Genes Tech Group Holdings Company Limited
靖洋集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8257

2024
Annual Report

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This report, for which the directors (the "Directors") of Genes Tech Group Holdings Company Limited (the "Company"), together with its subsidiaries, (the "Group") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

This Annual Report is printed on environmentally friendly paper

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Yang Ming-Hsiang (楊名翔) *(Chairman)*
Wei Hung-Li (魏弘麗)
Chiang Ting-Kuo (江定國)

Independent non-executive Directors:

Kam, Eddie Shing Cheuk (甘承倬)
Cheng Chun Shing (鄭鎮昇)
Ho Pak Chuen Brian (何百全)

AUDIT COMMITTEE

Cheng Chun Shing (鄭鎮昇) *(Chairman)*
Kam, Eddie Shing Cheuk (甘承倬)
Ho Pak Chuen Brian (何百全)

REMUNERATION COMMITTEE

Kam, Eddie Shing Cheuk (甘承倬) *(Chairman)*
Cheng Chun Shing (鄭鎮昇)
Ho Pak Chuen Brian (何百全)
Yang Ming-Hsiang (楊名翔)
Wei Hung-Li (魏弘麗)

NOMINATION COMMITTEE

Yang Ming-Hsiang (楊名翔) *(Chairman)*
Wei Hung-Li (魏弘麗)
Kam, Eddie Shing Cheuk (甘承倬)
Cheng Chun Shing (鄭鎮昇)
Ho Pak Chuen Brian (何百全)

RISK MANAGEMENT COMMITTEE

Yang Ming-Hsiang (楊名翔) *(Chairman)*
Wei Hung-Li (魏弘麗)
Kam, Eddie Shing Cheuk (甘承倬)
Cheng Chun Shing (鄭鎮昇)
Ho Pak Chuen Brian (何百全)

AUDITORS

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F Prince's Building
Central, Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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KY1-1111, Cayman Islands

HEAD OFFICE IN TAIWAN

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Hsinchu County 30244
Taiwan

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1922
19/F, Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

AUTHORISED REPRESENTATIVES

Yang Ming-Hsiang (楊名翔)
Wei Hung-Li (魏弘麗)

COMPANY SECRETARY

Yuen Wing Yan, Winnie (袁穎欣), FCG, HKFCG (PE)

COMPLIANCE OFFICER

Wei Hung-Li (魏弘麗)

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681, Grand Cayman
KY1-1111, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank
21/F, 83 Des Voeux Road
Central, Hong Kong

Chang Hwa Commercial Bank (Jhubei Branch)
1F., No. 26-3, Taiyuan St.
Zhubei City, Hsinchu County 30288
Taiwan

First Commercial Bank (Dongmen Branch)
No. 216, Dongmen Street
North District, Hsinchu City 300
Taiwan

FINANCIAL YEAR END

31 December

STOCK CODE

08257

WEBSITE

http://www.genestech.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Group, I am pleased to present this annual report for the year to you.

Although there are still certain uncertainties in the global economic environment, such challenges had never stopped the gradual recovery of the semiconductor industry after inventory adjustments. In 2024, a trend of recovery was seen in the semiconductor industry, especially in the second half of the year, when the consumer electronics market entered its traditional peak season, which led to a rebound in market demand for smartphones and personal computers, bringing a notable boost to the semiconductor industry. Continuous growth in downstream markets such as automotive electronics and the Internet of Things (IoT) has also injected new momentum to the industry. In addition, the boom of artificial intelligence (AI) technology has accelerated the pace of growth significantly.

According to World Semiconductor Trade Statistics (WSTS), the scale of global semiconductor market reached USD626.9 billion in 2024, representing an increase of 19% as compared to the corresponding period last year. The market growth rate is expected to be approximately 11.2%, with the market scale of approximately USD700 billion in 2025. According to DIGITIMES, the revenue of global semiconductor industry is projected to grow at an annual growth rate of 13.4% to reach USD714 billion in 2025. According to the research by the Industrial Technology Research Institute (ITRI) in *Industrial Technology and Information Monthly Journal* in December last year, the semiconductor output value of Taiwan is expected to exceed NTD5 trillion in 2024, with an annual growth rate of 22%, outperforming global market averages. The semiconductor industry output value is anticipated to exceed NTD6 trillion in 2025, with an estimated annual growth rate of 16.5%.

The fast development of AI technology is driving the rapid expansion of the global semiconductor market. Such trend has significantly boosted the development of both memory and non-memory semiconductors, which will exert a direct impetus on related segments such as data centers, the automotive industry, the IoT and smartphones. According to Gartner, revenue from AI chips is expected to reach USD71.252 billion in 2024, with a sales growth rate of 33%. By 2025, revenue from AI chip is expected to further grow by 29% to USD91.955 billion. According to the report by International Data Corporation (IDC), the semiconductor market is poised to grow by 15% in 2025. The memory segment is expected to surge by more than 24% and the non-memory segment is expected to grow by 13%, mainly due to the strong demand for advanced node ICs, AI servers and high-end mobile phone chips.

According to the Semiconductor Equipment and Materials International (SEMI), global sales of semiconductor manufacturing equipment are forecast to set a new industry record, reaching USD113 billion in 2024, growing 6.5% year-on-year. Sales of semiconductor manufacturing equipment is expected to continue to grow, reaching new records of USD121 billion in 2025 and USD139 billion in 2026, supported by both the front-end and back-end markets.

Although the semiconductor industry is expected to continue its upward trajectory, it will be subject to certain uncertainties, including geopolitical risks, volatility of global economic policies, changes in end-market demand and dynamic adjustment on demand and supply from new production capacity. In addition, the continued Sino-U.S. semiconductor technology rivalry, especially the tightened control of AI chips export across the globe by the United States, will become a critical and unneglectable issue in the development of semiconductor industry.

As such, the Group will pay close attention to the variables and respond to market changes in a prudent and flexible manner to ensure sustainable development. The Group will also capture development opportunities and strengthen its core competitiveness to create long-term shareholder value.

For the year ended 31 December 2024, the total revenue of the Group was approximately NTD931.96 million. Profit for the year attributable to owners of the Company amounted to approximately NTD24.28 million, and the basic earnings per share amounted to approximately NTD2.43 cents.

Finally, on behalf of the Board, I would like to express my sincere gratitude to our valued customers, suppliers and business partners for their continuous support. I would also like to express my sincere gratitude to my fellow Directors for their wise insight and active participation, as well as to the management team for their unremitting efforts and determination.

Chairman
Yang Ming-Hsiang

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

Since 2024, the semiconductor industry has seen a significant recovery and entered an upward cycle. Given that the rise of artificial intelligence (AI) technology provides a new driver for the continuous development of the industry, it is generally predicted that generative AI will affect more than 70% of semiconductor products in the coming years. Meanwhile, the development of emerging industries such as new energy vehicles, smart manufacturing and the Internet of Things (IoT), as well as the growing demand for smartphones and personal computers (PC(s)) as the main consumer electronics terminals, are actively fostering the development of the semiconductor industry.

According to the Semiconductor Industry Association (SIA), global semiconductor chip sales hit record high at USD627.6 billion in 2024, representing an increase of 19.1%, benefiting from strong demand for AI processors and memory. The sales in the fourth-quarter amounted to USD170.9 billion, representing an increase of 17.1% as compared to the fourth quarter of 2023 and an increase of 3.0% as compared to the third quarter of 2024. The Market Intelligence & Consulting Institute (MIC) of Taiwan estimates that the production value of Taiwan’s semiconductor industry will reach NTD4.76 trillion in 2024, representing an increase of 21.3%. The mainstream communication product sector has stabilized and showed growth, which has injected growth momentum to certain sub-sectors. Looking ahead to 2025, advanced chips will continue to drive the output growth of semiconductor industry, and Taiwan's semiconductor industry is projected to reach a total production value of NTD5.52 trillion in 2025, representing a 15.9% increase.

According to the data by Omdia, a market research firm, the smartphone market is gradually returning to growth, with total smartphone shipments reaching 328 million units in the fourth quarter of 2024, representing a year-on-year growth of 2.8%. The shipments for the entire year climbed to 1.223 billion units, representing a year-on-year growth of 7.1%. According to the report by International Data Corporation (IDC), though the global PC market has been experiencing a slower return to growth, global PC shipments grew to 68.9 million units in the fourth quarter of 2024, representing a year-on-year increase of 1.8%. For the full year of 2024, shipments reached 262.7 million units, representing a year-on-year increase of 1%. According to Rho Motion, a research institute, global sales of electric vehicles (EVs) and plug-in hybrid electric vehicles (PHEVs) reached record high at 17.10 million units in 2024, representing a significant growth of 25.6% as compared to the previous year.

According to the report by Research Nester, a market research and consulting firm, the global automotive semiconductor market size would exceed USD47.45 billion in 2024 and is anticipated to exceed USD129.32 billion by the end of 2037, growing at a CAGR of over 8.3% during the forecast period (i.e. 2025-2037). Most technologically advanced automobiles manufactured use semiconductor devices for several core functions, such as power management, displays and control, sensing, and safety features of the vehicle. The critical charging infrastructure necessary to make electric vehicles viable is created by semiconductors in the form of power devices and solar cells. Automotive semiconductors have more applications in hybrid and EVs, which are growing significantly, and are expected to create massive revenue generation opportunities for the key players operating in the global automotive semiconductor market.

The impact of AI on various industries is becoming increasingly profound, which brings unprecedented development opportunities to the semiconductor industry. The Group will pay close attention to market dynamics, actively develop countermeasures, and adapt to market changes promptly and prudently, with a view to further strengthen its competitive edge in the market.

BUSINESS REVIEW

The Group is a turnkey solution provider and exporter of parts and used Semiconductor Manufacturer Equipment (SME) in Taiwan, mainly engaging in providing turnkey solutions for parts and used SME for customers and modifying and/or upgrading the semiconductor equipment of its production systems according to customers’ needs. In addition, the Group also engages in the trading of SME and parts. For the year ended 31 December 2024, the total revenue of the Group amounted to approximately NTD931.96 million (2023: approximately NTD1,332.83 million). Profit for the year attributable to owners of the Company amounted to approximately NTD24.28 million (2023: approximately NTD90.64 million). Basic earnings per share were approximately NTD2.43 cents (2023: approximately NTD9.06 cents).

TURNKEY SOLUTIONS

The parts and used SME supplied by the Group include furnaces and clean tracks which are used at the front-end of the semiconductor manufacturing process and wafer fabrication such as deposition, photoresist coating and development. The semiconductors produced by the customers using the SME of the Group were extensively applied to mobile phones, game consoles, DVD players, automotive sensors and other digital electronic products.

For the year ended 31 December 2024, the revenue from turnkey solutions of the Group amounted to approximately NTD418.45 million (2023: approximately NTD708.93 million), accounting for approximately 44.9% of the Group's total revenue (2023: approximately 53.19%).

TRADING OF PARTS AND USED SME

During the period under review, the Group recorded revenue of approximately NTD513.51 million (2023: approximately NTD623.90 million) from the trading of parts and used SME, accounting for approximately 55.10% of the total revenue of the Group (2023: approximately 46.81%).

FINANCIAL REVIEW

For the year ended 31 December 2024, the total revenue of the Group amounted to approximately NTD931.96 million (2023: approximately NTD1,332.83 million). During the period under review, the Group recorded revenue from turnkey solutions of approximately NTD418.45 million (2023: approximately NTD708.93 million); and the Group recorded revenue from the trading of used semiconductor parts of approximately NTD513.51 million (2023: approximately NTD623.90 million).

Under the ongoing geopolitical tensions, the Group has established a solid strategic direction to capture market opportunities. The Group has deepened cooperation with existing international clients and actively explored new models of collaboration. During the year under review, the Group's revenue from operations in Japan significantly increased by 2,667.38% from last year, representing approximately 5.67% of the Group's total revenue, while revenue from operations in Singapore increased by 41.56% from last year, representing approximately 12.29% of the Group's total revenue.

During the year under review, the gross profit of the Group amounted to approximately NTD263.33 million (2023: approximately NTD325.96 million), while the overall gross profit margin was approximately 28.26% (2023: approximately 24.46%).

For the year ended 31 December 2024, profit for the year attributable to owners of the Company amounted to approximately NTD24.28 million (2023: approximately NTD90.64 million), while basic earnings per share amounted to approximately NTD2.43 cents (2023: approximately NTD9.06 cents).

OUTLOOK

As the backbone of AI, the semiconductor industry is entering a new era of development, with the innovation and breakthroughs of which being critical to future technological competition. Currently, AI technology has widely expanded to cloud computing, smartphones and the IoT, driving the continuous evolution of semiconductor technology. Not only has AI reshaped the design and manufacturing process of chips, but it has also revolutionized the industry ecosystem, making the semiconductor industry become a key role in the AI race.

According to the forecast by WSTS, the global chip market is projected to grow by 11.2% to a record high of USD697.18 billion in 2025, boosted by robust demand for semiconductors for use in AI-powered smartphones and data centers. The demand for logic chips is expected to increase by 16.8% to USD243.78 billion, while that of memory chips is forecast to rise by 13.4% to USD189.41 billion.

According to Gartner, a research and consulting firm, the scale of the global semiconductor industry in 2025 will be revised down from USD739.173 billion to USD716.723 billion, and the year-on-year growth rate will be revised down from 16.6% to 13.8%. Despite the overall adjustment on scale, Gartner still believes that the semiconductor industry will grow along with the demand from end-use market. For the end-use application segment, the data transmission segment showed strong performance with an estimated annual growth rate of 16.6%, attributable to the launch of new AI server models. For the automotive segment, despite the long-term sluggish demand, the increasing electrification is expected to drive growth in industry scale, with an estimated annual growth rate of 15.5%. For the consumer electronics segment, annual growth rate is expected to be 7.8% due to the lack of promotion of new applications. On the other hand, IDC reported that the global semiconductor industry is poised to grow by 15% yearly in 2025, driven by the continued demand for high-end logic process chips for AI and increasing penetration of high-priced high bandwidth memory (HBM). Nevertheless, it is worth noting that the anti-globalization policy proposed by the United States may impose an impact on the semiconductor industry. The proposed high tariffs may drive up prices, which in turn affects the factory layout and order-taking ability of Taiwan-based manufacturers.

Counterpoint Research, a technology market research and industry analysis firm, expects global smartphone revenues to grow by 8% year-on-year in 2025, outpacing the sales growth at 4%. The increasing popularity of AI technology and the continuous expansion of high-end market will become the major growth drivers for the smartphone market in the future.

According to Gartner, worldwide shipments of AI PCs are projected to reach 114 million units in 2025, representing an increase of 165.5% from 2024. The proportion of AI PCs will increase year-on-year to 43% of all PC shipments, which indicates that AI PCs will become a critical component of the PC market in the coming years, propelling the development of the industry. In addition, Gartner projects the demand for AI laptops to be higher than that of AI desktops, with shipments of AI laptops to account for 51% of total laptops in 2025. Gartner also predicts that by 2026, AI laptops will be the only choice of laptop available to large businesses.

As forecast by IDC, with the increasing popularity of advanced driver assistance systems (ADAS), EVs and the Internet of Vehicles (IoV), demand for semiconductors such as high-performance computing chips (HPCs), image processing units (IPUs), radar chips and laser radar sensors will continue to rise. Such technological advancements are not only driving improvements in automotive safety, but also injecting new growth dynamics into the semiconductor industry. We expect the demand for automotive semiconductors to grow significantly in the coming years.

LIQUIDITY AND CAPITAL RESOURCES

The Group had met its liquidity requirements principally through a combination of internal resources and bank borrowings for the year ended 31 December 2024. The Group's primary use of cash has been, and is expected to continue to be, satisfying its working capital needs.

For the year ended 31 December 2024, the borrowings of the Group totaled approximately NTD591.79 million (31 December 2023: approximately NTD616.53 million). For the year ended 31 December 2024, the gearing ratio of the Group, as calculated by dividing the Group's net debt, being bank borrowings less cash and cash equivalents, by the Group's total equity, was approximately 48.45% (31 December 2023: approximately 57.82%).

Charge on Assets

For the year ended 31 December 2024, certain land and buildings of the Group were pledged to secure the Group's long-term and short-term bank borrowings, with the carrying amount of approximately NTD253.74 million (31 December 2023: approximately NTD258.25 million).

Events Occurring after the Reporting Period

The Group had no significant events after the reporting period and up to the date of this report.

Exposure to Fluctuations in Exchange Rates and Related Hedges

The business operations of the Group's subsidiaries were mainly conducted in Taiwan with most of the transactions settled in NTD and United States Dollar. As at the date of this report, the board of Directors (the "Board") considers that foreign currencies (mainly the United States dollar) were received/paid when the Group earned revenue from overseas customers and when it settled purchases of machinery, equipment and parts from overseas suppliers. The Group would closely monitor the volatility of the currency exchange rate and adopt appropriate measures, should the needs arise.

During the period under review, the Group neither took part in any derivatives activities nor entered into any hedging activities in respect of foreign exchange risk.

Capital Commitments and Contingent Liabilities

As at 31 December 2024, the Group did not have any significant capital commitment (31 December 2023: Nil) and significant contingent liability (31 December 2023: Nil).

Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Capital Assets

The Group did not have any significant investments and disposals of subsidiaries and capital assets during the period.

HUMAN RESOURCES

As at 31 December 2024, the Group employed approximately 260 employees. All our staff are full-time and contracted employees and reside in Taiwan and the People's Republic of China ("PRC"). Remuneration of employees is reviewed annually to maintain at a competitive level. The Group also makes reference to the labour market and economic condition. Other benefits including but not limited to pension, insurance, education, subsidies and training programmes are also provided to the employees as well.

DIVIDEND

The Board does not recommend payment of dividend for the year ended 31 December 2024 (2023: Nil).

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Yang Ming-Hsiang (楊名翔) ("Mr. Yang"), aged 54, is the executive Director, chief executive officer and Chairman of the Board of the Company. He also serves as the Chairman of the nomination committee and the risk management committee as well as a member of the remuneration committee of the Company. Mr. Yang is primarily responsible for the overall business strategy and development of the Group. He joined the Group in December 2009 as the chief executive officer. Mr. Yang obtained a Bachelor's degree and a Master's degree in Engineering from Da-Yeh University (大葉大學) in Taiwan in June 1994 and June 1996, respectively. Prior to joining the Group, Mr. Yang worked in Chung Mei Pharmaceutical Co., Ltd. (中美兄弟製藥股份有限公司), a company engaging in the manufacturing of over-the-counter pharmaceuticals in Taiwan, as the assistant to general manager from August 1998 to September 2000. From November 2000 to December 2002, Mr. Yang was an engineer in Hermes-Epitek Corp. (漢民科技股份有限公司), a semi-conductor manufacturer in Taiwan. He joined Ubiquity Equipment Co., Ltd. (佑鳴科技股份有限公司), a company engaging in providing turnkey solution services, as the sales engineer in December 2002 and was the sales manager from July 2004 to December 2009. As at 31 December 2024, Mr. Yang was interested in the shares of the Company, the details of which are set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares or Debentures of the Company and Its Associated Corporations" in this annual report.

Ms. Wei Hung-Li (魏弘麗) ("Ms. Wei"), aged 49, is the executive Director, chief financial officer, China region general manager and compliance officer of the Company. She also serves as a member of the remuneration committee, the nomination committee and the risk management committee of the Company. Ms. Wei is primarily responsible for financial management of the Group. She joined the Group in March 2011 as the chief financial officer. Ms. Wei obtained a Bachelor's degree in International Trade from Ta Hwa University of Science and Technology (大華科技大學) in Taiwan in June 2000. She worked in Ubiquity Equipment Co., Ltd (佑鳴科技股份有限公司), a company engaging in providing turnkey solution services, as a senior administrator from July 2003 to September 2006, being responsible for its overall administrative management. She was the management department manager in iBerlin Technology Co., Ltd. (艾柏霖科技股份有限公司), a company engaging in the manufacturing of electronic components, from January 2010 to February 2011. As at 31 December 2024, Ms. Wei was interested in the shares of the Company, the details of which are set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares or Debentures of the Company and Its Associated Corporations" in this annual report.

Mr. Chiang Ting-Kuo (江定國) ("Mr. Chiang"), aged 54, is the executive Director of the Company. Mr. Chiang graduated from National Taiwan Ocean University in Taiwan (國立臺灣海洋大學) with a Bachelor of Science degree in Electrical Engineering (電子工程學系) in June 1993. Mr. Chiang is currently the President of GAT Asset Taiwan Co Ltd* (聯合環球科技股份有限公司) ("GAT Asset") since September 2011. GAT Asset is a company focuses on semiconductor asset manager and equipment leasing and equipment remarketing. From July 1995 to February 2003, Mr. Chiang worked in Lam Research Co. Ltd* (美商科林研發股份有限公司) ("Lam Research") as a Filed Service Section Manager from July 1995 to March 2000 in the Hsinchu branch and as a Senior Sales Manager from July 1998 to February 2003 in the Tainan branch responsible for business promotion and also responsible for customer machine maintenance. Lam Research principally engaged in the business of semiconductor etching machine manufacturing and trading. From April 2003 to March 2011, he worked in Macquarie Asia PTE Ltd — Taiwan Branch* (新加坡商麥格理股份有限公司) ("Macquarie") as Director of Sales — Asia mainly to support customer to management operation risk. Macquarie focuses on semiconductor equipment leasing, assisting customers in handling idle equipment and used equipment sale. Mr. Chiang was interested in the shares of the Company, the details of which are set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares or Debentures of the Company and Its Associated Corporations" in this annual report.

* *For identification purpose only*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kam, Eddie Shing Cheuk (甘承倬) ("Mr. Kam", previously known as Kam Leung Ming (甘亮明)), aged 50, was appointed as the independent non-executive Director of the Company on 20 June 2017. He also serves as the Chairman of the remuneration committee and a member of the audit committee, the nomination committee and the risk management committee of the Company. Mr. Kam holds a bachelor's degree in accountancy and a master's degree in corporate governance from the Hong Kong Polytechnic University. He is currently a fellow member of the Hong Kong Institute of Certified Public Accountants, a member of The Institute of Chartered Accountants in England and Wales, an associate member of The Hong Kong Institute of Chartered Secretaries and an associate member of The Chartered Governance Institute. Mr. Kam has over 25 years of experience in auditing, professional accounting and worked for several Hong Kong listed companies of various industries and served senior roles in financial management and secretarial functions. Mr. Kam has been an executive director of Get Nice Holdings Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), stock code: 64), since April 2017, and was appointed as its chief executive officer since June 2022. Currently, Mr. Kam is an independent non-executive director of the following companies which are listed on the Main Board of the Stock Exchange: (i) Ever Harvest Group Holdings Limited (stock code: 1549) since November 2016, (ii) Citychamp Watch & Jewellery Group Limited (stock code: 256) since November 2020 and (iii) Pangaea Connectivity Technology Ltd. (stock code: 1473) since 1 October 2023. (Note: Mr. Kam was redesignated from non-executive director (appointed since 17 June 2019) to independent non-executive director of Pangaea Connectivity Technology Ltd. on 1 October 2023.) Mr. Kam was previously an executive director of Get Nice Financial Group Limited (stock code: 1469), from September 2015 to April 2017; and an independent non-executive director of below companies listed on the Main Board of the Stock Exchange: (i) Casablanca Group Limited (stock code: 2223), from April 2015 to May 2017; (ii) Xiezhong International Holdings Limited (stock code: 3663), from December 2020 to July 2021; and (iii) AVIC Joy Holdings (HK) Limited (stock code: 260), from April 2022 to August 2022. Mr. Kam was appointed as a council member of the sixth term of the Guangzhou Overseas Friendship-Liaison Association Committee in March 2013 and a council member of the seventh term of the Shenzhen Overseas Friendship-Liaison Association Committee in 2017. He was also appointed as a committee member of the Chinese People's Political Consultative Conference Shanghai Committee (Baoshan District) in December 2016.

