
SUMMARY

This summary aims to give you an overview of the information contained in this document and should be read in conjunction with the full text of this document. As it is a summary, it does not contain all the information that may be important to you. You should read the whole document, including our financial statements and the accompanying notes, before you decide to invest in the [REDACTED]. Some of the particular risks in investing in the [REDACTED] are set out in the section headed “Risk Factors” in this document. You should read that section carefully before you invest in the [REDACTED]. Various expressions used in this section are defined or explained in “Definitions” and “Glossary of Technical Terms” in this document.

OVERVIEW

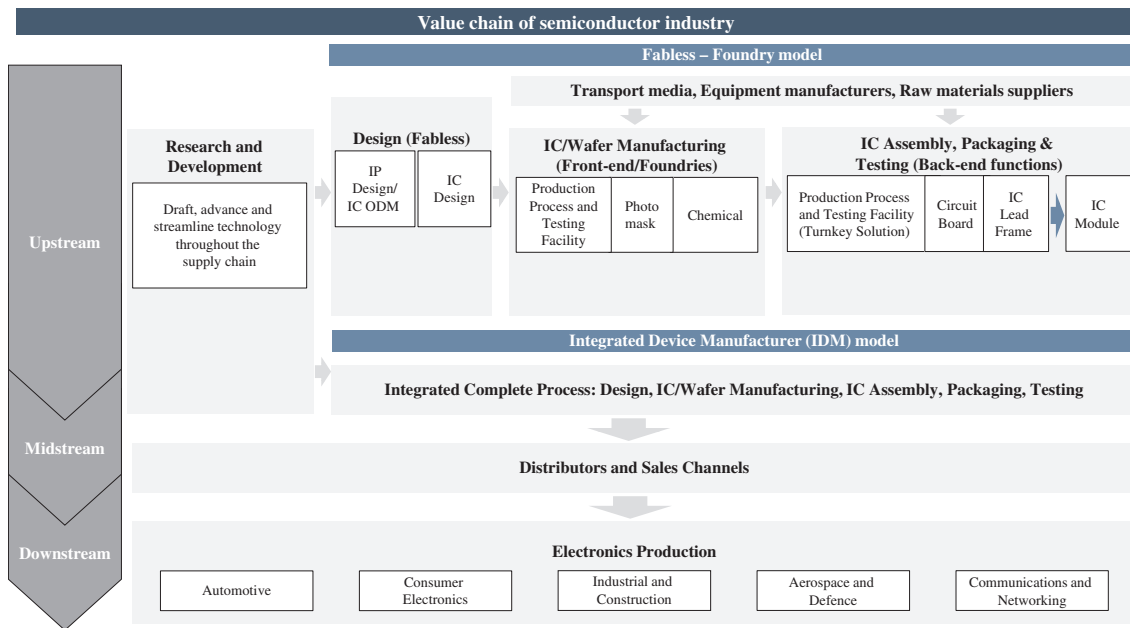
Established in 2005, we are a back-end semiconductor transport media manufacturer engaging in precision manufacturing on engineering plastics casings, in which we derived our revenue principally from the sales of tray and tray related products during the Track Record Period. Other than specialising in the design, development, manufacture and sales of tray and tray related products, we have also included carrier tape in our product categories since 2019. In addition to back-end semiconductor transport media, we are also provider of Micro-Electro-Mechanical-System (MEMS) and sensor packaging. According to the F&S Report, the market share of tray and tray related products was 31.3%, 31.8% and 31.7% in the back-end semiconductor transport media industry for the year ended 31 December 2021, 2022 and 2023 respectively. Among all the tray and tray related products manufacturers in the back-end semiconductor transport media industry, we ranked the third in the globe in 2023 in terms of sales revenue, with a market share of approximately 8.4%.

Our back-end semiconductor transport media products, namely (i) tray and tray related products, which are containers which store semiconductor components during their production and delivery processes using mainly precision engineering plastics, and (ii) carrier tape, are mainly used for the protection of semiconductor devices, including power discrete semiconductor device, optoelectronic, IC and sensors, etc. Our tray and carrier tape with pockets formed in the tray or tape surface are designed for housing, safe handling, transport and storing different semiconductor devices, including power discrete semiconductor device, optoelectronic, IC and sensors and are ESD protective and highly thermal resistant. Our MEMS and sensor packaging provides an encasement designed to promote the electrical contacts that deliver signals to the circuit board of an electronic device and also to protect the MEMS and sensors from potentially damaging external elements and the corrosive effects of age. Supported by our R&D and material engineering department and sales and marketing personnel and customizable manufacturing platform and design enablement services, we are able to cater a great variety of customer-specific requests and ease up the timely completion of complex designs that are optimized in terms of cost and performance. During the Track Record Period, we had developed a diversified product portfolio of over 1,500 product specifications in various dimensions with different thermal, mechanical and physical properties metrics, which satisfy our customers’ specifications and required quality standards.

The value chain of the semiconductor and integrated circuit industry is comprised of industry players in the upstream, midstream and downstream.

SUMMARY

Set out below is an illustration of the value chain of the semiconductor industry:



Our Group is a supplier for upstream back-end functions of the semiconductor and integrated circuit industry (i.e. assembly, packaging and testing). For more details on the functions and value of back-end semiconductor transport media manufacturers, please refer to the section headed “Industry Overview – Global Semiconductor And Integrated Circuit (IC) Industry Overview – Value Chain” in this document.

We set up two production factories in Dongguan, the PRC. As at the Latest Practicable Date, we had four production facilities, in which two of them are responsible for the manufacturing of tray and tray related products and each of the rest is responsible for production of carrier tape and MEMS and sensor packaging. According to the F&S Report, the global market size of back-end semiconductor transport media industry and MEMS and sensor packaging industry will respectively increase at a CAGR of 7.8% and 5.2% from approximately US\$854.6 million and US\$6.9 billion in 2024 to approximately US\$1,156.1 million and US\$8.5 billion in 2028, respectively. In order to capture the market growth for both back-end semiconductor transport media industry and MEMS and sensor packaging industry, we plan to increase our production capacities and capabilities by upgrading our production facilities in the PRC, in particular, purchasing automated machines and implementing production in the Philippines for carrier tape.

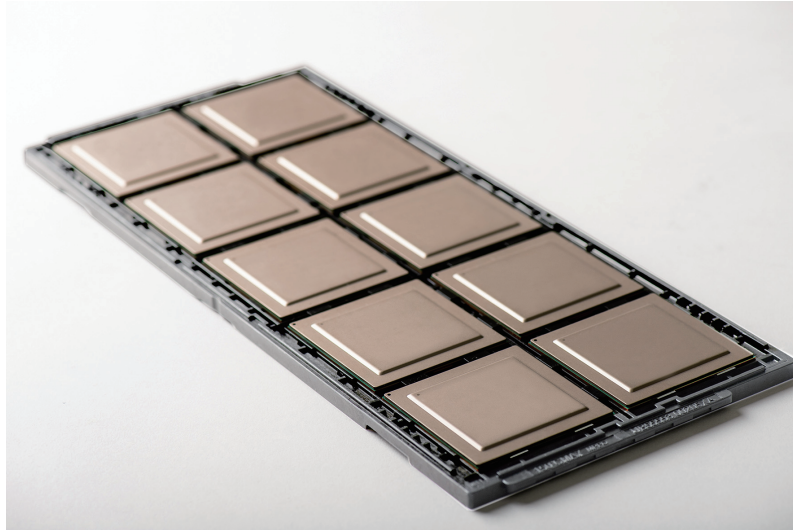
OUR PRODUCTS AND BUSINESS MODEL

Our products can be generally classified into three categories: (i) tray and tray related products; (ii) MEMS and sensor packaging; and (iii) carrier tape. All of our products are RoHS and REACH compliant to satisfy the required industry standards. For details of our products, please refer to “Business – Our Products” in this document.

SUMMARY

The following photos show samples of products of our Group:

Our tray and tray related products



Bakeable JEDEC tray with pocket size of 55mm x 55mm for holding BGA device

(Note: The semiconductor devices placed on our tray product above are not our Group's product and are shown for illustration purpose only)

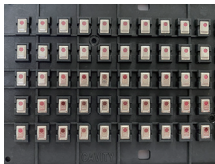
Our MEMS and sensor packaging

(1) Flow sensor module



- The flow sensor module is used for measuring flow of gas or liquid.
- Application in process control and monitoring, oil and gas leak detection, HVAC and air control system, CPAP and respiratory devices and liquid dispensing systems.

