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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 ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2024**

**RESULTS HIGHLIGHT**

- Revenue amounted to approximately HK\$3,051.9 million for the Year 2024, representing an increase of 20.6% as compared to the Year 2023
- Gross profit amounted to approximately HK\$177.7 million for the Year 2024, representing a growth of 8.4% as compared to the Year 2023
- The net profit attributable to owners of the Company for the Year 2024 amounted to HK\$6.7 million (while a net loss of HK\$16.2 million was recorded for the Year 2023)
- Basic earnings per share for the Year 2024 was 0.63 HK cents (while a loss of per share 1.53 HK cents was recorded for the Year 2023)

*Note:* Rounding adjustments have been made to the amounts and percentage figures included in this announcement, including information presented in thousands or millions of units.

**ANNUAL RESULTS**

On behalf of the board of directors of Apex Ace Holding Limited (the “**Company**”, the “**Directors**” and the “**Board**”, respectively), I present the audited consolidated financial results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2024 (the “**Year 2024**”) together with the comparative figures for the year ended 31 December 2023 (the “**Year 2023**”). These audited financial results for the Year 2024 have been reviewed by the audit committee of the Board (the “**Audit Committee**”).

\* For identification purpose only

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Year 2024 HK\$'000	Year 2023 HK\$'000
Revenue	3	3,051,943	2,529,796
Cost of sales		<u>(2,874,234)</u>	<u>(2,365,799)</u>
Gross profit		177,709	163,997
Other income and other gain	4	14,942	3,661
Decrease in fair value of investment property		(1,800)	(3,000)
Reversal of impairment loss/(impairment loss) on trade receivables		5,710	(8,191)
(Impairment loss)/reversal of impairment loss on loan and other receivables, net		(470)	452
Fair value gain in financial instrument at fair value through profit or loss		356	451
Fair value (loss)/gain in derivative asset		(1,467)	729
Distribution and selling expenses		(73,295)	(49,899)
Administrative expenses		(72,288)	(78,078)
Finance costs	5	<u>(45,738)</u>	<u>(35,324)</u>
Profit/(loss) before tax	6	3,659	(5,202)
Income tax credit/(expense)	7	<u>2,563</u>	<u>(4,958)</u>
Profit/(loss) for the year		6,222	(10,160)
Other comprehensive income/(expense)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(2,417)	(2,075)
<i>Items that may not be reclassified subsequently to profit or loss:</i>			
Deficit on revaluation of leasehold land and buildings		(4,248)	—
Deferred tax arising on revaluation of leasehold land and buildings		<u>625</u>	<u>—</u>
Other comprehensive expense for the year, net of tax		<u>(6,040)</u>	<u>(2,075)</u>
Total comprehensive income/(expense) for the year		<u>182</u>	<u>(12,235)</u>

	<i>Note</i>	<b>Year 2024</b> <b><i>HK\$'000</i></b>	Year 2023 <i>HK\$'000</i>
Profit/(loss) for the year attributable to:			
– Owners of the Company		<b>6,721</b>	(16,160)
– Non-controlling interests		<u><b>(499)</b></u>	<u>6,000</u>
		<u><b>6,222</b></u>	<u>(10,160)</u>
Total comprehensive income/(expense) for the year attributable to:			
– Owners of the Company		<b>817</b>	(18,202)
– Non-controlling interests		<u><b>(635)</b></u>	<u>5,967</u>
		<u><b>182</b></u>	<u>(12,235)</u>
Earnings/(loss) per share attributable to owners of the Company			
– Basic	8	<u><b>0.63 HK cents</b></u>	<u>(1.53) HK cents</u>
– Diluted	8	<u><b>0.48 HK cents</b></u>	<u>(1.53) HK cents</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

		As at 31 December 2024 <i>HK\$'000</i>	As at 31 December 2023 <i>HK\$'000</i>
	<i>Note</i>		
<b>Non-current assets</b>			
Property, plant and equipment		<b>78,043</b>	85,973
Right-of-use assets		<b>5,670</b>	8,849
Investment property	<i>10</i>	<b>46,400</b>	48,200
Financial instruments at fair value through profit or loss		<b>13,481</b>	13,125
Intangible assets		<b>2,334</b>	7,253
Deposits paid for acquisition of property, plant and equipment		<b>–</b>	228
Deferred tax assets		<b>15,977</b>	13,094
		<b>161,905</b>	176,722
<b>Current assets</b>			
Derivative asset		<b>262</b>	1,730
Inventories		<b>379,349</b>	227,665
Trade and bills receivables	<i>11</i>	<b>513,249</b>	747,721
Other receivables, deposits and prepayments		<b>94,983</b>	103,844
Income tax recoverable		<b>1,216</b>	84
Bank balances, pledged and restricted balance and cash		<b>141,697</b>	96,520
		<b>1,130,756</b>	1,177,564

