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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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2021

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 STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2021

		Three months ended 31 March	
	<i>Notes</i>	2021 <i>NTD'000</i> (unaudited)	2020 <i>NTD'000</i> (unaudited)
Revenue	4	413,740	386,175
Cost of sales	5	(314,919)	(256,020)
Gross profit		98,821	130,155
Other income		–	88
Other gains, net		1,700	48
Selling and distribution expenses	5	(5,556)	(8,386)
General and administrative expenses	5	(49,187)	(42,279)
		45,778	79,626
Finance income		18	20
Finance costs		(3,272)	(4,347)
Profit before income tax		42,524	75,299
Income tax expense	6	(11,312)	(18,233)
Profit for the period attributable to owners of the Company		31,212	57,066
Other comprehensive (loss)/income, net of tax:			
Item that may be reclassified subsequently to profit or loss:			
— Exchange differences		(449)	459
Total comprehensive income for the period attributable to owners of the Company		30,763	57,525
Earnings per share			
Basic and diluted (NTD cents)	7	3.12	5.71

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2021

	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>
At 1 January 2020 (audited)	38,815	146,571	56,616	182,226	(2,966)	204,976	626,238
Profit for the period	-	-	-	-	-	57,066	57,066
Other comprehensive income	-	-	-	-	459	-	459
Total comprehensive income for the period	-	-	-	-	459	57,066	57,525
Transfer to statutory reserve	-	-	30,292	-	-	(30,292)	-
At 31 March 2020 (unaudited)	<u>38,815</u>	<u>146,571</u>	<u>86,908</u>	<u>182,226</u>	<u>(2,507)</u>	<u>231,750</u>	<u>683,763</u>
At 1 January 2021 (audited)	38,815	146,571	86,908	182,226	(3,353)	318,885	770,052
Profit for the period	-	-	-	-	-	31,212	31,212
Other comprehensive loss	-	-	-	-	(449)	-	(449)
Total comprehensive income for the period	-	-	-	-	(449)	31,212	30,763
Transfer to statutory reserve	-	-	29,110	-	-	(29,110)	-
At 31 March 2021 (unaudited)	<u>38,815</u>	<u>146,571</u>	<u>116,018</u>	<u>182,226</u>	<u>(3,802)</u>	<u>320,987</u>	<u>800,815</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of turnkey solution and trading of used semiconductor manufacturing equipment and parts. 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 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 financial information for the three months ended 31 March 2021 has been prepared in accordance with Hong Kong Financial Reporting Standard (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of the GEM Listing Rules. The condensed consolidated financial information should be read in conjunction with the Company’s consolidated financial statements for the year ended 31 December 2020, which have been prepared in accordance with 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 three-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 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 2020.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these unaudited condensed consolidated financial information are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2020, with the exception of changes in accounting policy as described below.

The Group has adopted and applied the following new standards, amendments to standards and interpretations that have been issued and effective for the accounting periods beginning on 1 January 2021. The adoption of these new standards and amendments to standards has no material impact on the Group's consolidated results and financial position.

Amendments to HKFRS 9, HKAS 39, HKFRS 7,
HKFRS 4 and HKFRS 16
Amendments to HKFRS 16

Interest Rate Benchmark Reform

Covid-19-Related Rent Concessions

4 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 used semiconductor manufacturing equipment and parts on an aggregate basis and consider as one single operating segment.

	Three months ended 31 March	
	2021	2020
	NTD'000	NTD'000
	(unaudited)	(unaudited)
Provision of turnkey solution	287,988	283,410
Trading of used semiconductor manufacturing equipment and parts	125,752	102,765
Revenue recognised at a point in time	413,740	386,175

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 the services are provided. The following table provides an analysis of the Group's revenue from external customers.