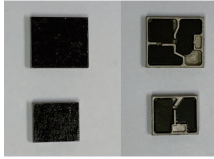
(2) Semi-hermetic sensor packaging (ERAQFN)



- Semi-hermetic sensor packaging (ERAQFN) is an encasement to protect sensor performing functions of gas detection and concentration measurement, flame detection and motion detection from corrosion and/or physical damage.
- Application in gas sensing, flame detection, food and oil analysis, motion detection and gesture recognition.

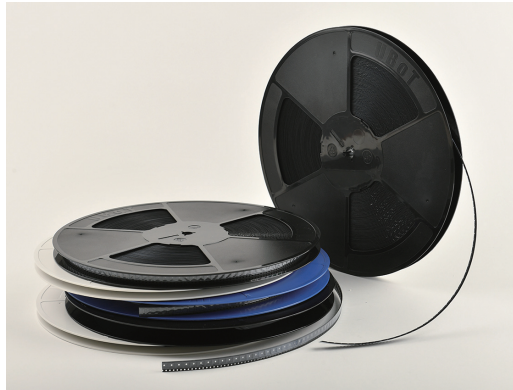
SUMMARY

(3) Custom-design Casing for SiP (System-in-Package)



- Custom-design Casing for SiP (System-in-Package) uses Liquid-Crystal-Polymer material and is an encasement to absorb radio frequency and protect IC devices from physical damage.
- Application in Radio Frequency/Microwave device for 5G Infrastructure equipment installation deployment.

Our carrier tape products



Carrier tape with different width



Carrier tape with width of 16mm containing our MEMS and sensor packaging product for illustration purpose

SUMMARY

The following sets forth a breakdown of our revenue by our product categories during the Track Record Period:

	Year ended 31 December					
	2021		2022		2023	
	Revenue <i>HK\$'000</i>	% of total %	Revenue <i>HK\$'000</i>	% of total %	Revenue <i>HK\$'000</i>	% of total %
Product category						
Tray and tray related	195,429	96.3	246,954	95.9	172,250	91.2
MEMS and sensor						
packaging	7,152	3.5	10,092	3.9	16,508	8.7
Carrier tape	367	0.2	519	0.2	211	0.1
Total	202,948	100.0	257,565	100.0	188,969	100.0

Please refer to the section headed “Financial Information – Selected line items in the consolidated statements of profit or loss and other comprehensive income – Revenue” in this document for further details.

The following table sets forth the breakdown of our gross profit and gross profit margin by our product categories during the Track Record Period:

	Year ended 31 December					
	2021		2022		2023	
	Gross profit <i>HK\$'000</i>	Gross profit margin %	Gross profit <i>HK\$'000</i>	Gross profit margin %	Gross profit <i>HK\$'000</i>	Gross profit margin %
Product category						
Tray and tray related	84,284	43.1	96,622	39.1	63,431	36.8
MEMS and sensor						
packaging	2,276	31.8	5,051	50.0	8,466	51.3
Carrier tape	116	31.6	205	39.5	83	39.3
Total	86,676	42.7	101,878	39.6	71,980	38.1

SUMMARY

The table below sets forth the breakdown of our revenue by geographical location during the Track Record Period:

	Year ended 31 December					
	2021		2022		2023	
	Revenue <i>HK\$'000</i>	% of total %	Revenue <i>HK\$'000</i>	% of total %	Revenue <i>HK\$'000</i>	% of total %
Southeast Asia	72,219	35.6	91,694	35.6	69,152	36.6
Singapore	11,994	5.9	13,003	5.0	7,054	3.7
Malaysia	20,330	10.0	21,497	8.3	19,893	10.5
Indonesia	811	0.4	1,184	0.5	33	0.0 ^(Note)
Philippines	25,909	12.8	40,600	15.8	23,017	12.2
Thailand	13,175	6.5	15,410	6.0	19,155	10.2
PRC	55,495	27.3	62,647	24.3	49,342	26.1
Taiwan	39,195	19.3	59,159	23.0	33,982	18.0
The United States	16,782	8.3	20,059	7.8	4,906	2.6
Europe	3,433	1.7	8,248	3.2	14,027	7.4
Hong Kong, Korea and Japan	15,824	7.8	15,758	6.1	17,560	9.3
Total	202,948	100.0	257,565	100.0	188,969	100.0

Note: The percentage is minimal and represents less than 0.1% of our total revenue.

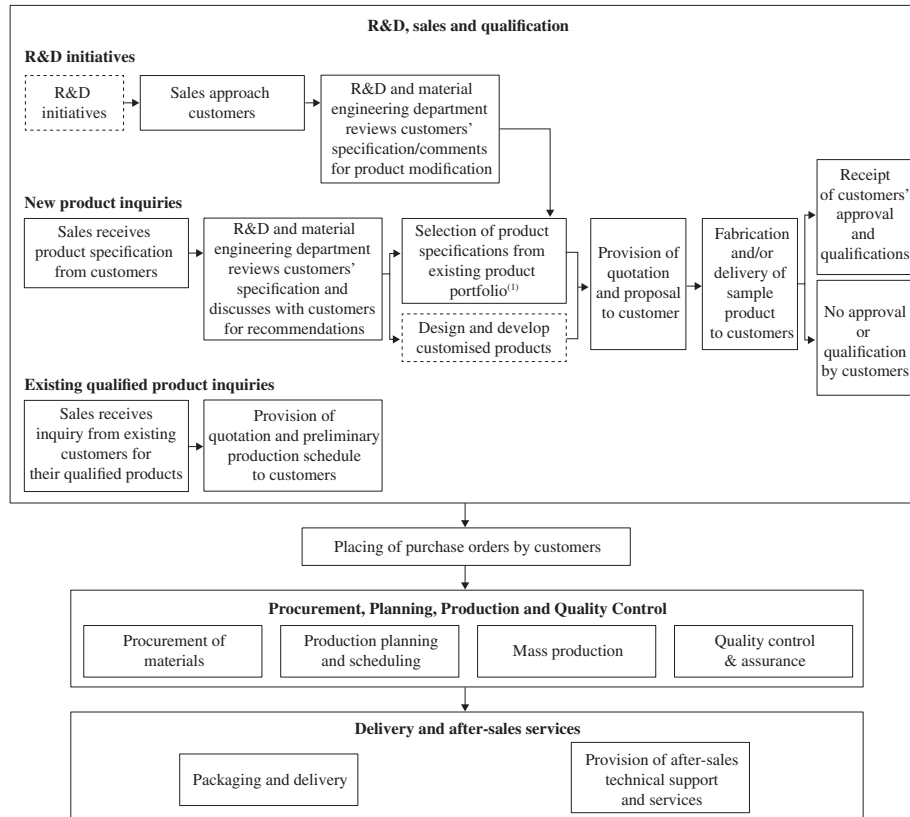
The following sets forth a breakdown of our gross profit and gross profit margin by geographical location during the Track Record Period:

	Year ended 31 December					
	2021		2022		2023	
	Gross profit <i>HK\$'000</i>	Gross profit margin %	Gross profit <i>HK\$'000</i>	Gross profit margin %	Gross profit <i>HK\$'000</i>	Gross profit margin %
Geographical location						
Southeast Asia	31,695	43.9	39,150	42.7	26,609	38.5
Singapore	5,677	47.3	5,208	40.1	2,806	39.8
Malaysia	7,622	37.5	6,630	30.8	6,416	32.3
Indonesia	217	26.7	180	15.1	6	19.8
Philippines	13,200	50.9	22,823	56.2	11,855	51.5
Thailand	4,979	37.8	4,309	28.0	5,526	28.8
PRC	23,436	42.2	20,213	32.3	14,104	28.6
Taiwan	17,002	43.4	23,733	40.1	13,488	39.7
The United States	6,324	37.7	8,476	42.3	2,532	51.6
Europe	1,281	37.3	4,035	48.9	6,880	49.0
Hong Kong, Korea and Japan	6,938	43.8	6,271	39.8	8,367	47.6
Total	86,676	42.7	101,878	39.6	71,980	38.1

SUMMARY

Please refer to the paragraph headed “Financial Information – Selected line items in the consolidated statements of profit or loss and other comprehensive income – Gross profit and gross profit margin” for further details.