		As at 31 December 2024 <i>HK\$'000</i>	As at 31 December 2023 <i>HK\$'000</i>
	<i>Note</i>		
<b>Current liabilities</b>			
Trade payables	12	216,078	164,622
Other payables, accruals and deposits received		76,343	25,075
Lease liabilities – current portion		4,268	3,702
Loan from controlling shareholder, unsecured		19,188	43,784
Bank borrowings, secured		629,601	759,072
Income tax payable		165	3,802
		<u>945,643</u>	<u>1,000,057</u>
<b>Net current assets</b>		<u>185,113</u>	<u>177,507</u>
<b>Total assets less current liabilities</b>		<u>347,018</u>	<u>354,229</u>
<b>Non-current liabilities</b>			
Convertible bond	13	17,073	16,150
Lease liabilities – non-current portion		2,316	5,448
Deferred tax liabilities		3,672	4,552
		<u>23,061</u>	<u>26,150</u>
<b>Net assets</b>		<u>323,957</u>	<u>328,079</u>
<b>Capital and reserves</b>			
Share capital	14	10,751	10,751
Reserves		268,562	269,865
<b>Equity attributable to owners of the Company</b>		279,313	280,616
Perpetual subordinated convertible securities		10,000	10,000
Non-controlling interests		34,644	37,463
<b>Total equity</b>		<u>323,957</u>	<u>328,079</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 4 July 2012 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the address of its principal place of business is Units 2-3, 1/F., Sun Cheong Industrial Building, 1 Cheung Shun Street, Kowloon, Hong Kong. The Company is an investment holding company and the principal activities of its subsidiaries are sales and integration of semiconductors, electronic components and storage systems.

The shares of the Company (the “**Shares**”) in issue were initially listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 16 March 2018.

The consolidated financial statements are presented in Hong Kong dollar (“**HK\$**”) which is also the functional currency of the Company.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND CHANGE OF ACCOUNTING POLICY

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

For the current year, 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 Group provided additional disclosures regarding supplier finance arrangements in the Group’s consolidated financial statements for the year.

The adoptions of other new and revised HKFRSs in the current year did not have any material impact on the Group’s financial performance and financial position in prior periods and are not expected to significantly affect the current or future periods.

(b) **Change of accounting policy**

***New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism***

In June 2022, the Government of the Hong Kong SAR (the “**Government**”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”), which will come into effect from 1 May 2025 (the “**Transition Date**”). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund (“**MPF**”) scheme to reduce the long service payment (“**LSP**”) in respect of an employee’s service from the Transition Date (the abolition of the “**offsetting mechanism**”). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee’s monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published the captioned accounting guidance relating to the abolition of the offsetting mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP. To better reflect the substance of the abolition of the offsetting mechanism, the Group has applied the above HKICPA guidance and changed its accounting policy in connection with its LSP liability, which should result in a catch-up profit or loss adjustment in current year for the service cost up to that date and consequential impacts on current service cost, interest expense and remeasurement effects from changes in actuarial assumptions for the rest of the current year.

The abolition of the offsetting mechanism did not have a material impact on the Group’s profit or loss for the year ended 31 December 2024 and the Group’s financial position as at that date. In light of the immaterial impact, the Group did not apply the change in its accounting policy retrospectively. Alternatively, the catch-up profit or loss adjustment was recognised in the current accounting period with the corresponding adjustment to the LSP liability. —



(c) **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 year.

HKFRS 18	Presentation and Disclosure in Financial Statements <sup>4</sup>
HKFRS 19	Subsidiaries without Public Accountability: Disclosures <sup>4</sup>
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>2</sup>
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2027

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

***HKFRS 18 “Presentation and Disclosure in Financial Statements”***

HKFRS 18 replaces HKAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations, and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as HKAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 Statement of Cash Flows, HKAS 33 Earnings Per Share and HKAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other HKFRSs. HKFRS 18 and the consequential amendments to other HKFRSs will be effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group’s financial statements.

***Amendments to HKFRS 9 and HKFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”***

Amendments to HKFRS 9 and HKFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosure requirements for investments in equity instruments designated at FVOCI and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The Group is currently analysing the new requirements and assessing the impact of the amendments on the Group’s consolidated financial statements.

**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.

	<b>Year 2024</b>	Year 2023
	<b><i>HK\$’000</i></b>	<i>HK\$’000</i>
<b>SEGMENT REVENUE</b>		
Digital storage products	<b>2,078,988</b>	1,753,883
General components	<b>972,955</b>	775,913
	<b><u>3,051,943</u></b>	<u>2,529,796</u>

	Year 2024 HK\$'000	Year 2023 HK\$'000
<b>SEGMENT RESULTS</b>		
Digital storage products	92,532	96,956
General components	85,177	67,041
	<hr/>	<hr/>
Total reportable segment profit	177,709	163,997
Other income and other gain	14,942	3,661
Decrease in fair value of investment property	(1,800)	(3,000)
Fair value gain on financial instruments		
at fair value through profit or loss	356	451
Fair value (loss)/gain in derivative asset	(1,467)	729
Finance costs	(45,738)	(35,324)
Depreciation of property, plant and equipment	(5,640)	(5,418)
Depreciation of right-of-use assets	(4,161)	(3,363)
Amortisation of intangible asset	(4,780)	(4,716)
Reversal of impairment loss/(impairment loss)		
on trade receivables	5,710	(8,191)
(Impairment loss)/reversal of impairment loss		
on loans and other receivables	(470)	452
Unallocated corporate expenses	(131,002)	(114,480)
	<hr/>	<hr/>
Profit/(loss) before tax	3,659	(5,202)
Income tax credit/(expenses)	2,563	(4,958)
	<hr/>	<hr/>
Profit/(loss) for the year	<u>6,222</u>	<u>(10,160)</u>

