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## **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)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024**

#### **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*This announcement, 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 announcement 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 announcement misleading.*

## **HIGHLIGHTS**

- Revenue decreased by approximately 30.08% from approximately NTD1,332.83 million for the year ended 31 December 2023 to approximately NTD931.96 million for the year ended 31 December 2024.
- Profit for the year attributable to owners of the Company decreased by approximately 73.21% from profit approximately NTD90.64 million for the year ended 31 December 2023 to profit approximately NTD24.28 million for the year ended 31 December 2024.
- Basic earnings per share decreased from earnings per share NTD9.06 cents for the year ended 31 December 2023 to basic earnings per share NTD2.43 cents for the year ended 31 December 2024.
- The Board did not recommend the payment of dividend for the year ended 31 December 2024 (2023: Nil).

The board of directors (the “**Board**”) of the Company is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024, together with comparative figures for the preceding financial year, as follows:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 December 2024*

		2024	2023
	Notes	NTD’000	NTD’000
<b>Revenue</b>	3	<b>931,958</b>	1,332,827
Cost of sales	6	<u>(668,625)</u>	<u>(1,006,867)</u>
<b>Gross profit</b>		<b>263,333</b>	325,960
Other income	4	<b>19,211</b>	154
Other gains/(losses), net	4	<b>7,661</b>	(3,361)
Selling and distribution expenses	6	<b>(45,468)</b>	(57,549)
General and administrative expenses	6	<b>(132,117)</b>	(128,986)
(Provision for)/reversal of provision for impairment losses on financial assets, net	6	<u><b>(2,841)</b></u>	<u>8,645</u>
		<b>109,779</b>	144,863
Finance income	5	<b>1,146</b>	1,010
Finance costs	5	<u><b>(18,670)</b></u>	<u>(19,592)</u>
<b>Profit before income tax</b>		<b>92,255</b>	126,281
Income tax expense	7	<u><b>(67,975)</b></u>	<u>(35,643)</u>
<b>Profit for the year attributable to owners of the Company</b>		<u><b>24,280</b></u>	<u>90,638</u>
<b>Other comprehensive (loss)/income, net of tax:</b>			
Item that may be reclassified subsequently to profit or loss:			
— Exchange differences		<u><b>(9,415)</b></u>	<u>2,465</u>
<b>Total comprehensive income for the year attributable to owners of the Company</b>		<u><b>14,865</b></u>	<u>93,103</u>
<b>Earnings per share</b>			
Basic and diluted (NTD cents)	9	<u><b>2.43</b></u>	<u>9.06</u>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*As at 31 December 2024*

		<b>2024</b>	<b>2023</b>
	<i>Notes</i>	<i>NTD'000</i>	<i>NTD'000</i>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>283,639</b>	298,698
Right-of-use assets		<b>27,540</b>	18,198
Intangible assets		<b>78,850</b>	89,865
Deferred income tax assets		<b>53,191</b>	59,709
Deposits		<b>8,921</b>	6,143
		<b>452,141</b>	472,613
<b>Current assets</b>			
Inventories		<b>1,331,774</b>	1,021,300
Trade receivables	<i>10</i>	<b>208,579</b>	180,248
Prepayments, deposits and other receivables		<b>257,718</b>	277,983
Cash and cash equivalents		<b>194,292</b>	150,739
		<b>1,992,363</b>	1,630,270
<b>Total assets</b>		<b>2,444,504</b>	2,102,883
<b>Equity</b>			
Share capital		<b>38,815</b>	38,815
Reserves		<b>781,662</b>	766,797
<b>Total equity</b>		<b>820,477</b>	805,612
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Bank borrowings		<b>123,760</b>	171,867
Lease liabilities		<b>14,888</b>	9,167
		<b>138,648</b>	181,034
<b>Current liabilities</b>			
Trade payables and other payables	<i>11</i>	<b>297,678</b>	226,548
Contract liabilities	<i>11</i>	<b>669,885</b>	421,185
Lease liabilities		<b>13,359</b>	9,872
Bank borrowings		<b>468,025</b>	444,667
Current income tax liabilities		<b>36,432</b>	13,965
		<b>1,485,379</b>	1,116,237
<b>Total liabilities</b>		<b>1,624,027</b>	1,297,271
<b>Total equity and liabilities</b>		<b>2,444,504</b>	2,102,883

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

## 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

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 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
上海靖洄科技有限公司 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 the annual report.

**(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:

<b>Standards</b>	<b>Subject of amendment</b>
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 — <i>Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause</i>	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.

**(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.

		<b>Effective for annual reporting periods beginning on or after</b>
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 — <i>Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause</i>	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 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.

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

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.

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.

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

## 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
<b>Customers</b>		
A	338,113	523,306
B	110,161	204,987
C	<u>94,656</u>	<u>N/A*</u>

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

## 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.

#### 4 OTHER INCOME AND OTHER GAINS/(LOSSES), NET

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

*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.