Mr. Cheng Chun Shing (鄭鎮昇) ("Mr. Cheng"), aged 50, was appointed as the independent non-executive Director of the Company on 20 June 2017. He also serves as the Chairman of the audit committee, a member of the remuneration committee, the nomination committee and the risk management committee of the Company. Mr. Cheng is a holder of a master's degree in corporate and financial law from the University of Hong Kong, a master's degree in business administration (Executive Master of Business Administration Programme) from the Chinese University of Hong Kong and a bachelor's degree in accountancy from the Hong Kong Polytechnic University. He is a CFA charterholder, a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Institute of Chartered Accountants in England and Wales. Mr. Cheng has over 25 years of experience in accounting, auditing, corporate financial management and corporate governance. Mr. Cheng served as the company secretary, financial controller and chief financial officer of various listed companies on the Stock Exchange and worked in various international audit firms in Hong Kong. Mr. Cheng was an executive Director, the chief financial officer and the Company Secretary of Power Financial Group Limited, a company whose shares are listed on the Stock Exchange (stock code: 397), during the period from April 2022 to October 2022. He was also an independent non-executive director of China Oriented International Holdings Limited, a company whose shares are listed on the Stock Exchange (stock code: 1871), during the period from September 2019 to February 2023. Mr. Cheng served as the financial controller and company secretary of BeijingWest Industries International Limited, a company whose shares are listed on the Stock Exchange (stock code: 2339), during the respective periods from October 2017 to April 2022 and from March 2018 to April 2022

Mr. Ho Pak Chuen Brian (何百全) ("Mr. Ho"), aged 51, was appointed as the independent non-executive Director of the Company on 20 June 2017. He also serves as a member of the audit committee, the remuneration committee, the nomination committee and the risk management committee of the Company. Mr. Ho obtained the Bachelor of Commerce degree in April 1995 and the Bachelor of Laws degree in March 1997, both from Monash University, Australia and a Master's Degree of Business Administration from the University of Sydney, Australia and University of New South Wales, Australia in May 2009. He was admitted as a barrister and solicitor of the supreme court of Victoria, Australia in 1997 and a solicitor of the High Court of Hong Kong in 2000. He became a Certified Practising Accountant of CPA Australia in 2004. Mr. Ho has over 24 years of experience in corporate finance and law. He is currently a partner of Howse Williams, a law firm in Hong Kong, and an independent non-executive director of Get Nice Holdings Limited, (a Company listed on Main Board of The Stock Exchange of Hong Kong Limited, stock code: 64) and Ajisen (China) Holdings Limited, (a Company listed on Main Board of The Stock Exchange of Hong Kong Limited, stock code: 538). Mr. Ho worked as a Vice President — Corporate Finance at Cazenove Asia Limited, which was subsequently acquired by Standard Chartered Securities (Hong Kong) Limited, between June 2007 and February 2009, as an associate director and subsequently as a director of Equity Corporate Finance Department at Standard Chartered Securities (Hong Kong) Limited between February 2009 and February 2012. Prior to 2007, he worked in the corporate department of various international and local law firms in Hong Kong.

COMPANY SECRETARY

Ms. Yuen Wing Yan, Winnie (袁穎欣) ("Ms. Yuen") has been appointed as the company secretary of the Company since 1 February 2018 and is responsible for the company secretary services of the Group. Ms. Yuen is currently a director of the corporate services division of Tricor Services Limited ("Tricor"), which is a global professional provider of integrated business, corporate and investor services. Ms. Yuen has over 29 year of experience in corporate services and has provided professional corporate services for listed companies in Hong Kong and multi-national companies, private companies and offshore companies. Ms. Yuen graduated from Lingnan College (currently known as Lingnan University). Ms. Yuen is a Chartered Secretary and a fellow of both of The Hong Kong Chartered Governance Institute (the "HKCGI") formerly known as the Hong Kong Institute of Chartered Secretaries (the "HKICS") and the Chartered Governance Institute UK & Ireland formerly known as the Institute of Chartered Secretaries in the United Kingdom. Ms. Yuen is a holder of the Practitioner's Endorsement from HKCGI.

REPORT OF THE BOARD OF DIRECTORS

The directors hereby present the annual report and the audited consolidated financial statements for the year ended 31 December 2024.

CORPORATE REORGANISATION AND LISTING

The Company is an exempted company incorporated in the Cayman Islands with limited liability in accordance with the Companies Law of the Cayman Islands on 6 June 2016. To prepare for the listing of its shares on the GEM of the Stock Exchange, the Company has carried out corporate reorganisation and has become a holding company of the Group. For further details of the corporate reorganisation of the Group, see the section headed "History, Reorganisation and Group Structure" in the prospectus. The shares were listed on the GEM of the Stock Exchange on 14 July 2017 (the "Listing Date").

PRINCIPAL BUSINESS

The Company is an investment holding company. Business of the major subsidiaries of the Company is set out in note 1 to the consolidated financial statements of this annual report.

BUSINESS REVIEW

Business of the Group for the year ended 31 December 2024 is set out in the section headed "Management Discussion and Analysis" on pages 7 to 10 of this annual report. The discussion is an integral part of this Report of the Board of Directors.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group strives to operate in compliance with the applicable environmental protection laws and methods in a bid to minimise the adverse effects of its existing business activities on the environment. Details of the environmental policies and performance are set out in the section headed "Environmental, Social and Governance Report" on pages 38 to 66 of this annual report.

COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

To the current knowledge of the Board and the management, the Group has not committed any violation or non-compliance of applicable laws and regulations that would have significant impact on the operation of the Group throughout the year ended 31 December 2024.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group acknowledges that maintaining good relationship with its employees and customers make great importance to the achievement of its short-term and long-term business objectives. For the year ended 31 December 2024, there was no serious and material dispute between the Group and its employees, customers and suppliers.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of comprehensive income on page 71 of this annual report.

The Board does not recommend any payment of final dividend for the year ended 31 December 2024 (2023: Nil).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 124 of this annual report.

DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 74 of this annual report.

The Company's reserves available for distribution to shareholders as of 31 December 2024 amounted to approximately NTD12.8 million (2023: approximately NTD15.40 million) on page 114 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 12 to the consolidated financial statements of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the years ended 31 December 2024 and 2023, sales to the Group's five largest customers, in aggregate represented approximately 71.14% and 72.12% of the Group's total revenue, respectively.

For the years ended 31 December 2024 and 2023, sales to the single largest customer amounted to approximately 36.28% and 39.26% of the Group's total revenue, respectively.

For the years ended 31 December 2024 and 2023, purchases of raw materials and merchandise for resale from the Group's five largest suppliers accounted for approximately 45.98% and 43.27% of the Group's total purchases, respectively. For the years ended 31 December 2024 and 2023, purchases from the single largest supplier amounted to approximately 14.67% and 16.27% of the Group's total purchases, respectively.

For the year ended 31 December 2024, none of the Directors or any of their associates or any shareholders (who to the knowledge of the Directors owned more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers or suppliers.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 19 to the consolidated financial statements of this annual report.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

DIRECTORS

During the year and as of the date of this report, our Directors include:

Executive Directors:

Yang Ming-Hsiang (楊名翔) *(Chairman)*
Wei Hung-Li (魏弘麗)
Chiang Ting-Kuo (江定國) (appointed on 1 July 2024)
Hsiao Hsi-Mao (蕭錫懋) (resigned on 30 June 2024)

Independent non-executive Directors:

Kam, Eddie Shing Cheuk (甘承倬)
Cheng Chun Shing (鄭鎮昇)
Ho Pak Chuen Brian (何百全)

Pursuant to the articles 84(1), 83(3) and 84(2) of the articles of association of the Company (the "Articles of Association"), Mr. Yang Ming-Hsiang, Mr. Chiang Ting-Kuo and Mr. Kam, Eddie Shing Cheuk shall retire at the forthcoming annual general meeting of the Company (the "AGM") and being eligible, to offer themselves for re-election at the AGM.

The Company has received annual confirmation from each of the independent non-executive Directors as regards their independence to the Company pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that each of the independent non-executive Directors is independent to the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out on pages 11 to 13 of this annual report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2024, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, notified to the Company and the Stock Exchange, were as follows:

Long positions in the shares:

Name of Directors	Capacity/Nature of Interest	Number of Shares held	Approximate percentage of total number of Shares
Mr. Yang Ming-Hsiang	Beneficial owner	37,975,000	3.80%
("Mr. Yang")	Interest in persons acting in concert (Note 1)	664,075,000	66.41%
		702,050,000	70.21%
Ms. Wei Hung-Li	Beneficial owner	29,125,000	2.91%
("Ms. Wei")	Interest in persons acting in concert (Note 1)	672,925,000	67.30%
		702,050,000	70.21%
Mr. Chiang Ting-Kuo ("Mr. Chiang")	Interest of spouse (Note 2)	2,450,000	0.25%

Note 1: Pursuant to the concert party agreement dated 22 August 2016 (the "Concert Party Agreement") entered into by Mr. Yang, Tai-Yi Investment Co. Ltd., Ms. Wei, Mr. Lin Yen-Po and Mr. Fan Chiang-Shen (our former directors), a group of controlling shareholders (as defined under the GEM Listing Rules) (the "Controlling Shareholders") of the Company (the "Concert Parties"), the Concert Parties have agreed with certain arrangements pertaining to their shareholding. The interests in these Shares include the interests of the Concert Parties under the Concert Party Agreement and the interests of controlled corporations under the Concert Parties' control.

Note 2: Ms. Li Ling-Hui (李玲慧), the spouse of Mr. Chiang, is interested in 2,450,000 shares of the Company, representing approximately 0.245% of the total issued shares of the Company. Mr. Chiang therefore is deemed to be interested in such 2,450,000 shares of the Company under the Securities and Futures Ordinance. Mr. Chiang and his spouse together hold 1,430 shares (approximately 9.5%) in Queenbest Development Limited and Mr. Chiang holds 95,000 shares (approximately 9.5%) in Ever Wealth Holdings Limited.

Save as disclosed above, as at 31 December 2024, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which are required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or which shall be, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY

As at 31 December 2024, to the knowledge of the Directors, the following persons/entities (other than the Directors or chief executive of the Company) who had or were deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in the shares:

Name of substantial shareholders	Capacity/Nature of Interest	Number of Shares held	Approximate percentage of total number of Shares
Queenbest Development Limited ("Queenbest") (Note 1)	Beneficial interest	374,625,000	37.46%
Ever Wealth Holdings Limited ("Ever Wealth") (Note 2)	Beneficial interest	81,150,000	8.11%
Planeta Investments Limited ("Planeta") (Note 3)	Beneficial interest	63,750,000	6.38%
Tai-Yi Investment Co. Ltd. ("Tai Yi") (Note 4)	Beneficial interest	111,300,000	11.13%
	Interest in persons acting in concert (Note 5)	590,750,000	59.08%
		702,050,000	70.21%
Mr. Fan Chiang-Shen ("Mr. Fan") (Note 5)	Beneficial owner	2,925,000	0.30%
	Interest in persons acting in concert (Note 5)	699,125,000	69.91%
		702,050,000	70.21%
Mr. Lin Yen-Po ("Mr. Lin") (Note 5)	Beneficial interest	1,200,000	0.12%
	Interest in persons acting in concert (Note 5)	700,850,000	70.09%
		702,050,000	70.21%

Notes:

(1) Queenbest is a company incorporated in the British Virgin Islands (the "BVI"). As at the date of this report, it was held by 35 individual shareholders and Mr. Yang was interested in approximately 27.6%, Ms. Wei was interested in approximately 10.2%, Mr. Lin was interested in approximately 5.1% and former Director Mr. Fan was interested in approximately 10.7% of its shareholding, respectively. The other shareholders were mainly employees and ex-employees of Genes Tech Co., Ltd. ("Genes Tech", an indirect wholly-owned subsidiary of the Company) who were independent third parties (as defined under the GEM Listing Rules) ("Independent Third Parties") and each held interests ranging from approximately 0.01% to 8.0%.

(2) Ever Wealth is a company incorporated in the Republic of Seychelles. As at the date of this report, it was held by 9 individual shareholders and Mr. Yang was interested in approximately 28.0%, Ms. Wei was interested in approximately 4.8% and Mr. Lin, a former Director, was interested in approximately 20.7% of its shareholding. The other shareholders consisted of employees of Genes Tech who were Independent Third Parties and each held interests ranging from approximately 1.0% to 15.0%.

(3) Planeta is a company incorporated in Anguilla. As at the date of this report, it was held by 10 individual shareholders and Mr. Yang was interested in approximately 28.5%, Ms. Wei was interested in approximately 4.3%, Mr. Lin was interested in approximately 17.8% and former Director Mr. Fan was interested in approximately 10.7% of its shareholding, respectively. The other shareholders were mainly employees and ex-employees of Genes Tech who were Independent Third Parties and each held interests ranging from approximately 0.7% to 26.7%.

(4) Tai Yi is a company incorporated in Taiwan. As at the date of this report, it was held by 4 individual shareholders. Tai Yi is a party to the Concert Party Agreement.

(5) Pursuant to the Concert Party Agreement, the Concert Parties have agreed with certain arrangements pertaining to their shareholding. Mr. Yang, Tai Yi, Ms. Wei, Mr. Lin and Mr. Fan (our former directors) are a group of Controlling Shareholders. The interests in these shares include the interests of the Concert Parties under the Concert Party Agreement and the interests of controlled corporations under the Concert Parties' control.

Save as disclosed above, as at 31 December 2024, the Directors are not aware of any other persons/entities (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, as of 31 December 2024 and up to the date of this report, neither the Directors nor the chief executives of the Company nor their respective close associates (as defined under the GEM Listing Rules) had any interests in, or had been granted, or exercised any rights to subscribe for shares or underlying shares of the Company and/or its associated corporations (within the meaning of the SFO).

Save as disclosed above and as provided in the Share Option Scheme (as defined below), at no time at the end of 31 December 2024 and up to the date of this report was the Company, any of its subsidiaries, its associated companies or its holding companies a party to any arrangements to enable the Directors or the chief executives of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of its associated corporations (within the meaning of the SFO).

SHARE OPTION SCHEME OF THE COMPANY

The Company's share option scheme (the "Share Option Scheme") was approved by a resolution of the Company's shareholders passed on 20 June 2017. The principal terms of the Share Option Scheme, a summary of which is set out in Appendix V to the Prospectus, are in compliance with the provisions under Chapter 23 of the GEM Listing Rules.

As of 31 December 2024 and up to the date of this annual report, there was no options granted, exercised, lapsed or cancelled under the Share Option Scheme. As of 31 December 2024 and up to the date of this annual report, there was no outstanding share option not yet exercised under the Share Option Scheme.

The following is a summary of the principal terms of the Share Option Scheme:

Purpose

The Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions the Eligible Participants (as defined below) had or may have made to our Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in our Company with the view to achieving the following objectives:

(i) motivate the Eligible Participants to optimise their performance efficiency for the benefit of our Group; and

(ii) attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of our Group.

Eligible Participants

Our Board may, at its discretion, offer to grant an option to subscribe for such number of new shares as our Board may determine at an exercise price determined in accordance with the ways set out below to the following (the "Eligible Participants"):

(i) any full-time or part-time employees, executives or officers of our Company or any of its subsidiaries;

(ii) any directors (including executive directors, non-executive directors and independent non-executive directors) of our Company or any of its subsidiaries; and

(iii) any advisers, consultants, suppliers, customers, agents and related entities to our Company or any of its subsidiaries.

Total number of securities available for issue under the Share Option Scheme together with the percentage of the issued shares that it represents as at the date of the annual report

100,000,000 shares, representing 10% of the total issued shares of the Company as at the date of this annual report.

Maximum entitlement under the Scheme

The maximum number of shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the issued shares, unless otherwise approved by the Company's shareholders in a general meeting in advance with such Eligible Participant and his close associates abstaining from voting.

Minimum period, if any, for which an option must be held before it can be exercised

There is no general requirement on the minimum period for which an option must be held or the performance targets which must be achieved before an option can be exercised under the terms of the Share Option Scheme.

Amount payable on acceptance of the options

An offer shall be deemed to have been accepted when the Company receives the duly signed offer letter together with a non-refundable payment of HK$1.00.

Period within which the securities must be taken up under an option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by our Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted.

Basis of determining the exercise price

The subscription price of a share in respect of any particular option granted under the Share Option Scheme shall be such price as our Board in its absolute discretion shall determine, save that such price will not be less than the highest of:

(i) the official closing prices of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;

(ii) the average of the official closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a share.

Remaining duration of the Share Option Scheme

The Share Option Scheme shall be valid and effective for a period of 10 years from the Listing Date.

Further details of the Share Option Scheme are set out in Appendix V to the Prospectus.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for a term of three (3) years, which is subject to retirement by rotation and re-election in accordance with the Articles of Association and the GEM Listing Rules, unless terminated by not less than three (3) months' notice in writing served by either party on the other.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of one (1) year commencing from 20 June 2024, which is subject to retirement by rotation and re-election in accordance with the Articles of Association and the GEM Listing Rules, unless terminated by not less than one (1) month's notice in writing served by either party on the other.

None of the Directors proposed for re-election at the 2025 AGM has entered into any service contract with the Company which is not terminable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR MATERIAL CONTRACTS

There were no transactions, arrangements or material contracts to which the Company or any related company (holding companies, subsidiaries or fellow subsidiaries) was a party and in which a Director of the Company or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at any time during the period from 1 January 2024 to 31 December 2024.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year, the Group did not enter into any transactions which need to be disclosed as connected transactions/continuing connected transactions under Chapter 20 of the GEM Listing Rules.

NON-COMPETITION UNDERTAKINGS

To better safeguard our Group from any potential competition, our Company's controlling shareholders has entered into the deed of non-competition (the "Deed of Non-Competition") in favour of our Company dated 20 June 2017, whereby each of the controlling shareholders irrevocably and unconditionally undertakes with our Company that with effect from the Listing Date and for as long as our shares remain listed on the Stock Exchange and (i) our Company's controlling shareholders collectively are, directly or indirectly, interested in not less than 30% of our Company's issued shares; or (ii) the relevant controlling shareholder remains as our Company's executive Director, each of our controlling shareholders shall, and shall procure that its/his/her respective close associates shall, except where our controlling shareholders hold less than 5% of the total issued share capital of any company (whose shares are listed on the Stock Exchange or any other stock exchange) which is engaged in any business that is or may be in competition with any business engaged by any member of our Group:

(a) not directly or indirectly engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business that is or may be in competition with the existing business activities of our Group or any business activities which our Group may undertake in the future;

(b) not take any direct or indirect action which constitutes an interference with or a disruption to the business activities of our Group including, but not limited to, solicitation of customers, suppliers and staff of our Group;

(c) keep our Board informed of any matter of potential conflicts of interests between the relevant controlling shareholders (including its/his/her close associates) and our Group, in particular, a transaction between any of the relevant controlling shareholders (including its/his/her close associates) and our Group; and

(d) provide as soon as practicable upon our Company's request a written confirmation in respect of its compliance with the terms of the Deed of Non-Competition and their respective consent to the inclusion of such confirmation in our Company's annual report and all such information as may be reasonably requested by our Company for its review.

In addition, each of our controlling shareholders hereby irrevocably and unconditionally undertakes that if any new business opportunity relating to any products and/or services of our Group (the "Business Opportunity") is made available to it/him/her or its/his/her close associates (other than members of our Group), he/she/it will direct or procure the relevant close associate to direct such Business Opportunity to our Group with such required information to enable our Group to evaluate the merits of the Business Opportunity. The relevant controlling shareholders shall provide or procure its/his/her close associates to provide all such reasonable assistance to enable our Group to secure the Business Opportunity. If he/she/it (or his/her/its close associates) plans to participate or engage in any new activities or new businesses which may, directly or indirectly, compete with the existing business activities of our Group, he/she/it shall give our Company a first right of refusal to participate or engage in the Business Opportunity and will not participate or engage in these activities unless with the prior written consent of our Company. None of our controlling shareholders and their close associates (other than members of our Group) will pursue the Business Opportunity unless our Group decides not to pursue the Business Opportunity because of commercial reasons. Any decision of our Company will have to be approved by our independent non-executive Directors after taking into consideration of the prevailing businesses and financial resources of our Group, the financial resources required for the Business Opportunity and, where necessary, any expert opinion on the commercial viability of the Business Opportunity. Each of our controlling shareholders further irrevocably and unconditionally undertakes that he/she/it will (i) provide our Group with all information necessary for the enforcement of the undertakings contained in the Deed of Non-Competition; and (ii) confirm with our Company on an annual basis as to whether he/she/it has complied with such undertakings. The Deed of Non-Competition will lapse automatically if (a) our Company's controlling shareholders and their close associates cease to hold, whether directly or indirectly, 30% or more of our shares; or (b) our Company's shares cease to be listed on GEM; or (c) the concert party agreements expire or terminate, whichever is the earliest.

For the year ended 31 December 2024, none of the controlling shareholders of the Company has engaged in or negotiated for any new Business Opportunity relating to any restricted business as required under the Deed of Non-Competition.

DIRECTORS' INTEREST IN COMPETING BUSINESS

From the Listing Date and up to the date of this report, none of the Directors, the controlling shareholders or any of their respective close associates was a director or shareholder of any business (other than the Group's business) which, directly or indirectly, was or might be in competition or otherwise had any other conflicts of interests with the Group's business.

PERMITTED INDEMNITY

The Articles of Association provides that the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the Directors.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

MANAGEMENT CONTRACTS

Other than the service contracts entered into with the Directors, the Company has not entered into any contract with any individual, firm or body corporate to manage or administer the whole or any substantial part of any business of the Company during the year.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the GEM Listing Rules.

CORPORATE GOVERNANCE

The major corporate governance practices adopted by the Company are set out in the corporate governance report on pages 26 to 37.

EQUITY-LINKED AGREEMENT

Save for the Share Option Scheme of the Company, there was no equity-linked agreement being entered into or remained subsisting during the year or as of the end of the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association of the Company, and there are no restrictions against such rights under the laws of Cayman Islands.

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

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed the Company's listed shares.

REMUNERATION POLICY OF DIRECTORS AND SENIOR MANAGEMENT

Remunerations of each of the Directors and senior management members of the Company shall be reviewed by the Remuneration Committee after considering the results of operations of the Company, their individual performance and comparable market data.

EMPLOYEES AND EMOLUMENT POLICY

As at 31 December 2024, the Group employed 260 (2023: 271) employees. Our staff are all full-time employees located in Taiwan. The staff costs of the Group, including Directors' emoluments, employees' salaries, allowances and other benefits, amounted to NTD245.3 million (2023: NTD224.1 million).

Remuneration of employees is reviewed annually to maintain at a competitive level. The Group also makes reference to the labour market and economic condition. Other benefits, including but not limited to pension, insurance, education, subsidies and training programmes, are provided to the employees as well.

The Company has adopted the Share Option Scheme as an incentive to Directors and eligible employees of the Group, details of the Share Option Scheme are set out under the heading "Share Option Scheme of the Company" of this report.

CLOSURE OF REGISTER OF MEMBERS

Entitlement to attend the AGM

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 20 June 2025 to Wednesday, 25 June 2025, both days inclusive. In order to be eligible to attend and vote at the AGM, unregistered shareholders of the Company shall ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Thursday, 19 June 2025.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

The Directors are not aware of any significant events after the reporting period and up to the date of this report.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company (the "Audit Committee") has been established by the Board on 20 June 2017 with written terms of reference in compliance with the GEM Listing Rules. Members of the Audit Committee comprise Mr. Cheng Chun Shing (Chairman of the Audit Committee), Mr. Kam, Eddie Shing Cheuk and Mr. Ho Pak Chuen Brian, all of them being independent non-executive Directors. The primary duties of the Audit Committee include, but are not limited to, (a) monitoring the integrity of the Company's financial statements, (b) reviewing the Company's financial control, internal control and risk management systems, and (c) reviewing the Group's financial and accounting policies and practices.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2024. The Audit Committee considers that the audited consolidated financial statements have been prepared under the applicable accounting standards and the GEM Listing Rules.

