoring loans, import loans, trust receipts loans and instalment loans. The Group's bank borrowings carried at amortised cost with a clause of repayment on demand are classified as current liabilities. The gearing ratio decreased from 252.4 % as at 31 December 2023 to 200.0 % as at 30 June 2024, which was attributable to the adoption of effective control on utilisation of bank facilities. Gearing ratio is calculated based on total loans and borrowings divided by total equity at the respective reporting date.

The Group's financial statements are presented in HK$. The Group carried out its business transactions mainly in HK$, RMB and US$. As the HK$ remained pegged to the US$, there was no material exchange risk in this respect. As the portion of RMB revenue is insignificant, there is also no material exchange risk in this respect. The Group currently does not have any interest rate hedging policies. However, the management will continue monitoring the Group's exposure to interest rate risk on an ongoing basis and will consider hedging such risk should the need arise. Credit risk was mainly hedged through credit policy and factored into external financial institutions.

Perpetual Subordinated Convertible Securities and Convertible Bonds

On 21 October 2021, I-Sky Electronic Limited, a wholly-owned subsidiary of the Company (the "**Purchaser**"), the Company and Nicegoal Limited (the "**Vendor**"), which is ultimately wholly-owned by Mr. Lee Bing Kwong, a controlling Shareholder, an executive Director, the chairman of the Board and the chief executive officer of the Company, entered into a sale and purchase agreement (as supplemented on 25 November 2021) (the "**Agreement**"), pursuant to which the Vendor has agreed to sell, and the Purchaser has conditionally agreed to purchase, a landed property (the "**Target Property**") at the consideration of HK$30.0 million, which was settled by the issue of perpetual subordinated convertible securities in the principal amount of HK$10.0 million (the "**PSCS**") and the CB.

On 23 February 2022, the Company issued the CB and the PSCS to the Vendor for the acquisition of the Target Property pursuant to the terms of the Agreement as detailed in the circular of the Company dated 13 January 2022. The PSCS was issued without maturity date, it bears a distribution rate of 0.5% per annum and carries rights to convert the principal amount into shares of the Company ("**Share(s)**") at a conversion price of HK$0.35 per Share (to be rounded down to the nearest board lot of 5,000 Shares as per the deed poll constituting the PSCS), convertible into 28,570,000 conversion Shares, representing 2.66% of the issued Shares as at 30 June 2024 and at the date of this announcement or 2.59% as enlarged by the underlying conversion Shares of the PSCS. The Company has the option to redeem the PSCS in full at any time or 50% of the principal amount plus any accrued but unpaid distribution.

The CB was issued with a maturity of five years from date of issue (i.e. 23 February 2022), it bears an interest rate of 0.5% per annum and carries rights to convert the outstanding principal amount into Shares at a conversion price of HK$0.35 per Share subject to adjustment (to be rounded down to the nearest board lot of 5,000 Shares as per the instrument constituting the CB), convertible into 57,140,000 conversion Shares, representing 5.31% of the issued Shares as at 30 June 2024 and the date of this announcement or 5.05% as enlarged by the underlying conversion Shares of the CB. The Company has the option to redeem the CB at any time before their maturity in whole or in part of their principal amount plus any accrued but unpaid interest.

The aggregate underlying conversion Shares of the CB and the PSCS represent 7.97% of the issued Shares as at 30 June 2024 and the date of this announcement or 7.38% as enlarged by the underlying conversion Shares.

CONTINGENT LIABILITIES

As at 30 June 2024, the Group did not have any material contingent liabilities (31 December 2023: nil).

CHARGES ON ASSETS

As at 30 June 2024, the banking facilities of the Group were secured by its trade receivables with an aggregate carrying amount of approximately HK$341.3 million (31 December 2023: HK$452.8 million), the legal charge over the investment property of the Group of approximately HK$48.2 million (31 December 2023: HK$48.2 million), the Group’s leasehold land and buildings valued at approximately HK$74.3 million (31 December 2023: HK$76.0 million), the deposit placed for life insurance policy of the Group of approximately HK$13.3 million (31 December 2023: HK$13.1 million), bank deposit of the Group of approximately HK$10.5 million (31 December 2023: HK$10.4 million), a personal guarantee executed by Mr. Pai Yin Lin (a director and a non-controlling shareholder of certain subsidiaries of the Company) and corporate guarantees executed by the Group.

DIVIDEND

The Board has resolved not to declare any interim dividend for the Review Period (1H2023: nil).

