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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 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.*

**UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF
COMPREHENSIVE INCOME**

For the six months ended 30 June 2024

		Six months ended 30 June	
	<i>Notes</i>	2024	2023
		<i>NTD'000</i>	<i>NTD'000</i>
		(unaudited)	(unaudited)
Revenue	6	535,007	749,511
Cost of sales	7	<u>(378,421)</u>	<u>(539,902)</u>
Gross profit		156,586	209,609
Other income		2,863	154
Other gains/(losses), net		9,985	(7,304)
Selling and distribution expenses	7	(25,537)	(28,298)
General and administrative expenses	7	<u>(71,008)</u>	<u>(62,643)</u>
		72,889	111,518
Finance income		638	539
Finance costs		<u>(9,835)</u>	<u>(10,058)</u>
Profit before income tax		63,692	101,999
Income tax expense	8	<u>(24,989)</u>	<u>(25,410)</u>
Profit for the period attributable to owners of the Company		<u>38,703</u>	<u>76,589</u>
<i>Other comprehensive loss, net of tax:</i>			
Item that may be reclassified subsequently to profit or loss:			
— Exchange differences		<u>(7,403)</u>	<u>(251)</u>
Total comprehensive income for the period attributable to owners of the Company		<u>31,300</u>	<u>76,338</u>
Earnings per share			
— Basic and diluted (NTD cents)	9	<u>3.87</u>	<u>7.66</u>

**UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF
FINANCIAL POSITION**

As at 30 June 2024

		30 June 2024	31 December 2023
	<i>Notes</i>	<i>NTD'000</i>	<i>NTD'000</i>
		(unaudited)	(audited)
Assets			
Non-current assets			
Property, plant and equipment	<i>10</i>	291,409	298,698
Right-of-use assets		23,099	18,198
Intangible assets	<i>10</i>	84,174	89,865
Deferred income tax assets		62,126	59,709
Deposits		4,733	6,143
		<u>465,541</u>	<u>472,613</u>
Current assets			
Inventories		1,076,736	1,021,300
Trade receivables	<i>11</i>	229,400	180,248
Prepayments, deposits and other receivables		274,009	277,983
Cash and cash equivalents		119,084	150,739
		<u>1,699,229</u>	<u>1,630,270</u>
Total assets		<u>2,164,770</u>	<u>2,102,883</u>
Equity			
Share capital	<i>14</i>	38,815	38,815
Reserves		798,097	766,797
		<u>836,912</u>	<u>805,612</u>

		30 June 2024	31 December 2023
	<i>Notes</i>	<i>NTD'000</i> (unaudited)	<i>NTD'000</i> (audited)
Liabilities			
Non-current liabilities			
Bank borrowings	<i>13</i>	147,595	171,867
Lease liabilities		12,600	9,167
		<u>160,195</u>	<u>181,034</u>
Current liabilities			
Trade and other payables	<i>12</i>	264,554	226,548
Contract liabilities		399,785	421,185
Lease liabilities		11,413	9,872
Bank borrowings	<i>13</i>	472,601	444,667
Current income tax liabilities		19,310	13,965
		<u>1,167,663</u>	<u>1,116,237</u>
Total liabilities		<u>1,327,858</u>	<u>1,297,271</u>
Total equity and liabilities		<u>2,164,770</u>	<u>2,102,883</u>

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Share capital <i>NTD'000</i>	Share premium <i>NTD'000</i>	Statutory reserve <i>NTD'000</i>	Other reserve <i>NTD'000</i>	Exchange reserve <i>NTD'000</i>	Retained earnings <i>NTD'000</i>	Total equity <i>NTD'000</i>
As at 1 January 2023 (audited)	38,815	146,571	136,877	182,226	(16,375)	224,395	712,509
Profit for the period	-	-	-	-	-	76,589	76,589
Other comprehensive loss	-	-	-	-	(251)	-	(251)
Total comprehensive (loss)/ income for the period	-	-	-	-	(251)	76,589	76,338
Transfer to statutory reserve	-	-	13,896	-	-	(13,896)	-
As at 30 June 2023 (unaudited)	<u>38,815</u>	<u>146,571</u>	<u>150,773</u>	<u>182,226</u>	<u>(16,626)</u>	<u>287,088</u>	<u>788,847</u>
As at 1 January 2024 (audited)	38,815	146,571	150,773	182,226	(13,910)	301,137	805,612
Profit for the period	-	-	-	-	-	38,703	38,703
Other comprehensive loss	-	-	-	-	(7,403)	-	(7,403)
Total comprehensive (loss)/ income for the period	-	-	-	-	(7,403)	38,703	31,300
Transfer to statutory reserve	-	-	18,871	-	-	(18,871)	-
As at 30 June 2024 (unaudited)	<u>38,815</u>	<u>146,571</u>	<u>169,644</u>	<u>182,226</u>	<u>(21,313)</u>	<u>320,969</u>	<u>836,912</u>

**UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF
CASH FLOWS**

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	<i>NTD'000</i>	<i>NTD'000</i>
	(unaudited)	(unaudited)
Cash flows from operating activities		
Cash generated from/(used in) operations	10,491	(78,215)
Income tax paid	(22,093)	(33,256)
	<u>(11,602)</u>	<u>(111,471)</u>
Net cash used in operating activities	(11,602)	(111,471)
Cash flows from investing activities		
Purchase of intangible assets	(1,143)	(3,929)
Interest received	638	539
Purchase of property, plant and equipment	(965)	(1,539)
Disposal and scraping of property, plant and equipment losses	–	47
	<u>(1,470)</u>	<u>(4,882)</u>
Net cash used in investing activities	(1,470)	(4,882)
Cash flows from financing activities		
Interest paid	(8,731)	(8,285)
Proceeds from bank borrowings	247,778	315,284
Repayments of bank borrowings	(244,116)	(316,677)
Principal elements of lease payments	(5,891)	(6,956)
Interest elements of lease payments	(222)	(269)
	<u>(11,182)</u>	<u>(16,903)</u>
Net cash used in financing activities	(11,182)	(16,903)
Net decrease in cash and cash equivalents	(24,254)	(133,256)
Cash and cash equivalents at beginning of period	150,739	239,675
Effect of foreign exchange rate changes	(7,401)	(276)
	<u>119,084</u>	<u>106,143</u>
Cash and cash equivalents at end of period	119,084	106,143
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents	119,084	106,143

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL

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 condensed consolidated interim financial information are presented in New Taiwan dollars (“**NTD**”) and rounded to the nearest thousand (“**NTD’000**”), unless otherwise stated.

2 BASIS OF PREPARATION

These condensed consolidated interim financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34, “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure provisions of the GEM Listing Rules. The condensed consolidated interim financial information should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA.

For those new standards, amendments to standards and interpretations which have been issued but are not yet effective and have not been early adopted in prior accounting periods, the Group is in the process of assessing their impact on the Group’s results and financial position.

Taxes on income for the six month periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

The preparation of the condensed consolidated interim financial information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these unaudited condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2023, with the exception of changes in accounting policy as described below.

The Group has adopted and applied the following new standards and amendments to standards that have been issued and effective for the accounting periods beginning on 1 January 2024. The adoption of these new standards and amendments to standards has no material impact on the Group's consolidated results and financial position.

HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies
HKAS 8 (Amendments)	Definition of Accounting Estimates
HKAS 12 (Amendments)	Deferred tax related to assets and liabilities arising from a single transaction
HKAS 12 (Amendments)	International Tax Reform — Pillar Two Model Rules
HKFRS 17	Insurance Contracts
HKFRS 17 (Amendments)	HKFRS 17
HKFRS 17 (Amendments)	Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information

4 ESTIMATES

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were similar to those that were applied to the consolidated financial statements for the year ended 31 December 2023.

5 FINANCIAL RISK MANAGEMENT

5.1 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 condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2023.

There have been no changes in the risk management arrangement and policies since 31 December 2023.

5.2 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 30 June 2024 and 31 December 2023. The Group's gearing ratio, as calculated by dividing the Group's net debt by the Group's total equity, as at 30 June 2024 is approximately 59.88% (31 December 2023: approximately 57.82%).

5.3 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 borrowings approximate to their fair values which are estimated based on the discounted cash flows.

5.4 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.

6 REVENUE AND 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 periods, 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.