AUDITOR

The consolidated financial statements have been audited by PricewaterhouseCoopers who will retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Genes Tech Group Holdings Company Limited
Yang Ming-Hsiang
Chairman and Executive Director

25 March 2025

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE CULTURE AND STRATEGY

The Company is committed to providing professional service to upstream and downstream customers in the semiconductor industry. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with devotion, honesty optimism and customer orientation as Company business philosophy. By so acting, the Company believes that Shareholder wealth will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

— satisfactory and sustainable returns to Shareholders;

— that the interests of those who deal with the Company are safeguarded;

— that overall business risk is understood and managed appropriately; and

— the delivery the most comprehensive professional services to customers with their strong spirit of service and their rich technical experience, laying a solid foundation for Company development.

CORPORATE GOVERNANCE PRACTICES

The Board of Directors (the "Board") of the Company is committed to achieving good corporate governance standards.

The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Group has adopted the principles and code provisions set out in the Corporate Governance Code (the "CG Code") (as in force as at 31 December 2024) contained in Appendix C1 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "GEM Listing Rules"). To the best knowledge of the Directors, the Group has no material deviation from the code provisions of the CG Code, except for the deviation from provision A.2.1 of the CG Code, which is explained in the relevant paragraph of this report.

Notwithstanding the above, the Board is of the view that this management structure is effective for the Group's operations, and sufficient checks and balances are in place.

DIRECTORS' SECURITIES TRANSACTIONS/REQUIRED STANDARD OF DEALINGS

The Company has adopted the Required Standard of Dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules in respect of securities transactions by Directors.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Required Standard of Dealings throughout the year ended 31 December 2024.

The Company has also established written guidelines (the "Employees Written Guidelines") no less exacting than the Required Standard of Dealings for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company. The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether the Director is spending sufficient time performing them.

Board Composition

The Board currently comprises six Directors, consisting of three Executive Directors, namely Yang Ming-Hsiang, Wei Hung-Li and Chiang Ting-Kuo, and three Independent Non-executive Directors, namely Kam, Eddie Shing Cheuk, Cheng Chun Shing and Ho Pak Chuen Brian.

Mr. Chiang Ting-Kuo was appointed as an Executive Director of the Company on 1 July 2024 and confirmed that he (i) has obtained the legal advice referred to under Rule 5.02D of the GEM Listing Rules on 28 June 2024, and (ii) understand his obligations as a director of a listed issuer under the GEM Listing Rules.

The biographical information of the Directors are set out in the section headed "Profile of Directors and Senior Management" on pages 11 to 13 of the Annual Report for the year ended 31 December 2024. None of the members of the Board is related to one another.

Board Meetings

Regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors.

Apart from regular Board meetings, the Chairman also held meeting/discussed with Independent Non-executive Directors without the presence of other Directors during the year. During the year, the Board held four meetings.

Chairman and Chief Executive Officer

Code provision A.2.1 as set out in Appendix C1 to the GEM Listing Rules stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

Mr. Yang Ming-Hsiang is the Chief Executive Officer, and he is also the Chairman of the Board as he has considerable experience in the semiconductor industry. The Board believes that vesting the roles of both the Chairman of the Board and the Chief Executive Officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning of the Group.

Independent Non-executive Directors

During the year ended 31 December 2024, the Board at all times met the requirements of the GEM Listing Rules relating to the appointment of at least three Independent Non-executive Directors with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the Independent Non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 5.09 of the GEM Listing Rules. The Company is of the view that all Independent Non-executive Directors are independent.

Board Independence

The Group has mechanisms to ensure independent views and input are available to the Board and such mechanisms will be reviewed annually by the Board, encouraging all directors including Independent Non-executive Directors to express their views in an open manner during the Board/Board Committees meetings. While all Independent Non-executive Directors are also members of the board committees to enable various and independent view in company's matter.

In addition, all Directors, including Independent Non-executive Directors, are entitled to seek further information and documentation from the management on the matters to be discussed at board meetings. They can also seek assistance from the company secretary (the "Company Secretary") and, where necessary, independent advice from external professional advisers at the Company's expense.

The Board considered the said mechanisms has been operating effectively.

Appointment and Re-election of Directors

Each of the Executive Directors has entered into a service contract with the Company for a term of three (3) years, which may be terminated by not less than three (3) months' notice in writing served by either party on the other and is subject to termination provisions therein and provisions on retirement by rotation of the Directors as set forth in the Articles of Association.

The Independent Non-executive Directors of the Company are appointed for a specific term of one (1) year, which may be terminated by not less than one (1) month's notice in writing served by either party on the other and is subject to termination provisions on the appointment letter and provisions on retirement by rotation of the Directors as set forth in the Articles of Association.

The Company's Articles of Association provides that all Directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment.

Under the Articles of Association of the Company, at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The retiring Directors shall be eligible for re-election.

Responsibilities of the Directors

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including Independent Non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The Independent Non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the GEM Listing Rules and relevant statutory requirements. Such induction shall be supplemented by visits to the Company's key plant sites and meetings with senior management of the Company.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 December 2024, the Company organized trainings for the Directors. In addition, relevant materials including the directors' duties and role and function of board committees, the risk management and internal control, ESG reporting and the directors' roles on corporate governance have been provided to the Directors for their reference and studying.

The record of CPD relating to director's duties and regulatory and business development that has been received by the Directors for the year ended 31 December 2024 is summarized as follows:

Directors	Type of Training Note
Executive Directors	
Yang Ming-Hsiang	B
Wei Hung-Li	B
Chiang Ting-Kuo (appointed on 1 July 2024)	A
Independent Non-executive Directors	
Kam, Eddie Shing Cheuk	A
Cheng Chun Shing	B
Ho Pak Chuen Brian	A

Note:

Types of Training

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops

B: Reading/Studying relevant news alerts, newspapers, journals, magazines and relevant publications

BOARD COMMITTEES

The Board has established four committees, namely, the Audit Committee, Risk Management Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, Risk Management Committee, Remuneration Committee and Nomination Committee are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

The list of the Chairman and members of each Board committee is set out under "Corporate Information" on page 3.

Audit Committee

The Audit Committee consists of three Independent Non-executive Directors, namely Mr. Cheng Chun Shing (Chairman of the Audit Committee), Mr. Kam, Eddie Shing Cheuk and Mr. Ho Pak Chuen Brian.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, scope of audit and appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Audit Committee held four meetings to review, in respect of the year ended 31 December 2024, the quarterly, interim and annual financial results and reports and significant issues on the financial reporting, appointment of external auditors and engagement of non-audit services (including provision of internal controls advisory services).

The Audit Committee also reviewed the effectiveness of the risk management and internal control systems and arrangements for employees to raise concerns about possible improprieties.

Risk Management Committee

The Risk Management Committee consists of five members, including two Executive Directors, namely Mr. Yang Ming-Hsiang (Chairman of the Risk Management Committee)and Ms. Wei Hung-Li, and three Independent Non-executive Directors, namely Mr. Kam, Eddie Shing Cheuk, Mr. Cheng Chun Shing and Mr. Ho Pak Chuen Brian.

The primary duties of the Risk Management Committee are to assist the Board in overseeing the risk management and internal control systems, reviewing the effectiveness of the internal audit function, and monitoring the establishment and reviewing of the overall risk management policies and procedures of the Group.

The Risk Management Committee also reviewed the adequacy and effectiveness of the Group's risk management and internal control systems for the year ended 31 December 2024.

Remuneration Committee

The Remuneration Committee consists of five members, including two Executive Directors, namely Mr. Yang Ming-Hsiang and Ms. Wei Hung-Li, and three Independent Non-executive Directors, namely Mr. Kam, Eddie Shing Cheuk (Chairman of the Remuneration Committee), Mr. Cheng Chun Shing and Mr. Ho Pak Chuen Brian.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration Committee include determining the remuneration packages of individual Directors and senior management, the remuneration policy and structure for all Directors and senior management; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

The Remuneration Committee reviewed the remuneration policy, structure of the Company and the remuneration packages of the Directors and other related matters.

Details of the remuneration of the senior management by band are set out in note 29 to the consolidated financial statements for the year ended 31 December 2024.

Nomination Committee

The Nomination Committee consists of five members, including two Executive Directors, namely Mr. Yang Ming-Hsiang (Chairman of the Nomination Committee) and Ms. Wei Hung-Li, and three Independent Non-executive Directors namely Mr. Kam, Eddie Shing Cheuk, Mr. Cheng Chun Shing and Mr. Ho Pak Chuen Brian.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code.

The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant policies and procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of Independent Non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy and Director Nomination Policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience etc. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence, time commitment and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

The Nomination Committee reviewed the structure, size, composition of the Board and the independence of the Independent Non-executive Directors, and considered the qualifications of the retiring Directors standing for election at the Annual General Meeting.

Board Diversity Policy

The Board has adopted a Board Diversity Policy which sets out the approach to achieve and maintain diversity on the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

Pursuant to the Board Diversity Policy, the Company seeks to achieve Board diversity through the consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The Nomination Committee will discuss and where necessary, agree on the measurable objectives for achieving diversity on the Board and make recommendation to the Board. Such objectives will be reviewed/amended from time to time to ensure their appropriateness and the progress made towards achieving those objectives will be ascertained. The Nomination Committee will review the Board Diversity Policy and recommend revisions, as appropriate, to ensure its continued effectiveness from time to time.

The Board Diversity Policy is available on the website of the Company.

Gender Diversity

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at the date of this Annual Report:

	Female	Male
Board	1	5
	16.67%	83.33%
Senior Management	3	13
Other employees	130	114
Overall workforce	133	127

The Board currently has one female member, and the Board is of the view that it has achieved gender diversity. The Board will strive to maintain or enhance gender diversity in the foreseeable future. Specifically, the Board will always include at least one female Directors in its composition.

The Company is committed to promoting gender diversity not only within the Board but among its workforce generally. Details on the gender ratio of the Group together with relevant data can be found in the Environmental, Social and Governance Report on pages 38 to 66 of this Annual Report.

Director Nomination Policy

The Director Nomination Policy of the Group has been adopted taking into consideration of the revised GEM Listing Rules effective from 1 January 2019. The Director Nomination Policy sets out the procedures, process and criteria for identifying and recommending candidates for election to the Board in order to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the Board continuity and appropriate leadership at Board level.

Pursuant to the Director Nomination Policy, in evaluating and selecting a candidate for directorship, the Nomination Committee should consider a number of factors, including but not limited to character and integrity, qualifications and diversity aspects under the Board Diversity Policy and other perspectives that are appropriate to the Company's business and succession plan.

When appointing a new director/re-electing a new director, the Nomination Committee and/or the Board, upon receipt of the proposal/nomination from a shareholder, has to evaluate the candidate(s) based on the relevant criteria and, if more than one candidate, rank them by order of preference based on the needs of the Company. The Nomination Committee should then recommend to the Board (or to the shareholders) to appoint/elect the appropriate candidate for directorship, as applicable.

When re-electing a director at general meeting, the Board should also review the overall contribution and service to the Company of the retiring director and other criteria as set out in the Director Nomination Policy before making recommendation to the shareholders in respect of the proposed re-election of a director.

The Nomination Committee will review the Director Nomination Policy and recommend revisions, as appropriate, to complement the Company's corporate strategy and business needs.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

During the year, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance with the Model Code and Employees Written Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

ATTENDANCE RECORDS OF DIRECTORS

The attendance record of each Director at the Board and Board Committee meetings and the general meetings of the Company held during the year ended 31 December 2024 is set out in the table below:

	Attendance/Number of Meetings					
Name of Director	Board	Audit Committee	Risk Management Committee	Remuneration Committee	Nomination Committee	Annual General Meeting
Yang Ming-Hsiang	4/4	3/3[#1]	1/1	2/2	2/2	1/1
Wei Hung-Li	4/4	3/3[#1]	1/1	2/2	2/2	1/1
Chiang Ting-Kuo (appointed on 1 July 2024)	2/2	2/2[#1]	–	–	–	–
Hsiao Hsi-Mao (resigned on 30 June 2024)	1/2	1/2[#1]	1/1[#1]	1/1[#1]	1/1[#1]	1/1
Kam, Eddie Shing Cheuk	4/4	3/3	1/1	2/2	2/2	1/1
Cheng Chun Shing	4/4	3/3	1/1	2/2	2/2	1/1
Ho Pak Chuen Brian	4/4	3/3	1/1	2/2	2/2	1/1

[#1] The directors are not members of the relevant Committee while they attended the meeting.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for overseeing the Company's risk management and internal control systems and reviewing their effectiveness at least annually through the Audit Committee and the Risk Management Committee. The Audit Committee and the Risk Management Committee assist the Board in fulfilling its oversight and corporate roles in the Company's financial, operational, compliance, risk management and internal controls, while senior management designs, implements and monitors the risk management and internal control systems, and provides reports to the Board, the Audit Committee and the Risk Management Committee on the effectiveness of these systems. However, systems and internal controls can only provide reasonable but not absolute assurance against material misstatement or loss, as they are designed to manage rather than eliminate the risk of failure to achieve the Company's business objectives.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

Risk Management

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including project management, sales and leasing, financial reporting, human resources and information technology.

All divisions/departments conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each division/department.

Internal Control

The Company has established defined levels of responsibilities and reporting procedures. Controls have been designed and established to ensure that the Company's assets are safeguarded against improper use or disposal, financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the Company's performance are identified and assessed.

During the year, the Company has appointed an external consultant to conduct a review of the Company's risk management policies and assessment procedures as well as internal controls over the inventory management process. Results of the review were communicated to the Audit Committee. Issues identified are followed up for proper implementation and the progress will be reported to the Audit Committee periodically.

Review of Risk Management and Internal Control Systems

The Audit Committee and the Risk Management Committee assist the Board in the review of the effectiveness of the Company's risk management and internal control systems on an ongoing basis. The Directors through the Audit Committee and the Risk Management Committee are kept informed of significant risks that may impact the Company's performance. For the year ended 31 December 2024, the Board considered the risk management and internal control systems of the Company to be effective and adequate.

The Audit Committee has reviewed and is satisfied with the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, and financial reporting function.

Arrangements/Whistleblowing procedures are in place to facilitate employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

Whistleblowing Policy

Whistleblowing Policy is set up in 12 August 2020 to allow and encourage all employees to raise concerns about improprieties in matters of financial reporting, criminal action, environmental protection, compliance and other malpractices at the earliest. Employees can raise concerns in confidential about any improprieties such as misconduct and malpractice in any matter related to the Group. All the concerns received will be handled confidential in prompt and fair manner. The policy aims at protecting the whistle-blowers from unfair dismissal, victimisation and unwarranted disciplinary actions.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2024.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 67 to 70.

Where appropriate, a statement from the Audit Committee will be made explaining its recommendation regarding the selection, appointment, resignation or dismissal of external auditors and the reasons why the Board has taken a different view from that of the Audit Committee.

AUDITORS' REMUNERATION

The remuneration paid to the external auditors of the Company, Messrs PricewaterhouseCoopers, in respect of audit services and non-audit services for the year ended 31 December 2024 amounted to NTD8,877,000 and NTD2,142,000 respectively.

COMPANY SECRETARY

Ms. Yuen Wing Yan, Winnie of Tricor Services Limited has been engaged by the Company as the company secretary. The primary contact person of the Company is Ms. Wei Hung-Li, an Executive Director and Chief Financial Officer of the Company.

All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters.

Ms. Yuen Wing Yan, Winnie has complied with Rule 5.15 of the GEM Listing Rules by taking more than 15 hours of the relevant professional training for the year ended 31 December 2024.

SHAREHOLDERS' RIGHTS

The Company engages with shareholders through various communication channels and a shareholders' communication policy is in place to ensure that shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

To safeguard shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the GEM Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening an Extraordinary General Meeting

Pursuant to Article 58 of the Company's Articles of Association, the Board may whenever it thinks fit call extraordinary general meetings. Any one or more Members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company, at all times have the right, by written requisition to the Board of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Proposals at Annual General Meetings

There is no provision allowing shareholders to move new resolutions at general meeting under the Cayman Islands Companies Act or the Articles of Association of the Company. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: No. 80, Baotai 3rd Road, Zhubei City, Hsinchu County 30244, Taiwan
(For the attention of the Board of Directors)

Email: gcompany@genestech.com

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, apart from the registered office of the Company, and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet shareholders and answer their enquiries.

During the year under review, the Company has not made any amendments to its Articles of Association. An up to date version of the Company's Articles of Association is also available on the Company's website and the Stock Exchange's website.

Policies relating to Shareholders

The Company has in place a Shareholders' Communication Policy to ensure that shareholders' views and concerns are appropriately addressed. The Shareholders' Communication Policy is reviewed regularly to ensure its effectiveness.

The Dividend Policy of the Group is in place which was adopted on 13 November 2018 pursuant to code provision F.1.1 of the CG Code. The Dividend Policy sets out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its net profits as dividends to the shareholders of the Company.

The Company does not have any pre-determined dividend payout ratio but the Board has the discretion to declare and distribute dividends (by way of cash or scrip or by other means that the Board considers appropriate) to the shareholders of the Company, subject to the Articles of Association of the Company and all applicable laws and regulations and the factors set out in the Dividend Policy, including but not limited to the financial results, cash flow situation, business conditions and strategies, future operations and earnings and other factors that the Board may consider relevant. The Board will review the Dividend Policy as appropriate from time to time.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. ABOUT THIS REPORT

About the Group

Genes Tech Group Holdings Company Limited (the "Company" or "Genes Tech"), together with its subsidiaries (the "Group" or "we"), deeply understand the key significance of sustainable development to the long-term growth and success of the enterprise, and integrate it into the corporate mission. Under rapid innovation in the semiconductor industry, increased global economic uncertainty and continued geopolitical tensions, we still adhere to operation with integrity, keep up with customer needs and pursue maximization of stakeholder interests. We also proactively promote environmental protection and sustainable development strategies, and implement and apply such strategies to the Group's business operations. This not only effectively strengthens core competitiveness, but also creates sustainable and far-reaching value for the Group.

The Scope and the Reporting Period

The environmental, social and governance report of the Group (the "Report" or the "ESG Report") covers the principal business of Genes Tech, Astro Thermal Technology Corporation ("Astro Thermal") and SHANGHAI GENES TECH CO., LTD. ("SHANGHAI GENES TECH"), with a main focus on the core business and operating activities of used turnkey solutions and semiconductor manufacturer equipment, during the period from 1 January to 31 December 2024 (the "Reporting Year"). In order to understand more thoroughly and realize our commitment to sustainable development, we have established a diversified communication mechanism and actively communicate through customer service channels, general meeting and community engagement activities to help us identify key issues which affect the sustainable development of our business and formulate vision and goals on sustainable development, so as to ensure that our business not only can operate in the long term, but also impose a positive impact on society and the environment. In this report, we focus on the significant environmental, social and governance issues identified during the reporting year and provide updates and progress and outcomes, with the aim of facilitating positive changes in society and the environment and achieving sustainable value.

Generally, the reporting scope remains the same as the prior year. For the Group's corporate governance practices, please refer to the section "Corporate Governance Report" of this annual report.

Reporting Principles

This Report has been prepared in accordance with the "mandatory disclosure requirements" and the "comply or explain" provisions set out in the Environmental, Social and Governance Reporting Guide (the "ESG Guide") under Appendix C2 of the GEM Listing Rules issued by the Stock Exchange of Hong Kong Limited ("HKEx"). The data of the Report is calculated and reported using consistent methodologies and the quantitative information such as calculation methods, assumptions and reference standards are disclosed where appropriate for effective year-over-year comparison. Besides, the Group has prepared the Report pursuant to the reporting principles outlined in the ESG Guide namely materiality, quantitative, balance and consistency.

"Materiality" — the communication channels with stakeholders have been set out in the section headed "Stakeholder Engagement and Materiality Assessment" and the materiality assessment process affecting material issues of the Group has been identified. For further details, please see the section headed "Stakeholder Engagement and Materiality Assessment".

"Quantitative" — supplemental illustrations have been added for the criteria, methods and assumptions, calculation tools used and conversion factor sources used of KPIs disclosed in the ESG Report.

"Balance" — to avoid choices, omissions or presentation formats that may unduly influence readers' decisions or judgements, the presentation of the Group's performance is objective and fair.

"Consistency" — statistical methods and KPI presentation consistent to the report in the previous financial year were adopted by the Group to facilitate meaningful comparison of related data from different periods. If there are any changes that may affect the comparisons with previous reports, the Group will provide additional illustrations in corresponding sections.

The Board Statement

The board of directors (the "Board") believes that good environmental conditions, social impact and governance structure are crucial to the Group's development, clearly shoulders the Group's long-term strategic management mission, and firmly believes that the positive realisation of environmental, social and governance ("ESG") is the cornerstone of sustainable development. In order to achieve the Group's commitment to long-term operation and sustainable development, the Board leads the Group to establish a robust risk management system and internal control mechanism, which are deeply integrated into corporate strategies and operational decisions, and identify environmental, social and governance issues on a forward-looking basis to ensure that the Group has sufficient flexibility and competitiveness to respond promptly to major risks and reduce the possibility of operational disruption. The Board regularly reviews and optimizes sustainable development goals and policies, and adjusts management measures in a timely manner to ensure that it remains forward-looking in a rapidly changing market environment. Sustainable development is not only the mission and commitment of the Group, but also an important cornerstone of our excellence and success. The Company acknowledges that effective shareholder communication is the key to improving investor relations and enhancing investors' understanding of the Group's business performance and strategies. As such, we actively create an open and continuous communication environment and provide a platform for direct communication with shareholders through annual general meetings and other shareholders' meetings. At the annual general meeting, members of the Board and their designated proxies (if applicable) will meet and communicate with shareholders and answer questions from shareholders. The ESG development strategies of the Group are published through the official website to allow shareholders and other investors understand the efforts and goals of the Group in sustainable development, which enhance investors' understanding and confidence in the Company's future prospects.

Stakeholder Engagement and Materiality Assessment

The Group values the benefits and interests of its stakeholders, including employees, customers, investors, suppliers, regulators and the local community, and expects to join hands with all stakeholders to move towards the vision and goals of sustainable development and jointly create sustainable value. While respecting the rights of stakeholders to express opinions and receive information, we have a better understanding of and respond to the concerns of stakeholders, and strive to identify issues that have a significant impact on the Group to ensure that the Group's business is closely linked to the sustainable development goals.

In 2024, the Group continued to maintain good business relationship with stakeholders, maintained open dialogue with stakeholders through diversified communication channels, extensively collected opinions and suggestions as the basis for identifying ESG issues and adjusted the priority of sustainable development strategy. The Group has maintained a balance between business practises and sustainability strategies to better respond to requests and expectations of stakeholders.

The following table summarises the Group's various communication channels for different categories of stakeholders:

Stakeholders	Communication channels
Staff	• Announcements and website of the Company • Performance reviews • Staff briefing sessions • Emails
Customers	• Announcements and website of the Company • Customer service channels • Customer Satisfaction Surveys • Emails
Shareholders and investors	• Announcements and website of the Company • Annual general meetings • Annual reports • Emails
Suppliers	• Website of the Company • Regular review of suppliers • Supplier Selection • Emails
Community	• Website of the Company • Charitable Donations • Community activities participation • Emails

The table below illustrates the results of the Group's materiality assessment. The listed issues are also considered to be the most material and may have significant influence over the Group's ESG performance.