## 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 asset.

	Year 2024 <i>HK\$'000</i>	Year 2023 <i>HK\$'000</i>
<b>Revenue from external customers</b>		
Hong Kong	860,659	666,594
The People's Republic of China ("PRC")	2,141,718	1,833,342
Others	49,566	29,860
	<u>3,051,943</u>	<u>2,529,796</u>
	<b>As at 31 December 2024 <i>HK\$'000</i></b>	<b>As at 31 December 2023 <i>HK\$'000</i></b>
<b>Non-current assets</b>		
Hong Kong	116,069	125,745
The PRC	16,304	24,530
Others	74	—
	<u>132,447</u>	<u>150,275</u>

## 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:

		Year 2024 <i>HK\$'000</i>	Year 2023 <i>HK\$'000</i>
	<b>Segment</b>		
Customer A	Digital storage products	313,313	280,369
Customer B	Digital storage products	N/A*	350,520

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

#### 4. OTHER INCOME AND OTHER GAIN

	Year 2024 <i>HK\$'000</i>	Year 2023 <i>HK\$'000</i>
<b>OTHER INCOME</b>		
Bank interest income	1,483	886
Rental income	1,408	1,380
Government Subsidies	–	221
Rebate income	4,680	–
Sundry income	5,703	1,174
	<u>13,274</u>	<u>3,661</u>
<b>OTHER GAIN</b>		
Reversal of share-based payment expenses for the subsequently forfeited share awards ( <i>note</i> )	1,482	–
Write-back of other payables	186	–
	<u>1,668</u>	<u>–</u>
	<u>14,942</u>	<u>3,661</u>

*Note:* On 12 February 2025, all restricted shares outstanding as at 31 December 2024 were forfeited for the reason that the vesting condition had not been fulfilled before the relevant vesting dates.

#### 5. FINANCE COSTS

	Year 2024 <i>HK\$'000</i>	Year 2023 <i>HK\$'000</i>
Discounting charges on factoring loans	13,757	6,758
Interest on convertible bond (“CB”)	1,023	1,023
Interest on other bank borrowings	28,849	26,793
Interest expense on lease liabilities	427	436
Interest expense on shareholder loan	1,682	314
	<u>45,738</u>	<u>35,324</u>

## 6. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax has been arrived at after charging/(crediting):

	Year 2024 <i>HK\$'000</i>	Year 2023 <i>HK\$'000</i>
Cost of inventories recognised as an expenses	2,874,234	2,363,301
Write-down of inventories	–	2,498
Auditor's remuneration	1,320	1,716
Depreciation of property, plant and equipment	5,640	5,418
Depreciation – right-of-use assets	4,161	3,363
Amortisation of intangible assets ( <i>note i</i> )	4,780	4,716
Net foreign exchange loss	2,181	4,239
Short term leases expenses in respect of land and buildings	415	881
Commission and promotion expenses	43,629	27,880
Research and development expenses ( <i>note ii</i> )	3,599	2,882
Staff costs including directors' emoluments		
– Basic salaries and allowance	45,243	40,196
– Share-based payments	83	568
– Reversal of share-based payment expenses for the subsequently forfeited share awards ( <i>note 4</i> )	(1,482)	–
– Contributions to defined contribution retirement plans	3,231	4,277
– Messing and welfare	932	1,153
– Long service payment	361	–
Loss on disposal of property, plant and equipment	49	14

*Notes:*

- i. Amortisation of intangible assets was included in administrative expenses.
- ii. Staff costs of approximately HK\$2,981,000 (2023: HK\$2,605,000) were included in research and development expenses.

## 7. INCOME TAX (CREDIT)/EXPENSE

	Year 2024 HK\$'000	Year 2023 HK\$'000
Current tax –		
Hong Kong Profits Tax	324	5,392
PRC tax	1	71
Under/(over)-provision in prior years – Hong Kong profits tax	238	(6)
	563	5,457
Deferred tax	(3,126)	(499)
Total income tax (credit)/expense recognised in profit or loss for the year	(2,563)	4,958

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 the Year 2024 is 5% (Year 2023: 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 years.