	Six months ended 30 June	
	2024	2023
	<i>NTD'000</i>	<i>NTD'000</i>
	(unaudited)	(unaudited)
Provision of turnkey solution	226,597	373,366
Trading of parts and used semiconductor manufacturing equipment	308,410	376,145
Revenue recognised at a point in time	<u>535,007</u>	<u>749,511</u>

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.

	Six months ended 30 June	
	2024	2023
	<i>NTD'000</i>	<i>NTD'000</i>
	(unaudited)	(unaudited)
Taiwan (place of domicile)	195,244	492,732
United States	126,809	109,754
PRC	85,243	106,859
Singapore	74,427	38,734
Japan	52,393	734
Korea	537	–
Germany	354	698
	<u>535,007</u>	<u>749,511</u>

Information about major customers

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

	Six months ended 30 June	
	2024	2023
	NTD'000	NTD'000
	(unaudited)	(unaudited)
Customers		
A	223,819	351,817
B	58,105	98,312
C	*	94,285

* The corresponding customers did not contribute over 10% of total revenue of the Group.

7 EXPENSES BY NATURE

	Six months ended 30 June	
	2024	2023
	NTD'000	NTD'000
	(unaudited)	(unaudited)
Auditors' remuneration		
— Audit services	6,013	5,307
— Non-audit services	120	131
Cost of materials used	254,768	407,244
Amortisation of intangible assets (<i>note (a)</i>)	6,282	6,070
Depreciation of property, plant and equipment (<i>note (b)</i>)	8,557	6,803
Depreciation of right-of-use assets	6,186	7,281
Research expense	672	335
Provision for warranty, net	3,762	8,252
Commission	6,953	7,938
Employee benefit expenses	126,550	129,764
Professional fees	5,731	3,427
Expense relating to short-term leases	1,935	2,272
Delivery charges	5,302	7,405
Travelling	12,106	8,644
Insurance	13,024	12,844
Entertainment	2,375	1,916
Utilities	1,865	2,068
Others	12,765	13,142
	<u>474,966</u>	<u>630,843</u>

Notes:

- (a) Amortisation of intangible assets is included in “General and administrative expenses”.
- (b) Depreciation of property, plant and equipment is included in “Cost of sales” and “General and administrative expenses” amounting to approximately NTD5,564,000 (six months ended 30 June 2023: NTD4,812,000) and NTD2,993,000 (six months ended 30 June 2023: NTD1,991,000), respectively, for the period.

8 INCOME TAX EXPENSE

Income tax is recognised based on management’s estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is approximately 23.6% (30 June 2023: 23.6%).

9 EARNINGS PER SHARE

(a) Basic

The calculations of basic earnings per share are based on the profit for the period attributable to owners of the Company of approximately NTD38,703,000 (six months ended 30 June 2023: approximately NTD76,589,000) and the weighted average of 1,000,000,000 (six months ended 30 June 2023: 1,000,000,000) shares in issue during the period.

	Six months ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
Profit attributable to owners of the Company (<i>NTD'000</i>)	38,703	76,589
Weighted average number of ordinary shares in issue (<i>thousands</i>)	1,000,000	1,000,000
Basic earnings per share (<i>NTD cents per share</i>)	3.87	7.66

(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 periods.

10 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the six months ended 30 June 2024, the Group acquired at cost, leasehold improvements of approximately NTD129,000 (six months ended 30 June 2023: approximately NTD471,000) and office equipment of approximately NTD1,140,000 (six months ended 30 June 2023: approximately NTD798,000) but did not incur expenditure regarding construction in progress (six months ended 30 June 2023: Nil).

The Group has additions in intangible assets of approximately NTD590,000 during the six months ended 30 June 2024 (six months ended 30 June 2023: approximately NTD3,310,000).

11 TRADE RECEIVABLES

	At 30 June 2024 NTD'000 (unaudited)	At 31 December 2023 NTD'000 (audited)
Trade receivables	231,570	182,418
Less: provision for impairment	<u>(2,170)</u>	<u>(2,170)</u>
	<u><u>229,400</u></u>	<u><u>180,248</u></u>

The Group normally allows credit period ranging from 30 to 90 days (31 December 2023: 30 to 90 days) to its major customers.