Aspects	Material Issues
Environment	Climate Change Environment and Natural Resources
Employment and Labour	Occupational Health and Safety Employee Relationship
Operations	Supply Chain Management
Community	Community Investment

Contact Us

We value your feedback and opinions on our sustainable development performance. You could provide valuable opinions on this ESG report or on the Group's performance of sustainable development in the following way:

Email: gcompany@genestech.com

2. ENVIRONMENT

The Group adheres to the philosophy of environmental management and compliance with laws and regulations, and formulates policies to ensure the operations comply with environmental laws and regulations. The Group is committed to reducing environmental impact in a responsible manner to support the sustainable development of the Group. In order to enhance the corporate image and meet the expectations of stakeholders, we promote green policies to enhance market competitiveness and facilitate the establishment of consensus on social values and environmental protection. We believe such measures will play an important role of the Group in the future.

The Group strictly complies with all applicable laws and regulations mandated by the Hsinchu County Environmental Protection Bureau of Taiwan and in the markets where the Group operates in. Under relevant environmental protection regulations of Taiwan, the operation business of the Group complies with the environmental-related regulations regarding air pollution, water pollution, waste pollution, toxic chemicals and environmental impact. The Group has formulated and strictly implemented internal guidance on environmental management and maintained zero tolerance on any violation of the local legislation.

During the Reporting Year, there were no confirmed non-compliance incidents or grievances in relation to air and greenhouse gas ("GHG") emissions, water usage and discharges into land, and generation of hazardous and non-hazardous waste that would have a significant impact on the Group.

Emissions

The Group focuses on the provision of professional services for customers at the front and back ends of the semiconductor industry, with the principal business of supplying and exporting used semiconductor manufacturing equipment, including equipment turnkey integration services, machine station relocation, equipment renovation and update, performance upgrading, process transformation, maintenance services and equipment parts supply, design and manufacturing of vacuum heating pipeline system, equipment CMS system planning, etc. The above services do not include any procedures with serious pollution. In order to increase operational efficiency and reduce the potential impact on the environment, the Group abides by the laws and regulations on environmental emission and is committed to integrating the management concept of sustainable environment into its production and operations. Various measures are implemented to reduce air pollution and greenhouse gas emissions, as well as to reduce the generation of waste, in an effort to achieve the co-development of environmental protection and business growth.

- **Air Pollutant Management**

The Group is committed to continuously reducing its impact on the environment by strictly complying with the air pollution regulations in the regions where it operates. Through supervising and managing current emissions by senior management, appropriate reduction measures are promoted to ensure compliance with pollution prevention and control requirements, which in turn creates a healthier living space for the community. According to studies, we recognize that key air pollutants, namely sulphur oxides ("SOx"), nitrogen oxides ("NOx"), and particulate matters ("PM"), are mainly come from the use of motor vehicles. In order to reduce the emission of air pollutants, we encourage employees to travel together for business trips and chooses vehicles with higher emission standards. Employees are also encouraged to commute to work by public transport in order to reduce the use of personal vehicles and demonstrate the Group's commitment to environmental responsibility. Air pollutant emissions in 2024 were reduced by more than 7% as compared to 2023 (SOx reduced by 6%; NOx reduced by 8%; PM reduced by 8%) with an aim to reduce air pollutant emissions or maintain air pollutant emissions within prescribed limits (SOx: not exceeding 0.3 kg, NOx: not exceeding 180 kg and PM: not exceeding 18 kg) annually for effective management of air pollutant emissions. The Group will continue to reduce the emission of air pollutants through internal promotion to raise employees' awareness of environmental protection.

- **GHG Management**

The reduction of GHG emissions is a global trend in environmental protection. The Group promotes the reduction of GHG emissions by regularly keeping track of GHG emissions, which is of great significance to the enterprise itself and to the mitigation of climate change. GHG emissions are mainly derived from direct GHG emissions from the use of gasoline and diesel by vehicles, and indirect GHG emissions from purchased electricity. Genes Tech has conducted an inventory on GHG emissions since 2023, which includes direct emissions (Scope 1) and indirect emissions (Scope 2) and other indirect emissions (Scope 3). In view of the direct correlation between travel and GHG emissions, the Group has included this as a notifiable event to enhance information transparency.

The direct emissions of the Group in 2024 were 109.43 tonnes CO_2e, representing a decrease of 6% as compared to 2023, with main emission sources being the use of public buses, stationary diesel and fugitive emissions in anthropogenic systems. Indirect energy emissions were mainly derived from carbon dioxide emitted from purchased electricity. The indirect energy emissions in 2024 were 479.81 tonnes CO_2e, representing an increase of 3% as compared to 2023, mainly due to the increase in indirect energy usage as a result of increased market demand and higher operating energy in the second half of the year. Other indirect emissions are the calculation of GHG emissions from travel of employees. Due to the increase in employees' travel in 2024, other indirect emissions in 2024 increased by 3.66 tonnes CO_2e as compared to 2023.

In order to effectively manage GHG emissions, Genes Tech conducted a comprehensive inventory of GHG emissions in 2024 for the year 2023 with the base year of 2023. In the future, the Group aims to reduce or maintain the intensity of GHG emission of Scope 1 and Scope 2 within 0.7 tonnes CO_2e per operating revenue in million per year. The Group takes actions as follows:

1. Continuously and actively reduce carbon emissions
2. Developing and designing energy-saving products in the manufacturing process to optimise product utilisation and replace energy-consuming/high-loss products
3. Sorting out SKUs and replace new purchases with maintenance or renovation
4. Preparing food in a central kitchen by the group catering company to purchase local ingredients instead of using disposable tableware
5. Promoting paper reduction and replacing paper-based output with electronic files (OI is available for reading/not printing)
6. Reusing outgoing packaging materials

- **Waste Management**

  Genes Tech supports the concept of circular economy and cooperates with government-approved professional waste handlers to minimize environmental impacts by implementing processes to manage both hazardous and non-hazardous wastes. The Group has placed waste recycling bins, where the recyclable parts are handed over to professional processors for recycling to reduce waste generation, and employees are encouraged to reuse part of the waste. Through classification, collection, storage, transfer and disposal, environmental impact is further reduced. The environmental impact is further minimized through sorting, collection, storage, transfer and disposal. During the manufacturing process, the Group only uses pure water during our internal testing of equipment and machinery and do not use and generate chemical oil and other hazardous substances.

  With the goal of reducing the total volume of waste or maintaining the total volume of waste within 10 metric tonnes per year, the Group adopts strict and environmentally friendly management procedures to extend the operating life of depreciated equipment, thereby reducing waste generated from operations. In 2024, the total volume of waste decreased by 22% as compared to 2023 and the intensity of non-hazardous waste decreased by 19% as compared to 2023 which show a downward trend over the years, significantly reflecting the effectiveness of the resource management of Genes Tech, achieving an environmentally friendly practice.

  Looking ahead, Genes Tech will continue to raise employees' awareness of environmental protection through internal training and programmes, closely monitor the air pollution, GHG, hazardous and non-hazardous waste generated from its operating activities, adopt the source reduction approach, and continue to explore the possibilities of environmental management innovation and technology optimisation, so that each operating activity can be more environmentally friendly and sustainable. We will carry out assessment on emissions from various categories with reference to international standards and set clear environment goals for the Company in order to ensure every operation activity is more environmentally friendly.

Use of Resources

The Group recognised that its operations will create both direct and potential impacts on the environment. In order to seek for solutions to mitigate environmental impacts, implement resource consumption measures and focus on improving energy efficiency and reducing resource consumption, we continue to explore resource solutions. To achieve the sustainable use of resources, the Group has developed relevant operation strategies, to enhance existing resource management and allocation in factories. Also, with the principal goal of increasing resource efficiency and reducing resource consumption, the Group facilitates various resource consumption measures throughout the manufacturing and operation process, leveraging on technology to optimize the use of resources and promote the consumption efficiency of water, energy, paper, raw materials and other valuable resources so as to minimise its impacts on the environment.

The Group further explores ways to reduce the use of raw materials. We advocate a paperless office and encourage employees to communicate electronically. Employees are encouraged to use double-sided printing or use single-sided printed paper as drafts on the back to reduce paper usage. In addition, we prioritize recyclable and reusable materials, striving to reduce the use of raw materials and disposable materials. We aim to create a circular economy model to minimize resource waste and direct the Group towards a more sustainable approach.

In order to minimize the indirect impact on the environment, in addition to the general resource reduction measures, the Group prioritizes more environmentally friendly equipment with a longer lifecycle when purchasing office or factory equipment, as well as reduces the use of daily resources to avoid wastage of resources.

In the past, disposable building materials were mostly used for booth decoration and event operation for the sake of appearance and convenience. This year, we emphasize on sustainability in semiconductor exhibitions with a design of event waste reduction, and recyclable materials, including exhibits, display cabinets, posters, signboards and decorations, etc., were adopted in decorating our booths. We also had our booth located in the Green Manufacturing Area at SEMICON TAIWAN 2024 in the hope that the exhibition does not serve as a business event, but also demonstrate our commitment and vision for sustainable development. Looking ahead, these efforts will drive business success and impose a positive impact on the environment, creating a better life for future generations.

- **Energy Management**

The Group promotes responsible use of energy among its employees, with the goal of maintaining the total energy consumption intensity within 3 GJ/revenue in million NTD. Total energy consumption in 2024: 4,080.19 GJ (as compared with total energy consumption in 2023: 4,036.16 GJ, total energy consumption in 2024 increased by 1%); The energy intensity in 2024 was 4.38 GJ/revenue in million NTD (as compared with the energy intensity in 2023 of 3.03 GJ/revenue in million NTD, the revenue showed a slight upward trend as the total revenue in 2024 was lower than that in 2023).

The following actions were taken to implement the energy saving initiatives:

1. Encouraged employees to travel together for business trips to reduce the consumption of gasoline and diesel of official vehicles
2. Advocated employees to commute to work by public transport
3. Reminded employees to turn off all air-conditioners, electronic devices and public appliances that are not in use at any time, require employees to switch off all lighting and electronic devices during meal breaks and after office hours when they are not in use and has assigned security guards to check and switch off unnecessary powers after office hours
4. Actively enhanced the energy utilisation efficiency of plants, gradually reduced the use of traditional fluorescent tubes in offices and replaced with LED lighting with high efficiency
5. Carried out regular inspection and maintenance work on office equipment and machinery to enhance operation efficiency and promote energy saving

- **Water resources management**

The Group continues to enhance its water consumption strategies, targeting to maintain water consumption intensity within 1.2 m^3/revenue in million NTD. Water consumption in 2024: 1,709.00 m^3 (as compared with water consumption in 2023: 1,825.00 m^3, water consumption in 2024 decreased by 6%); The water consumption intensity was 1.83 m^3/revenue in million NTD (as compared with the water consumption intensity of 1.37 m^3/revenue in million NTD in 2023, the intensity showed a slight upward trend as the total revenue in 2024 was lower than that in 2023).

The Group is committed to improving water efficiency and uses fresh water supply to meet its daily operational needs, without pumping groundwater or well water. We have adopted various water conservation measures in our canteen water management:

- Appropriate volume of water is poured into the sink for dishwashing, vegetable washing or laundry to reduce water runaway.
- Utensils are washed with rice washing water or noodle cooking water to save water and reduce detergent pollution.
- Vegetables washing water are used for watering flowers, cleaning toilets and other secondary purposes to further reduce fresh water consumption.

The Group carries out regular leakage inspection to check faucets, toilets, water pipes and tanks to identify malfunctions and repair water leakage in order to prevent wastage. The Group has formulated systematic water resource management plan, including rainwater harvesting and waste water recycling system where both rainwater and greywater are recycled and utilised for landscape irrigation and cleaning purposes, in order to minimise water intake, reduce water consumption and wastewater volume and enhance the reuse of water resources. In addition, we have put in place contingency measures to cope with water outages by storing water in water towers to respond to emergency situations. In the future, the Group will explore more uses of water resources and wastewater treatment processes to identify opportunities for water conservation, and strengthen the internal promotion of the concept of water conservation to implement water conservation actions thoroughly, such as the use of water-saving faucets or water-saving toilets as well as dual flush cisterns to flush toilets if needed, and avoiding unnecessary toilet flushing to save water resources.

- **Packaging materials**

  The Group promotes the saving of packaging materials in its daily operations, with an aim of reducing or limiting the volume of packaging materials to 7,650 kg per year. The packaging materials of the Group are free from hazardous substances, and materials with high recycling rates or recyclable materials are prioritized. The Group has made full utilisation of the discarded packaging materials in its business operations such as reusing wooden boxes, cartons, plywood boxes, bubble wrap and foam boards when packing the second-hand equipment for exports. Through replacing the traditional treatment method with recycling and reuse, waste is transformed into useful resources, which not only realizes resource recycling, but also reduces the energy consumption and cost of waste treatment.

  The weight of packaging materials in 2024 was 21,655.00 kg, representing an increase of 184.58% as compared to 2023, and the intensity of packaging materials in 2024 was 23.24 kg/revenue in million NTD. Compared with the intensity of packaging materials in 2023 of 5.71 kg/revenue in million NTD, the intensity showed an upward trend, mainly due to the increased purchase volume as a result of the expected increase in demand in the second half of the year.

Environment and Natural Resources

The Group is committed to complying with existing environmental laws and regulations and has adopted the development strategy of "active consideration of cost effective and forward-looking measures". The Group continues to improve the environmental protection performance, reflecting the Group's determination for sustainable operation. All of the Group's facilities are situated in the industrial sites and assessments of the community and the environment are conducted on a regular basis to minimise the negative environmental impacts.

In our operation, the Group has been providing customers with used semiconductor manufacturing equipment and turnkey solutions as well as implementing circular economy in our business. The Group proactively seeks for suitable plans for extending the lifecycle of equipment parts and continues to focus on nurturing technical expertise and assist with industrial machinery to explore more ways to lengthen the lifecycle of equipment and to improve the quality of equipment and operation of customers.

Moreover, the Group is committed to reducing natural resources consumption, air and GHG emissions and generation of hazardous and non-hazardous waste, aiming to be a preferred sustainable service provider of customers.

Summary of Environmental Performance Data

Environmental performance data for Genes Tech for the year ended 31 December 2024

Environmental KPIs	Unit	2024	2023
Air Emissions[1]			
Nitrogen oxides (NOx) emissions	kg	**124.57**	135.85
Sulphur oxides (SOx) emissions	kg	**0.23**	0.24
Particulate matter (PM) emissions	kg	**11.92**	13.01
Total GHG emissions[2]	tonne CO_2e	**630.54**	621.75
GHG emissions intensity	tonne CO_2e/employee[3]	**2.41**	2.29
	tonne CO_2e/revenue in million NTD[8]	**0.68**	0.47
Direct emission (Scope 1)[4]	tonne CO_2e	**109.43**	116.70
Energy indirect emission (Scope 2)[5]	tonne CO_2e	**479.81**	467.41
Other indirect emission (Scope 3)[6]	tonne CO_2e	**41.30**	37.64
Waste	tonne	**6.01**	7.69
Total hazardous waste[7]	tonne	**0**	0
Hazardous waste intensity	tonne/employee[3]	**0**	0
Total non-hazardous waste	tonne	**6.01**	7.69
Non-hazardous waste intensity	tonne/employee[3]	**0.02**	0.03
Use of Resources			
Total energy consumption	GJ	**4,080.19**	4,036.16
Total energy consumption intensity	GJ/revenue in million NTD[8]	**4.38**	3.03
Total direct energy consumption[9]	GJ	**585.33**	636.81
Diesel	GJ	**50.06**	24.30
Unleaded Petrol	GJ	**487.74**	548.18
Natural Gas	GJ	**47.53**	64.33
Total indirect energy consumption	GJ	**3,494.87**	3,399.35
Purchased electricity	GJ	**3,494.87**	3,399.35
Water			
Water consumption	m^3	**1,709.00**	1,825.00
Water consumption intensity	m^3/revenue in million NTD[8]	**1.83**	1.37
Packaging Material			
Packaging Material	kg	**21,655.00**	7,609.52
Packaging Material intensity	kg/revenue in million NTD[8]	**23.24**	5.71

1. Air pollutant emissions of the Group are calculated based on "Appendix 2: Reporting Guidance on Environmental KPIs" published by the HKEx.
2. Greenhouse gas emissions of the Group include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulphur hexafluoride and nitrogen trifluoride. The greenhouse gas emissions are calculated based on GHG Protocol: Corporate Accounting and Reporting Standard (2004) and presented in CO_2 equivalent emissions ("CO_2e").
3. The Group had a total number of 260 employees in 2024.
4. The data includes greenhouse gas emissions from the combustion of fuels in stationary combustion sources, fugitive emissions from anthropogenic systems and combustion of fuels in vehicles of the Group and is calculated based on the emission factors "Appendix 2: Reporting Guidance on Environmental KPIs" published by the HKEx.
5. The emission factor of electricity for FY2024 has been made reference to the emission factor currently published by Bureau of Energy, Ministry of Economic Affairs of Taiwan: https://www.moeaea.gov.tw/ecw/populace/content/ContentDesc.aspx?menu_id=26391.
6. Emissions data relating to air travel by the employees of the Group was based on the International Civil Aviation Organization Carbon Emissions Calculator ("ICAO") and the "Environmental Reporting Guidelines: Including mandatory greenhouse gas emissions reporting guidance" issued by DEFRA in the UK.
7. Due to the nature of its business, the Group does not produce material hazardous waste in its operation.
8. The total revenue of the Group in 2024 was NTD931.96 million.
9. Energy consumption from fossil fuels in the use of stationary combustion sources and vehicles is calculated with reference to "Appendix 2: Reporting Guidance on Environmental KPIs" published by the HKEx and the International Energy Agency ("IEA") energy statistics manual.

3. SOCIAL

Employment

The Group believes that employees are the core of driving long-term success of enterprises and our most valuable asset. We uphold the core philosophy of "people-oriented" and operate in full and strict compliance with relevant labour laws in operating markets such as Taiwan and the PRC, including, but not limited to, regulations such as Labour Standards Act, Act of Gender Equality in Employment and Labor Insurance Act of Taiwan and Labour Law of the People's Republic of China (中華人民共和國勞動法), Work Safety Law of the People's Republic of China (中華人民共和國安全生產法), Labor Contract Law of the People's Republic of China (中華人民共和國勞動合同法) and Social Insurance Law of the People's Republic of China (中華人民共和國社會保險法) of the PRC. By formulating corresponding policies, we provide support for the employees in maintaining work-life balance, attract and retain outstanding talents, respect and protect the basic rights and interests of every single employee . At the same time, we strive to create a fair, inclusive and healthy working environment, in the hope of becoming a company that employees are proud of.

To ensure that our employees have a thorough understanding about their rights and obligations, the Group implements information transparency and has stipulated employment policies and recruitment procedures in the Staff Handbook and the Human Resources Management Policy, which are distributed to all employees for reference. The Staff Handbook covers employment conditions, remuneration structure, assessment criteria, compensation and dismissal standard, standard working hours, leave policies and other benefits. Such measures not only enhance the trust between the Company and its employees, but also create a transparent and fair working environment. As of 2024, there was not any non-compliance with employment-related regulations, (such as the Labour Standards Act) in the course of the Group's operation, that would have a significant impact on the Group.

To enhance our competitiveness, the Group actively attracts and recruits outstanding professional talents. In the decision-making process of employee appointment, promotion or termination of employment, the Group adheres to the principles of "openness, equality, competition and merit-based". We have formulated a series of clear recruitment guidelines according to internal policies based on reasonable and legal norms. We perform recruitment pursuant to fair and strict procedures on talent selection. Any forms of discrimination against factors including age, race, colour, gender, ethnic background, religion and disability are strictly prohibited.

We provide employees with competitive salary packages based on their academic background, work experience and job requirements, as well as offer additional rewards for employees with excellent performance to recognise their outstanding contributions. In order to encourage employees to work with us in long term and express our gratitude, a 10-year long-term contribution bonus has been set up to recognize their loyalty and contribution to the Company. In addition, employee insurance also constitutes a significant part of welfare policies. Besides including all employees in group insurance, the Group also pays labour insurance based on employees' monthly insured salaries and premium rates in compliance with the Labour Standards Act of Taiwan to secure the interests and welfare of employees. In addition, pursuant with the Labor Pension Act of Taiwan, the Group provides pension protection for the employees of its major subsidiaries operating in Taiwan by contributing a certain proportion of the employees' salaries on a monthly basis to a government-operated central pension plan to ensure employees are entitled to stable and secure retirement protection.

Relationship with Employees

Diversified employee welfare activities are regularly held, such as sports competitions, afternoon tea and barbecue parties, as well as team lunches in each department to enhance team interaction. During 2024, the Group held various welfare activities from time to time, including spring party at the beginning of the year and autumn trip. Such gatherings not only provide opportunities for the communication and cooperation between employees across different departments, but also promote a positive atmosphere in the workplace, in which the employees are able to build stronger bonds to boost team cohesion. Pursuant to the guidance from the Taiwan Employee Welfare Fund Act, the Group has set up Employee Welfare Committee (職工福利委員會) to offer diversified and discretionary welfare measures, such as welfare fund, maternity, funeral and marriage grants. We emphasize the caring for the physical and mental health of our employees. We offer a special leave system which is more favourable than the Labour Standards Act, covering work injury leave, pandemic-prevention leave, maternity leave, paternity leave and flexible company leave. We also provide an annual travel subsidy to each employee and provide complimentary lunch on working days to ensure that employees can enjoy comprehensive and complete welfare benefits at work and to create a more friendly workplace environment.

We believe that the joy and happiness of employees are closely related to work efficiency. As such, in consideration of the needs of employees during facility planning, a canteen and a staff break room have been set up in Astro Thermal to provide cozy dining and relaxing spaces. The factory is also equipped with lockers for employees to store their personal belongings. We strive to create a vibrant workspace to facilitate open communication. In addition to providing a comfortable workplace environment, the Group has also built a wide range of sports facilities, including badminton courts, basketball courts and table tennis tables to offer an area where employees can fully enjoy healthy and leisure activities. Through organising various ball game matches and sport activities, employees from different departments at all levels are invited to participate, which facilitates teamwork. Employees are encouraged to enjoy a healthy and vibrant life beyond work.

The Group takes care of the work and physical and mental status of employees by convening two-way communication meetings and interviews from time to time if needed, such as holding meetings with employees from time to time to understand their needs. Employees may also initiate meetings to express their needs at work. If there is a need of redesigning positions, appropriate adjustments will be made after communications between officers of the human resources department and department heads, hoping that employees can feel cared and valued by the Company. We also offer support and development opportunities. With the Group's people-oriented philosophy, the employee turnover rate has been continuously decreasing over years. We believe that in an environment which facilitates physical and mental balance, employees can fully unleash their potential, not only achieving continuous growth and success in their long-term careers, but also going forward together.

The Group strictly complies with the Sexual Harassment Prevention Act of Taiwan and prohibits any form of sexual harassment. Policies on sexual harassment prevention are stipulated and a smooth and safe anonymous whistleblowing channel is in place for employees. Upon the receipt of report, an investigation will be initiated immediately and stringent measures will be taken based on the investigation outcome. Sexual harassment is not limited to only inappropriate behaviour by management staff, but it also includes any inappropriate verbal or physical behaviour in the workplace. The Group will continue to raise employees' awareness of sexual harassment through constant publicity and education to establish a safe and friendly workplace culture as well as a respectful and harmonious working environment, ensuring that every employee can focus on work goals and fully unleash their potential without being affect by any sexual harassment.

Occupational Health and Safety

The Company always strives to create a safe and healthy working environment to ensure the well-being and safety of our employees with a goal of zero work injuries. In order to achieve such goal, senior management continuously monitors and constantly enhances safety policies, procedures and control measures in strict compliance with laws and regulations related to occupational health and safety, including the Occupational Safety and Health Act and the Labour Occupational Accident Protection Act of Taiwan and the Labour Law of the People's Republic of China. Reviews are conducted regularly to ensure that such measures comply with the latest industry standards and relevant authorization guidelines.