The following diagram illustrates the business model of our operations:



 Please refer to the paragraph headed “Business – Research and development” for further details.

- (1): Our existing product portfolio consists of (i) new product specifications developed from our R&D projects; and (ii) the specifications of products that we have developed for our customers. As at the Latest Practicable Date, our product portfolio consisted of over 1,500 product specifications, with approximately 800 new product specifications that are designed and developed by our R&D department based on JEDEC industry standards and are recommended to all of our customers, and approximately 700 product specifications developed specifically for our customers, which are developed and designed by our R&D department with the assistance of our customers, customised to their specific requirements and are not generally recommended to other customers of our Group.

For details of our business model, please refer to the section headed “Business – Our business model” in this document.

SUMMARY

Our production facilities and utilisation rates

As at the Latest Practicable Date, we operated two production factories, our Shatian Production Factory and Houjie Production Factory, with four production facilities in total, and two of them are responsible for the production of tray and tray related products and each of the rest is responsible for the production of carrier tape and MEMS and sensor packaging, respectively. For details of our production factories, please refer to the section headed “Business – Production – Our production factories” in this document.

For the year ended 31 December 2021, 2022 and 2023, our utilisation rate of tray and tray related products of our Shatian Production Factory were 95.4%, 89.1% and 65.2% and our utilisation rate of tray and tray related products of our Houjie Production Factory were 89.5%, 101.9% and 76.5% respectively. The fluctuation of the overall utilisation rate of tray and tray related products was primarily due to the changes in production level as a result of the fluctuation of purchase orders from our customers, which was generally in line with the fluctuation in our revenue. The decrease in utilisation rate of tray and tray related products of our Shatian Production Factory in 2022 was primarily because part of our production was moved to our Houjie Production Factory for its automation facilities for cost-saving purpose while the overall utilisation rate of tray and tray related products for our Shatian Production Factory and Houjie Production Factory increased from 94.2% in FY2021 to 95.5% in FY2022. The general decrease in utilisation rates of our production facilities for tray and tray related products for the year ended 31 December 2023 was primarily due to the decrease in sales orders received in the year as a result of a temporary slowdown of the semiconductor industry in 2023.

For our carrier tape products, our utilisation rate was 10.0%, 17.2% and 17.3% for the year ended 31 December 2021, 2022 and 2023, respectively. Since carrier tape is a new product only introduced by us in 2019, the utilisation rate remains relatively low. Nonetheless, we foresee that there will be more customers for carrier tape in the future.

The utilisation rate of our MEMS and sensor packaging (flow sensor module) of our Shatian Production Factory for the year ended 31 December 2021, 2022 and 2023 were 89.2%, 97.1% and 82.3%, respectively. The fluctuation of the utilisation rate was primarily because the changes of production level as a result of the fluctuation in customer demands for the product.

The utilisation rate of MEMS and sensor packaging (ERAQFN) of our Shatian Production Factory for the year ended 31 December 2021, 2022 and 2023 were 37.7%, 102.5% and 102.5%, respectively. The increase to over 100% during FY2022 and FY2023 was because it had operated longer than our assumption for maximum production capacity to meet the increased demand from our customers for the product.

Each of the utilisation rate of our production facilities is calculated by dividing the actual production volume by the relevant maximum production capacity presented in percentage level. For details, please refer to the section headed “Business – Production capacity and utilisation” in this document.

Our customers

We generally do not enter into long-term framework agreements with our customers in respect of their purchase and our sales are concluded on an order-by-order basis which is in line with industry practice. With over 15 years of development, we have established a broad customer base including some of the international IDM, fabless-foundry semiconductor companies and IC assembly and packaging test house, such as STMicroelectronics. For IDM,

SUMMARY

each of them carries out all or most of the stages of production including design, manufacturing, and assembly, testing and packaging, while some production procedures of IDM may also be subcontracted to other contract manufacturers. For fabless-foundry semiconductor companies, production is split by (i) design; (ii) IC/Wafer Manufacturing; and (iii) IC Assembly, Packaging & Testing. The table below sets forth the breakdown of customer profile in terms of revenue during the Track Record Period:

	Year ended 31 December					
	2021		2022		2023	
	Revenue HK\$'000	% of total %	Revenue HK\$'000	% of total %	Revenue HK\$'000	% of total %
Fabless – foundry semiconductor companies	1,581	0.8	2,433	0.9	1,610	0.9
IDM companies	75,669	37.3	97,681	37.9	67,153	35.5
IC assembly and packaging test houses	125,698	61.9	157,451	61.2	120,206	63.6
Total	202,948	100.0	257,565	100.0	188,969	100.0

To serve our customers in a close manner, we set up our headquarters in Hong Kong and maintain four offices in Hong Kong, Dongguan, the PRC, Shanghai, the PRC and Singapore and eight sales points around the world in which we engaged sales representative, which are located in (i) Shanghai, the PRC, (ii) Taipei, Taiwan, (iii) Kaohsiung, Taiwan, (iv) Seoul, Korea, (v) Melaka, Malaysia, (vi) Italy, Europe, (vii) Arizona, the United States; and (viii) the Philippines. As we have developed an established clientele worldwide in the back-end semiconductor transport media industry, we intend to continue to work closely with our global customers and to leverage our scale and technology leadership to further address opportunities in the fast growing semiconductor industry, especially in the PRC.

During the Track Record Period, our five largest customers in each year have purchased products from our Group for over 10 years. To the best knowledge of our Directors, none of our Directors or their associates or any Shareholder who owns more than 5% of the issued share capital of our Company has any interest in any of the top five customers of our Group in each year during the Track Record Period.

During the Track Record Period, our five largest customers in each year accounted for approximately 60.9%, 58.4% and 54.9% of our total revenue for the years ended 31 December 2021, 2022 and 2023, respectively, while our largest customer in each year accounted for approximately 20.6%, 18.9% and 16.7% of our total revenue for the respective year. For details of our customers, please refer to the section headed “Business – Customers – Major customers” in this document.

Our suppliers

We believe our success is largely driven by our ability to tailor customers’ need in our production by providing extensive product portfolio with good quality. As such, stable supply of good quality products with reasonable price is one of the key emphasis of our Group in selecting suppliers in order to accommodate our production with flexibility. The significant plastic materials for our business comprise of raw plastic materials, recycled plastic materials and re-compound plastic materials. During the Track Record Period and up to the Latest Practicable

SUMMARY

Date, we did not experience any material lack of capacity, supply shortages, delays or disruptions in our operations relating to our suppliers, or any material product claims attributable to our suppliers.

To the best knowledge of our Directors, none of our Directors or their associates or any Shareholder who owns more than 5% of the issued share capital of our Company had any interest in any of the top five suppliers of our Group in each year during the Track Record Period.

Our five largest suppliers in each year accounted for approximately 55.2%, 56.2% and 55.5% of our total purchases for each of the years ended 31 December 2021, 2022 and 2023, respectively, while our largest supplier in each year accounted for approximately 15.9%, 18.5% and 15.3% of our total purchases for each of the respective periods. For details of our suppliers, please refer to the section headed “Business – Procurement and Suppliers – Major suppliers” in this document.

Competitive strengths and business strategies

We believe the following competitive strengths contribute to our success: (i) our business is semiconductor industry driven and we will be benefited from the long-term growth of the global semiconductor industry; (ii) our established position in the back-end semiconductor transport media industry allows us to further pursue opportunities in sales of carrier tape and other new products in the long-term growth of the semiconductor industry in the PRC and overseas markets; (iii) vertically integrated business model with R&D and product development capabilities and self-operated production factories enable us to offer a comprehensive product portfolio to our customers; (iv) established broad and solid relationship with major international customers from the semiconductor industry and strong reputation with proven track record; (v) our established worldwide sales network with in-depth market penetration supported by our sales and marketing personnel in our office and different sales points; and (vi) experienced management team and sales and production staff with in-depth industry knowledge.