The Group applies the HKFRS 9 simplified approach to measuring 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 asset 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:

	At 30 June 2024 NTD'000 (unaudited)	At 31 December 2023 NTD'000 (audited)
0–30 days	167,435	92,590
31–90 days	23,456	35,644
91–180 days	24,149	24,551
181–365 days	9,984	22,465
Over 1 year	<u>4,376</u>	<u>4,998</u>
	<u><u>229,400</u></u>	<u><u>180,248</u></u>

Trade receivables are related to a number of customers that had a good track record of credit with the Group. Based on past credit history, with the consideration of current and forward looking information, the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality.

As at 30 June 2024, NTD2,170,000 of impairment loss allowance has been provided (31 December 2023: NTD2,170,000).

12 TRADE AND OTHER PAYABLES

	At 30 June 2024 <i>NTD'000</i> (unaudited)	At 31 December 2023 <i>NTD'000</i> (audited)
Trade payables (<i>note (a)</i>)	155,542	108,915
Other payables	1,030	1,073
Accruals	85,587	96,855
Provision for warranty	22,395	19,705
	<u>264,554</u>	<u>226,548</u>

(a) Trade payables

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

	At 30 June 2024 <i>NTD'000</i> (unaudited)	At 31 December 2023 <i>NTD'000</i> (audited)
Current or less than 1 month	51,109	50,239
1 to 3 months	79,975	36,210
More than 3 months to 1 year	21,878	14,197
More than 1 year	2,580	8,269
	<u>155,542</u>	<u>108,915</u>

13 BANK BORROWINGS

	30 June 2024			31 December 2023		
	Current NTD'000 (unaudited)	Non-current NTD'000 (unaudited)	Total NTD'000 (unaudited)	Current NTD'000 (audited)	Non-current NTD'000 (audited)	Total NTD'000 (audited)
<i>Secured</i>						
Bank borrowings (note (a))	262,000	–	262,000	262,000	–	262,000
Long-term bank borrowings (note (b))	10,402	67,615	78,017	10,402	72,816	83,218
Total secured borrowings	272,402	67,615	340,017	272,402	72,816	345,218
<i>Unsecured</i>						
Bank borrowings (note (c))	162,067	–	162,067	134,173	–	134,173
Long-term bank borrowings (note (d))	38,132	79,980	118,112	38,092	99,051	137,143
Total unsecured borrowings	200,199	79,980	280,179	172,265	99,051	271,316
Total borrowings	472,601	147,595	620,196	444,667	171,867	616,534

Notes:

- (a) As at 30 June 2024, the secured short-term bank borrowings represented two loans secured by land and building of the Group and repayable upon maturity. (31 December 2023: same)
- NTD175,000,000 is bearing an interest at 0.84% above the variable interest rate for one-year post office deposits per annum. (31 December 2023: same)
 - NTD87,000,000 is bearing an interest at 0.66% above the variable interest rate for one-year post office deposits per annum. (31 December 2023: same)
- (b) As at 30 June 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. (31 December 2023: same)
- NTD15,517,000 (with principal amount of NTD25,000,000) is repayable in 145 monthly installments. (31 December 2023: NTD16,551,000)
 - NTD62,500,000 (with principal amount of NTD125,000,000) is repayable in 180 monthly installments. (31 December 2023: NTD66,667,000)

- (c) As at 30 June 2024, unsecured short-term bank borrowings represent four term loans of NTD140,000,000 and trade loans of NTD22,067,462 . (31 December 2023: three term loans of NTD80,000,000 and trade loans of NTD54,173,000)
- 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. (31 December 2023: same)
 - NTD30,000,000 (with principal amount of NTD30,000,000) is bearing an interest at 1.18% above the variable interest rate for one-year post office deposits per annum. (31 December 2023: same)
 - 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. (31 December 2023: same)
 - NTD60,000,000 (with principal amount of NTD60,000,000) is bearing an interest at 0.86% above the bank's one-month deposit rate. (31 December 2023: Nil)
 - The trade loans are bearing an interest of 0.52% above the bank's foreign currency interest rate. (31 December 2023: same)
 - The trade loans are bearing an interest of 0.565% above the variable interest rate for one-year post office deposits per annum. (31 December 2023: Nil)
- (d) As at 30 June 2024, the unsecured long-term bank borrowings represented two loans. (31 December 2023: same)
- NTD100,000,000 (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. (31 December 2023: NTD117,143,000 is bearing an interest at 1.59% above the variable interest rate for one-year post office deposits per annum)
 - NTD18,112,000 (with principal amount of NTD20,000,000) is bearing an interest at 0.68% above the variable interest rate for one-year post office deposit per annum repayable in 60 monthly installments. (31 December 2023: NTD20,000,000)

The bank interests are charged at rate ranging from 2.225% to 6.437% (31 December 2023: 2.25% to 6.818%) per annum as 30 June 2024.