EMPLOYMENT AND REMUNERATION POLICY

As at 30 June 2024, the Group had 141 employees (31 December 2023: 141) in Hong Kong and the PRC. The Group's remuneration policy is built on the principle of equitability with incentive-based, performance-oriented and market-competitive remuneration packages for its employees. Remuneration packages are normally reviewed on a regular basis. Other staff benefits include provident fund contributions, medical insurance coverage and performance-based bonuses. In addition, the Company has adopted the share option scheme and the Restricted Share Award Scheme as incentives or rewards for eligible participants for their contribution to the Group, and the Company also provides continuous training to its employees to improve their marketing skills and enhance their product knowledge.

SHARE SCHEMES

Restricted Share Award Scheme

On 23 July 2021, the Company granted 9,550,000 restricted shares (the "**Restricted Shares**") to nine selected participants (the "**Grantees**") in accordance with the terms of the restricted share award scheme ("**Restricted Share Award Scheme**") at nil consideration, and as a result, on 12 August 2021, the Company issued and allotted 9,550,000 Restricted Shares under the general mandate granted by the shareholders of the Company (the "**Shareholders**") at the general meeting of the Company held on 26 May 2021 to the Custodian. These Restricted Shares are held on trust for the Grantees by the Custodian who shall transfer the Restricted Shares to the Grantees in three tranches subject to satisfaction of the vesting conditions as specified in the grant notice issued to each Grantee. To the best knowledge of the Directors, none of the Grantees is a Director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company, or an associate (as defined in the Listing Rules) of any of them. The Custodian and its ultimate beneficial owner(s), and all of the Grantees are third parties independent of the Company and are not connected persons of the Company.

During the Review Period, no Restricted Shares have been vested or granted. Accordingly, there were 4,940,000 Restricted Shares remained unvested as at 30 June 2024, which represents 0.46% of the issued share capital as at 30 June 2024 and the date of this announcement. In addition, the Custodian purchased a total of 1,950,000 Shares on the market for the purpose of the Restricted Share Award Scheme on 12 April 2024 and 18 April 2024 respectively. Accordingly, the Custodian held 21,105,000 Shares, representing 1.96% of the issued Shares as at 30 June 2024 and the date of this announcement.

The number of Shares that may be issued in respect of share awards granted under the Restricted Share Award Scheme divided by the weighted average number of Shares in issue during the Review Period was nil.

Subject to any early termination of the Restricted Share Award Scheme which may be determined by the Board, the Restricted Share Award Scheme is valid and effective for a term of 10 years commencing on 30 August 2019 (i.e. the adoption date of the Restricted Share Award Scheme). As at 30 June 2024, the remaining life of the Restricted Share Award Scheme was approximately 5 years and 2 months.

Details of the grant of the Restricted Shares are set out in the Company's announcement dated 23 July 2021.

Given that no scheme mandate has been granted by the Shareholders to the Directors for the Restricted Share Awards Scheme, no share awards involving new Shares are available for grant under the Restricted Share Awards Scheme. The aggregate number of shares underlying all grants made pursuant to the Restricted Share Award Scheme is 100,000,000 Shares, which represents approximately 9.3% of the issued share capital of the Company as at 30 June 2024 and the date of this announcement.

Share Option Scheme

The share option scheme was adopted by the Company on 15 February 2018 ("**Share Option Scheme**") and is valid for a period of 10 years from its adoption. No options have been granted under the Share Option Scheme since its adoption. Accordingly, no shares are required to be issued under the Share Option Scheme and the number of shares that may be issued in respect of share options granted under the Share Option Scheme divided by the weighted average number of shares in issue during 1H2024 was nil. As at 30 June 2024, the remaining life of the Share Option Scheme was approximately 3 years and 7.5 month.

USE OF NET PROCEEDS FROM LISTING

The net proceeds received by the Company from the global offering of the Shares (the "**Global Offering**") in March 2018 was approximately HK$116.9 million and the net proceeds received by the Company under the placing on 26 May 2022 (the "**Placing**") was approximately HK$25,566,000. The applications of the net proceeds received under the Global Offering and the Placing from 16 March 2018 up to 30 June 2024 are as follows:

	Application of Net Proceeds as Stated in the Prospectus	**Actual Use of Net Proceeds from Global Offering up to 30 June 2024**	**Actual Use of Net Proceeds during the Period**	**Unused Net Proceeds**	**Unused Net Proceeds**	**Expected timeframe of full utilisation of unused Net Proceeds**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*%*	
Under the Global Offering						
Repayment of bank loans	39,045	39,045*	–	–	–	–
Establishing a new product and development department	2,810	2,810*	–	–	–	–
Strengthening sales and marketing and technical support team by recruiting staff and providing trainings	10,750	10,750*	–	–	–	–
Enhancing warehouse and office in HK	4,600	2,959*	213	1,641	36	Q3 2024–Q4 2025 *(note 1)*
Installing ERP and supporting software	7,090	5,825*	406	1,265	18	Q3 2024–Q4 2025 *(note 2)*
Establishing new offices in the PRC	5,027	5,027*	–	–	–	–
Acquisition and establishment of Shenzhen head office	35,888	–	–	35,888	100	Q3 2024–Q4 2025 *(note 3)*
Working capital for general corporate purpose	11,690	11,690*	–	–	–	–
Under the Placing						
General working capital	25,566	25,566*	–	–	–	–

* *Such net proceeds had been used as intended.*

Notes:

1. Given the adverse impact of the COVID-19 pandemic and the global economic downturn, the Group took a more prudent approach to control and minimise its overall expenditures and the Board has resolved to further postpone the enhancement. The Board will from time to time reassess the appropriate timing for such enhancement and update the Shareholders.

2. Given the unfavourable industry condition, the Board considered that a more prudent approach should be taken and as a result, it was resolved by the Board that the software installation should be taken forward in a progressive manner.

3. In 2019, taking into consideration (i) the US trade war with China; (ii) the drop in global and domestic demands for consumer electronic products; (iii)the drop in the Group's sales revenue and gross profit; (iv) the unstable real estate market in Hong Kong and the PRC, the Group took a prudent approach to control and minimise its overall expenditures and postponed the acquisition and establishment of Shenzhen head office. Thereafter, due to the COVID-19 pandemic and the unfavourable property market, the Board considered that it is more appropriate to further postpone such acquisition. The Board will from time to time reassess the appropriate timing for such enhancement and update the Shareholders.

The Company will continue to utilise the net proceeds from the Global Offering for the purposes as mentioned above.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not have any material acquisitions and disposal of subsidiaries, associates and joint ventures during the Review Period.

SIGNIFICANT INVESTMENTS HELD AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have any significant investments held as at 30 June 2024 and did not have any future plans for material investments or capital assets as of the date of this announcement.

SUBSEQUENT EVENT

The Board is not aware of any significant event affecting the Group and requiring disclosure that has taken place subsequent to 30 June 2024 and up to the date of this announcement.

PROSPECTS

With smartphones and CSP manufacturers entering into restocking phase and the arrival of the production peak season, the storage chip market is expected to see a new wave of growth. In particular, robust demand in the smartphones and server markets will be a significant driver for increasing memory shipments. In the medium to long term, AI-powered smart terminals are likely to accelerate the replacement cycles of smartphones/PCs, and the consumer electronics market is expected to continue to recover. Additionally, generative AI is driving the demand for high-performance AI chips in data centers, while the development of emerging markets such as new energy vehicles, charging piles, AI computing servers, as well as data centers, photovoltaics and energy storage, drones, 5G, IoT and AI will also bring new application scenarios and demand to the power semiconductor products, improving the global semiconductor market outlook.

In the new energy market, as China accelerates its green transition, fields such as electric vehicles/smart cars and photovoltaic energy storage are expected to continue their rapid development. According to data from the China Association of Automobile Manufacturers, in the Review Period, China's automobile sales reached 14.047 million vehicles, representing a year-on-year increase of 6.1%. Among them, sales of new energy vehicles totaled 4.944 million vehicles, representing a year-on-year increase of 32%, with a market share of 35.2%. The growth in sales of new energy vehicles has also driven the development of the automotive electronics industry. In the future, as the electrification and intelligence of vehicles continue to develop, the demand for high-performance computing chips, image processing units, radar chips, and LiDAR sensors will increase, bringing new growth opportunities to the automotive semiconductor industry.

In terms of the photovoltaic energy storage, China is the world's largest photovoltaic market. According to the data from the National Energy Administration, in the Review Period, China's photovoltaic new installed capacity reached 102.48 GW. IGBT devices and modules, mid-to-high voltage MOSFETs, and silicon carbide power devices are core components of photovoltaic inverters, performing power conversion and energy transmission, and determining the performance of the inverter, which directly affects the stability, power generation efficiency, and lifespan of the photovoltaic system. As downstream installed capacity increases, the market size for these power devices will grow in tandem.