Further to our vision of sustainable growth and success, we intend to adopt the following strategies: (i) increasing our production capacity and capabilities by promoting automation of our production process, upgrading our production facilities and acquiring requisite machineries, which include upgrading our production facilities in the PRC and implementing production in the Philippines for carrier tape; (ii) intensifying our sales and marketing efforts in the global market including the PRC market; (iii) improving efficiency and achieve cost reductions by purchasing ERP system and upgrading the information system; and (iv) further strengthening our research and development capabilities to expand our product offering, raw materials and production technologies.

SHAREHOLDERS’ INFORMATION

Immediately after completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of the [REDACTED] and the exercise of any options which may be granted under the Share Option Scheme), [REDACTED] and [REDACTED] of the issued share capital of our Company will be owned by Sino Success (which is wholly-owned by Mr. Tong) and Busy Trade (which is owned as to 70.2% by Mr. Tang, 5.0% by Ms. Tang, 12.4% by Mr. CL Tang, and 12.4% by Mr. CM Tang, respectively). In view of the above, Sino Success, Mr. Tong, Busy Trade, Mr. Tang, Ms. Tang, Mr. CL Tang and Mr. CM Tang are a group of controlling shareholders of our Company under the GEM Listing Rules.

SUMMARY

Save as disclosed above, there is no other person who will, immediately following completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of the [REDACTED] and the exercise of any options which may be granted under the Share Option Scheme), be entitled to exercise of or control the exercise of 30% or more of the voting power at the general meetings of our Company.

On 25 March 2022, Mr. Tong and Busy Trade have entered into the Acting in Concert Confirmation to acknowledge and confirm, among others, that they are parties acting in concert in respect of UBoT Inc. (HK) during the Track Record Period up to and including the date of the Acting in Concert Confirmation. Pursuant to the Acting in Concert Confirmation, they further acknowledged, confirmed and agreed that for so long as (i) Busy Trade remains interested (either directly or indirectly) in the share capital of UBoT Inc. (HK); and (ii) Mr. Tong remains interested (either directly or indirectly) in the share capital of UBoT Inc. (HK) and/or the key management member of UBoT Inc. (HK), they shall continue to act in concert for UBoT Inc. (HK). To translate the Agreed Arrangements (as defined hereinafter) in UBoT Inc. (HK) into the control of our Company after the Reorganisation, on 15 September 2023, each of Mr. Tong, Sino Success, Busy Trade, Mr. Tang, Ms. Tang, Mr. CL Tang and Mr. CM Tang entered into the Listco Concert Deed in respect of the exercise of their respective powers as shareholders of our Company and to consolidate their control over our Group. Please refer to the section headed “Relationship with Controlling Shareholders – Controlling shareholders” in this document for further details.

Further, during the Track Record Period, our Group has entered into transactions with certain connected persons of which they will continue and constitute connected transactions under the GEM Listing Rules upon [REDACTED], all of which are fully exempt from the reporting, announcement, annual review, circular and the independent shareholders’ approval requirements under the GEM Listing Rules. Such connected persons include Chengtian Zhiye and Dongguan Baihui. As at the Latest Practicable Date, Chengtian Zhiye was owned as to 30% by Dongguan Baihui, a limited liability company established in the PRC. As at the Latest Practicable Date, Dongguan Baihui was wholly-owned by Cansum Industries Limited, a company incorporated in Hong Kong with limited liability and indirectly and non-wholly owned by Tang’s Family, and therefore, both Chengtian Zhiye and Dongguan Baihui are associates of each member of Tang’s family and connected persons of our Company. Accordingly, each of Chengtian Zhiye and Dongguan Baihui will become our connected persons upon [REDACTED] under Chapter 20 of the GEM Listing Rules. Please refer to the section headed “Connected Transactions – (I) Connected transactions” and “Connected Transactions – (II) Fully exempt continuing connected transactions” in this document for further details.

[REDACTED]

On 21 March 2022, due to the personal financial reason, Mr. Zuo realised his investment in UBoT Inc. (HK) by transferring all the [REDACTED] shares, representing [REDACTED] of the total shareholding of UBoT Inc. (HK) to Mr. Tong at the total consideration of [REDACTED]. Completion of the said transfer took place on the same date and immediately thereafter, UBoT Inc. (HK) was owned by Mr. Tong, Busy Trade, Mr. Chan, Ms. Wong, Mr. Shek and Mr. Tam as to [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED] and [REDACTED], respectively. For details of the said [REDACTED], please refer to the section headed “History, Development and Reorganisation – Corporate History – UBoT Inc. (HK)” in this document.

KEY OPERATIONAL AND FINANCIAL DATA

The table below set out, for the years indicated, our consolidated statements of profit or loss and other comprehensive income, the details of which are set forth in Appendix I to this document, and these should be read in conjunction with the financial statements in Appendix I to this document, including the related notes.

SUMMARY

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 December		
	2021	2022	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	202,948	257,565	188,969
Cost of sales	<u>(116,272)</u>	<u>(155,687)</u>	<u>(116,989)</u>
Gross profit	86,676	101,878	71,980
Other income	74	947	145
Other gains and losses	1,070	(5,967)	(2,174)
(Provision for) reversal of impairment losses on financial assets	(76)	(354)	493
Administrative expenses	(23,827)	(26,091)	(27,640)
Selling and distribution expenses	(22,742)	(25,074)	(21,282)
Research and development expenses	(4,104)	(4,270)	(4,822)
Finance costs	(3,209)	(4,096)	(4,784)
[REDACTED]	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Profit before taxation	31,844	26,998	6,656
Income tax expense	<u>(5,448)</u>	<u>(5,200)</u>	<u>(1,618)</u>
Profit for the year	<u>26,396</u>	<u>21,798</u>	<u>5,038</u>

Non-IFRS Measures

Adjusted profit for the year

In addition to the IFRS measures in our consolidated financial information, we also use the non-IFRS financial measure of adjusted profit for the year (Non-IFRS measures), to evaluate our operating performance. We believe that this non-IFRS measure provides useful information to investors in understanding and evaluating our consolidated results of operations in the same manner as our management by eliminating potential impacts of the [REDACTED] relating to the [REDACTED] and in comparing financial results across accounting periods and to those of our peer companies. The following table sets forth the reconciliation between the profit for the year and the adjusted profit for the year (Non-IFRS measures) for the year indicated:

	Year ended 31 December		
	2021	2022	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	26,396	21,798	5,038
[REDACTED]	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>
[REDACTED]⁽¹⁾	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>
[REDACTED]			

SUMMARY

Our adjusted profit for the year (Non-IFRS measures) increased by approximately [REDACTED] from approximately [REDACTED] for the year ended 31 December 2021 to approximately [REDACTED] for the year ended 31 December 2022. Such increase was in line with our increase with our gross profit and gross profit margin as mentioned above. For the year ended 31 December 2023, our adjusted profit for the year (Non-IFRS measures) decreased by approximately [REDACTED] from approximately [REDACTED] for the year ended 31 December 2022 to approximately [REDACTED] for the year ended 31 December 2023 as a result of our decrease in sales as a result of the temporary slowdown in the semiconductor industry in 2023 due to factors such as geopolitical tensions and the global macroeconomic downturn.

Please refer to the section headed “Financial Information – Results of Operations – Non-IFRS Measures” in this document for more details.

During the Track Record Period, our revenue was mainly generated from sales of tray and tray related products. Our total revenue amounted to approximately HK\$202.9 million, HK\$257.6 million and HK\$189.0 million for the year ended 31 December 2021, 2022 and 2023. The overall sales volume of tray and tray related products increased by approximately 15.9% from approximately 24.5 million for the year ended 31 December 2021 to approximately 28.4 million for the year ended 31 December 2022. The sales volume of tray and tray related products decreased by approximately 26.4% from approximately 28.4 million for the year ended 31 December 2022 to approximately 20.9 million for the year ended 31 December 2023. The average selling price of tray and tray related products increased from approximately HK\$7.99 for the year ended 31 December 2021 to approximately HK\$8.71 for the year ended 31 December 2022 and decreased to approximately HK\$8.25 for the year ended 31 December 2023.