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

	At 30 June 2024 NTD'000 (unaudited)	At 31 December 2023 NTD'000 (audited)
Within 1 year	472,601	444,667
More than 1 year, but not exceeding 2 years	48,634	48,589
More than 2 years, but not exceeding 5 years	72,956	92,071
After 5 years	26,005	31,207
	<u>620,196</u>	<u>616,534</u>

The Group has undrawn borrowing facilities of approximately NTD369,552,000 (31 December 2023: approximately NTD394,759,000).

14 SHARE CAPITAL

	Number of Shares (unaudited)	Share capital NTD'000 (unaudited)
As at 31 December 2023, 1 January 2024 and 30 June 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	<u>1,000,000,000</u>	<u>38,815</u>

15 DIVIDENDS

The Board does not recommend payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

16 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 are as follows:

	At 30 June 2024 <i>NTD'000</i>	At 31 December 2023 <i>NTD'000</i>
Within 1 year	<u>979</u>	<u>1,594</u>

17 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 period:

Key management personnel compensation

	Six months ended 30 June	
	2024	2023
	<i>NTD'000</i>	<i>NTD'000</i>
	(unaudited)	(unaudited)
Short-term employee benefits		
— salaries, allowances and benefits in kind	14,927	11,655
Post-employment benefits		
— defined contribution retirement plans	<u>176</u>	<u>168</u>
	<u>15,102</u>	<u>11,823</u>

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

In the first half of 2024, the semiconductor industry faced multiple challenges. The rise of generative artificial intelligence (AI) technology has indeed provided significant growth impetus for demands on chip and memory, injecting new vitality into the industry. However, the uncertainty of the global economic environment, high inflation levels and the weak consumer market, along with the slowdown in the growth of the industrial and automotive sectors, collectively exerted pressure on the semiconductor industry, leading to a slower-than-expected pace of recovery for the entire semiconductor industry.

According to the data recently released by the Semiconductor Industry Association (SIA), the monthly sales of the global semiconductor industry have achieved year-on-year growth since 2024. In May, sales reached USD49.1 billion, with an annual growth rate of 19.3% and a monthly growth rate of 4.1%. Such annual growth rate was the highest since April 2022, showcasing the vigorous development trend of generative AI applications, which brought a strong growth momentum to the semiconductor industry.

According to data from the International Data Corporation (IDC), global smartphone shipments experienced a year-on-year growth of 6.5% in the second quarter of 2024, reaching a total of 285.4 million units. This indicates that AI smartphones will drive market growth in the future, accounting for 19% of the entire market in 2024. On the other hand, based on preliminary statistics from Gartner, global personal computer (PC) shipments reached 60.6 million units in the second quarter of 2024, representing a 1.9% increase compared to the second quarter of 2023. Furthermore, the PC inventory increased continuously by 7.8% from the first quarter to the second quarter of 2024, gradually returning to average levels. The organization also mentioned that the PC industry has been actively promoting Artificial Intelligence Personal Computer (AI PC) since 2024. Rho Motion has indicated that in June 2024, global sales of all-electric and plug-in hybrid electric vehicles (PHEV) increased by 13% compared to the same period in 2023. According to recent report by TrendForce, in the second quarter, it was estimated that the shipments of Artificial Intelligence Server (AI Server) would record a quarterly growth of nearly 20%, with the full-year shipments increased to 1.67 million units, representing an annual growth rate of 41.5%.

In the semiconductor market, Artificial Intelligence (AI) is playing an increasingly important role, driving the development of the entire industry. The Group is committed to closely following market trends, seizing opportunities in market transformation, and actively exploring new business opportunities to seek broader development space, so as to further enhance the Group's core competitiveness.