	Three months ended 31 March	
	2021 <i>NTD'000</i> (unaudited)	2020 <i>NTD'000</i> (unaudited)
Taiwan (place of domicile)	241,978	188,196
PRC	76,356	92,096
Singapore	67,018	34,497
United States	25,140	71,031
Korea	2,809	–
Japan	439	355
	413,740	386,175
	413,740	386,175

Information about major customers

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

Customers	Three months ended 31 March	
	2021 <i>NTD'000</i> (unaudited)	2020 <i>NTD'000</i> (unaudited)
A	93,218	42,065
B	57,262	24,889
C	50,858	58,771
D	41,047	28,649
	41,047	28,649
	41,047	28,649

5 EXPENSES BY NATURE

	Three months ended 31 March	
	2021 <i>NTD'000</i> (unaudited)	2020 <i>NTD'000</i> (unaudited)
Auditors' remuneration		
— Audit services	2,445	2,433
— Non-audit services	—	—
Cost of materials used	246,810	191,666
Amortisation of intangible assets (<i>note (a)</i>)	2,891	2,491
Depreciation of property, plant and equipment (<i>note (b)</i>)	4,727	3,471
Depreciation of right-of-use assets	3,101	2,482
Research expense	330	276
Provision for warranty, net	8,494	9,575
Employee benefit expenses	67,445	62,870
Professional fees	4,554	6,964
Commission	5,762	1,951
Expense relating to short-term leases	544	337
Delivery charges	5,013	5,562
Travelling	4,563	2,363
Insurance	6,245	5,994
Entertainment	398	574
Utilities	697	620
Others	5,643	7,056
	369,662	306,685

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 NTD2,403,000 (31 March 2020: NTD1,789,000) and NTD2,324,000 (31 March 2020: NTD1,682,000), respectively, for the period.

6 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% (31 March 2020: 23.6%).

7 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 NTD31,212,000 (31 March 2020: approximately NTD57,066,000) and the weighted average of 1,000,000,000 (31 March 2020: 1,000,000,000) shares in issue during the period.

	Three months ended 31 March	
	2021 NTD'000 (unaudited)	2020 NTD'000 (unaudited)
Profit for the period attributable to owners of the Company (NTD'000)	31,212	57,066
Weighted average number of ordinary shares in issue (thousands)	<u>1,000,000</u>	<u>1,000,000</u>
Basic earnings per share (NTD cents per share)	<u><u>3.12</u></u>	<u><u>5.71</u></u>

(b) Diluted

Diluted earnings per share were same as the basic earnings per share as there were no dilutive potential ordinary shares in existence during the periods.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

During the second half of 2020, the global economy was gradually on track for a recovery as the vaccine development and vaccination arrangement of COVID-19 continued to progress. The deferred demand caused by the epidemic has begun to appear and the semiconductor industry is actively replenishing its inventory. The explosive demand for the semiconductor industry in related emerging technology fields driven by 5G, the ascendant of the overall recovery of the automobile market, together with the growth momentum of automobile electrification have led to tight supply and demand of global semiconductor in the first quarter of 2021 with rising prices and volume. According to an industry report from the Semiconductor Industry Association (SIA), the sales of the global semiconductor industry reached USD39.6 billion in February 2021, representing an increase of 14.7% as compared to the total sales of USD34.5 billion in February 2020. According to the statistics of Industrial Technology Research Institute of Taiwan, the output value of semiconductor in Taiwan is expected to reach NTD885.9 billion in the first quarter of 2021, representing an increase of approximately 22% as compared to the corresponding period in 2020. At the same time, the semiconductor industry in Taiwan is expected to achieve the level of NTD3 trillion in 2021 and is possible to increase by 3.5% as compared to 2020, reaching NTD3.33 trillion. The Group will closely monitor the changes in the market environment, actively seize development opportunities and commit to being in line with and investing in product research and development and technology advancement, in order to enhance the Group's core competitiveness and further consolidate its market position.

BUSINESS REVIEW

The Group is a turnkey solution provider and exporter of used SME and parts in Taiwan, mainly engaging in providing turnkey solution of used SME and parts to customers and altering and/or upgrading the semiconductor equipment of production systems according to the customers' needs. Moreover, the Group also carries out the trading of SME and parts. For the three months ended 31 March 2021, the total revenue of the Group amounted to approximately NTD413.74 million (corresponding period in 2020: NTD386.18 million). The total comprehensive income attributable to owners of the Company amounted to approximately NTD30.76 million (corresponding period in 2020: approximately NTD57.53 million). Basic earnings per share amounted to approximately NTD3.12 cents (corresponding period in 2020: approximately NTD5.71 cents).