In order to create a safe working environment and reduce the occurrence of accidents, the approach of "6S" is adopted as the core guiding principles for health and safety in the Group's management system. "6S", on which all activities are based, is composed of Seiri, Seiton, Seiso, Seiketsu, Shitsuke and Safety. In order to ensure the safety of all equipment, machinery and facilities, detailed safety inspections and maintenance checking are conducted by professional safety managers on a regular basis, such as weekly inspections on operating equipment. Safety managers will take and inspect videos and photos in accordance with requirements to assure that the Group's existing business operations and working procedures are compliant to the health and safety standards. If employees have any concerns about safety issues, they may raise the matter to the safety manager. During 2024, no work fatalities were reported, and the Group will continue to optimise existing health and safety management measures.

We actively encourage employees to participate in training courses on environmental safety and health as well as obtain relevant certificates and licenses. We also hold diversified training courses regularly, covering topics of equipment operation, work safety, fire drills, etc., to enhance the professional skills and safety awareness of employees so that they can respond to potential harms more skilfully. We adopt the SE0310-01 Occupational Safety Management Program as the guideline for employee behavior and safety to strictly regulate the work behavior of employees, enhance safety management standards, and reduce the occurrence of accidents which may result in injuries or fatal accidents.

In respect of hardware facilities, specialized ventilation ducts have been installed in the factory of Astro Thermal which can promptly and effectively evacuate high-temperature dust particles that may be generated during the heating and manufacturing process, reducing indoor dust concentration and preventing potential hazards from the production process. We also provide adequate protective equipment for our employees to ensure full protection against dust particles and debris. Moreover, an emergency exit door is installed on the first floor to improve the efficiency of responding to emergencies. In respect of clean environment, safety inspections and facility maintenance are conducted on a regular basis, and internal training for promoting environmental cleansing and disinfection are carried out to prevent the spread of diseases and create a clean and hygienic workplace. A fire safety equipment company is engaged every year to conduct annual inspections of the Company's fire safety equipment and make necessary adjustments and maintenance to the hardware equipment for occupational safety in accordance with the current regulations, so as to ensure compliance with the latest safety standards. The inspection and maintenance program of 2024, which will be fully implemented in late January 2025, includes adjustments and maintenance to fire extinguishers, alarms and broadcasting equipment, as well as evacuation equipment, in order to ensure that all improvement measures are implemented in a timely manner to achieve efficient safety management.

The Company offers health examinations every two years for both new employees and existing employees to help prevent diseases and detect potential health risks at early stage, allowing employees to take appropriate health management measures as soon as possible. Furthermore, we also provide national health insurance to all employees and their family members, as a critical part of employee welfare.

Development and Training

The Group actively promotes and encourages employees to participate in internal and external trainings to enhance the expertise and practical skills of employees continuously. During 2024, a total of 22 internal training courses covering a variety of professional topics were conducted, including introduction and operation of various TEL equipment, maintenance and troubleshooting, semiconductor equipment and applications, and engineering technology. In addition, we arranged four external training courses which focused on the following four major areas: fire management and security supervision, environmental, safety and health standards for contractors, type C occupational safety and health supervisor course, as well as HMIWorks software and tutorial on TPD touch human machine interface. Through education and training on multiple core topics, we continue to improve the professional knowledge and safety awareness at workplace for employees, laying a solid foundation for the basic competence of individuals and teams. In order to achieve such goal, we have established relevant policies and training programs for internal and external trainings:

Internal Training Policy

The Document Control Centre regularly holds diverse professional courses covering courses of various professional aspects, such as 6S education and training, quality control, description of product manufacturing, engineering abnormality judgment and handling process, engineering graphics and 7 approaches on QC, in order to fully enhance the in-depth professional knowledge and practical capabilities of employees and foster their continuous growth in respective fields. As stipulated by the Company, each employee must complete at least 3 hours of training per year according to his or her duties to continuously improve professional abilities, especially for technical engineers and management personnel, to strengthen the in-depth training on related knowledge of semiconductor manufacturing equipment, which helps enhance their technical professionalism and support business development. The Group also continues to assign management representatives to participate in trainings on ISO9001 to further optimize the Company's operation process and ensure the quality control is in compliance with international standards so as to strengthen the competitiveness and market reputation of the Company.

We have created a special folder on the Company's intranet to store all teaching materials of relevant courses for employees to learn, review and refer to at any time. We also optimize course content and introduce new topics regularly through feedback from business units on training courses to ensure the trainings are updated and meet the needs of the Company and our employees.

External Training Policy

The Company provides different opportunities of external training for employees, which covers various areas including environmental safety and health, operation precautions, information skills and intellectual property rights. Employees can choose suitable courses training opportunities based on their personal interests and development needs to develop professional skills and knowledge. To facilitate the continuous growth of employees at different levels, we offer specialized training courses for each level, including education trainings on intellectual property and trading secret, trainings on environmental safety and health standards for contractors, courses on type C occupational safety and health for business supervisors, and courses on basic application of Inventor, to fully enhance the professional knowledge and technical expertise of our employees.

Training Program for New Employees

We provide a comprehensive training program for new employees to help them adapt to the team, company culture and working environment of the Company quickly and acquire necessary skills to build a solid foundation. Such training program includes career development guidance and complete technical tutorial course. Employees are required to complete related training courses within 90 days since on board.

Through such policies and plans, the Company is committed to building a learning organization which encourages continuous learning and growth of employees at work, while protecting their own safety, improving their overall professionalism and nurturing adequate knowledge and skills to cope with changing business needs and challenges.

Labour Standards

The Group adheres to its commitment to the rights and well-being of its employees and strives to create a safe, healthy and fair working environment to ensure every employee can work in comfortable conditions. We strictly comply with the Labour Standards Act of Taiwan and the Labour Law of the People's Republic of China (中華人民共和國勞動法), Law on the Protection of Minors of the People's Republic of China (中華人民共和國未成年保護法), Provisions on the Prohibition of Using Child Labour (禁止使用童工規定) and related laws and regulations of the PRC and strongly prohibit any forms of child labour and forced labour to fully protect the basic interests of employees. In order to prevent child labour, during the recruitment process, candidates must provide valid identification documents for identity verification in order to ensure the age of candidates is legal and the employment of all employees is voluntary. We conduct regular inspection on the recruitment process for new employees to ensure full compliance with laws to further protect the interests and legitimacy of employees.

The Group has implemented a systematized overtime application and approval process to strictly manage the working hours, prevent employees from working overtime. In the event of overtime work, the Group will assess the need to deploy or hire additional staff promptly to ensure that the Company complies with the statutory regulations on working hours. The above labour policies aim to establish a respectful, fair and safe working environment to foster the happiness of employees and the sustainable development of the Company. We are committed to continuously improving such policies in compliance with the latest regulations and social expectations.

During the reporting year, Employee Welfare Committee of the Group has conducted reviews strictly adhering to the highest standards of business ethics. According to the review results, in 2024, there were no reports of any significant labour disputes or non-compliance, either of which would have adversely affected the Group's reputation, demonstrating the high level of self-discipline and compliance in labor management and business ethics of the Company.

Supply Chain Management

The source of the Group's used semiconductor manufacturing equipment can be categorised into three segments: (i) overseas suppliers; (ii) other overseas used semiconductor manufacturing equipment providers; and (iii) semiconductor manufacturing equipment and parts disposed of by existing customers. A procurement team oversees the procurement and logistics of the business.

The Group has established comprehensive supplier management standards to ensure product quality and the implementation of the integrity principle to provide quality services and products to customers. For management standards and environmental certification of suppliers, two ISO international standard certifications, ISO9001 and ISO14001 must be complied. Additionally, other selection criteria include pricing, quality, capacity and performance of delivery timeliness. This double-criteria selection mechanism ensures the suppliers we cooperate with are equipped with high level of production capacity and quality control standard. During 2024, the Group has carried out the above review process for the 23 new suppliers in order to fully secure the stability and reliability of the supply chain.

The Group conducts annual assessments of suppliers through site visits and phone communications in order to confirm that suppliers meet or go beyond the sustainability management standards of the Group. Through site visits, suppliers can be more directly evaluated on their actual performance in terms of organization management, quality control, service capability and technology level. It provides a more in-depth and accuracy basis for judgment as compared to communication via telephone. Suppliers who fail to pass the assessment shall respond immediately and implement effective improvement measures within the prescribed period, and shall undergo re-assessment within the next three months. If the suppliers fail to pass subsequent review and standards, the Group has the right to terminate the cooperation. In 2024, the supplier evaluation was fully completed, and the performance of suppliers has been excellent.

The Group is considering to conduct environmental assessment on suppliers in the future in order to prevent environmental pollution by the suppliers in the production process. The Group also prioritizes suppliers with lower environmental impact as cooperation partners.

In order to achieve sustainability of product and service availability, a work management system is in place to appropriately monitor various inventories to facilitate scheduling and timely delivery of existing parts, thus effectively maintaining the continuous and stable operation of the supply chain in respect of operations in refurbishment, repair and maintenance. During the reporting year, the Group has yet to set up the clear standard or practices for promoting environmentally preferable products and services in the process of selecting suppliers. Management will continue to review the supply chain management system and actively discuss suitable relevant selection criteria of suppliers to further optimize the Group's green procurement procedures and ensure the sustainability of supply chain.

Product Responsibility

The Group attaches great importance to the management of product responsibility and strictly complies with local and overseas laws and regulations. In addition to continuously strengthening the product quality control, the Group has also formulated a series of policies and production management procedures and clearly delivers the guiding principles to all employees. The Group has established a comprehensive product quality control process, which is executed by the quality control team, in order to ensure every product meets the quality control standards. For instance, the purchased parts and production equipment are closely monitored and the performance inspection and functional testing of the finished products are conducted before shipping to ensure product safety and reliability. During the reporting year, the Group fully complied with the regulatory requirements in respect of product safety, quality, advertising, labeling and privacy, and there were no incidents of non-compliance that had a material impact on the Group.

Since the introduction of ISO9001:2015 Quality Management System, the Group has committed to providing products of the best quality to customers. In 2024, we were certified to ISO9001:2015, which demonstrates our capability and commitment to quality management and continuous improvement.

A quality control team is in place to strictly inspect the appearance, size and function of parts provided by suppliers. Those products that do not meet the requirements are immediately returned to the supplier for replacement or refund. In addition, we further enhance the stability and reliability of our products through systematic standardization of production, shipment, product quality inspection, recall and customer complaint management procedures, which strengthens customer trust and improves our competitiveness in the market.

During the production process of products, we strictly implement standardized quality procedures. All finished products and equipment are subjected to visual inspection before shipment to ensure compliance with order specifications and acceptable safety standards. The quality control team works with the engineering team for inspection to ensure that only products which meet the standards are stamped and approved for delivery. Products which do not meet quality standards are subject to failure analysis and additional testing to ensure the products are of top quality. Nevertheless, we also ascertain product safety and reliability by conducting comprehensive functional tests before shipment. In order to increase the transparency of production process and customer satisfaction, we provide a real-time progress monitoring platform which allows customers to check the status of equipment and track project progress at any time. We actively identify issues which may affect delivery and communicate timely with our customers to ensure a smooth delivery process.

The Group has formulated standardized product quality verification and product recall procedures. Products with potential quality issues, health and safety issues and intellectual property infringement and related issues are recalled in order to protect customers' interests. During the reporting year, no products sold or shipped to customers were subject to recalls or returned for safety and health reasons.

Furthermore, we value the feedback from customers and have established a series of solid procedures to handle customer complaints, such as customer satisfaction analysis mechanism, systematic collection of feedback on product and service quality. For defective products reported by customers, we conduct detailed failure analysis and necessary repairs and provide warranty service for every product. At the same time, we handle and respond to customer feedback and complaints in a professional and timely manner, which serves as a reference for the Group to continuously optimize its after-sales customer service, further enhancing customer confidence and satisfaction.

The Group respects the value of information assets of customers, strictly complies with the customer data security management systems and standards, and clearly specifies the confidential responsibility of internal personnel. In order to prevent the leakage of confidential data or information or system intrusion, firewalls, anti-virus and anti-phishing email solutions are installed in our information system and are updated constantly. All customer information and confidential data are stored in a private manner to safeguard the privacy of customers and the security of confidential data. Additionally, we have entered into confidentiality agreements with each client to strengthen data protection jointly and further improve the security at customer end.

In 2024, the Group did not experience any hacking attacks or other information security incidents. We continue to strengthen our information security infrastructure, including the regular updating of firewalls, anti-virus software and other security protection systems, and the implementation of comprehensive information security risk assessment and prevention measures to ensure data confidentiality, integrity and availability.

Intellectual Property Rights

The Group values intellectual property rights. The intellectual property of customers, suppliers and the Group involved in daily operation is under strict protection. We strictly comply with the Patent Act of Taiwan and has formulated relevant policies to protect intellectual property rights.

The Group has incorporated intellectual property protection clauses into contracts with customers and suppliers. All employees are required to sign intellectual property and confidentiality agreements with the Company and undertake to abide by the agreements and relevant intellectual property laws and perform their confidentiality and non-competition obligations, so as to ensure full protection of intellectual property. In addition, during the year, two educational trainings with the themes of "Awareness of Intellectual Property Rights" and "Promotion on Trade Secrets" were held to strengthen employees' awareness of intellectual property protection. The Group encourages its employees to innovate and invent, and also promotes the importance of related intellectual property from time to time in order to protect relevant intellectual property. During 2024, the Group was not involved in any disputes regarding inventions, software copyrights and other intellectual property rights.

Anti-Corruption

The Group always adheres to the principles of integrity, transparency and honest operation, and regards anti-bribery and anti-corruption policies as part of the core strategy of the Group's operation with no tolerance for bribery and corruption. We understand that anti-corruption is not only the Company's responsibility, but also our commitment to society. Apart from striving to fully and strictly comply with the relevant anti-corruption laws and regulations of Taiwan and the PRC, including but not limited to Fair Trade Act and Money Laundering Control Act of Taiwan and Anti-Money Laundering Law of the People's Republic of China (中華人民共和國反洗錢法) and Anti-Unfair Competition Law of the People's Republic of China (中華人民共和國反不正當競爭法) of the PRC, an comprehensive internal control system is also set up to record any potentially unethical behaviour. In addition, we require all employees to fully comply with the code of conduct as set out in the Staff Handbook. Employees who violate those principles will be subject to disciplinary action. Besides publicizing the importance of anti-corruption and reminding employees of relevant precautions on regular meetings by the management, an open communication and whistleblowing channel has been established to encourage employees to report any potential corruption behaviours actively. We undertake that the identity and information of the whistle-blower is kept confidential strictly to ensure they are provided with proper support in making such reports. During the reporting year of 2024, the Group was not involved in any legal proceedings, claims or disputes related cases. Through regular management meetings, the Group also consistently communicates anti-corruption topics to employees, reminding them the key compliance considerations and further strengthening internal awareness of regulatory compliance and ethical business practices.

Please refer to the section headed "Corporate Governance Report" for the anti-corruption reporting process.

Community Investment

The Group always upholds the idea of synergetic development between enterprises and communities and acknowledges that the prosperity of enterprises is inseparable from the vigorous development of communities. As such, we actively participate in charity work and give back to the society through generous donations to practice corporate social responsibility.

The Group pays special attention to the needs of people with disabilities and local children and proactively participate in social welfare activities. During the reporting year of 2024, we donated a total of NTD480,000 to Renai Social Welfare Foundation and Wufeng Sacred Heart Kindergarten (五峰聖心幼稚園). We support the development of the disadvantaged groups and early childhood education. In support of people with disabilities, we cooperate with Renai Social Welfare Foundation closely and actively participate in the long-term assistance plan, striving to create a more inclusive and supportive social environment. Through financial assistance and the promotion of community activities, we help physically and mentally challenged persons to enhance their mental health and quality of life, so that they can actively participate in community life and fully unleash their potential. In addition, we take practical actions to achieve a diversified and inclusive workplace environment by designating job opportunities for the physically and mentally challenged in accordance with manpower needs to provide suitable career options. At the same time, in order to further support the integration of physically and mentally challenged employees into the workplace, we have put in place friendly infrastructure to create a comfortable workplace environment for the physically and mentally challenged and to help them enhance their confidence and skills at work and in their daily lives.

Given that early childhood is a critical stage for personal growth and development, we fully support the development of Wufeng Sacred Heart Kindergarten through charitable donations, including improving teaching resources, optimizing facilities and environment, as well as providing higher-quality education services, in order to create a healthy and favorable learning environment for local children. We believe that through continuous social responsibility, we can create more positive values for the society and effectively help the disadvantaged groups to improve their quality of life and development opportunities.

Looking forward, the Group will further assess to increase community investments to contribute to the community. We will uphold the business philosophy of sustainability and fully support community development, environmental protection, education development and the needs of the underprivileged.

Summary of Social Performance Data

Social performance data for Genes Tech Group for the year ended 31 December 2024:

	Unit	2024
Total Workforce		
Employee	number	**260**
Employee by employment type		
Regular	number	**259**
Contractual	number	**1**
Employee by gender		
Female	number	**133**
Male	number	**127**
Employee by age group		
Age under 30	number	**67**
Age between 31–50	number	**160**
Age 51 or above	number	**33**
Employee by geographical region (work location)		
Taiwan	number	**259**
Mainland China	number	**1**
Employee by employment category		
Management	number	**45**
General Employee	number	**215**
Total turnover and turnover rate		
Total turnover	number	**50**
Turnover rate	%	**19%**
By gender		
Female	number (%)	**16 (32%)**
Male	number (%)	**34 (68%)**
By age group		
Age under 30	number	**20**
Age between 31–50	number	**21**
Age 51 or above	number	**9**
By geographical region (work location)		
Taiwan	number	**50**

	Unit	2024
Employee development and training		
Percentage of employees trained	%	**44%**
Percentage of employees trained by gender		
Female	%	**42%**
Male	%	**58%**
Percentage of employees trained by employment category		
Management	%	**18%**
General Employee	%	**82%**
Average training hours by gender		
Female	hours	**1.04**
Male	hours	**2.36**
Average training hours by employment category		
Management	hours	**1.31**
General Employee	hours	**1.77**
Supply Chain Management		
Total number of suppliers	number	**443**
Number of suppliers by geographical region		
Taiwan	number	**419**
Mainland China	number	**11**
Japan	number	**2**
South Korea	number	**5**
USA	number	**5**
Singapore	number	**1**
Employee Health and Safety		
Work injuries reported	number	**0**
Paid leave due to work injuries	days	**0**
Total number of workdays	days	**251**

Employee Health and Safety	Unit	2024	2023	2022
Work-related fatalities	number	**0**	0	0
	%	**0**	0	0

4. CLIMATE CHANGE

In recent years, extreme weather phenomena have become more intense, with frequent disasters such as drastic changes in temperature, extreme rainfall and droughts, which is a warning to human that the impacts of extreme weather triggered by climate change are unneglectable. Under the influence of global climate change, governments and regulatory bodies around the world continue to increase climate-related laws and regulations. Enterprises are faced with tough challenges, and risks and opportunities brought by climate may cause significant impacts on the enterprise's value chain. The Taiwan government has implemented carbon fees since 2025. According to the Climate Change Response Act and its acts of the Ministry of Environment, entities with annual carbon emissions exceeding 25,000 tonnes are initially targeted. Although the collection targets may be expanded in the future, it is not expected to have a significant impact on the Group in the short term (less than 5 years). However, in the view that "carbon tax" has been gradually adopted in various countries around the world, in the medium to long term (more than 5 years), the Group may be subject to increased cost pressure due to the imposition of carbon tax. The Group is fully aware of the urgency of addressing climate change and will continue to pay attention to relevant issues and strengthen its ability to respond to climate risks.

In order to assess the impact of climate-related risks and opportunities on the Group's operations, the Group has looked into various international initiatives or external organizations related to sustainability and climate change, identified three major climate risks and opportunities, and actively formulated solutions through discussions among responsible departments.

For physical risks, we have assessed the impact of rising temperatures in our principal operating locations and anticipate a potential increase in electricity consumption and carbon emissions in the future. For transformation risks, carbon emission reporting obligations and the implementation of carbon levy have put cost pressure on the Company. Furthermore, climate change may lead to unstable water and electricity supply and higher chance for the operating activities of the Group to be affected. Therefore, we have strengthened our understanding of external environmental climate changes and market dynamics, proposed comprehensive emission reduction measures to reduce GHG emissions from our operations as well as increased supply chains and clients in various regions, so as to enhance the resilience of the Group to climate change. For climate opportunities, improving resource efficiency can significantly reduce operating costs, thereby increasing profit margins. By optimizing the use of resources, environmental impact from operations can be reduced. The emphasis on sustainability issues and offerings of environmentally friendly products and services will help enhance the Group's competitive advantage. The Group will explore the formulation of more specific strategies and explore climate change opportunities to cope with the impact of climate change on the Group's operations.

Key climate risks and opportunities and adaptation strategies

Climate-related risk/ opportunity issues		Potential impact on the Group	Adaptation and management strategies
Transition risk	International GHG Cap Control and Carbon Trading System	Due to total volume control requirements of various governments or the pressure of environmental protection groups, organizations may need to purchase carbon rights through carbon market transactions to reduce emissions in the future, and the price of carbon emissions per tonne may increase year by year, resulting in cost pressure on the Group.	• Understand/participate in carbon trading market
	Unstable water and electricity supply	Climate change indirectly leads to unstable water and electricity supply, which results in difficulty in obtaining energy resources, which may cause delivery delays or production declines, affecting the capacity expansion of the Group.	• Install emergency power equipment • Increase the greening of buildings • Improve water use efficiency and increase water reuse
Physical Risk	Rising temperature	The increase in temperature may lead to an increase in electricity consumption and carbon emissions, resulting in an increase in operating costs.	• Promote electricity saving and air conditioning constant temperature policy • Use equipment with low power consumption as much as possible
	Disruption of supply chain	Extreme weather events may interrupt the transportation of raw materials and components, resulting in delayed delivery, which requires the search for alternative transportation routes or expedited transportation services, increasing logistics costs. In severe cases, the entire supply chain may be disrupted.	• Develop alternative materials and equipment, which helps reduce the Group's dependence on specific sources of supply, thus enhances the resilience of the supply chain

Climate-related risk/ opportunity issues		Potential impact on the Group	Adaptation and management strategies
Climate Opportunities	Resource efficiency	Improving resource efficiency can reduce operating costs, including optimizing the use of energy resources, thereby increasing profit margins.	• Improve energy and water usage efficiency and reduce the environmental footprint of operations
	Improvement of operational resilience	By improving the efficiency of resource use in production and operations, the risk of water shortages and material shortages due to climate impacts can be mitigated, and operational resilience can be enhanced.	• Reduce demand for fresh water by collecting rainwater and recycling wastewater • Design and develop alternative materials and equipment to improve material flexibility and avoid operational disruption
	Environmentally friendly products and services	With the increasing awareness of sustainable development, more and more enterprises pursue sustainable products and services. Offering alternative products and services, such as repairing instead of replacing, reducing cost and increasing efficiency and maintenance turnkey solutions, allows the Group to stand out in the competitive market.	• Provide various used semiconductor equipment, parts and alternatives to meet the market demand for sustainable development

THE STOCK EXCHANGE OF HONG KONG LIMITED ESG REPORT GUIDE CONTENT INDEX

This content index includes the reference for KPIs of the HKEx ESG Report Guide.