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 six months ended 30 June 2024, the total revenue of the Group amounted to approximately NTD535.01 million (Corresponding period in 2023: approximately NTD749.51 million). Total comprehensive income attributable to owners of the Company amounted to approximately NTD31.30 million (Corresponding period in 2023: approximately NTD76.34 million). Basic earnings per share were approximately NTD3.87 cents (Corresponding period in 2023: approximately NTD7.66 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 six months ended 30 June 2024, the revenue from turnkey solutions of the Group amounted to approximately NTD226.60 million (Corresponding period in 2023: approximately NTD373.37 million), accounting for approximately 42.35% of the Group's total revenue (Corresponding period in 2023: approximately 49.81%).

TRADING OF PARTS AND USED SME

During the period under review, the Group recorded revenue of approximately NTD308.41 million (Corresponding period in 2023: approximately NTD376.15 million) from the trading of parts and used SME, accounting for approximately 57.65% of the total revenue of the Group (Corresponding period in 2023: approximately 50.19%).

FINANCIAL REVIEW

For the six months ended 30 June 2024, the total revenue of the Group amounted to approximately NTD535.01 million (Corresponding period in 2023: approximately NTD749.51 million). During the period under review, the Group recorded revenue from turnkey solutions of approximately NTD226.60 million (corresponding period in 2023: approximately NTD373.37 million); and the Group recorded revenue from the trading of parts and used SME of approximately NTD308.41 million (corresponding period in 2023: approximately NTD376.15 million).

Under the ongoing geopolitical tensions, the Group has demonstrated a high level of market sensitivity and strategic resilience, accurately capturing market opportunities. We have deepened cooperation with existing international clients and continually explored new areas and models of collaboration. During the period under review, the Group's revenue from operations in Japan significantly increased by 7,038.01% compared with last year, representing approximately 9.79% of the Group's total revenue, while revenue from operations in the United States increased by 15.54% from last year, representing approximately 23.70% of the Group's total revenue.

During the period under review, the gross profit of the Group amounted to approximately NTD156.59 million (Corresponding period in 2023: approximately NTD209.61 million), while the gross profit margin was approximately 29.27% (Corresponding period in 2023: approximately 27.97%).

For the six months ended 30 June 2024, total comprehensive income attributable to owners of the Company amounted to approximately NTD31.30 million (Corresponding period in 2023: approximately NTD76.34 million), while basic earnings per share amounted to approximately NTD3.87 cents (Corresponding period in 2023: approximately NTD7.66 cents).

OUTLOOK

With the rapid development of AI technology, the market is entering a new era fully empowered by AI. This transformation not only deeply reconstructs industry ecosystems but also opens unprecedented golden opportunities for the semiconductor industry. The robust demand for AI and high-performance computing data centers is driving chip manufacturers to establish closer collaborations with memory, packaging and testing companies, working together to build a strong ecosystem, thus enhancing the overall competitiveness of the entire industry chain.

According to the latest forecast report released by the World Semiconductor Trade Statistics (WSTS), as businesses worldwide increasingly invest in AI projects, there is a significant surge in demand for memory and certain logic chips. In light of this, WSTS has raised its forecast for the global semiconductor market size in 2024, with the latest growth of 16% year-on-year to USD611 billion to reflect the strong performance of the market in the past two quarters, especially in the computer terminal market. Furthermore, WSTS predicts that both of logic and memory will achieve double-digit growth in 2024, with logic integrated circuits expected to grow by 10.7%, and memory integrated circuits expected to increase by 76.8%. In contrast, other semiconductor product categories, including discrete devices, optoelectronic devices, sensors, and analog semiconductors, are expected to experience single-digit declines. With the continual expansion of AI demand, WSTS estimates the global semiconductor market will grow at an annual rate of 12.5% in 2025, amounting to USD687.38 billion. At the same time, SIA also predicts that global semiconductor industry sales are poised to achieve an annual growth of 16.0% in 2024, reaching USD611.2 billion, with further growth to USD687.4 billion in 2025, setting historical highs for two consecutive years. According to recent forecasts from Gartner, global AI semiconductor revenue is expected to reach USD71 billion in 2024, representing a 33% growth from 2023.