## 8. EARNINGS/(LOSS) PER SHARE

### Basic earnings per share

The calculation of the basic earnings/(loss) per share attributable to the owners of the Company for the Year 2024 is based on the following data:

	Year 2024 HK\$'000	Year 2023 HK\$'000
Profit/(loss) for the year attributable to owners of the Company	6,721	(16,160)
Interest on perpetual subordinated convertible securities	(50)	(50)
Earnings/(loss) used in the calculation of basic earnings per share	<u>6,671</u>	<u>(16,210)</u>

	Year 2024 HK\$'000	Year 2023 HK\$'000
Weighted average number of ordinary shares in issue for the purpose of basic earnings/(loss) per share	<u>1,054,564,508</u>	<u>1,059,232,823</u>

For the Year 2024 and Year 2023, 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 “**Award Scheme**”).

### Diluted earnings/(loss) per share

The earnings/(loss) used in the calculation of diluted earnings/(loss) per share are as follows:

	Year 2024 HK\$'000	Year 2023 HK\$'000
Earnings/(loss) used in the calculation of basic earnings/(loss) per share	6,671	(16,210)
Reversal of share-based payment expenses for the subsequently forfeited share awards	(1,482)	–
Interest on perpetual subordinated convertible securities	<u>50</u>	<u>–</u>
Earnings/(loss) used in the calculation of diluted earnings/(loss) per share	<u>5,239</u>	<u>(16,210)</u>



	Year 2024	Year 2023
<b>Number of ordinary shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	<b>1,054,564,508</b>	1,059,232,823
Unvested shares under Restricted Share Award Scheme	<b>4,854,000</b>	–
Perpetual subordinated convertible securities	<b>28,570,000</b>	–
Weighted average number of ordinary shares in issue for the purpose of diluted earnings/(loss) per share	<b>1,087,988,508</b>	1,059,232,823
Diluted earnings/(loss) per share	<b>0.48 HK cents</b>	(1.53) HK cents

During the Year 2024, 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 the Year 2023, 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 of Directors did not recommend any dividend for the Year 2024 (Year 2023: Nil).

For the Year 2024, a subsidiary of the Company made the following distributions:

	Year 2024 <i>HK\$'000</i>	Year 2023 <i>HK\$'000</i>
Dividend declared and paid to non-controlling shareholder by Data Star Inc.	<b>2,730</b>	–

## 10. INVESTMENT PROPERTY

	Year 2024 <i>HK\$'000</i>	Year 2023 <i>HK\$'000</i>
<b>At fair value</b>		
At 1 January	48,200	51,200
Decrease in fair value	<u>(1,800)</u>	<u>(3,000)</u>
At 31 December	<u><b>46,400</b></u>	<u><b>48,200</b></u>

The Group's investment property is commercial property situated in Hong Kong and leased out to a third party. The investment property was revalued by independent professional property valuers, as at 31 December 2024 and 31 December 2023 on an open market value basis.

## 11. TRADE AND BILLS RECEIVABLES

	As at 31 December 2024 <i>HK\$'000</i>	As at 31 December 2023 <i>HK\$'000</i>
Trade receivables	577,021	818,065
Bills receivables	<u>1,938</u>	<u>1,220</u>
	578,959	819,285
Less: allowance for impairment	<u>(65,710)</u>	<u>(71,564)</u>
	<u><b>513,249</b></u>	<u><b>747,721</b></u>

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

	As at <b>31 December</b> <b>2024</b> <i>HK\$'000</i>	As at 31 December 2023 <i>HK\$'000</i>
0 – 30 days	<b>234,371</b>	273,114
31 – 60 days	<b>136,421</b>	257,946
61 – 90 days	<b>93,091</b>	124,439
More than 90 days	<b>113,138</b>	162,566
	<hr/>	<hr/>
Total trade receivables before impairment	<b>577,021</b>	818,065
Bills receivables	<b>1,938</b>	1,220
Less: Allowance for impairment	<b>(65,710)</b>	(71,564)
	<hr/>	<hr/>
	<b>513,249</b>	747,721
	<hr/> <hr/>	<hr/> <hr/>

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 31 December 2024 <i>HK\$'000</i>	As at 31 December 2023 <i>HK\$'000</i>
Trade payables:		
0 – 30 days	112,514	114,953
31 – 60 days	49,773	33,620
61 – 90 days	26,805	8,288
More than 90 days	26,986	7,761
	<u>216,078</u>	<u>164,622</u>

## 13. CONVERTIBLE BOND

	As at 31 December 2024 <i>HK\$'000</i>	As at 31 December 2023 <i>HK\$'000</i>
Liability component:		
– Non-current liabilities	<u>17,073</u>	<u>16,150</u>

Movement of liability component is as follows:

	Year 2024 <i>HK\$'000</i>	Year 2023 <i>HK\$'000</i>
At 1 January	16,150	15,227
Add: Effective interest expenses	1,023	1,023
Less: Coupon payment	<u>(100)</u>	<u>(100)</u>
At 31 December	<u>17,073</u>	<u>16,150</u>

The Company issued a convertible bond (“CB”) with principal amount of HK\$20,000,000 to Nicegoal Limited on 23 February 2022 convertible 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. The coupon rate of the CB is 0.5% per annum and will mature in the fifth anniversary of the issue date, i.e. 23 February 2027 (the “**Maturity Date**”). At any time prior to the Maturity Date, the Company shall have the right to partly or fully redeem the CB, 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 31 December 2024 and 31 December 2023.