Subject areas, aspects, general disclosure and KPIs		Corresponding Sections
A. Environment		
Aspect A1: Emissions		
General disclosure	(a) Policies; and (b) information of compliance of related laws and regulations with significant impacts on issuers related to air and GHG emissions, discharges into water and land and generation of hazardous and non-hazardous waste. Note: air emissions include NO_X, SO_X and other pollutants regulated by national laws and regulations. GHG includes carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbon and sulphur hexafluoride. Hazardous pollutants represent those defined by national regulations.	Emissions
A1.1	Emission categories and related emission data.	Summary of Environmental Performance Data
A1.2	Direct (scope 1) and energy indirect (scope 2) GHG emissions (in tonnes) and, as applicable, intensity (if calculated on a per unit of production, per facility basis).	Summary of Environmental Performance Data
A1.3	Total hazardous waste generated (in tonnes) and, as applicable, intensity (if calculated on a per unit of production, per facility basis).	Summary of Environmental Performance Data
A1.4	Total hazardous waste generated (in tonnes) and, as applicable, intensity (if calculated on a per unit of production, per facility basis).	Summary of Environmental Performance Data
A1.5	Describing the emission targets set and steps adopted for achieving those targets.	Emissions
A1.6	Describing the methods of handling hazardous and non-hazardous waste and describing the waste reduction targets set and steps adopted for achieving those targets.	Emissions

Subject areas, aspects, general disclosure and KPIs		Corresponding Sections
Aspect A2: Use of Resources		
General disclosure	Policies of effective use of resources (including energy, water and other raw materials). Note: resources may be used in production, storage, transportation, buildings, electronic devices and etc..	Use of Resources
A2.1	Total direct and/or indirect energy, such as electricity, gas or oil, consumption (in thousands of kWh) by categories and intensity (if calculated on a per unit of production, per facility basis).	Summary of Environmental Performance Data
A2.2	Total water consumption and intensity (if calculated on a per unit of production, per facility basis).	Summary of Environmental Performance Data
A2.3	Describing the energy use efficiency targets set and steps adopted for achieving those targets.	Use of Resources
A2.4	Describing any problems that may appear when obtaining applicable water sources and the water use efficiency targets set and steps adopted for achieving those targets.	Use of Resources
A2.5	Total packaging materials used for finished products (in tonnes) and, as applicable, proportion of per unit of production.	Summary of Environmental Performance Data
Aspect A3: Environment and Natural Resources		
General disclosure	Policies for reducing the significant impacts on environment and natural resources by issuers.	Environment and Natural Resources
A3.1	Describing the significant impacts on environment and natural resources by business activities and actions taken for managing related impacts.	Environment and Natural Resources
Aspect A4: Climate Change		
General disclosure	Policy for identifying and responding to significant climate-related issues that have had and may have impacts on the issuers.	Climate Change
A4.1	Describing significant climate-related issues that have had and may have impacts on the issuers and responses.	Climate Change

Subject areas, aspects, general disclosure and KPIs		Corresponding Sections
B. Social		
Aspect B1: Employment		
General disclosure	(a) Policies; and (b) information of compliance of related laws and regulations with significant impacts on issuers related to remuneration and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination and other packages and benefits.	Employment
B1.1	Total employees by gender, employment type, such as full time or part time, age group and geographical region.	Summary of Social Performance Data
B1.2	Employee turnover rate by gender, age group and geographical region.	Summary of Social Performance Data
Aspect B2: Health and Safety		
General disclosure	(a) Policies; and (b) information of compliance of related laws and regulations with significant impacts on issuers related to providing safe working environment and protecting employees from occupational hazards.	Occupational Health and Safety
B2.1	The number and rate of work-related fatalities in each of the past three years (including the reporting year).	Summary of Social Performance Data
B2.2	Working days lost due to work injuries.	Summary of Social Performance Data
B2.3	Describing the occupational health and safety measures adopted and related implementation and monitoring methods.	Occupational Health and Safety

Subject areas, aspects, general disclosure and KPIs		Corresponding Sections
Aspect B3: Development and Training		
General disclosure	Policies related to enhancing the knowledge and skills of employees in performing their job duties. Describing training activities. Note: training represents occupational training, which may include internal and external programmes paid by employers.	Development and Training
B3.1	Percentage of employees trained by gender and employee category, such as senior management and middle management.	Summary of Social Performance Data
B3.2	Average hours of each employee completed trainings by gender and employee category.	Summary of Social Performance Data
Aspect B4: Labour Standards		
General disclosure	(a) Policies; and (b) information of compliance of related laws and regulations with significant impacts on issuers related to prevention of child labour or forced labour.	Labour Standards
B4.1	Describing the review of measures of recruitment practices to avoid child labour and forced labour.	Labour Standards
B4.2	Describing the steps adopted to eliminate non-compliance when found.	Labour Standards

Subject areas, aspects, general disclosure and KPIs		Corresponding Sections
Aspect B5: Supply Chain Management		
General disclosure	Environmental and social risk policies of supply chain management.	Supply Chain Management
B5.1	The number of suppliers by geographical region.	Summary of Social Performance Data
B5.2	Describing the practices related to engaging suppliers, number of suppliers to whom the related practices are implemented and related implementation and monitoring methods.	Supply Chain Management
B5.3	Describing related practices for identifying environmental and social risks at each stage of the supply chain and related implementation and monitoring methods.	Supply Chain Management
B5.4	Describing the practices of facilitating the use of environmental products and services when selecting suppliers and related implementation and monitoring methods.	Supply Chain Management
Aspect B6: Product Responsibility		
General disclosure	(a) Policies; and (b) information of compliance of related laws and regulations with significant impacts on issuers related to health and safety, advertising, labelling and privacy issues of products and services provided and remedies.	Product Responsibility
B6.1	The percentage of the total number of products sold or shipped that have to be recalled for safety and health reasons.	Product Responsibility
B6.2	The number of complaints received about products and services and how to respond to them.	Product Responsibility
B6.3	Describing the practices related to the protection and safeguarding of intellectual property rights.	Intellectual Property Rights
B6.4	Describing quality assurance process and product recall procedures.	Product Responsibility
B6.5	Describing consumer data protection and privacy policies, and related implementation and monitoring methods.	Product Responsibility

Subject areas, aspects, general disclosure and KPIs		Corresponding Sections
Aspect B7: Anti-corruption		
General disclosure	(a) Policies; and (b) information of compliance of related laws and regulations with significant impacts on issuers related to prevention of bribery, extortion, fraud and money laundering.	Anti-corruption
B7.1	The number of corruption court cases brought against the issuer or its employees that were concluded during the reporting period and the outcome of the proceedings.	Anti-corruption
B7.2	Describing the precautionary measures and reporting procedures, and related implementation and monitoring methods.	Anti-corruption
B7.3	Describing the anti-corruption trainings provided to directors and staff.	Anti-corruption
Aspect B8: Community Investment		
General disclosure	Policies related to community engagement to understand the community needs in which it operates and to ensure that its business activities have taken community interests into account.	Community Investment
B8.1	Focusing on contribution areas, such as education, environmental matters, labour demands, health, culture and sports.	Community Investment
B8.2	Resources utilized in focusing areas, such as money or time.	Community Investment

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

To the Shareholders of
Genes Tech Group Holdings Company Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Genes Tech Group Holdings Company Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 71 to 123, comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

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KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter identified in our audit is summarised as follows:

- Net realisable value of inventories

Key Audit Matter	How our audit addressed the Key Audit Matter
Net realisable value of inventories *Refer to notes 4 and 17 to the consolidated financial statements.* At 31 December 2024, net inventory balance of the Group amounted to approximately NTD1,332 million. The inventories are carried at the lower of cost and net realisable value. At 31 December 2024, the Group's inventory provision amounted to approximately NTD45 million. The Group is engaged in the provision of turnkey solution and trading of parts and used semiconductor manufacturing equipment. Management determined the net realisable value of the inventories based on the latest selling price of similar inventory items and purchase orders from customers. We focused on this area due to significant management's judgement and estimates involved in the determination of net realisable value, and also the significance of the inventories to the Group's total assets.	Our procedures in relation to management's assessment on the net realisable value of inventories included: • Understood and evaluated the controls over net realisable value of different types of inventories; • Tested on sample basis, the supporting documents of net realisable value of inventories and compared it with the carrying amount on the inventories; • Evaluated the management's assessment on net realisable value of the long-aged raw materials. Based on the procedures performed, we found the management's judgement and estimates used in relation to the determination of net realisable value of inventories were supported by available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lee, Kin Wah, Albert.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25 March 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 NTD'000	2023 NTD'000
Revenue	5	**931,958**	1,332,827
Cost of sales	7	**(668,625)**	(1,006,867)
Gross profit		**263,333**	325,960
Other income	6	**19,211**	154
Other gains/(losses), net	6	**7,661**	(3,361)
Selling and distribution expenses	7	**(45,468)**	(57,549)
General and administrative expenses	7	**(132,117)**	(128,986)
(Provision for)/reversal of provision for impairment losses on financial assets, net	7	**(2,841)**	8,645
		109,779	144,863
Finance income	9	**1,146**	1,010
Finance costs	9	**(18,670)**	(19,592)
Profit before income tax		**92,255**	126,281
Income tax expense	10	**(67,975)**	(35,643)
Profit for the year attributable to owners of the Company		**24,280**	90,638
Other comprehensive (loss)/income, net of tax:			
Item that may be reclassified subsequently to profit or loss:			
— Exchange differences		**(9,415)**	2,465
Total comprehensive income for the year attributable to owners of the Company		**14,865**	93,103
Earnings per share			
Basic and diluted (NTD cents)	11	**2.43**	9.06

The notes on pages 76 to 123 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 NTD'000	2023 NTD'000
Assets			
Non-current assets			
Property, plant and equipment	12	**283,639**	298,698
Right-of-use assets	13	**27,540**	18,198
Intangible assets	14	**78,850**	89,865
Deferred income tax assets	23	**53,191**	59,709
Deposits	16	**8,921**	6,143
		452,141	472,613
Current assets			
Inventories	17	**1,331,774**	1,021,300
Trade receivables	15	**208,579**	180,248
Prepayments, deposits and other receivables	16	**257,718**	277,983
Cash and cash equivalents	18	**194,292**	150,739
		1,992,363	1,630,270
Total assets		**2,444,504**	2,102,883
Equity			
Share capital	19	**38,815**	38,815
Reserves	20	**781,662**	766,797
Total equity		**820,477**	805,612

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2024

	Notes	2024 NTD'000	2023 NTD'000
Liabilities			
Non-current liabilities			
Bank borrowings	22	**123,760**	171,867
Lease liabilities	13	**14,888**	9,167
		138,648	181,034
Current liabilities			
Trade payables and other payables	21	**297,678**	226,548
Contract liabilities	21	**669,885**	421,185
Lease liabilities	13	**13,359**	9,872
Bank borrowings	22	**468,025**	444,667
Current income tax liabilities		**36,432**	13,965
		1,485,379	1,116,237
Total liabilities		**1,624,027**	1,297,271
Total equity and liabilities		**2,444,504**	2,102,883

The notes on pages 76 to 123 are an integral part of the consolidated financial statements.

The consolidated financial statements on pages 71 to 123 were approved by the Board of Directors on 25 March 2025 and were signed on its behalf by:

Yang Ming-Hsiang
Executive Director

Wei Hung-Li
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Share capital NTD'000 (Note 19)	Share premium NTD'000 (Note 20)	Statutory reserve NTD'000 (Note 20)	Other reserve NTD'000 (Note 20)	Exchange reserve NTD'000 (Note 20)	Retained earnings NTD'000	Total equity NTD'000
At 1 January 2023	38,815	146,571	136,877	182,226	(16,375)	224,395	712,509
Profit for the year	–	–	–	–	–	90,638	90,638
Other comprehensive income	–	–	–	–	2,465	–	2,465
Total comprehensive income for the year	–	–	–	–	2,465	90,638	93,103
Transfer to statutory reserve	–	–	13,896	–	–	(13,896)	–
At 31 December 2023 and 1 January 2024	**38,815**	**146,571**	**150,773**	**182,226**	**(13,910)**	**301,137**	**805,612**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**24,280**	**24,280**
Other comprehensive loss	**–**	**–**	**–**	**–**	**(9,415)**	**–**	**(9,415)**
Total comprehensive (loss)/income for the year	**–**	**–**	**–**	**–**	**(9,415)**	**24,280**	**14,865**
Transfer to statutory reserve	**–**	**–**	**18,871**	**–**	**–**	**(18,871)**	**–**
At 31 December 2024	**38,815**	**146,571**	**169,644**	**182,226**	**(23,325)**	**306,546**	**820,477**

The notes on pages 76 to 123 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 NTD'000	2023 NTD'000
Cash flows from operating activities			
Cash generated from operations	25(a)	**133,541**	45,183
Income tax paid		**(38,990)**	(56,362)
Net cash generated from/(used in) operating activities		**94,551**	(11,179)
Cash flows from investing activities			
Purchase of intangible assets		**(1,175)**	(5,112)
Interest received		**1,146**	1,010
Purchase of property, plant and equipment		**(2,158)**	(6,859)
Disposal of property, plant and equipment	25(b)	**–**	48
Net cash used in investing activities		**(2,187)**	(10,913)
Cash flows from financing activities			
Interest paid		**(17,558)**	(18,189)
Proceeds from bank borrowings	25(c)	**805,874**	743,947
Repayments of bank borrowings	25(c)	**(830,623)**	(778,078)
Principal elements of lease payments	25(c)	**(12,236)**	(13,776)
Interest elements of lease payments	25(c)	**(498)**	(485)
Net cash used in financing activities		**(55,041)**	(66,581)
Net increase/(decrease) in cash and cash equivalents		**37,323**	(88,673)
Cash and cash equivalents at beginning of year		**150,739**	239,675
Effect of foreign exchange rate changes		**6,230**	(263)
Cash and cash equivalents at end of year		**194,292**	150,739
Analysis of balances of cash and cash equivalents			
Cash and cash equivalents	18	**194,292**	150,739

The notes on pages 76 to 123 are an integral part of the consolidated financial statements.

1 GENERAL INFORMATION

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of turnkey solution and trading of parts and used semiconductor manufacturing equipment. Its parent and ultimate holding company is Queenbest Development Limited, a private company incorporated in the British Virgin Islands (the "BVI"). Its ultimate controlling party is Mr. Yang Ming-Hsiang ("Mr. Yang").

The Company is a limited liability company incorporated and domiciled in the Cayman Islands. Its registered office is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Group's principal place of business is located at No. 80, Baotai 3rd Road, Zhubei City, Hsinchu County 30244, Taiwan.

The Company is listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The consolidated financial statements are presented in New Taiwan dollars ("NTD") and rounded to the nearest thousand ("NTD'000"), unless otherwise stated.

Particulars of the major Company's subsidiaries are as follows:

Name of subsidiary	Place and date of incorporation and type of legal entity	Particulars of issued and fully paid share capital/ registered capital	Effective interest held by the Company		Principal activities and place of operation
			2024	2023	
Interests held directly					
Genes Tech (Hong Kong) Co. Limited	Incorporated in Hong Kong on 13 April 2018 as a limited liability company	100 ordinary shares of Hong Kong dollar ("HK$") 1 each	**100%**	100%	Investment holding, Hong Kong
Top Lucky International Limited	Incorporated in Hong Kong on 26 March 2018 as a limited liability company	100 ordinary shares of HK$1 each	**100%**	100%	Investment holding, Hong Kong
Top Vitality Limited ("Top Vitality")	Incorporated in Anguilla on 28 April 2016 as a limited liability company	1,000,000 ordinary shares of United States dollar ("USD") 1 each	**100%**	100%	Investment holding, Anguilla
Interests held indirectly					
靖洋科技股份有限公司 Genes Tech Co. Limited* ("Genes Tech")	Incorporated in Taiwan on 28 December 2009 as a limited liability company	15,000,000 ordinary shares of NTD10 each	**100%**	100%	Provision of turnkey solution and trading of parts and used semiconductor manufacturing equipment, Taiwan
崇濬科技股份有限公司 Astro Thermal Technology Corporation* ("Astro Thermal Technology")	Incorporated in Taiwan on 27 July 2009 as a limited liability company	1,500,000 ordinary shares of NTD10 each	**100%**	100%	Manufacturing and sale of heating jackets, Taiwan
上海靖洹科技有限公司 SHANGHAI GENES TECH CO., LTD. *	Incorporated in PRC on 12 May 2020 as a limited liability company	USD700,000/Renminbi ("RMB") 20,000,000	**100%**	100%	Provision of turnkey solution and trading of parts and used semiconductor manufacturing equipment, PRC

* The English name of the subsidiary established in Taiwan and PRC represent the management's best effort in translating the Chinese name of such subsidiary as no English name has been registered.

2 BASIS OF PREPARATION

The consolidated financial statements of the Group has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") as issued by the Hong Kong Institute of Certified Public Accountants and requirements of the Hong Kong Companies Ordinance Cap.622.

HKFRS comprise the following authoritative literature:

- Hong Kong Financial Reporting Standards
- Hong Kong Accounting Standards
- Interpretations developed by the Hong Kong Institute of Certified Public Accountants

The consolidated financial statements also comply with the applicable disclosure requirements under the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules"). The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

(a) Amendments to existing standards and interpretation adopted by the Group

The Group has applied the following amendments to existing standards and interpretation for its annual reporting period commencing 1 January 2024:

Standards	Subject of amendment
Classification of Liabilities as Current or Non-current	Amendment to HKAS 1
Non-current Liabilities with Covenants	Amendment to HKAS 1
Lease Liability in a Sale and Leaseback	Amendment to HKFRS 16
Presentation of Financial Statements — *Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*	Revised Hong Kong Interpretation 5
Supplier Finance Arrangements	Amendment to HKAS 7 and HKFRS 7

The amendments to existing standards and interpretation listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2 BASIS OF PREPARATION *(Continued)*

(b) New standards, amendments to existing standards and interpretation not yet adopted by the Group

The following new standards, amendments to existing standards and interpretation have been issued but are not effective for financial year beginning on 1 January 2024 and have not been early adopted by the Group.

		Effective for annual reporting periods beginning on or after
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Revised Hong Kong Interpretation 5	Presentation of Financial Statements — *Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group will adopt the new standards, amendments to existing standards and interpretation when they become effective. The Group has already commenced an assessment of the related impact of adopting the above new standards, amendments to existing standards and interpretation, none of which is expected to have a significant effect on the consolidated financial statements of the Group.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and in the foreseeable future.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group does not use any derivative financial instruments to hedge the risk exposures.

Financial risk management is carried out by the finance department under the supervision of the Chief Executive Officer ("CEO") of the Company. The CEO provides principles for overall risk management.

The Group mainly operates in Taiwan. Certain of the transactions for Taiwan reporting entity are denominated in United States Dollar ("USD"), Renminbi ("RMB"), Hong Kong Dollar ("HK$") and Japanese Yen ("JPY"). Moreover, certain cash and cash equivalents, trade and other receivables, trade and other payables are denominated in foreign currencies, which expose the Group to foreign exchange risk, with respect of USD, RMB, HK$ and JPY. The table below analyses the sensitivity of profit or loss to changes in the exchange rates by 5% of NTD against USD, RMB, HK$ and JPY.

(a) Market risk

(i) Foreign exchange risk

	2024 NTD'000	2023 NTD'000
If NTD has depreciated by 5% against foreign currencies:		
Net profit increase/(decrease)		
— USD	**14,980**	14,178
— RMB	**1,040**	1,029
— HK$	**(187)**	(309)
— JPY	**(12)**	(13)
If NTD has appreciated by 5% against foreign currencies:		
Net profit (decrease)/increase		
— USD	**(14,980)**	(14,178)
— RMB	**(1,040)**	(1,029)
— HK$	**187**	309
— JPY	**12**	13

(ii) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of change in market interest rates. The Group's interest-rate risk arises from cash at banks balance and borrowings at floating rates. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk. Details of the Group's borrowings have been disclosed in note 22.

As at 31 December 2024, if interest rate had been 70 basis points (2023: 70 basis points) higher/lower with all other variables held constant, the profit before tax for the year would have been approximately NTD2,782,000 lower/higher (2023 the profit before tax for the year would have been approximately NTD3,261,000 lower/higher), mainly as a result of higher/lower interest expense on floating rate borrowings.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk

Credit risk is managed on a group basis. The credit risk of the Group mainly arises from cash and cash equivalents (excluding cash on hand) and trade receivables, deposits and other receivables. Management has policies in place to monitor the exposures to these credit risks on an on-going basis.

(i) Risk management

As at 31 December 2024, for cash and cash equivalents (excluding cash on hand), they are all deposited with listed banks. The Group has not incurred significant loss from non- performance by these parties in the past and management does not expect so in the future.

As at 31 December 2024, top 5 customers of the Group accounted for approximately 60.10% (2023: 43.72%), of the trade receivables of the Group. The Group has set up long-term cooperative relationship with these customers. In view of the history of business dealings with the customers and the sound collection history of the receivables due from them, management believes that there is no material credit risk inherent in the Group's outstanding receivable balance due from these customers.

The Group applies HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables from initial recognition. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Management makes periodic assessment on the recoverability of trade and other receivables based on historical payment records of past 3 years, the length of the overdue period, the financial strength of the debtors and whether there are any disputes with the debtors. The Group's historical experience in collection of trade and other receivables falls within the recorded allowances and the directors are of the opinion that adequate provision for uncollectible receivables has been made in the consolidated financial statements. The historical loss rates are adjusted to reflect current and forward looking information on factors affecting the ability of the customers to settle the receivables.

(ii) Impairment of financial assets

The Group has two types of financial assets that are subject to the expected credit loss model:

- trade receivables;
- deposits and other receivables

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk *(Continued)*

(ii) Impairment of financial assets (Continued)

Trade receivables

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on the nature of customer accounts, shared credit risk characteristics and the days past due.

Movement in loss allowances for trade receivables are as follows:

	2024 NTD'000	2023 NTD'000
At beginning of year	**2,170**	10,815
Increase/(decrease) in loss allowance recognised in profit or loss during the year	**2,841**	(8,645)
At end of year	**5,011**	2,170

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 360 days past due.

Impairment losses on trade receivables are presented as net impairment losses within general and administrative expenses. Subsequent recoveries of amounts previously written off are credited against the same line item.

Deposits and other receivables

Management considers that its credit risk has not increased significantly since initial recognition with reference to the counterparty historical default rate and current financial position. The impairment provision is determined based on the 12-month expected credit loss which is close to zero.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and bank balances, the availability of funding from an adequate amount of committed credit facilities from leading banks and the ability to close out market position. The Group aims to maintain flexibility in funding by keeping sufficient bank balances, committed credit lines available and interest bearing borrowings which enable the Group to continue its business for the foreseeable future.

The table below analyses the non-derivative financial liabilities of the Group into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to the contractual maturity date. The amounts disclosed in the table were the contractual undiscounted cash flows and the earliest date the Group can be required to pay. Balance within 12 months equal their carrying balances as impact at discounting is not significant.

	Within 1 year or on demand NTD'000	1–2 years NTD'000	2–5 years NTD'000	More than 5 years NTD'000	Total contractual cash flows NTD'000	Carrying amount NTD'000
As at 31 December 2024						
Trade payables	**196,740**	**–**	**–**	**–**	**196,740**	**196,740**
Other payables and accruals	**37,993**	**–**	**–**	**–**	**37,993**	**37,993**
Bank borrowings and interest payables	**475,411**	**51,158**	**56,909**	**21,463**	**604,941**	**591,785**
Lease liabilities and interest payables	**13,932**	**15,204**	**–**	**–**	**29,136**	**28,247**
	724,076	**66,362**	**56,909**	**21,463**	**868,810**	**854,765**

	Within 1 year or on demand NTD'000	1–2 years NTD'000	2–5 years NTD'000	More than 5 years NTD'000	Total contractual cash flows NTD'000	Carrying amount NTD'000
As at 31 December 2023						
Trade payables	108,915	–	–	–	108,915	108,915
Other payables and accruals	45,158	–	–	–	45,158	45,158
Bank borrowings and interest payables	456,446	52,248	95,966	32,073	636,733	616,534
Lease liabilities and interest payables	10,133	5,738	3,574	–	19,445	19,039
	620,652	57,986	99,540	32,073	810,251	789,646

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

Consistent with others in the industry, the Group monitors capital on the basis of gearing ratio. The ratio is calculated as net debt divided by total equity. Net debt is calculated as total bank borrowings less short-term bank deposits, restricted bank deposits and cash and cash equivalents.