Driven by the dual recovery of supply and demand, Canalys predicts that global smartphone shipments will recover by 3% in 2024, reaching 1.18 billion units. Concurrently, the global penetration rate of AI mobile phones will climb to 16%. In the long term, global smartphone shipments are expected to maintain moderate growth from 2024 to 2028, with a compound annual growth rate of approximately 2%.

According to recent research by TrendForce, global notebook computer shipments in 2024 continues to face dual pressures from geopolitical tensions and a high-interest-rate environment, which suppresses market dynamics to a certain extent. However, overall, the market was actively driven by the replacement demand from entry-level consumers and the education sector in the first half of the year. Moving into the second half of the year, once the economic environment stabilizes and more AI notebook models are released, the enterprises' demand for upgrades to high-performance notebooks will be stimulated in the market. TrendForce expects the full-year shipments to reach 173.45 million units, representing a 3.6% increase compared to 2023. Additionally, the organization points out that under strict regulations, new AI notebook computer models will be gradually introduced in the second half of 2024, with the market penetration rate expected to reach approximately 1% in 2024. Looking ahead to 2025, as AI applications continue to evolve, these devices will be able to handle more complex tasks, provide a better user experience, and enhance productivity. Consequently, TrendForce anticipates that the penetration rate of AI notebook computers will rapidly increase to 20.4%, with expectations for continuous growth in the coming years. Gartner predicts that by 2024, AI PC shipments will account for 22% of the total PC shipments, and the enterprise PC purchases will entirely shift towards AI PC by the end of 2026. Among them, in 2024, revenue from AI chips in the computational electronics sector is expected to reach USD33.4 billion, representing 47% of total revenue of AI semiconductors, marking the highest proportion in the electronics equipment sector.

According to the research on the “Global Automotive Semiconductor Ecosystem and Supply Chain” by International Data Corporation (IDC), the global automotive semiconductor market is continuing to grow as the automotive industry moves towards digitization and intelligence. IDC predicts that with the proliferation of advanced driver assistance systems (ADAS), electric vehicles (EV) and the Internet of Vehicles (IoV), the demand for high-performance computing chips (HPC), image processors (IPUs), radar chips and lidar sensors among other semiconductors is increasing. In addition, research also predicts that the demand for automotive semiconductors will increase significantly in the next few years. From a macro perspective, various governments' restrictions on automotive emissions and supportive policies for new energy vehicles further stimulate the market demand for electric vehicles and hybrid electric vehicles (HEV). It is predicted that the global automotive semiconductor market size will exceed USD8.8 billion by 2027, with a compound annual growth rate of 12% from 2023 to 2027. Gartner forecasts that revenue from AI chips in the automotive electronics sector will reach USD7.1 billion in 2024.

According to Gartner's forecast, generative AI is driving the increasing demand for high-performance AI chips in data centers. It is estimated that the total value of AI accelerators used in servers will reach USD21 billion by 2024, and is expected to grow further to USD33 billion by 2028.

The complex geopolitical landscape continues to have profound effects on the global semiconductor industry, especially in AI, which is a core area of Sino-US competition. The Group will adopt a cautious strategy, flexibly adapting to market changes and seizing development opportunities. At the same time, the Group will also strive to achieve breakthroughs in key technologies to solidify our market position in intense competition, aiming to create long-term and sustainable value returns for the shareholders.

LIQUIDITY AND CAPITAL RESOURCES

The Group had met its liquidity requirements principally through a combination of internal resources and bank borrowings for the six months ended 30 June 2024. The Group's primary use of cash has been, and is expected to continue to be, satisfying its working capital needs.

As at 30 June 2024, the borrowings of the Group totaled approximately NTD620.20 million (31 December 2023: approximately NTD616.53 million). As at 30 June 2024, the gearing ratio of the Group, as calculated by dividing the Group's net debt by the Group's total equity, was approximately 59.88% (31 December 2023: approximately 57.82%).

CHARGE ON ASSETS

As at 30 June 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 NTD256.00 million (31 December 2023: approximately NTD258.25 million).