#### 14. SHARE CAPITAL

	<i>Note</i>	<b>Number of shares</b>	<b>Amount HK\$</b>
The Company			
Ordinary shares of HK\$0.01 each			
Authorised:			
As at 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024		<u>2,000,000,000</u>	<u>20,000,000</u>
Issued and fully paid:			
As at 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024		<u>1,075,110,000</u>	<u>10,751,100</u>

#### *Note*

- During the Year 2024, the Company caused the Custodian to purchase certain number of Shares on the Stock Exchange for the Award Scheme, details of which are as follows:

<b>Month of purchase</b>	<b>Number of ordinary shares</b>	<b>Price per share</b>		<b>Aggregate consideration paid HK\$'000</b>
		<b>Highest (HK\$)</b>	<b>Lowest (HK\$)</b>	
April 2024	1,950,000	0.410	0.405	797

As at 31 December 2024, 21,105,000 Shares were held by the Custodian (31 December 2023: 19,155,000).

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRIAL OVERVIEW

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 and telecommunications sector in Mainland China and Hong Kong.

In 2024, the chip market exhibited a dual trend of recovery and divergence. Driven by the strong momentum of artificial intelligence (AI), demand for high-performance semiconductor products continued to grow. Meanwhile, memory prices gradually rebounded from low levels, stimulated by market demand, and sales began to pick up, achieving both volume and price increases. According to statistics from the World Integrated Circuit Association (WICA), the global semiconductor market size reached US\$635.1 billion in 2024, representing a year-on-year increase of 19.8%.

Specifically, memory, logic chips, and microprocessors achieved positive growth in 2024. Among them, memory products such as High Bandwidth Memory (“HBM”), high-performance dynamic random-access memory (“DRAM”), and server Solid State Drives (“SSDs”) saw a significant increase in sales driven by the demand for AI large models, making memory the fastest-growing category in the semiconductor market. Similarly, Graphics Processing Units (“GPUs”), Field Programmable Gate Arrays (“FPGAs”), and Application – Specific Integrated Circuit (“ASICs”) experienced rapid growth due to the increasing demand for computing power. However, the market size of analog chips, optoelectronic devices, sensors, and discrete components saw a slight decline.

In the power semiconductor market, since 2024, against the backdrop of economic recovery and rising downstream industry demand, the need for power semiconductors has continued to grow. Major foundries of wafer manufacturing are operating at near-full capacity, and some power semiconductor companies have raised product prices while optimizing inventory levels, gradually emerging from the cyclical trough of 2023.

In addition, as global protectionism intensifies, the upstream supply chain of China’s semiconductor industry faces export controls, with shrinking access to high-end equipment and materials. Ensuring the resilience of the domestic semiconductor industry and enhancing its risk resistance capabilities have become key development goals for China. Addressing the weaknesses in the domestic supply chain and advancing chip localization have emerged as the core driving forces for the growth of the domestic semiconductor industry, with domestic brands continuing to receive strong policy support.

## **BUSINESS REVIEW**

As a stable supplier of digital storage products and general electronic components, the Group has seized industry development opportunities by continuously advancing business diversification, expanding customer types, and strengthening market competitiveness. To further increases in market share for core products and an expanding customer base, achieving steady business growth. In the Year 2024, the Group recorded revenue of approximately HK\$3 billion, or a year-on-year increase of 20.6%. Profit attributable to owners of the Company was approximately HK\$6.7 million, marking a significant turnaround from a loss of HK\$16.2 million in Year 2023 to a profit.

### **By Product Type**

#### ***Digital Storage Products***

The Group's digital storage products include DRAM, flash and multi chip package ("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 Year 2024, revenue generated from this product segment increased by 18.5% to approximately HK\$2,079.0 million (Year 2023: HK\$1,753.9 million), primarily driven by the growth in sales volume resulting from increased market share of core products and an expanded customer base. Gross profit of the segment decreased slightly to approximately HK\$92.5 million for the Year 2024 (Year 2023: HK\$97.0 million), representing a year-on-year decrease of 4.6%. Gross profit margin of this segment decreased to 4.5% for the Year 2024 (Year 2023: 5.5%) which was mainly due to the extent of increase in product costs was more than that of the increase in product selling price of the Group during the Year 2024.

## ***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's recorded revenue growth in this segment for the Year 2024. The revenue of the this segment for the Year 2024 increased by 25.4% year-on-year to approximately HK\$973.0 million (Year 2023: HK\$775.9 million). The gross profit of this segment increased by 27.1% to approximately HK\$85.2 million for the Year 2024 (Year 2023: HK\$67.0 million), with a gross profit margin of 8.8% (Year 2023: 8.6%).

## **FINANCIAL REVIEW**

### **Revenue**

The two major product segments, namely (i) Digital Storage Products; and (ii) General Components, contributed 68.1% and 31.9% of the Group's total revenue during the Year 2024 respectively.