The Group was in a net debt position as at 31 December 2024 and 2023. The Group's gearing ratio, as calculated by dividing the Group's net debt, being bank borrowings less cash and cash equivalents, by the Group's total equity, as at 31 December 2024 is approximately 48.45% (2023: 57.82%).

3.3 Fair value estimation

The carrying values of the Group's current financial assets, including trade and other receivables and cash and cash equivalents, and current financial liabilities, including trade and other payables, lease liabilities and bank borrowings approximate to their fair values due to their short maturities. The carrying amount of non-current deposits and non-current lease liabilities and bank borrowings approximate to their fair values which are estimated based on the discounted cash flows.

3.4 Offsetting financial assets and financial liabilities

A financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when, and only when, an entity:

(a) currently has a legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group has no financial assets and financial liabilities, which is subject to offsetting, enforceable master netting arrangements and similar agreements.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of goodwill

The Group tests whether goodwill has suffered any impairment on an annual basis. For the 2024 reporting period, the recoverable amount of cash-generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated in note 14.

Details of impairment charge, key assumptions and impact of possible changes in key assumptions are disclosed in note 14.

Impairment of receivables

The loss allowance for trade and other receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Allowance for inventories

Management carries out inventory review on a product-by-product basis at the end of each reporting period and makes allowance for obsolete items. A considerable amount of judgement and estimates is required in determining such allowance.

If conditions which have an impact on the net realisable value of inventories deteriorate, additional allowances may be required. Management reviews the inventory ageing analysis at the end of reporting period. Management estimates the net realisable value for such inventories based on the latest selling price of similar inventory items and purchase orders from customers.

Estimated current tax and deferred tax

The Group is subject to taxes in different jurisdictions. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provisions in the period in which such final tax liabilities determination is made.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

Estimated current tax and deferred tax *(Continued)*

The Group has certain sales made to the customers located in the People's Republic of China (the "PRC"), in which there are relevant tax regulation governing the provision of incidental services on the sales of machinery or equipment by a non-PRC resident enterprise to a PRC resident enterprise. However, the Group is not obliged to any tax reporting nor filing requirements to the local tax authority in the PRC. In addition, the Group has certain sales made to the customers located in the United States, South Korea and Singapore. However, the Group does not have any branches, physical offices or corporate entities in these three countries and/or the risk that the installation and modification work would trigger any sales becoming taxable. Accordingly, the management of the Group exercises considerable judgement in determining no provision of the relevant enterprise income tax relating to the sales made to the customers located in the PRC, the United States, South Korea and Singapore is required as there is no present obligation, whether legal or constructive, as a result of past event for the year.

Provision for warranty

Warranty provision is based on the estimated cost of product warranties when revenue is recognised, usually within a period of six months up to 5 years from the date of sale. Factors that affect the Group's warranty liability include the number of sold units currently under warranty, historical and anticipated rates of warranty claims on those units, and cost per claim to satisfy our warranty obligation. The estimation basis is reviewed on an on-going basis and revised where appropriate.

5 SEGMENT INFORMATION

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is defined on the basis of the internal management reporting information that is provided to and regularly reviewed by the executive directors of the Company (defined as chief operating decision maker) in order to allocate resources and assess performance of the segment. For the current and prior years, executive directors of the Company regularly review revenue and operating results derived from provision of turnkey solution and trading of parts and used semiconductor manufacturing equipment on an aggregate basis and consider as one single operating segment.

	2024 **NTD'000**	2023 NTD'000
Provision of turnkey solution	**418,448**	708,926
Trading of parts and used semiconductor manufacturing equipment	**513,510**	623,901
Revenue recognised at a point in time	**931,958**	1,332,827

The Company is an investment holding company and the principal place of the Group's operation is in Taiwan. The Group regarded Taiwan as its place of domicile. The Group's non-current assets are principally located in Taiwan, being the single geographical region.

5 SEGMENT INFORMATION *(Continued)*

The geographical location of customers is based on the location at which based on the billing address of the invoice for the service provided or good sold. The following table provides an analysis of the Group's revenue from external customers.

	2024 **NTD'000**	2023 NTD'000
Taiwan (place of domicile)	**416,420**	745,654
United States	**186,049**	220,446
PRC	**161,186**	281,730
Singapore	**114,548**	80,919
Japan	**52,857**	1,910
South Korea	**537**	–
Germany	**356**	697
Malaysia	**5**	1,471
	931,958	1,332,827

Information about major customers

Revenue from customers contributing over 10% of total revenue of the Group is as follows:

	2024 **NTD'000**	2023 NTD'000
Customers		
A	**338,113**	523,306
B	**110,161**	204,987
C	**94,656**	N/A*

* The corresponding customer did not contribute over 10% of total revenue of the Group in 2023.

5 SEGMENT INFORMATION *(Continued)*

Accounting policies of revenue recognition

Sale of goods

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the provision of turnkey solution and trading of the parts and used semiconductor manufacturing equipment is recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Contract liabilities are recognised if the cumulative payments made by customers exceeds the revenue recognised in profit or loss. Contract liabilities are recognised as revenue when the control of the products have been transferred to the customers at their acknowledgment and performance obligation is fulfilled.

6 OTHER INCOME AND OTHER GAINS/(LOSSES), NET

	2024 NTD'000	2023 NTD'000
Other income		
Insurance claims (note)	**19,198**	–
Sundry income	**13**	154
	19,211	154
Other gains/(losses), net		
Exchange gains/(losses), net	**7,644**	(2,343)
Loss on disposal of property, plant and equipment	**–**	(870)
Others	**17**	(148)
	7,661	(3,361)

Note:

Insurance claims represented the compensation from the insurance company for the inventory loss due to the fire broke out at a premises adjacent to a warehouse of the Group located offsite from the headquarter building of the Group in 2022. The insurance claims were received in July 2024, netting of the deductible fee of TWD2,133,000.

7 EXPENSES BY NATURE

	2024 NTD'000	2023 NTD'000
Auditors' remuneration		
— Audit services	**8,877**	11,111
— Non-audit services	**2,142**	1,992
Cost of materials used	**417,545**	763,532
Amortisation of intangible assets (note (b))	**12,537**	12,271
Depreciation of property, plant and equipment (note (c))	**16,930**	15,610
Depreciation of right-of-use assets	**12,600**	14,264
Research expense	**1,194**	734
Provision for warranty, net (note 21(b))	**5,442**	3,770
Employee benefit expenses (note 8)	**245,291**	244,096
Professional fees	**12,446**	10,772
Commission fee	**10,048**	17,588
Provision for/(reversal of provision for) impairment loss on trade receivables	**2,841**	(8,645)
Provision for/(reversal of provision for) impairment loss on inventories	**1,505**	(527)
Expense relating to short-term leases	**4,047**	4,538
Delivery charges	**12,325**	12,078
Travelling	**23,456**	21,927
Insurance	**25,478**	24,797
Entertainment	**3,762**	3,956
Utilities	**4,818**	4,816
Others	**25,767**	26,077
	849,051	1,184,757

Notes:

(a)

	2024 NTD'000	2023 NTD'000
Cost of sales	**668,625**	1,006,867
Selling and distribution expenses	**45,468**	57,549
General and administrative expenses	**132,117**	128,986
Provision for/(reversal of provision for) impairment losses on financial assets, net	**2,841**	(8,645)
	849,051	1,184,757

(b) Amortisation of intangible assets is included in "General and administrative expenses".

(c) Depreciation of property, plant and equipment is included in "Cost of sales" and "General and administrative expenses", amounting to approximately NTD10,643,000 (2023: NTD11,485,000) and NTD6,287,000 (2023: NTD4,125,000), respectively.

8 EMPLOYEE BENEFIT EXPENSES

	2024 NTD'000	2023 NTD'000
Basic salaries, other allowances and benefits in kind	**237,190**	235,526
Pension costs — defined contribution scheme (note (a))	**8,101**	8,570
	245,291	244,096

(a) Pension costs — defined contribution scheme

In respect of the Group's contribution to defined contribution retirement plan, no contribution is available for reducing the Group's existing level of contribution for the year (2023: Nil).

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2023: three) executive directors whose emoluments are reflected in the analysis shown in note 29. The emoluments of the remaining two (2023: two) individual during the year are as follows:

	2024 NTD'000	2023 NTD'000
Basic salaries, other allowances and benefits in kind	**6,074**	5,922
Pension costs — defined contribution scheme	**250**	237
	6,324	6,159

The emoluments of the remaining individual fell within the following band:

	Number of individuals	
	2024	2023
Nil to HK$1,000,000 (equivalent to approximately NTD4,123,000)	**2**	2

(c) During the year, no emolument was paid by the Group to the Directors or any of the five highest paid individuals as an inducement to join or upon joining the Group, or compensation for loss of office (2023: Nil).

9 FINANCE INCOME AND COSTS

	2024 NTD'000	2023 NTD'000
Finance income		
Bank interest income	**1,146**	1,010
Finance costs		
Interest on bank borrowings	**(18,172)**	(19,107)
Interest on lease liabilities	**(498)**	(485)
	(18,670)	(19,592)
Net finance costs	**(17,524)**	(18,582)

10 INCOME TAX EXPENSE

	2024 NTD'000	2023 NTD'000
Current tax — Taiwan		
Current tax on profits for the year	**52,669**	31,219
Under/(over)-provision in prior years	**8,788**	(2,469)
	61,457	28,750
Deferred income tax	**6,518**	6,893
Income tax expense	**67,975**	35,643

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

As such, Taiwan Income Tax is calculated at 20% (2023: 20%) on the estimated assessable profits for the year.

Pursuant to the rules and regulations of the Cayman Islands and Anguilla, neither the Company nor any of its subsidiaries is subject to any income tax under the jurisdictions during the year (2023: Nil).

The applicable profits tax rate in Hong Kong is 16.5% for the year ended 31 December 2024 (2023: 16.5%).

Further pursuant to the Article 66-9 of Income Tax Act issued by Taxation Administration, Ministry of Finance, Taiwan, an additional income tax shall be charged at 5% (2023: 5%) on the undistributed surplus earnings in prior year.

10 INCOME TAX EXPENSE *(Continued)*

Reconciliation between income tax expense and profit before income tax at applicable tax rate is as follows:

	2024 NTD'000	2023 NTD'000
Profit before income tax	**92,255**	126,281
Tax calculated at the rates applicable to profits in the tax jurisdiction concerned	**33,784**	35,943
Income not subject to tax	**(54)**	(19)
Expense not deductible for tax purpose	**24,871**	661
Under/(over)-provision in prior years	**8,788**	(2,469)
Difference in tax rate over current tax and deferred tax	**(834)**	(902)
Others	**1,420**	2,429
Income tax expense	**67,975**	35,643

11 EARNINGS PER SHARE

(a) Basic

The calculations of basic earnings per share are based on the profit for the year attributable to owners of the Company of approximately NTD24,280,000 (2023: NTD90,638,000) and the weighted average of 1,000,000,000 (2023: 1,000,000,000) shares in issue during the year.

	2024	2023
Profit for the year attributable to owners of the Company (NTD'000)	**24,280**	90,638
Weighted average number of ordinary shares in issue (thousands)	**1,000,000**	1,000,000
Basic earnings per share (NTD cents per share)	**2.43**	9.06

(b) Diluted

Diluted earnings per share were same as the basic earnings per share as there were no dilutive potential ordinary shares in existence during the year ended 31 December 2024 (2023: same).

12 PROPERTY, PLANT AND EQUIPMENT

	Land* NTD'000	Building NTD'000	Leasehold improvements NTD'000	Office equipment NTD'000	Construction in progress NTD'000	Total NTD'000
At 1 January 2023						
Cost	68,983	228,543	64,704	49,535	15,238	427,003
Accumulated depreciation	–	(34,929)	(40,118)	(44,133)	–	(119,180)
Net book amount	68,983	193,614	24,586	5,402	15,238	307,823
Year ended 31 December 2023						
Opening net book amount	68,983	193,614	24,586	5,402	15,238	307,823
Additions	–	168	5,801	958	476	7,403
Depreciation charge	–	(4,513)	(8,507)	(2,590)	–	(15,610)
Transfer	–	–	15,714	–	(15,714)	–
Disposal	–	–	(862)	(56)	–	(918)
Closing net book amount	68,983	189,269	36,732	3,714	–	298,698
At 31 December 2023						
Cost	68,983	228,711	82,724	49,513	–	429,931
Accumulated depreciation	–	(39,442)	(45,992)	(45,799)	–	(131,233)
Net book amount	68,983	189,269	36,732	3,714	–	298,698
Year ended 31 December 2024						
Opening net book amount	**68,983**	**189,269**	**36,732**	**3,714**	**–**	**298,698**
Additions	**–**	**–**	**252**	**1,619**	**–**	**1,871**
Depreciation charge	**–**	**(4,516)**	**(10,366)**	**(2,048)**	**–**	**(16,930)**
Closing net book amount	**68,983**	**184,753**	**26,618**	**3,285**	**–**	**283,639**
At 31 December 2024						
Cost	**68,983**	**228,711**	**82,976**	**51,132**	**–**	**431,802**
Accumulated depreciation	**–**	**(43,958)**	**(56,358)**	**(47,847)**	**–**	**(148,163)**
Net book amount	**68,983**	**184,753**	**26,618**	**3,285**	**–**	**283,639**

* The Group's land is located in Taiwan and is a freehold land.

Land and building with an aggregate carrying amount of approximately NTD253,736,000 (2023: approximately NTD258,252,000) of the Group were pledged to a bank to secure banking facilities granted to the Group (note 22).

12 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Depreciation methods and useful lives

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and any impairment losses. The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Freehold land is measured on initial recognition at cost and is not depreciated.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided to write off the cost less their expected residual values, using straight-line method, over their estimated useful lives, at the following rates per annum:

Building on freehold land	50 years
Leasehold improvements	3–10 years
Office equipment	3–10 years

Construction in progress represents property, plant and equipment under construction or pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction and acquisition. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and are available for the intended use.

13 LEASES

(a) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	As at 31 December	
	2024 NTD'000	2023 NTD'000
Right-of-use assets		
Beginning of financial year	**18,198**	31,124
Additions	**23,629**	2,830
Write-off upon early termination	**(1,687)**	(1,492)
Depreciation	**(12,600)**	(14,264)
End of financial year	**27,540**	18,198

	As at 31 December	
	2024 NTD'000	2023 NTD'000
Cost	**44,798**	48,856
Accumulated depreciation	**(17,258)**	(30,658)
	27,540	18,198

	As at 31 December	
	2024 NTD'000	2023 NTD'000
Properties	**16,615**	15,971
Motor vehicles	**10,925**	2,227
	27,540	18,198

	As at 31 December	
	2024 NTD'000	2023 NTD'000
Lease liabilities		
Current	**13,359**	9,872
Non-current	**14,888**	9,167
	28,247	19,039

13 LEASES *(Continued)*

(b) Amounts recognised in the consolidated statement of comprehensive income

	For the year ended 31 December	
	2024	2023
	NTD'000	NTD'000
Depreciation charge of right-of-use assets		
Properties	**10,170**	9,894
Motor vehicles	**2,430**	4,370
	12,600	14,264
Interest expense included in finance cost	**498**	485
Expenses relating to short-term leases	**4,047**	4,538

The total cash outflow for leases was NTD16,781,000 during the year ended 31 December 2024 (2023: NTD18,799,000).

(c) Accounting policies of leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

13 LEASES *(Continued)*

(c) Accounting policies of leases *(Continued)*

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

14 INTANGIBLE ASSETS

	Goodwill NTD'000	Customer relationship NTD'000	Computer software NTD'000	Total NTD'000
At 1 January 2023				
Cost	72,920	56,440	5,019	134,379
Accumulated amortisation	–	(34,491)	(2,245)	(36,736)
Net book amount	72,920	21,949	2,774	97,643
Year ended 31 December 2023				
Opening net book amount	72,920	21,949	2,774	97,643
Additions	–	–	4,493	4,493
Amortisation charge	–	(9,407)	(2,864)	(12,271)
Closing net book amount	72,920	12,542	4,403	89,865
At 31 December 2023				
Cost	72,920	56,440	9,512	138,872
Accumulated amortisation	–	(43,898)	(5,109)	(49,007)
Net book amount	72,920	12,542	4,403	89,865
Year ended 31 December 2024				
Opening net book amount	**72,920**	**12,542**	**4,403**	**89,865**
Additions	**–**	**–**	**1,522**	**1,522**
Amortisation charge	**–**	**(9,406)**	**(3,131)**	**(12,537)**
Closing net book amount	**72,920**	**3,136**	**2,794**	**78,850**
At 31 December 2024				
Cost	**72,920**	**56,440**	**11,034**	**140,394**
Accumulated amortisation	**–**	**(53,304)**	**(8,240)**	**(61,544)**
Net book amount	**72,920**	**3,136**	**2,794**	**78,850**

14 INTANGIBLE ASSETS *(Continued)*

Amortisation methods and periods

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

Computer software	1–3 years
Customer relationship	6 years

Computer software

Computer software are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 3 to 5 years of the underlying products, commencing from the date when the products are put into commercial production.

Customer relationship

Customer relationship acquired in a business combination are recognised at fair value at the acquisition date. It has an estimated useful life of 6 years and is subsequently carried at cost less accumulated amortisation and impairment losses.

See note 30.5 for the other accounting policies relevant to intangible assets, and note 30.6 for the group's policy regarding impairments.

Impairment tests for goodwill

Management reviews the business performance of the Group based on the products and services the respective businesses provide. Trading of parts and used semiconductor manufacturing equipment and provision of turnkey solution are identified as the main products and services of the Group. Goodwill is monitored by management at the operating segment level. The Group's goodwill is attributable to the provision of turnkey solution and trading of parts and used semiconductor manufacturing equipment.

The recoverable amount of a CGU is determined based on higher of fair value less costs of disposal or value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management. Cash flows beyond the one-year period are projected for the next four-year period using the estimated growth in revenue and gross profit margin. Thereafter, the cash flows are extrapolated using the terminal growth rates not exceeding the long-term average growth rate for the business in which the CGU operates.

The key assumptions used for value-in-use calculations are as follows:

	2024	2023
Budgeted gross profit margin for the first year	**31.0%**	29.7%
Forecasted average gross profit margin for second to fifth year	**31.0%**	29.7%
Budgeted revenue growth rate for the first year	**1.7%**	1.5%
Forecasted average revenue growth rate for second to fifth year	**1.7%**	1.5%
Terminal growth rate	**1.7%**	1.5%
Discount rate (pre-tax)	**22.9%**	23.6%

14 INTANGIBLE ASSETS *(Continued)*

Impairment tests for goodwill *(Continued)*

Assumption	Approach used to determining values
Sales volume	Average annual growth rate over the five-year forecast period; based on past performance and management's expectations of market development.
Sales price	Based on current industry trends and including long term inflation forecasts.
Budgeted gross margin	Based on past performance and management's expectations for the future.
Other operating costs	Fixed costs of the CGUs, which do not vary significantly with sales volumes or prices. Management forecasts these costs based on the current structure of the business.
Annual capital expenditure	Expected cash costs in the CGUs. This is based on the historical experience of management, and the planned refurbishment expenditure. No incremental revenue or cost savings are assumed in the value-in-use model as a result of this expenditure.
Long-term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.
Pre-tax discount rates	Reflect specific risks relating to the relevant segments and the countries in which they operate.

The recoverable amount of goodwill is estimated to exceed the carrying amount of goodwill at 31 December 2024 by approximately NTD391,560,000 (2023: NTD143,556,000).

The recoverable amount of goodwill would equal its carrying amount if the key assumptions were to change as follows:

	2024		2023	
	From	**To**	From	To
Sales volume (% annual growth rate)	**1.7%**	**-27.3%**	1.5%	-8.0%
Budgeted gross margin (%)	**31.0%**	**18.4%**	29.7%	25.1%
Pre-tax discount rate (%)	**22.9%**	**46.7%**	23.6%	33.3%

The Directors and management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of goodwill to exceed its recoverable amount.

15 TRADE RECEIVABLES

	2024 NTD'000	2023 NTD'000
Trade receivables	**213,590**	182,418
Less: provision for impairment	**(5,011)**	(2,170)
	208,579	180,248

The Group normally allows credit period ranging from 30 to 90 days (2023: 30 to 90 days) to its major customers.

The Group applies the HKFRS 9 simplified approach to measure expected credit loss which uses a lifetime expected loss allowance for all trade receivables. The Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost. The Group did not hold any collateral as security or other credit enhancements over the trade receivables. Note 3.1(b) provides for details about the calculation of the allowance.

The ageing analysis of trade receivables, based on invoice dates, as at each reporting date, is as follows:

	2024 NTD'000	2023 NTD'000
0–30 days	**151,404**	92,590
31–90 days	**26,879**	35,644
91–180 days	**6,276**	24,551
181–365 days	**17,092**	22,465
Over 1 year	**6,928**	4,998
	208,579	180,248

Certain of the Group's trade receivables are unbilled and included in the time band of 0–30 days in the table above.

The carrying amount of the Group's trade receivables is denominated in the following currencies:

	2024 NTD'000	2023 NTD'000
USD	**138,330**	110,873
NTD	**59,936**	53,372
RMB	**10,313**	16,003
	208,579	180,248

As at 31 December 2024, NTD5,011,000 of impairment loss allowance has been provided (2023: NTD2,170,000).

15 TRADE RECEIVABLES *(Continued)*

Classification as trade receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. If collection of trade and other receivables is expected in one year or less, they are classified as current assets. If not, they are classified as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. See note 30.7 for further information about the Group's accounting for trade and other receivables and note 3.1(b) for a description of the Group's impairment policies.

16 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 NTD'000	2023 NTD'000
Prepayment on purchases	**246,334**	268,731
Other prepayments	**9,374**	7,662
Deposits and other receivables	**10,931**	7,733
	266,639	284,126
Less: non-current deposits	**(8,921)**	(6,143)
Current portion included in current assets	**257,718**	277,983

The carrying amount of the Group's prepayments, deposits, other receivables are denominated in the following currencies:

	2024 NTD'000	2023 NTD'000
USD	**237,544**	260,195
NTD	**22,820**	17,383
RMB	**4,307**	5,146
HK$	**1,968**	1,402
	266,639	284,126

As at 31 December 2023 and 2024, the carrying amounts of non-current deposits approximate to their fair value.

17 INVENTORIES

	2024 NTD'000	2023 NTD'000
Raw materials	**650,140**	700,257
Work in progress	**299,807**	255,366
Finished goods	**426,563**	236,892
	1,376,510	1,192,515
Less: Provision for impairment loss on inventories	**(44,736)**	(171,215)
	1,331,774	1,021,300

The cost of inventories recognised as expense and included in cost of sales amounted to approximately NTD417,545,000 for the year ended 31 December 2024 (2023: approximately NTD763,532,000).

During the year ended 31 December 2024, provision for impairment loss on inventories of TWD127,984,000 were written off (2023: Nil).

Provision for inventories of NTD1,505,000 were credited to the consolidated statement of comprehensive income during the year ended 31 December 2024 (2023: reversal of provision for inventories of NTD527,000).

Accounting policies of inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour, and an appropriate proportion of indirect expenses. Net realisable value is based on the estimated selling price in the ordinary course of business less any further costs expected to be incurred to completion and disposal.