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 30 June 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 30 June 2024, the Group employed approximately 262 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 six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

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 30 June 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 ("Mr. Yang")	Beneficial owner	37,975,000	3.80%
	Interest in persons acting in concert (<i>Note</i>)	<u>664,075,000</u>	<u>66.41%</u>
		<u>702,050,000</u>	<u>70.21%</u>
Ms. Wei Hung-Li ("Ms. Wei")	Beneficial owner	29,125,000	2.91%
	Interest in persons acting in concert (<i>Note</i>)	<u>672,925,000</u>	<u>67.30%</u>
		<u>702,050,000</u>	<u>70.21%</u>

Note: 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 (former Director) and Mr. Fan Chiang-Shen (former Director), 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.

Save as disclosed above, as at 30 June 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 30 June 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%
		<u>702,050,000</u>	<u>70.21%</u>
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%
		<u>702,050,000</u>	<u>70.21%</u>
Mr. Lin Yen-Po ("Mr. Lin") (Note 5)	Beneficial owner	1,200,000	0.12%
	Interest in persons acting in concert (Note 5)	700,850,000	70.09%
		<u>702,050,000</u>	<u>70.21%</u>

Notes:

- (1) Queenbest is a company incorporated in the British Virgin Islands (the “**BVI**”). As at the date of this announcement, it was held by 30 individual shareholders and Mr. Yang was interested in approximately 27.6%, Ms. Wei was interested in approximately 10.2%, two former Directors Mr. Lin and Mr. Fan, were interested in approximately 5.1% and 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 8.44%.
- (2) Ever Wealth is a company incorporated in the Republic of Seychelles. As at the date of this announcement, 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 former Director Mr. Lin 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 announcement, it was held by 10 individual shareholders and Mr. Yang was interested in approximately 28.5%, Ms. Wei was interested in approximately 4.3%, two former Directors Mr. Lin and Mr. Fan were interested in approximately 17.8% and 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 announcement, it was held by 4 individual shareholders and none of them controlled Tai Yi. 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 (former Director) and Mr. Fan (former Director) 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 30 June 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 30 June 2024 and up to the date of this announcement, have the Directors and the chief executive of the Company and 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), as of 30 June 2024 and up to the date of this announcement 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 executive of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporations (within the meaning of the SFO).

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the period from 14 July 2017 (the “**Listing Date**”) to 30 June 2024, 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 may be in competition or otherwise had any conflicts of interests with the Group’s business.

DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR MATERIAL CONTRACTS

There was 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 during the period from the Listing Date to 30 June 2024.

DIRECTORS' SECURITIES TRANSACTIONS/MODEL CODE FOR SECURITIES TRANSACTIONS

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 period from 1 January 2024 to 30 June 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.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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 is the Chief Executive Officer, and he also performs as 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.

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.

CHANGES OF INFORMATION OF DIRECTORS

During the period under review, pursuant to the disclosure requirement under Rule 17.50A(1) of the GEM Listing Rules, the changes in information of the below Director is as follows:

1. Mr. Ho Pak Chuen Brian, an independent non-executive Director of the Company, has served as an independent non-executive Director of Ajisen (China) Holdings Limited (a company listed on the Main Board of The Stock Exchange of Hong Kong Limited, stock code: 538), since 5 April 2024.

Save as disclosed above, as of the date of this announcement, there was no other information required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

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 controls, internal control and risk management systems, and (c) reviewing the Group’s financial and accounting policies and practices.

The unaudited condensed consolidated second quarterly results of the Group for the six months ended 30 June 2024 have not been audited.

The Audit Committee has reviewed with the management the unaudited condensed consolidated second quarterly results of the Group for the six months ended 30 June 2024, the second quarterly report, the accounting principles and practices adopted by the Group, and other financial reporting matters. The Audit Committee is satisfied that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

SHARE OPTION SCHEME

A share option scheme was adopted and approved by the then shareholders of the Company on 20 June 2017 (the “**Share Option Scheme**”). As at 30 June 2024 and up to the date of this announcement, there was no option granted, exercised, lapsed or cancelled under the Share Option Scheme. As of 30 June 2024 and up to the date of this announcement, there was no outstanding share option not yet exercised under the Share Option Scheme.

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

From 1 January 2024 to 30 June 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed shares.

By order of the Board
Yang Ming-Hsiang
Chairman and Chief Executive Officer

Taiwan, 14 August 2024

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 Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication. This announcement will also be published on the Company's website at www.genestech.com.