The Group's revenue for the Year 2024 was HK\$3,051.9 million (Year 2023: HK\$2,529.8 million), representing an increase of 20.6% from the Year 2023. The growth in revenue was primarily due to the rebound in unit prices for some products in the Year 2024.

### **Gross profit and gross profit margin**

The Group's gross profit for the Year 2024 amounted to HK\$177.7 million (Year 2023: HK\$164.0 million), representing an increase of 8.4% when compared with the Year 2023. The gross profit margin for the Year 2024 was 5.8% (Year 2023: 6.5%).

### **Decrease in fair value of investment property, other income and other gain**

For the Year 2024, the fair value of an investment property of the Group was decreased by HK\$1.8 million (Year 2024: HK\$3.0 million). Other income and other gain increased from HK\$3.7 million for the Year 2023 to HK\$14.9 million for the Year 2024, which was mainly due to the increase in rebate income from suppliers in the Year 2024.



## **Reversal of impairment loss/impairment loss on trade receivables**

A reversal of impairment loss on trade receivables of approximately HK\$5.7 million had been recognised during the Year 2024 (Year 2023: impairment loss of HK\$8.2 million) which arose from the recent settlements of certain 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 performs 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 Year 2024.

As at 31 December 2024, trade receivables past due over one year amounted to HK\$68.7 million (31 December 2023: HK\$73.9 million) and provision for impairment loss amounted to HK\$63.1 million had been made (31 December 2023: HK\$66.5 million). Substantial part of which was brought forward from the Year 2023. To the best knowledge of the Directors, the past due over one year as at 31 December 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, an aggregate sum of approximately HK\$5.7 million has been recovered from certain delinquent customers. The Group has been negotiating various repayment schedules with customers taking into account their respective circumstances. Contemporaneous with 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 those customers who have been making partial repayments from time to time, we will refrain from taking legal action against them. The Group will pay close attention to their business development and continue monitoring their repayment progress. If they cease to make any further repayment or if the amount of their further repayment is unsatisfactory to the Group, the Group shall take all such steps as are appropriate to recover the sum, including taking legal actions.

The Group aims to maintain healthy business relationships with these customers while taking all reasonable steps to recover the trade receivables.

### **Distribution and selling expenses**

The distribution and selling expenses mainly include salaries of marketing and sales staff, commission and promotion expenses, transportation fees, freight charges, declarations and sample expenses. For the Year 2024, distribution and selling expenses amounted to approximately HK\$73.3 million (Year 2023: HK\$49.9 million), mainly resulting from increased commission and promotion expenses.

### **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 decreased by HK\$5.8 million to HK\$72.3 million for the Year 2024 (Year 2023: HK\$78.1 million), which was mainly attributable to the appropriate cost control measures implemented by the Group.

### **Finance costs**

The Group's finance costs mainly represent interest expenses on its bank borrowings during the Year 2024. Such bank borrowings were obtained by the Group for general working capital. For the Year 2024, the Group had finance costs of approximately HK\$45.7 million (Year 2023: HK\$35.3 million), which edged up on the back of an increased use of factoring loans, import loans and trust receipts loans.

### **Net profit/(loss) for the Year**

For the Year 2024, the Group recorded a net profit of HK\$6.2 million, while a loss of HK\$10.2 million was recorded in the Year 2023. The improvement was mainly attributable to the increase in gross profit of the Group resulting from improved sales performance in the Year 2024, partially offset by increased distribution and selling expenses and finance costs and decrease in fair value of investment property.

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

The net profit attributable to the owners of the Company for the Year 2024 was HK\$6.7 million, compared with a net loss attributable to the owners of the Company in the sum of HK\$16.2 million for the Year 2023.

## **LIQUIDITY AND FINANCIAL RESOURCES**

During the Year 2024, the Group met its liquidity requirements principally through a combination of internal resources and bank borrowings. The Group's cash resources as at 31 December 2024 were approximately HK\$141.7 million (31 December 2023: HK\$96.5 million) and were mainly denominated in Renminbi (“**RMB**”), Hong Kong dollars (“**HK\$**”) and United States dollars (“**US\$**”).

As at 31 December 2024, the Group's total outstanding bank borrowings amounted to approximately HK\$629.6 million (31 December 2023: HK\$759.1 million), which mainly comprised bank factoring loans, import loans, trust receipts loans, instalment loans and revolving loans. The Group's bank borrowings that were unrestricted and 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 207.6% as at 31 December 2024 as a result of strict control on usage of banking facilities. Gearing ratio is calculated based on total external loans and borrowings divided by total equity at the respective reporting dates.

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 no material exchange risk in this respect. The Group currently does not have any interest rate hedging policies. However, the management monitors the Group's exposure to interest rate risk on an ongoing basis and will consider hedging that risk should the need arise. Credit risk was mainly hedged through credit policy and factored into external financial institutions.

## **Perpetual Subordinated Convertible Securities (the “PSCS”) and the CB**

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 the PSCS in the principal amount of HK\$10.0 million and the CB on 23 February 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 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 31 December 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 the 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 31 December 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 31 December 2024 and the date of this announcement or 7.38% as enlarged by the underlying conversion Shares.