The increase in the revenue from approximately HK\$202.9 million for the year ended 31 December 2021 to approximately HK\$257.6 million for the year ended 31 December 2022 was mainly attributable to the increase in the revenue generated from the PRC market with significant increase in sales volume and slight increase in average selling price for tray and tray related products. The decrease in the revenue generated in the year ended 31 December 2023 as compared to that in the year ended 31 December 2022 was primarily because of the decrease in sales volume of our tray and tray related products in the PRC, Taiwan and the United States as a result of the temporary slowdown in the semiconductor industry in 2023 due to factors such as the decrease in customer demand due to the geopolitical tensions and the global macroeconomic downturn. For details, please refer to the section headed “Business – Development of the trade war and its impact on our business operation”. In particular, the market size of the global semiconductor industry decreased by approximately 8.1% in 2023. During the Track Record Period, the sales volume for tray and tray related products in the PRC had increased by approximately 12.7% from approximately 7.1 million for the year ended 31 December 2021 to approximately 8.0 million for the year ended 31 December 2022 and decreased by approximately 16.3% to approximately 6.7 million for the year ended 31 December 2023. The average selling price of tray and tray related products in the PRC has also slightly increased from RMB6.51 (approximately HK\$7.83 at the then prevailing exchange rate) for the year ended 31 December 2021 to RMB6.77 (approximately HK\$7.83 at the then prevailing exchange rate) for the year ended 31 December 2022 while we recorded an a slightly lower average selling price in the PRC of RMB6.63 (approximately HK\$7.30 at the then prevailing exchange rate) for the year ended 31 December 2023, which was maintained at a lower level than that in the overseas countries at HK\$8.06, HK\$9.03 and HK\$8.70 for the respective years given the competition in price in the PRC as a market strategy to maintain our market presence in the PRC. The increase in the average selling price of tray and tray related products in the year ended 31 December 2022 was because we sold more customised products in the year with higher average unit price which were also more sought-after along with the market growth while the decrease in the average selling

SUMMARY

price of tray and tray-related products in the year ended 31 December 2023 was because less customers requested our customised products with higher average unit price in the year as a result of market downturn and lukewarm market sentiments.

For the years ended 31 December 2021, 2022 and 2023, our gross profit was approximately HK\$86.7 million, HK\$101.9 million and HK\$72.0 million, respectively. Gross profit from the sale of tray and tray related products accounted for approximately HK\$84.3 million and HK\$96.6 million for the years ended 31 December 2021 and 2022, respectively, and such increase was due to revenue generated from tray and tray related product increased and economies of scale were achieved as labour cost and manufacturing overhead remained relatively stable. Gross profit from the sale of tray and tray related products accounted for approximately HK\$63.4 million for the year ended 31 December 2023. The decrease was in line with our decrease in sales volume of tray and tray related products. Gross profit from the sale of MEMS and sensor packaging accounted for approximately HK\$2.3 million, HK\$5.1 million and HK\$8.5 million, for the years ended 31 December 2021, 2022 and 2023, respectively. Since the nature of our MEMS and sensor packaging is tailor-made to and dependent on the type of MEMS and sensor of our customer, the gross profit margin of our MEMS and sensor packaging varies in accordance with the business need of our customers. Gross profit from the sale of carrier tape accounted for HK\$116,000, HK\$205,000 and HK\$83,000 for the years ended 31 December 2021, 2022 and 2023, respectively. The gross profit margin of our Group remained stable during the Track Record Period.

As a result of the foregoing, our profit for the year decreased by approximately 17.4% from approximately HK\$26.4 million for the year ended 31 December 2021 to approximately HK\$21.8 million for the year ended 31 December 2022. For the year ended 31 December 2023, our profit for the year decreased by approximately 76.9% as compared to the year ended 31 December 2022 to approximately HK\$5.0 million for the year ended 31 December 2023. Our net profit margin decreased from 13.0% for the year ended 31 December 2021 to approximately 8.5% for the year ended 31 December 2022, and decreased to 2.7% for the year ended 31 December 2023 as compared to the year ended 31 December 2022. Our Directors are of the view that the decrease in profitability in the year ended 31 December 2023 was because our operating expenses remained at similar level at approximately HK\$53.7 million as compared to that of approximately HK\$55.4 million in the year ended 31 December 2022, when our revenue decreased for approximately HK\$68.6 million or approximately 26.6% and our gross profit decreased for approximately HK\$29.9 million or approximately 29.7% during the corresponding periods. Our Directors are of the view that the temporary slowdown in demand in the year ended 31 December 2023 due to factors such as geopolitical tensions and the global macroeconomic downturn will not carry long term effect that necessitates adjustments in our operating scale and product development plans and that our continuous input is beneficial for our Group and Shareholders as a whole in the long term. For further details, please refer to the section headed “Financial Information – Historical Financials” in this document.

Please refer to the section headed “Financial Information – Selected line items in the consolidated statements of profit or loss and other comprehensive income” in this document for more details.

SUMMARY

SELECTED ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 December		
	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Total non-current assets	67,284	70,239	66,497
Total non-current liabilities	24,255	21,147	14,879
Total current assets	152,193	149,574	138,444
Inventories	60,113	60,701	65,588
Trade and other receivables, deposits and prepayments	63,215	63,320	51,717
Financial assets at fair value through profit or loss	12,968	13,335	13,748
Amount due from a director	10,620	6,318	6,318
Total current liabilities	163,872	142,875	128,685
Trade and other payables	75,648	52,741	55,828
Income tax provision	20,927	25,390	14,171
Bank overdrafts	3,261	–	2,932
Bank Borrowings	53,599	57,680	48,064
Net current (liabilities) assets	(11,679)	6,699	9,759
Net Assets	31,350	55,791	61,377

Our net current liabilities position as at 31 December 2021 was partly because we have used short-term bank loans and other borrowings to finance our capital expenditure and in particular, HK\$12.6 million of bank borrowings would be practically repaid over one year after 31 December 2021, based on the repayment schedule which has been classified as current liabilities as they had a repayment on demand clause. The level of our net current liabilities as at 31 December 2021 was also subject to the effect of income tax provision of approximately HK\$20.9 million as at 31 December 2021 in relation to the historical Offshore Profits Claim made before the Withdrawal. The decrease in net current liabilities from 31 December 2021 to the net current asset position as at 31 December 2022 and 31 December 2023 was primarily due to the decrease in trade and other payables. Please refer to the section headed “Financial Information – Net current assets and current liabilities” in this document for further details.

Our net assets increased from approximately HK\$31.4 million as at 31 December 2021 to approximately HK\$55.8 million as at 31 December 2022, which was mainly attributable to (i) our profit for the year of approximately HK\$21.8 million for the year ended 31 December 2022; and (ii) our other comprehensive income of HK\$2.6 million.

SUMMARY

Our net assets further increased from approximately HK\$55.8 million as at 31 December 2022 to approximately HK\$61.4 million as at 31 December 2023, which was mainly attributable to (i) our profit for the year of approximately HK\$5.0 million for the year ended 31 December 2023; and (ii) our other comprehensive income for the year of approximately HK\$0.5 million.

Our net current assets increased from approximately HK\$9.8 million as at 31 December 2023 to HK\$12.7 million (unaudited) as at 31 March 2024, which was primarily due to the decrease in income tax provisions of approximately HK\$4.4 million.

For details, please refer to the consolidated statements of changes in equity included in the Accountants' Report of our Group set out in Appendix I to this document.

SELECTED ITEMS OF CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December		
	2021	2022	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating cash flow before movement in working capital	47,973	47,278	28,515
Net cash from operating activities	8,186	34,312	27,780
Net cash used in investing activities	(7,819)	(14,208)	(14,134)
Net cash used in financing activities	(5,432)	(13,187)	(21,364)
Net (decrease) increase in cash and cash equivalents	(5,065)	6,917	(7,718)
Effect of foreign exchange rate changes	(616)	(79)	(41)
Cash and cash equivalent at the beginning of the year	4,743	(938)	5,900
Cash and cash equivalent at the end of the year	(938)	5,900	(1,859)

For the year ended 31 December 2021, 2022 and 2023, we had net cash from operating activities of approximately HK\$8.2 million, HK\$34.3 million and HK\$27.8 million respectively. During the Track Record Period, the cash inflows from our operating activities were primarily derived from the payments made by our customers for our products, while cash outflows for our operating activities were primarily attributable to (i) the purchase of raw materials from our suppliers and the increase in finished goods for coping with the demand from customers; (ii) the settlement of [REDACTED]; (iii) the settlement of our rental expenses; (iv) the payment of our staff costs; and (v) payments for other working capital needs.