## 5 FINANCE INCOME AND COSTS

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

## 6 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 11(b))	5,442	3,770
Employee benefit expenses	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	<u>25,767</u>	<u>26,077</u>
	<u>849,051</u>	<u>1,184,757</u>

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)
	<u>849,051</u>	<u>1,184,757</u>

(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.

## 7 INCOME TAX EXPENSE

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

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.

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

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

## 8 DIVIDENDS

	<b>2024</b> <b>NTD'000</b>	2023 NTD'000
Final dividend of Nil per share (2023: Nil per share)	<u><b>–</b></u>	<u><b>–</b></u>

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.

## 9 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.

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

**(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).

**10 TRADE RECEIVABLES**

	<b>2024</b> <i>NTD'000</i>	<b>2023</b> <i>NTD'000</i>
Trade receivables	<b>213,590</b>	182,418
Less: provision for impairment	<b>(5,011)</b>	(2,170)
	<b><u>208,579</u></b>	<b><u>180,248</u></b>

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.

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

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

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:

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

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

#### **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.

## **11 TRADE AND OTHER PAYABLES**

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

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

**(a) Trade payables**

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

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

**(b) Provision for warranty**

	<i>NTD'000</i>
As at 1 January 2023	19,883
Additional provision	15,975
Utilised during the year	(3,948)
Reversal during the year	<u>(12,205)</u>
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	<u>(10,180)</u>
<b>As at 31 December 2024</b>	<b><u>17,671</u></b>

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.

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

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.

## 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 announcement.

### **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 announcement, 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).

### **OTHER INFORMATION**

#### **Compliance with Code of Conduct for Directors' Securities Transactions**

The Company has adopted a code of conduct regarding securities transactions by the Directors (“**Securities Code**”) on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

Having made specific enquiry, all the Directors have confirmed their compliance with the Securities Code since the date of Listing up to 31 December 2024.



## **Compliance with the Corporate Governance Code**

The Group has adopted the principles and code provisions set out in the Corporate Governance Code (the “**Corporate Governance Code**”) contained in Appendix C1 to the GEM Listing Rules. To the best knowledge of the Directors, except for the deviation from provision C.2.1 of the Corporate Governance Code, the Group has no material deviation from the Corporate Governance Code. Provision C.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Yang Ming-Hsiang is the chairman of the Board (the “**Chairman**”) and the chief executive officer of the Company (the “**CEO**”). In view of Mr. Yang having assumed day-to-day responsibilities in operating and managing the Group since 2009 and the rapid development of the Group, the Board believes that with the support of Mr. Yang’s extensive experience and knowledge in the business of the Group, vesting the roles of both the Chairman and the CEO in Mr. Yang strengthens the solid and consistent leadership and thereby allows for efficient business planning and decision making which is in the best interests of the Group.

The Directors consider that the deviation from provision C.2.1 of the Corporate Governance Code is appropriate in such circumstances. 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.

The Group is committed to achieving high standards of corporate governance with a view to safeguarding the interests of its Shareholders as a whole. The Directors are aware that the Group is expected to comply with such code provisions. Any such deviation shall however be carefully considered, and the reasons for such deviation shall be given in the annual report in respect of the relevant period. Save as disclosed above, the Company has complied with all the code provisions set out in the Corporate Governance Code since the date of Listing.

## **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.

### **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.

### **Scope of Work of the Company's Auditor**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary announcement.

### **Annual General Meeting**

The annual general meeting ("AGM") of the Company is scheduled to be held on 25 June 2025. The AGM notice will be issued and despatched in due course.

## **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.

**PUBLICATION OF ANNUAL REPORT ON THE WEBSITES OF THE  
COMPANY AND THE STOCK EXCHANGE**

According to the GEM Listing Rules, the 2024 Annual Report of the Company shall contain all information as required by the GEM Listing Rules and will be published on the Company's website at [www.genestech.com](http://www.genestech.com) and the Stock Exchange website at [www.hkexnews.hk](http://www.hkexnews.hk) in due course.

By Order of the Board  
**Genes Tech Group Holdings Company Limited**  
**Yang Ming-Hsiang**  
*Chairman and Executive Director*

Taiwan, 25 March 2025

*As at the date of this announcement, the executive Directors are Mr. Yang Ming-Hsiang, Ms. Wei Hung-Li and Mr. Chiang Ting-Kuo; and the independent non-executive Directors are Mr. Kam, Eddie Shing Cheuk, Mr. Cheng Chun Shing and Mr. Ho Pak Chuen Brian.*

*This announcement will remain on the "Latest Listed Company Information" page of Stock Exchange website at [www.hkexnews.hk](http://www.hkexnews.hk) for at least 7 days from the date of its posting. This announcement will also be published and remains on the Company's website at [www.genestech.com](http://www.genestech.com) on the "Investor Relations" page.*