## **CONTINGENT LIABILITIES**

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

## **CHARGES ON ASSETS**

As at 31 December 2024, the banking facilities of the Group were secured by its trade receivables with an aggregate carrying amount of approximately HK\$221.8 million (31 December 2023: HK\$452.8 million), the legal charge over the investment property of the Group of approximately HK\$46.4 million (31 December 2023: HK\$48.2 million), the Group's leasehold land and buildings valued at approximately HK\$67.8 million (31 December 2023: HK\$76.0 million), the deposit placed for life insurance policy of the Group of approximately HK\$13.5 million (31 December 2023: HK\$13.1 million), bank deposit of the Group of approximately HK\$39.8 million (31 December 2023: HK\$10.4 million).

## **DIVIDEND**

The Board has resolved not to recommend any final dividend for the Year 2024 (Year 2023: nil).

## **EMPLOYMENT AND REMUNERATION POLICY**

As at 31 December 2024, the Group had 141 employees (as at 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 a share option scheme and a restricted share reward 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

The Company adopted the Award Scheme on 30 August 2019. 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 Award Scheme at nil consideration. 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 annual general meeting of the Company held on 26 May 2021 to the Custodian. These Restricted Shares are held on trust by the Custodian who shall transfer the Restricted Shares to the Grantees in three tranches subject to the Company’s satisfaction of such vesting conditions as specified in the grant notices issued to the Grantees. 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, and not connected with, the Company and its connected persons. During the Year 2024, no Restricted Shares had been vested and there were 4,940,000 Restricted Shares remained unvested as at 31 December 2024, which represented 0.46% of the entire issued Shares as at 31 December 2024 and as at the date of this announcement. On 12 February 2025, the 4,940,000 Restricted Shares were forfeited for the reason that the vesting condition had not been fulfilled before the relevant vesting dates.

During the Year 2024, the Custodian purchased a total of 1,950,000 Shares on the market for the purpose of the Award Scheme. As at 31 December 2024, the Custodian held 21,105,000 Shares, representing 1.96% of the entire issued Shares.

The number of Shares that may be issued in respect of share awards and options granted under the Award Scheme divided by the weighted average number of Shares in issue during the Year 2024 was nil.

Subject to any early termination of the Award Scheme as may be determined by the Board, the Award Scheme is valid and effective for a term of 10 years commencing on 30 August 2019 (i.e. the adoption date of the Award Scheme). As at 31 December 2024, the remaining life of the Award Scheme is approximately 4 years and 8 months.

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

### **Share Option Scheme**

The Company adopted a share option scheme on 15 February 2018 (the “**Share Option Scheme**”), which 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, 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 the Year 2024 was nil.

As at 31 December 2024, the remaining life of the Share Option Scheme was approximately 3 years and 2 months.

## 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. The applications of the net proceeds received under the Global Offering up to 31 December 2024 are as follows:

	Application of Net Proceeds as Stated in the Prospectus <i>HK\$'000</i>	Actual Use of Net Proceeds from Global Offering up to 31 December 2024 <i>HK\$'000</i>	Actual Use of Net Proceeds during the Year 2024 <i>HK\$'000</i>	Unused Net Proceeds <i>HK\$'000</i>	Percentage of Unused Net Proceeds %	Expected timeframe of full utilization of unused Net Proceeds
<b>Under the Global Offering</b>						
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	3,492*	746	1,108	24	Q4 2025 (note 1)
Installing ERP and supporting software	7,090	6,543*	1,124	547	8	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	Q4 2025 (note 3)
Working capital for general corporate purpose	11,690	11,690*	–	–	–	–

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



*Notes:*

1. Given the aftermath of the COVID-19 pandemic and the continuing global economic downturn, the Group has been taking a more prudent approach to control and minimize its overall expenditures. Therefore, the Board considers it appropriate for the Group to only make such enhancements as are necessary for the time being. The Board will, from time to time, consider such enhancements and update the Shareholders in due course.
2. Given the unfavourable industry conditions, the Board considers that a more prudent approach should be taken and as such, it was resolved by the Board that the software installation should be implemented progressively.
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 the PRC, the Group took a prudent approach to control and minimize 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 a further postponement was necessary. Given the continuing global economic downturn and the downward trend of the property market in the PRC, the Board will, from time to time, reassess the appropriate timing for such establishment and update the Shareholders in due course.

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 disposals of subsidiaries, associates and joint ventures during the Year 2024.

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

The Group did not hold any significant investments as at 31 December 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 been taken place subsequent to 31 December 2024 and up to the date of this announcement.

## PROSPECTS

In 2025, driven by the sustained impetus of the artificial intelligence wave, the continued development of the AI ecosystem is expected to drive the deployment of computing power and storage capacity, thereby maintaining strong demand in the AI server market. In addition, emerging products in downstream applications, such as AI personal computers, AI smartphones, and AI earphones, are poised for large-scale adoption, which will serve as new growth drivers for the semiconductor market. According to WICA estimates, the global semiconductor market is projected to expand to US\$718.9 billion in 2025, representing a year-on-year increase of 13.2%.