Our Group recorded a negative cash and cash equivalent of approximately HK\$0.9 million as at 31 December 2021 mainly due to the non-recurring cash outflow due to the [REDACTED] in the amount of approximately HK\$0.4 million and expansion plan in the amount of approximately HK\$6.0 million and a negative cash and cash equivalent of approximately HK\$1.9 million for the year ended 31 December 2023 mainly due to a non-recurring cash outflow resulting from the tax payment associated with the Withdrawal in the amount of approximately HK\$5.3 million, while we recorded a positive cash and cash equivalent of approximately HK\$5.9 million as at 31 December 2022.

SUMMARY

The net cash from operating activities has increased from approximately HK\$8.2 million for the year ended 31 December 2021 to approximately HK\$34.3 million for the year ended 31 December 2022. This represents our profit before tax of approximately HK\$27.0 million, adjusted mainly by (i) depreciation of property, plant and equipment of approximately HK\$8.9 million; (ii) depreciation of right-of-use asset of approximately HK\$6.9 million; (iii) finance cost of approximately HK\$4.1 million; (iv) changes in working capital items that positively affected the operating cash flows, including the decrease in inventories of approximately HK\$2.9 million and the decrease in trade and other receivables, deposits and prepayments of approximately HK\$1.5 million; (v) changes in working capital items that negatively affected the operating cash flows, including the decrease in trade and other payables of approximately HK\$15.3 million; and (vi) income tax paid of approximately HK\$1.8 million.

For the year ended 31 December 2023, we had net cash from operating activities of approximately HK\$27.8 million. This represents our profit before tax of approximately HK\$6.7 million, adjusted mainly by (i) depreciation of property, plant and equipment of approximately HK\$10.8 million; (ii) depreciation of right-of-use asset of approximately HK\$6.5 million; (iii) finance cost of approximately HK\$4.9 million; (iv) changes in working capital items that positively affected the operating cash flows, including the increase in trade and other payables of approximately HK\$4.4 million and the decrease in trade and other receivables, deposits and prepayments of approximately HK\$6.2 million; (v) changes in working capital items that negatively affected the operating cash flows, including the increase in inventories of approximately HK\$4.6 million; and (vi) Hong Kong profit tax paid of approximately HK\$6.7 million. For details, please refer to the section headed “Financial Information – Liquidity and Financial Resources – Cash flow of our Group” in this document.

KEY FINANCIAL RATIOS

The following table sets forth the key financial ratios of our Group during the Track Record Period:

	For the year ended/ as at 31 December		
	2021	2022	2023
Current ratio	0.9	1.1	1.1
Quick ratio	0.6	0.6	0.6
Gearing ratio	1.7	1.0	0.8
Return on equity	84.2%	39.1%	8.2%
Return on assets	12.0%	9.9%	2.5%
Interest coverage	10.9 times	7.6 times	2.4 times
Gross profit margin	42.7%	39.6%	38.1%
Net profit margin	13.0%	8.5%	2.7%

Our gross profit margin amounted to 42.7% for the year ended 31 December 2021, and decreased to 39.6% for the year ended 31 December 2022. Our gross profit margin remained stable at 38.1% for the year ended 31 December 2023. For a discussion of the factors affecting our gross profit margin, please refer to the paragraph headed “Financial Information – Year to year comparison of results of operations – Gross profit and gross profit margin” in this document.

Our net profit margin amounted to 13.0% for the year ended 31 December 2021, and decreased to 8.5% for the year ended 31 December 2022. Our net profit margin increased from 8.5% for the year ended 31 December 2022 to 2.7% for the year ended 31 December 2023. The

SUMMARY

decrease in net profit margin was primarily due to the effect of the one-off [REDACTED] which was recognised during the year ended 31 December 2022. For a discussion of the factors affecting our net profit margin, please refer to the section headed “Financial Information – Year to year comparison of results of operations – Profit for the year” in this document.

Our gearing ratio was approximately 1.7, 1.0 and 0.8 as at 31 December 2021, 31 December 2022 and 31 December 2023, respectively. Our current ratio was 0.9, 1.1 and 1.1 as at 31 December 2021, 31 December 2022 and 31 December 2023, respectively.

For details, please refer to the section headed “Financial Information – Key financial ratios” in this document.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Recent development of our business

Subsequent to the Track Record Period and up to the Latest Practicable Date, we continued our focus on the design, development, manufacture and sales of tray and tray related products. We also developed carrier tape which was included in our product category since 2019. In addition to the back-end semiconductor transport media, we continued to be provider of MEMS and sensor packaging. Our business model, revenue structure, cost structure, and the industry, market and regulatory environment in which we operate remained substantially unchanged since 31 December 2023 and up to the Latest Practicable Date.

Subsequent to the Track Record Period and up to 31 March 2024, we have received backlog orders for tray and tray related products of approximately 1.8 million pieces, which represented an increase of approximately 5.9% as compared to the backlog orders for tray and tray related products of approximately 1.7 million pieces as at 31 December 2023. Our Directors believe that the financial performance is expected not to be further deteriorated in the second quarter of 2024 as compared to that in the first quarter of 2024. Further, we received orders for 23 additional customised products in the first quarter of 2024, which increased at a higher rate than that in the second half of 2023, indicating comparatively higher market interests in customised products in 2024. Based on our recent development, our Directors also believe that the risk of the substantial deterioration in the overall financial performance of our Group is remote.

Nonetheless, our Directors expect that we will record a decrease in net profit for the year ending 31 December 2024 as compared to that of the year ended 31 December 2023, primarily because of one-off factors which consist of (i) the expected increase in other expenses due to the surcharge of the tax installment payment after the Withdrawal, amounted to approximately HK\$2.1 million for the year ending 31 December 2024; and (ii) the [REDACTED] expected to be incurred after [REDACTED] of approximately [REDACTED] for the year ending 31 December 2024.

Our Directors confirm that, up to the date of this document, there has been no material adverse change to our financial, operational and/or trading position since 31 December 2023, being the date to which our most recent audited consolidated financial information were prepared, and since that date, there has been no event up to the Latest Practicable Date that would materially affect the information shown in our audited consolidated financial information included in the Accountants’ Report of our Group set out in Appendix I to this document.

SUMMARY

Recent regulatory development

On 17 February 2023, the CSRC promulgated Overseas Listing Measures and the Notice on the Administrative Filing Arrangement Concerning Overseas Offering and Listing by Domestic Companies (《關於境內企業境外發行上市備案管理安排的通知》), which require indirect overseas offering and listing by PRC domestic companies to be subject to the CSRC’s filing requirement starting from 31 March 2023. The Overseas Listing Measures will comprehensively improve and reform the existing regulatory regime for overseas offering and listing by PRC domestic companies and will regulate both direct and indirect overseas offering and listing by PRC domestic companies. Please refer to “Regulatory Overview – PRC Laws and Regulations – XI. The PRC Laws and Regulations Relating to Overseas Listing” for more details.

According to the Overseas Listing Measures, a PRC domestic company that seeks to offer or list securities in an overseas market, either directly or indirectly, are subject to completion of filing procedures with and reporting of relevant information to the CSRC. As advised by our PRC Legal Advisers, our Group submitted the filing documents to the CSRC pursuant to the requirements of Overseas Listing Measures in September 2023. As confirmed by our PRC Legal Advisers, after review of the filing documents submitted, the CSRC formed the view and advised us that we do not fall under the requirements under section 15 of the Overseas Listing Measures, and we are not under the scope of the CSRC filing requirement on 5 December 2023.