18 CASH AND CASH EQUIVALENTS

	2024 NTD'000	2023 NTD'000
Cash at banks	**192,293**	148,784
Cash on hand	**1,999**	1,955
	194,292	150,739

Cash and cash equivalents are denominated in the following currencies:

	2024 NTD'000	2023 NTD'000
USD	**124,741**	82,255
NTD	**52,051**	56,581
RMB	**14,565**	10,424
HK$	**2,521**	1,079
Others	**414**	400
	194,292	150,739

The effective annual interest rate on cash at bank was 0.60% per annum for the year ended 31 December 2024 (2023: 0.68%).

The Group's cash and bank balances with banks in the PRC as at 31 December 2024 amounted to approximately NTD18,237,000 (as at 31 December 2023: approximately NTD10,424,000), where the remittance of funds is subject to foreign exchange control.

19 SHARE CAPITAL

	Number of Shares	Share capital NTD'000
As at 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024		
Ordinary shares of HK$0.01 each in the share capital of the Company		
Authorised	**2,000,000,000**	**77,630**
Issued and fully paid	**1,000,000,000**	**38,815**

20 RESERVES

Share premium

The share premium account of the Company includes the premium arising from the issue of new shares pursuant to the share offer net of expenses incurred in connection with the issue of shares upon share offer.

Statutory reserve

In accordance with the Taiwan Companies Act, the Company's principal subsidiary incorporated in Taiwan is required to appropriate 10% of the annual profit after income tax and (after offsetting any prior years' losses) determined in accordance with generally accepted accounting principles in Taiwan to the statutory reserve until the balance of the reserve fund reaches the amount equal to the entity's registered capital. The reserve may be (i) used to offset a deficit, or (ii) distributed as dividends in cash or shares for the portion in excess of 25% of the paid-in capital if the entity incurs no loss.

Other reserve

Other reserve represents the capital reserve, which is the difference between the nominal value of the share capital of subsidiaries acquired by Genes Tech Group in prior years and the consideration paid to the then shareholders of those subsidiaries.

Exchange reserve

The exchange reserve represents the exchange differences relating to the translation of the net assets of the Company from its functional currency in HK$ to the Group's presentation currency in NTD. The exchange differences are recognised directly in other comprehensive income and accumulated in the exchange reserve.

21 TRADE AND OTHER PAYABLES

	2024 NTD'000	2023 NTD'000
Trade payables (note (a))	**196,740**	108,915
Other payables	**983**	1,073
Accruals	**82,284**	96,855
Provision for warranty (note (b))	**17,671**	19,705
	297,678	226,548
Contract liabilities (note (c))	**669,885**	421,185

Trade payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade payable, other payables and accruals approximate to their fair values and were denominated in the following currencies:

	2024 NTD'000	2023 NTD'000
NTD	**177,053**	163,252
USD	**91,101**	27,966
HKD	**9,393**	10,567
Others	**2,460**	5,058
	280,007	206,843

(a) Trade payables

The ageing analysis of trade payables, based on invoice dates, as at each reporting date is shown as follows:

	2024 NTD'000	2023 NTD'000
Current or less than 1 month	**112,154**	50,239
1 to 3 months	**73,245**	36,210
More than 3 months to 1 year	**9,763**	14,197
More than 1 year	**1,578**	8,269
	196,740	108,915

21 TRADE AND OTHER PAYABLES *(Continued)*

(b) Provision for warranty

	NTD'000
As at 1 January 2023	19,883
Additional provision	15,975
Utilised during the year	(3,948)
Reversal during the year	(12,205)
As at 31 December 2023 and 1 January 2024	19,705
Additional provision	15,622
Utilised during the year	(7,476)
Reversal during the year	(10,180)
As at 31 December 2024	17,671

Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period. These claims are expected to be settled in the next financial year.

(c) Contract liabilities

The Group receives payments from certain customers in advance of the performance under the contracts.

	Year ended 31 December 2024 NTD'000	Year ended 31 December 2023 NTD'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**125,352**	392,860

Contract liabilities are recognised if the cumulative payments made by customers exceeds the revenue recognised in profit or loss. Contract liabilities are recognised as revenue when the control of the products have been transferred to the customers at their acknowledgement and performance obligation is fulfilled.

Contract liabilities have increased by approximately NTD248,700,000 as at 31 December 2024 due to more deposits received from customers. The amount is expected to be recognised as revenue within one to two financial years.

22 BANK BORROWINGS

	31 December 2024			31 December 2023		
	Current NTD'000	Non-current NTD'000	Total NTD'000	Current NTD'000	Non-current NTD'000	Total NTD'000
Secured						
Bank borrowings (note (a))	**262,000**	**–**	**262,000**	262,000	–	262,000
Long-term bank borrowings (note (b))	**10,481**	**62,883**	**73,364**	10,402	72,816	83,218
Total secured borrowings	**272,481**	**62,883**	**335,364**	272,402	72,816	345,218
Unsecured						
Bank borrowings (note (c))	**157,363**	**–**	**157,363**	134,173	–	134,173
Long-term bank borrowings (note (d))	**38,181**	**60,877**	**99,058**	38,092	99,051	137,143
Total unsecured borrowings	**195,544**	**60,877**	**256,421**	172,265	99,051	271,316
Total borrowings	**468,025**	**123,760**	**591,785**	444,667	171,867	616,534

Notes:

(a) As at 31 December 2024, the secured short-term bank borrowings represented two loans secured by land and building of the Group and repayable upon maturity.

- NTD175,000,000 is bearing an interest at 0.84% above the variable interest rate for one-year post office deposits per annum.
- NTD87,000,000 is bearing an interest at 0.66% above the variable interest rate for one-year post office deposits per annum.

(b) As at 31 December 2024, the secured long-term bank borrowings represented two loans secured by land and building of the Group and bearing an interest at 0.74% above the variable interest rate for one-year post office deposits per annum.

- NTD14,483,000 (with principal amount of NTD25,000,000) is repayable in 145 monthly installments.
- NTD58,881,000 (with principal amount of NTD125,000,000) is repayable in 180 monthly installments.

(c) As at 31 December 2024, unsecured short-term bank borrowings represent four term loans of NTD140,000,000 and trade loans of NTD17,363,000.

- NTD20,000,000 (with principal amount of NTD20,000,000) is bearing an interest at 1.13% above the bank's one-month deposit rate.
- NTD30,000,000 (with principal amount of NTD30,000,000) is bearing an interest at 0.59% above the variable interest rate for one-year post office deposits per annum.
- NTD30,000,000 (with principal amount of NTD30,000,000) is bearing an interest at 1.00% above the bank's one-month deposit rate.
- NTD60,000,000 (with principal amount of NTD60,000,000) is bearing an interest ranging from 0.86% to 1.01% above the bank's one-month deposit rate.
- The trade loans are bearing an interest of 0.52% above the bank's foreign currency interest rate.

22 BANK BORROWINGS *(Continued)*

Notes: (Continued)

(d) As at 31 December 2024, the unsecured long-term bank borrowings represented two loans.

- NTD82,857,000 (with principal amount of NTD240,000,000) is bearing an interest at 1.84% above the variable interest rate for one-year post office deposit per annum repayable in 84 monthly installments.
- NTD16,201,000 (with principal amount of NTD20,000,000) is bearing an interest at 0.68% above the variable interest rate for two-year post office deposit per annum repayable in 60 monthly installments.

The bank interests are charged at rate ranging from 2.275% to 6.320% (2023: 2.25% to 6.818%) per annum as at 31 December 2024.

As at each reporting date, total current and non-current bank borrowings were repayable as follows:

	2024 NTD'000	2023 NTD'000
Within 1 year	**468,025**	444,667
More than 1 year, but not exceeding 2 years	**48,763**	48,589
More than 2 years, but not exceeding 5 years	**54,036**	92,071
After 5 years	**20,961**	31,207
	591,785	616,534

The carrying amounts of bank borrowings were denominated in the following currencies:

	2024 NTD'000	2023 NTD'000
NTD	**574,422**	562,361
USD	**17,363**	54,173
	591,785	616,534

The Group has undrawn borrowing facilities of NTD380,045,000 (2023: NTD394,759,000).

As at 31 December 2024 and 2023, the carrying amounts of current and non-current borrowings approximate to their fair values.

23 DEFERRED INCOME TAX

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and deferred tax liabilities have been offset.

	2024 **NTD'000**	2023 NTD'000
Deferred income tax assets	**61,122**	65,791
Deferred income tax liabilities	**(7,931)**	(6,082)
Deferred income tax assets, net	**53,191**	59,709

The gross movements of the deferred tax assets/(liabilities) during the year are shown as follows:

	Deferred tax liabilities				Deferred tax assets								
	Customers relationship NTD'000	**Right-of-use assets** NTD'000	**Unrealised exchange difference** NTD'000	**Sub Total** NTD'000	**Lease liabilities** NTD'000	**Provision for obsolete inventories** NTD'000	**Provision of warranty** NTD'000	**Provision for expected credit loss** NTD'000	**Timing differences in recognising gross profits** NTD'000	**Tax losses** NTD'000	**Others** NTD'000	**Sub Total** NTD'000	**Total** NTD'000
At 1 January 2023	(4,390)	(4,796)	(1,214)	(10,400)	4,918	34,749	3,977	2,307	19,437	4,846	6,768	77,002	66,602
Credited/(Charged) to profit or loss: due to changes in timing difference	1,881	2,122	315	4,318	(2,123)	(506)	(36)	(1,873)	(1,827)	(4,846)	–	(11,211)	(6,893)
At 31 December 2023	(2,509)	(2,674)	(899)	(6,082)	2,795	34,243	3,941	434	17,610	–	6,768	65,791	59,709
Credited/(Charged) to profit or loss: due to changes in timing difference	1,881	(2,287)	(1,443)	(1,849)	2,249	(25,296)	(407)	568	11,878	10,622	(4,283)	(4,669)	(6,518)
At 31 December 2024	**(628)**	**(4,961)**	**(2,342)**	**(7,931)**	**5,044**	**8,947**	**3,534**	**1,002**	**29,488**	**10,622**	**2,485**	**61,122**	**53,191**

Management intended to reinvest the subsidiary's earnings and therefore no deferred tax is provided for undistributed profits of subsidiary.

As at 31 December 2024, the Group had no significant unprovided deferred taxation (2023: Nil).

24 DIVIDENDS

	2024 **NTD'000**	2023 NTD'000
Final dividend of Nil per share (2023: Nil per share)	**–**	–

Subsequent to the end of the reporting period of 2024, the board resolved not to propose any dividend in respect of the year ended 31 December 2024.

25 CASH FLOW INFORMATION

(a) Cash generated from operations

	2024 NTD'000	2023 NTD'000
Cash flows from operation activities		
Profit before income tax	**92,255**	126,281
Adjustments for:		
— Interest expenses	**18,670**	19,592
— Interest income	**(1,146)**	(1,010)
— Provision for warranty, net	**5,442**	3,770
— Provision for/(Reversal of provision for) impairment loss on trade receivables	**2,841**	(8,645)
— Provision for/(Reversal of provision for) impairment loss on inventories	**1,505**	(527)
— Amortisation of intangible assets	**12,537**	12,271
— Depreciation of property, plant and equipment	**16,930**	15,610
— Depreciation of right-of-use assets	**12,600**	14,264
— Loss on disposal of property, plant and equipment	**–**	870
	161,634	182,476
Changes in working capital:		
— (Increase)/Decrease in inventories	**(311,979)**	300,594
— (Increase)/Decrease in trade receivables	**(31,172)**	47,398
— Decrease/(Increase) in prepayments, deposits and other receivables	**17,487**	(84,041)
— Increase/(Decrease) in contract liabilities	**233,055**	(224,866)
— Increase/(Decrease) in trade and other payables	**64,516**	(176,378)
Cash generated from operations	**133,541**	45,183

(b) Proceeds from disposal of property, plant and equipment

In the consolidated cash flow statements, proceeds from disposal of property, plant and equipment comprise:

	2024 NTD'000	2023 NTD'000
Net book amount:		
Property, plant and equipment (note 12)	**–**	918
Loss on disposal of property, plant and equipment (note 6)	**–**	(870)
Proceeds from disposal of property, plant and equipment	**–**	48

25 CASH FLOW INFORMATION *(Continued)*

(c) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	2024 NTD'000	2023 NTD'000
Cash/(debt)		
Cash and cash equivalents	**194,292**	150,739
Borrowings	**(591,785)**	(616,534)
Lease liabilities	**(28,247)**	(19,039)
Dividend payable	**(62)**	(62)
Net debt	**(425,802)**	(484,896)
Cash and cash equivalents	**194,292**	150,739
Gross debt	**(620,094)**	(635,635)
Net debt	**(425,802)**	(484,896)

	Other asset	Liabilities from financing activities			
	Cash and cash equivalents NTD'000	Borrowing NTD'000	Lease liabilities NTD'000	Dividend payable NTD'000	Total NTD'000
Net debt as at 1 January 2023	239,675	(650,665)	(31,962)	(62)	(443,014)
Cash flows	(88,673)	34,131	14,261	–	(40,281)
Non-cash changes					
— Additions to lease	–	–	(2,830)	–	(2,830)
— Termination of lease	–	–	1,492	–	1,492
Foreign exchange adjustments	(263)	–	–	–	(263)
Net debt as at 31 December 2023 and 1 January 2024	150,739	(616,534)	(19,039)	(62)	(484,896)
Cash flows	37,323	24,749	12,734	–	74,806
Non-cash changes					
— Additions to lease	–	–	(23,629)	–	(23,629)
— Termination of lease	–	–	1,687	–	1,687
Foreign exchange adjustments	6,230	–	–	–	6,230
Net debt as at 31 December 2024	**194,292**	**(591,785)**	**(28,247)**	**(62)**	**(425,802)**

26 COMMITMENTS

Non-cancellable short-term leases

The Group leases properties and office equipment under non-cancellable short-term lease agreement. The agreements do not include an extension option.

The future aggregate minimum lease payments under non-cancellable short-term leases (2023: non-cancellable short-term leases) are as follows:

	2024 NTD'000	2023 NTD'000
Within 1 year	**410**	1,594

27 RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control the other party or exercise significant influence in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

To the best knowledge of the Directors, none of these related party transactions constitutes connected transactions that need to be disclosed under the GEM Listing Rules.

The Group carried out the following transactions with its related parties during the year:

(a) Name and relationship with related parties

Name	Relationship
Mr. Yang Ming-Hsiang ("Mr. Yang")	Executive director and key management personnel
Ms. Wei Hung-Li ("Ms. Wei")	Executive director and key management personnel
Mr. Hsiao Hsi-Mao ("Mr. Hsiao")	Executive director and key management personnel (note)
Mr. Chiang Ting-Kuo ("Mr. Chiang")	Executive director

Note: Resigned on 30 June 2024.

(b) Transactions with related parties

Save as disclosed in note 27(c), there is no material related party transactions during the years ended 31 December 2023 and 2024.

(c) Key management personnel compensation

	2024 NTD'000	2023 NTD'000
Short-term employee benefits		
— salaries, allowances and benefits in kind	**27,503**	24,391
Post-employment benefits		
— defined contribution retirement plans	**346**	444
	27,849	24,835

The short-term benefits disclosed above include NTD6,431,000 (2023: NTD5,946,000) of bonuses payable under a short-term incentive scheme which were unpaid as at year end and are included in other payables. In addition, the defined pension benefits disclosed in note 8(a) include Nil (2023: Nil) of obligations payable to the key management personnel (KMP).

28 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	2024 NTD'000	2023 NTD'000
Assets		
Non-current assets		
Investment in subsidiaries	**270,598**	270,598
	270,598	270,598
Current assets		
Prepayments and other receivables	**1,864**	1,004
Amounts due from subsidiaries	**11,132**	10,267
Cash and cash equivalents	**2,358**	856
	15,354	12,127
Total assets	**285,952**	282,725
Equity		
Share capital	**38,815**	38,815
Reserves (note (a))	**109,070**	142,483
	147,885	181,298
Liabilities		
Current liabilities		
Amount due to subsidiaries	**128,788**	90,966
Other payables and accruals	**9,279**	10,461
Total liabilities	**138,067**	101,427
Total equity and liabilities	**285,952**	282,725

28 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

Note (a) Reserve movement of the Company

	Share premium NTD'000	Contributed surplus* NTD'000	Exchange reserve NTD'000	Accumulated losses NTD'000	Total NTD'000
At 1 January 2023	146,571	156,459	(12,322)	(122,472)	168,236
Loss for the year	–	–	–	(26,166)	(26,166)
Other comprehensive income for the year	–	–	413	–	413
Loss and total comprehensive income for the year	–	–	413	(26,166)	(25,753)
At 31 December 2023	146,571	156,459	(11,909)	(148,638)	142,483
Loss for the year	–	–	–	(26,370)	(26,370)
Other comprehensive loss for the year	–	–	(7,043)	–	(7,043)
Loss and total comprehensive loss for the year	–	–	(7,043)	(26,370)	(33,413)
At 31 December 2024	**146,571**	**156,459**	**(18,952)**	**(175,008)**	**109,070**

* Contributed surplus of the Company represents the difference between the net asset value of the subsidiaries acquired pursuant to the Reorganisation and the nominal value of the shares issued by the Company in exchange for the shares of subsidiaries.

29 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

Pursuant to the GEM Listing Rules, Section 383(1)(a), (b), (c) and (f) of the Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, details of emoluments paid by the entities comprising the Group to the directors of the Company are as follows:

	Fees NTD'000	Salaries, allowances and benefits in kind NTD'000	Retirement benefit costs NTD'000	Total NTD'000
Year ended 31 December 2024				
Executive directors:				
Mr. Yang Ming-Hsiang (note 1)	**2,489**	**7,032**	**–**	**9,521**
Ms. Wei Hung-Li (note 2)	**2,489**	**6,307**	**–**	**8,796**
Mr. Hsiao Hsi-Mao (note 4)	**995**	**1,101**	**50**	**2,146**
Mr. Chiang Ting-Kuo (note 5)	**495**	**–**	**–**	**495**
Independent non-executive directors:				
Mr. Kam, Eddie Shing Cheuk (note 3)	**989**	**–**	**–**	**989**
Mr. Cheng Chun Shing (note 3)	**989**	**–**	**–**	**989**
Mr. Ho Pak Chuen Brian (note 3)	**989**	**–**	**–**	**989**
	9,435	**14,440**	**50**	**23,925**
Year ended 31 December 2023				
Executive directors:				
Mr. Yang Ming-Hsiang (note 1)	1,954	4,083	–	6,037
Ms. Wei Hung-Li (note 2)	1,954	3,686	–	5,640
Mr. Hsiao Hsi-Mao (note 4)	1,954	1,831	78	3,863
Independent non-executive directors:				
Mr. Kam, Eddie Shing Cheuk (note 3)	954	–	–	954
Mr. Cheng Chun Shing (note 3)	954	–	–	954
Mr. Ho Pak Chuen Brian (note 3)	954	–	–	954
	8,724	9,600	78	18,402

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2023: Nil).

29 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' emoluments *(Continued)*

Note 1: Appointed on 6 June 2016.

Note 2: Appointed on 28 July 2017.

Note 3: Appointed on 20 June 2017.

Note 4: Resigned on 30 June 2024.

Note 5: Appointed on 1 July 2024.

Aggregate emoluments paid to or receivable by Directors in respect of their services as Directors, whether of the Company or its subsidiary undertaking		Aggregate emoluments paid to or receivable by Directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiary undertaking		Total	Total
2024	2023	**2024**	2023	**2024**	2023
NTD'000	NTD'000	**NTD'000**	NTD'000	**NTD'000**	NTD'000
9,435	8,724	**14,490**	9,678	**23,925**	18,402

(b) Directors' termination benefits

There were no termination benefits paid to any director during or at any time for the years ended 31 December 2024 and 2023.

(c) Consideration provided to third parties for making available directors' services

During the years ended 31 December 2024 and 2023, the Group provided no consideration to third parties for making available director's services.

(d) Information about loans, quasi-loans and other dealings in favour of directors

There were no loans, quasi-loans and other dealings entered into between the Group and the directors and in favour of the directors as at the end of the years ended 31 December 2023 and 2024 or at any time during the years ended 31 December 2023 and 2024.

(e) Directors' Material Interests in Transactions, Arrangements or Contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

30 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

This note provides a list of other potentially material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of Genes Tech Group Holdings Company Limited and its subsidiaries

30.1 Subsidiaries

(a) Consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in the consolidated statement of comprehensive income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognised in other comprehensive income are reclassified to the consolidated statement of comprehensive income or transferred to another category of equity as specified/permitted by applicable HKFRSs.

(b) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

30.2 Business combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

30 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

30.2 Business combination *(Continued)*

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred. The excess of the

- consideration transferred;
- amount of any non-controlling interest in the acquired entity; and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

30.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker ("CODM"), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors of the Company that makes strategic decisions.

30.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements is presented in NTD, while the functional currency of the Company is HK$.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated at foreign currencies at year-end exchange rates are generally recognised in the consolidated statement of comprehensive income.

30 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

30.4 Foreign currency translation *(Continued)*

(b) Transactions and balances *(Continued)*

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in the consolidated statement of comprehensive income as part of the fair value gains or losses.

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting currency translation differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to the consolidated statement of comprehensive income, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

30.5 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The estimated useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are subsequently amortised over the estimated useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

(a) Goodwill

Goodwill is measured as described in note 30.2. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

30 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

30.5 Intangible assets *(Continued)*

(a) Goodwill *(Continued)*

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (note 5).

30.6 Impairment of non-financial assets

Goodwill are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Property, plant and equipment and intangible assets with finite useful lives are tested for impairment whenever there are indications that the assets' carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

30.7 Financial assets

(a) Classification

The Group classifies its financial assets as "financial assets" at amortised cost. These assets include "trade receivables", "deposits", "other receivables" and "cash and cash equivalents".

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, which is the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

30 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

30.7 Financial assets *(Continued)*

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, transaction costs that are directly attributable to the acquisition of the financial asset.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains, net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of comprehensive income.

(d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 15 for further details.

30.8 Cash and cash equivalents

Cash and cash equivalents include cash at banks and cash on hand.

30.9 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

30.10 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

30.11 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

30 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

30.12 Employee benefits

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to each reporting date. Non-accumulating compensated absences are not recognised until the time of leave.

Pension obligations

The employees of the Group's major subsidiary which operates in Taiwan are required to participate in a central pension scheme operated by the local government authority. This subsidiary is required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the profit or loss as they become payable in accordance with the rules of the central pension scheme.

Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

30.13 Interest income

Interest income from bank deposits calculated using the effective interest method is recognised in the consolidated statement of comprehensive income.

30.14 Borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets, which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. Other borrowing costs are expensed when incurred.

30.15 Income tax

Income tax comprises current income tax and deferred tax.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

30 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

30.15 Income tax *(Continued)*

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

30.16 Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Customers have the right of return within one year according to the relevant agreements with customers. The Group typically performs tests of its products prior to shipment. Occasionally, product tests performed after shipment identify yields below the level agreed with the customer. In those circumstances, there may be price reduction to reimburse or for the costs to return products and to ship replacement products to the customer. The Group estimates the amount of sales returns and the cost of replacement products based on the historical information as well as current information that is available to the Group.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

FINANCIAL SUMMARY

For the year ended 31 December 2024

	2024 NTD'000	2023 NTD'000	2022 NTD'000	2021 NTD'000	2020 NTD'000
Results					
Revenue	**931,958**	1,332,827	1,598,898	1,497,334	1,497,834
Profit/(loss) before income tax	**92,255**	126,281	(82,381)	118,355	196,626
Income tax (expense)/credit	**(67,975)**	(35,643)	1,945	(38,952)	(52,425)
Profit/(loss) for the year	**24,280**	90,638	(80,436)	79,403	144,201
Assets and liabilities					
Total assets	**2,444,504**	2,102,883	2,483,320	2,562,613	2,462,524
Total liabilities	**(1,624,027)**	(1,297,271)	(1,770,811)	(1,761,403)	(1,692,472)
Net assets	**820,477**	805,612	712,509	801,210	770,052