In the new energy market, under the backdrop of the global energy transition, China's new energy industry is expected to maintain steady growth. According to data from the China Association of Automobile Manufacturers, in 2024, China's new energy vehicle production and sales volumes reached 12.888 million units and 12.866 million units, respectively, representing year-on-year increases of 34.4% and 35.5%. Notably, new energy vehicle sales accounted for 40.9% of total automobile sales, an increase of 9.3 percentage points over 2023. The sustained rise in new energy vehicle market share is expected to drive demand for automotive semiconductors. Moreover, the increasing prevalence of vehicle intelligence, advanced driver-assistance systems, and autonomous driving technologies will further stimulate demand for automotive semiconductor components. In terms of photovoltaic energy storage, ongoing advancements in photovoltaic technology and continuous cost reductions have rapidly expanded the market scale of the photovoltaic industry, leading to an increased demand for semiconductor chips.

Meanwhile, as the semiconductor industry continues its positive momentum, the pace of domestication is expected to accelerate. In light of uncertainties in the international supply chain, the importance of domestication for semiconductor equipment has become increasingly evident. Driven by both supportive national policies and robust market demand, there is significant potential for domestication, and local semiconductor companies are poised to benefit from the deepening domestication process.

Overall, the Group is well positioned to capitalize on market opportunities arising from national policy support, stable growth in downstream demand, and the accelerated domestication of the semiconductor industry. In 2024, the Group continued to advance its business diversification strategy by deepening its presence in multiple markets, expanding its customer base, and enhancing its market competitiveness, achieving breakthroughs across various sectors. In the industrial manufacturing arena, the Group strengthened its collaboration with leading domestic and international high-end manufacturing enterprises to expand its industrial automation applications. In the AI large model market, the Group closely monitored developments in the AI industry and crafted customized products and solutions targeting key areas such as computing power, storage, and energy. Looking ahead, the Group expects to forge new strategic partnerships in emerging sectors, such as AI computing and intelligent manufacturing, thereby laying a solid foundation for future growth.

Looking ahead to 2025, driven by domestic consumption stimulus policies and measures to stabilize economic growth, downstream demand is expected to significantly rise, thereby boosting orders from the Group's clients. Coupled with a market recovery, the Group anticipates that the growth rate of its core business lines will exceed that of 2024. The Group will focus on strengthening partnerships with leading industry customers, enhancing supply chain resilience, and optimizing delivery capabilities to support business growth. Moreover, the development of new infrastructure, smart manufacturing, and green energy will create structural growth opportunities and open up new business avenues for the Group.

In the highly promising AI industry, the Group will strategically invest in the three key segments of the AI industry chain, namely computing power, storage and energy, to seize emerging market opportunities and propel its development to new heights. In the computing power segment, the Group will continue to refine its high-performance computing solutions to provide more efficient support for AI training and inference. In the storage segment, it will bolster R&D and supply of data storage products to meet the AI industry's big data storage demands. In the energy segment, the Group will target the high energy consumption challenges within the AI industry by offering efficient energy management solutions to enhance overall system energy efficiency. Simultaneously, the Group will closely monitor domestic AI-related policies to secure policy support and facilitate rapid business deployment.

In 2025, uncertainties in the international trade environment will persist. In the face of risks such as U.S. tariff policies and interest rate fluctuations, the Group will closely monitor potential cost pressures and exchange rate risks arising from changes in the international trade landscape. Measures will be taken to enhance supply chain flexibility, increase the proportion of localized procurement, optimize the export market strategy, and strengthen the Group's risk resilience. At the same time, the Group believes that robust domestic demand is expected to serve as a ballast for overall performance. With strong domestic market momentum, domestic sales are anticipated to grow further, offsetting any adverse impacts from potential uncertainties in overseas markets, and ultimately delivering improved performance to shareholders.

## **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 Year 2024.

## **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 Year 2024.

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 Year 2024.

## **REVIEW OF ANNUAL RESULTS**

The Audit Committee has reviewed and confirmed the accounting principles and practices adopted by the Group, and the Group’s audited annual results for the Year 2024 and discussed 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.

## **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 2024 as set out in this preliminary announcement have been agreed by the Company's independent auditor, Graham H.Y. Chan & Co., to the amounts set out in the Group's audited consolidated financial statements for the Year 2024. 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 HKICPA and consequently, no assurance has been expressed by the Auditor on this preliminary announcement.

## **PUBLICATION OF THE ANNUAL REPORT**

The annual report of the Company for the Year 2024 containing all the information required by 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 the end of April 2025.

## **APPRECIATION**

I, on behalf of the Board, would like to take this opportunity to thank all our Shareholders, business partners, bankers and customers for their continuing support to the Group. I would also like to thank my fellow Directors, the management team and our staff for their dedication and commitment in contributing to the success of the Group.

On behalf of the Board

**Apex Ace Holding Limited**

**Lee Bing Kwong**

*Executive Director, Chairman and Chief Executive Officer*

Hong Kong, 28 March 2025

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