[REDACTED]

[REDACTED]

SUMMARY

DIVIDENDS AND DIVIDEND POLICY

No dividend has been paid or declared by the Company since its incorporation until 15 March 2024. During the Track Record Period, our Group had declared dividends as follows:

- (a) On 31 March 2022, UBoT Inc. (HK) conditionally declared an interim dividend of HK\$0.33 per share of UBoT Inc. (HK) amounting in the aggregate of HK\$11,220,000. The dividend payable to one of the ultimate Controlling Shareholders, Mr. Tong, will be settled through partially offsetting the amount due from Mr. Tong in the amount of HK\$5,778,000 as per the unaudited management account as at 28 February 2022. Such dividend would become unconditional upon [REDACTED] and the dividends declared to the other shareholders in the amount of HK\$5,442,000 will be settled by cash (using our Group's internally generated funds before [REDACTED]).
- (b) On 15 March 2024, UBoT Inc. (HK) conditionally declared an interim dividend of HK\$0.24 per share of UBoT Inc. (HK) amounting in the aggregate of HK\$8,160,000 to its sole shareholder, namely Abundant Wealth. On 15 March 2024, Abundant Wealth conditionally declared an interim dividend of HK\$8,160 per share of Abundant Wealth amounting in the aggregate of HK\$8,160,000 to its sole shareholder, i.e. our Company. On 15 March 2024, the Company declared conditionally an interim dividend of HK\$4,080 per Share amounting in the aggregate of HK\$8,160,000 to its shareholders. Part of the dividend payable to Sino Success, one of the ultimate Controlling Shareholders and wholly owned company of Mr. Tong, will be settled by offsetting the amount due from Mr. Tong in the amount of HK\$540,000 as per the unaudited management account as at 31 December 2023. Save for the said HK\$540,000, all the other dividends declared to shall be payable to the shareholders of the Company will be settled by cash (using our Group's internally generated funds before [REDACTED]). Such dividend would become unconditional upon [REDACTED].

In determining the amount of the above interim dividend, our Directors have taken into account the level of our Group's retained earnings, the expected cash flow and our Group's assets and liabilities and consider that the amount of the above interim dividend represents a fair and reasonable return to our Controlling Shareholders. Save as the above, our Group did not declare and pay any dividends to the then shareholders during the years ended 31 December 2021, 2022 and 2023.

Our Company does not have a formal dividend policy or fixed dividend distribution ratio. The decision to declare or pay dividend in the future as well as the amount of any dividend will be contingent upon several factors, including the result of our operation, cash flow, financial condition and other relevant factors as deemed by our Board.

[REDACTED]

Based on the mid-point of the [REDACTED] stated in this document and assuming that the [REDACTED] is not exercised, the total estimated [REDACTED] in connection with the [REDACTED] are expected to be approximately [REDACTED] or [REDACTED] of the gross proceeds from the [REDACTED], among which, approximately [REDACTED] is directly attributable to the issue of new Shares and will be charged to equity upon completion of the [REDACTED], and approximately [REDACTED] has been charged or is expected to be charged to our consolidated statements of profit and loss and other comprehensive income. Our [REDACTED] are categorized into [REDACTED], which consists of [REDACTED] (including SFC transaction levy, Stock Exchange trading fee and AFRC transaction

SUMMARY

levy) of approximately [REDACTED] and [REDACTED] of approximately [REDACTED]. The [REDACTED] can be further classified into (i) fees and expenses for legal advisors and reporting accountants of approximately [REDACTED]; and (ii) other fees and expenses of approximately [REDACTED]. During the Track Record Period, we incurred [REDACTED] of [REDACTED], [REDACTED] and [REDACTED] respectively.

[REDACTED]

Assuming an [REDACTED] of [REDACTED], being the mid-point of the [REDACTED] range between [REDACTED] and [REDACTED] and assuming the [REDACTED] is not exercised, we estimate to receive net proceeds from the [REDACTED] of approximately [REDACTED], after deducting the estimated [REDACTED] and other related expenses payable by us in connection with the [REDACTED].

We intend to use the [REDACTED] from the [REDACTED] as follows:

- approximately [REDACTED] (or approximately [REDACTED] of the total net proceeds) will be used for increasing our production capacity and capabilities, out of which:
 - (i) approximately [REDACTED] (or approximately [REDACTED] of the total net proceeds) will be used for upgrading our production facilities in the PRC; and
 - (ii) approximately [REDACTED] (or approximately [REDACTED] of the total net proceeds) will be used for implementing production in the Philippines for carrier tape;
- approximately [REDACTED] (or approximately [REDACTED] of the total net proceeds) will be used for intensifying our sales and marketing efforts in the global market including PRC market;
- approximately [REDACTED] (or approximately [REDACTED] of the total net proceeds) will be used for purchasing ERP system and upgrading the information system in support of the ERP system;
- approximately [REDACTED] (or approximately [REDACTED] of the total net proceeds) will be used for the strengthening our R&D and material engineering capabilities; and
- approximately [REDACTED] (or approximately [REDACTED] of the total net proceeds) will be used for general working capital.

For more details, please see the section headed "Future plans and [REDACTED]" of this document.

SUMMARY

RISK FACTORS

We believe that there are certain risks and uncertainties involved in our business operations, some of which are beyond our control, that may materially and adversely affect our Group’s business, financial conditions and results of operations. We have categorised four risks into: (i) risks relating to our business and our industry; (ii) risks relating to the jurisdictions in which our business operates; (iii) risks relating to the [REDACTED]; and (iv) risks relating to the statements made in this document. Some of these risks are summarised as follows:

- The demand for our products is highly dependent on the performance of the semiconductor industry and the demand for the products of our customers are subject to cyclical changes.
- The trade war between the United States and the PRC may adversely affect our business, financial conditions and results of operation.
- Our financial results may be subject to tax risks relating to our transfer pricing arrangement.
- We recorded net current liabilities and negative cash and cash equivalent as at 31 December 2021 and negative cash and cash equivalent as at 31 December 2023.
- Fluctuation in the supply volume or increase in the price of the raw materials may have a negative impact on our business.
- The outbreak of epidemic disease may affect the operation of our production factories and supply of raw materials and have a material adverse effect on our business, results of operation, financial condition and prospects.
- Technological advancement or other changes in the semiconductor industry could render our products less competitive or obsolete, which negatively impacts our business, financial condition and results of operations.
- Global financial crisis and economic downturn could adversely affect our business, liquidity, financial condition, results of operations and prospects.
- Adverse changes in economic, political and legal environment of Hong Kong, the PRC and the Philippines could materially and adversely affect our business, financial conditions, results of operations and prospects.

These risks are not the only significant risks that may affect the value of our Shares. You should carefully consider all of the information set forth in this document and, in particular, should evaluate the specific risks set forth in the section headed “Risk Factors” in this document in deciding whether to invest in our Shares.

NON-COMPLIANCE AND LITIGATION

During the Track Record Period, there were instances where we did not fully comply with the laws and regulations in which we have operations. For a discussion of our non-compliance with respect to social insurance fund and housing provident fund contributions, see “Business – Legal compliance, licences and permits – Legal compliance” for further details. We are not aware of any material non-compliance or systemic non-compliance with the applicable laws and

SUMMARY

regulations during the Track Record Period and up to the Latest Practicable Date that could have a material adverse effect on our business, prospects, financial conditions or results of operations.

As at the Latest Practicable Date, our Directors were not aware of any current or pending litigation, claim of arbitration against our Group which could have a material adverse effect on our financial condition or results of operations. Please refer to the section headed “Business – Litigation and potential claims” in this document for further details.

HISTORICAL OFFSHORE PROFITS CLAIM, DEPRECIATION ALLOWANCE AND THE WITHDRAWAL

UBoT Inc. (HK) had claimed its entire trading profits derived from its business operations as offshore in nature and not subject to profits tax in Hong Kong for the years of assessment 2008/09 to 2021/22, which had been challenged by the IRD. UBoT Inc. (HK) had also included depreciation allowance in its profits tax return on the basis that its capital expenditure on machinery or plant which is essential to the production of its assessable profits. Meanwhile, our Directors considered, and the Tax Consultant concurred, that UBoT Inc. (HK), as a legal entity on its own, was not chargeable to any overseas tax on the basis that UBoT Inc. (HK) should not constitute a permanent establishment (“PE”) in any overseas jurisdictions where the other subsidiaries of our Group and the sales representatives operated, including the PRC and Singapore of our Group.