In terms of domestication, policies in the semiconductor industry are continuously strengthened. In May 2024, the third phase of the China's integrated circuit Big Fund was established, with a scale exceeding the combined capital of the first and second phases. This fund is expected to accelerate the domestication process in key areas and with a particular focus on segments with currently lower domestication rates and strategic cutting-edge fields such as artificial intelligence. Additionally, the explosive growth in demand for computing power and storage driven by AI, however, under restrictions on high-end GPU chip supplies from foreign chip companies to China, advanced manufacturing and packaging capacities remain difficult to obtain. Driven by factors such as industrial support, national strategies, and industrial self-control, the domestication of semiconductor equipment is expected to accelerate, driving rapid growth in the domestic equipment market.

Overall, the semiconductor industry in which the Group operates has a broad outlook. At the same time, with the US entering a rate cut cycle, the decline in US dollar interest rates will benefit the Group's business development. The Group will closely follow industry development trends and continue to implement a diversified development strategy, aiming to drive continuous progress and success by seizing growth opportunities within the industry. In the traditional market field, the Group will continue to optimise its product agency layout, expand the scope of its agency, and strengthen upstream and downstream cooperation to consolidate and enhance its competitive advantages. In emerging market field, the Group will continue to increase efforts in product sales while investing in research and development to create its own products, effectively improving market competitiveness and brand influence.

To seize the growth opportunities in the new energy market, the Group established a new energy product design company in 2022 to design inverters and energy storage products under our own brand. In the future, the Group will closely monitor market changes, promptly adjust market strategies and business management strategies, rationally plan business development directions, continuously optimise product structure, enhance profitability, improve risk resistance, and strive to deliver better returns to investors.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save for the purchase of a total of 1,950,000 Shares on the market for the purpose of the Restricted Share Award Scheme on 12 April 2024 and 18 April 2024 respectively, the Company did not redeem any of its Shares listed on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such Shares during the Review Period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is dedicated to adopting, maintaining and ensuring high standards of corporate governance practices and principles in the best interest of the Group and the Shareholders. The Company has adopted the applicable code provisions and, where appropriate, adopted certain recommended best practices as set out in Part 2 of the Corporate Governance Code contained in Appendix C1 to the Listing Rules ("**CG Code**"). Save as disclosed below, the Board considered that the Company had complied with all applicable code provisions set out in the CG Code during the Review Period.

Under code provision C.2.1 of the CG Code, the roles of the chairman and chief executive should be separate and should not be performed by the same individual. Mr. Lee Bing Kwong ("**Mr. Lee**"), who has considerable experience in the semiconductor and other electronic components industry, is the chairman of the Board (the "**Chairman**") and the chief executive officer of the Company (the "**CEO**"). The Board believes that vesting the roles of both the Chairman and the CEO in Mr. Lee has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning of the Group. The Board considers that this structure will not impair the balance of power between the Board and the management of the Company. The balance of power is further enhanced by the Audit Committee, which comprises all independent non-executive Directors and is responsible for overseeing the internal control procedures of our Group. The independent non-executive Directors have free and direct access to the Company's independent auditor and independent professional advisers when considered necessary. The Board will, nevertheless, review the structure from time to time and separate the roles of the Chairman and the CEO to two individuals, if appropriate.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**") as the code for dealing in securities of the Company by the Directors. A specific enquiry was made by the Company with each of the Directors and all the Directors confirmed that they had complied with the requirements set out in the Model Code throughout the Review Period.

REVIEW OF THE INTERIM RESULTS

The Audit Committee has reviewed and confirmed the accounting principles and practices adopted by the Group, and the Group's unaudited financial results for the Review Period and discussed the auditing, internal control, risk management systems and financial reporting matters of the Group.

The Audit Committee comprises three independent non-executive Directors, namely Mr. Yim Kwok Man (chairman), Mr. Cheung Siu Kui and Dr. Chow Terence. None of them is employed by or otherwise affiliated with the former or current independent auditor of the Company.

In addition, the Interim Financial Statements are unaudited but Graham H.Y. Chan & Co., the independent auditor of the Company, for whom has reviewed them in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

PUBLICATION OF THE INTERIM REPORT

The interim report of the Company for the Review Period containing all the information required by Appendix D2 (formerly Appendix 16) to the Listing Rules will be published on the respective websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.apexace.com) in the manner as required by the Listing Rules and will be despatched to the Shareholders around end of September 2024.

On behalf of the Board
Apex Ace Holding Limited
Lee Bing Kwong
Executive Director, Chairman and Chief Executive Officer

Hong Kong, 29 August 2024

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.