As advised by our Tax Consultant, UBoT Inc. (HK) had grounds to claim its trading profits for the Track Record Period as offshore sourced and not subject to profits tax, which is subject to the review and agreement of the IRD. However, for the purpose of reducing the amount of time, manpower and resources and to expedite the finalization of the matter, UBoT Inc. (HK) formally withdrew the Offshore Profits Claim with the IRD in July 2023. The IRD indicated that the Offshore Profits Claim had been fully and conclusively resolved after the Withdrawal. As a result of the Withdrawal, the IRD had revisited the tax position of UBoT Inc. (HK) for all the relevant years of assessment and issued revised profits tax assessments which represented the final amount of the profit tax payable to the IRD. As at the Latest Practicable Date, based on the verbal confirmation from the IRD and the views of the Tax Consultant and the Hong Kong Legal Counsel, our Directors confirm that the Offshore Profits Claim had been completely resolved and there should not be any tax-related matters, including additional tax assessment and/or any penalties or investigations, arising from or associated with the Offshore Profits Claim. In addition, any penalty of our Group in relation to the Offshore Profits Claim in excess of the income tax provisions made as at 31 December 2023, if incurred, will be fully indemnified by our Controlling Shareholders. To better manage the liquidity position of UBoT Inc. (HK), UBoT Inc. (HK) applied for, and the IRD approved settlement of the outstanding tax payment by instalments in twelve months. As at the Latest Practicable Date, UBoT Inc. (HK) had made payment in the total amount of HK\$13,620,000 with further instalments in the total amount of approximately HK\$11,070,000 to be settled on a monthly basis, which will be completed by end of October 2024 (together with the applicable surcharge under the instalment plan).

With (i) the background of the Offshore Profits Claim, (ii) the support of our Tax Consultant’s opinion and the Hong Kong Legal Counsel’s opinion on the grounds and legitimacy of the Offshore Profits Claim and (iii) the view of the Hong Kong Legal Counsel that the making of Offshore Profits Claim in the profits tax return shall in no way be seen as tax evasion, our Directors are of the view, and the Sole Sponsor concurred, that the Offshore Profits Claim would not constitute tax evasion pursuant to applicable tax laws and regulations and will not affect the suitability of our Directors to act as directors of a listed issuer under Rules 5.01

SUMMARY

and 5.02 of the GEM Listing Rules, and the suitability for listing of our Company under Rule 11.06 of the GEM Listing Rules.

For details, please refer to the paragraphs headed “Business – Historical Offshore Profits Claim and depreciation allowance” and “Financial Information – Historical Offshore Profits Claim and relevant tax provisions made” in this document.

IMPACT OF OUTBREAK OF COVID-19 ON OUR BUSINESS

The outbreak of COVID-19 pandemic emerged in late 2019 has expanded within Hong Kong, the PRC and around the globe, including Dongguan in the PRC where our productions are situated. While we are in normal business operations, we have experienced certain disruptions in our operations as a result of the government-imposed suspensions due to the COVID-19 outbreak. Due to the outbreak of Omicron in Dongguan in March 2022, production activities of our two production factories were restricted to a maximum of 50% from 15 March 2022 to 21 March 2022 in districts affected by COVID-19 in Dongguan. The shipping and freight-outbound fees of our Group for delivering the products to the overseas warehouse or customers directly have also increased due to COVID-19.

However, COVID-19 did not have significant actual adverse impacts on the operation of our Group as the daily operations of the two production factories of our Group were not affected save as disclosed above, and there was no issue of shortage of labour. Our Group increased the inventory level for raw materials to ensure stable supply of our products in case of any disruption in the production activities.

At this point, we cannot accurately predict what continuous effects the COVID-19 pandemic would have on our business, which will depend on, among other factors, frequency, duration and extent of outbreaks of COVID-19, the appearance of new variants with different characteristics, the effectiveness of efforts to contain or treat cases, and future actions that may be taken in response to these developments. For further details, please refer to the paragraph headed “Risk Factors – Risks Related to Our Business and Industry – The outbreak of epidemic disease may have a material adverse effect on our business, results of operation, financial condition and prospects” in this document.

IMPACT OF TRADE WAR ON OUR BUSINESS

The trade war between the United States and the PRC has commenced since July 2018 and has brought certain negative impacts to the semiconductor industry which may indirectly affect our business, given that we mainly serve customers from the semiconductor industry and that our business is semiconductor industry driven.

Since the commencement of the trade war, the semiconductor industry in the PRC has been affected by incidents such as (i) the imposition of tariffs by the United States to the PRC, (ii) actions of the United States and the PRC against the imports from each other to minimise the transfer of intellectual property and technology and (iii) the accelerated shift of electronics and semiconductor devices production from the PRC to other Asian countries to ensure stable supply chain with lower labour costs and to reduce uncertainty on PRC enterprises arising from the trade war. Whilst our products are not subject to additional tariff or trade restriction and are not the primary target and direct focus of trade restrictions, our products are in complementary demand of semiconductor devices such that our business was indirectly affected by the fluctuation in demand of semiconductor devices. In particular, the demand for our products was

SUMMARY

adversely affected by the CAC’s ban on operators of key infrastructure in the PRC to procure semiconductors from one of our major customers based in the United States in 2023.

For further details, please refer to the paragraphs headed “Risk Factors – Risks Related to Our Business and Industry – Trade war between the United States and the PRC may adversely affect our business, financial conditions and results of operation” and “Business – Impact of Trade War on our business” in this document.

BUSINESS SUSTAINABILITY

Despite our overall growth in revenue and expansion in scale since our inception, we had experienced fluctuation in market conditions due to the dynamic nature of the semiconductor industry, given that our products are in complementary demand of semiconductor devices. For the year ended 31 December 2023, our Group recorded a drop in revenue of approximately 26.6% as compared to the year ended 31 December 2022. Our Directors are of the view that such decrease was primarily due to the slowdown in the semiconductor industry in the year ended 31 December 2023, which was a short-term adjustment of the semiconductor industry due to factors such as geopolitical tensions and the global macroeconomic downturn and is not expected to be long-term in nature. According to Frost & Sullivan, heightened geopolitical tensions disrupted supply chains and international collaborations and continued to impact the industry in 2023. During the year ended 31 December 2023, the CAC’s ban on operators of key infrastructure in the PRC to procure semiconductors from one of our major customers based in the United States had contributed to our deteriorated financial performance in the year. For details, please refer to the section headed “Business – Development of the trade war and its impact on our business operation – Recent policies and restrictions imposed by the United States and the PRC – Ban on U.S. semiconductor manufacturer imposed by the PRC”. Additionally, the global macro-economy experienced a short-term slowdown, resulting in reduced consumer spending and weakened business confidence. In particular, the market size of the global semiconductor industry decreased by approximately 8.1% in 2023. Please refer to the section headed “Industry Overview – Global Market Size of Semiconductor Industry” in this document for more details.

Our Directors consider that the impact from the short-term adjustment of the semiconductor industry in 2023 due to factors such as geopolitical tensions and the global macroeconomic downturn is not expected to be substantial over the long term, considering (i) the long-term growth of the semiconductor industry; (ii) the high consumer demand; and (iii) the emphasis on security of supply chain and supportive policies in favour of the development of semiconductor devices in the PRC.

Our Directors consider the drop in revenue profitability for the year ended 31 December 2023 does not cast doubt on the business sustainability of our Group because (i) our financial performance had been coinciding with market performance and fluctuations and we eventually achieved long-term growth leveraging our resilience and the adaptability of our management; (ii) our diversified customers base can reduce the influence caused by isolated event beyond our control; (iii) there was no structural factor such as substitutes for our products that would impair the demand for our products; and (iv) there was no termination of business relationship with customers during the Track Record Period. Our Directors also believe that the risk of the substantial deterioration in financial performance of our Group is remote because (i) we received more backlog orders as at 31 March 2024 than that as at 31 December 2023 that the financial performance is expected not to be further deteriorated in the second quarter of 2024 as compared to that in the first quarter of 2024, and (ii) we received more orders more customised products in the first quarter of 2024 and thus noted comparatively higher market interests in customised products in 2024.

SUMMARY

Our Group has been taking various measures to capture the growth of the market and increase our profitability, including (i) actively widen our customer base by continuing our sales and marketing efforts, (ii) enhance our production efficiency by promoting automation of our production process; and (iii) expand our product offerings by taking research and development initiatives. We have also implemented additional measures to navigate the cyclical downturn of the semiconductor industry, including (i) dedicated staff to actively monitor changes in international regulations in relation to the semiconductor industry, allowing us to proactively adapt our operations in response to the evolving regulatory requirements; and (ii) strengthened our efforts in collecting market information on the demand and supply dynamics within the semiconductor industry, ensuring alignment with market trends and customer demands. We also intend to strengthen our collaborations with key suppliers for more favourable price arrangements and implement operational efficiency initiatives to optimize resources allocation and minimise cost.

For further details, please refer to the section headed “Business – Business Sustainability” in this document.