TURNKEY SOLUTIONS

During the period under review, turnkey solutions were the major revenue source for the Group. The SME and parts supplied by the Group included furnaces and clean tracks which were 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.

The revenue from the turnkey solutions of the Group for the three months ended 31 March 2021 amounted to approximately NTD287.99 million (corresponding period in 2020: approximately NTD283.41 million), accounting for approximately 69.61% of the Group's total revenue.

TRADING OF SME AND PARTS

During the period under review, the Group recorded a revenue of approximately NTD125.75 million (corresponding period in 2020: approximately NTD102.77 million) from the trading of SME and parts, representing an increase of approximately 22.37% compared to the corresponding period of last year, and revenue from the trading of SME and parts accounted for approximately 30.39% of total revenue of the Group.

FINANCIAL REVIEW

For the three months ended 31 March 2021, the Group recorded a total revenue of approximately NTD413.74 million (corresponding period in 2020: NTD386.18 million), representing an increase of approximately 7.14% compared to the corresponding period of last year. During the period under review, the Group recorded revenues from turnkey solutions and the trading of SME and parts of approximately NTD287.99 million (corresponding period in 2020: approximately NTD283.41 million) and NTD125.75 million (corresponding period in 2020: approximately NTD102.77 million), respectively.

During the period under review, revenue from the domestic business in Taiwan accounted for approximately 58.49% of the Group's total revenue. However, due to the global spread of the COVID-19 epidemic in 2020, the restrictions on logistics and people flow have caused the semiconductor production in some countries to suspend and orders are gradually transferred to Taiwan. Coupled with the continued geopolitical tensions, semiconductor manufacturers in certain countries have gradually shifted to cooperate with suppliers in Taiwan. The Group seized market opportunities and actively explored and consolidated the good and close cooperative relationship with existing international customers, which in turn contributed to the increase of revenue from the Group's business in Singapore, Korea and Japan by 101.61% for the period as compared to the corresponding period of last year, accounting for approximately 16.98% of the Group's total revenue.

During the period under review, the Group recorded a gross profit of approximately NTD98.82 million (corresponding period in 2020: approximately NTD130.16 million), while the overall gross profit margin was approximately 23.88% (corresponding period in 2020: approximately 33.70%), which was approximate with the overall gross profit margin of 26.70% in year 2020. The decrease of gross profit margin was due to the change in product mix in first quarter of 2021.

For the three months ended 31 March 2021, total comprehensive income attributable to owners of the Company amounted to approximately NTD30.76 million (corresponding period in 2020: approximately NTD57.53 million), while basic earnings per share amounted to approximately NTD3.12 cents (corresponding period in 2020: approximately NTD5.71 cents).

OUTLOOK

The global economy is gradually on track for a recovery due to the slowdown of COVID-19 epidemic and the continuous progress of vaccine development and vaccination arrangement. In the meantime, semiconductor technology is critical in the recovery of every industry. Benefiting from the substantial increase in the demand side for the semiconductor industry, the global semiconductor market is entering a high-speed growth period. It is expected that the global industrial trend of 5G and high performance computing (HPC) in the coming few years will drive strong demands for semiconductors. In addition, the COVID-19 epidemic has changed the operation of the global economy, and digital transformation has made technology and semiconductors become the indispensable elements of daily life. According to the latest shipment report from the International Semiconductor Industry Association (SEMI), the shipment amount of semiconductor equipment manufacturers in North America was USD3.27 billion in March 2021, representing an increase of 4.2% as compared to the final figure of USD3.14 billion in February 2021, and an increase of 48.0% as compared to USD2.21 billion in the corresponding period in 2020. SEMI expects that the global SME market will realize a double-digit growth in 2021 to reach a record high of USD76 billion. In addition, the World Semiconductor Trade Statistics Organization (WSTS) revised the global semiconductor market expectations in March 2021 and estimated that global semiconductor sales will reach a record high of USD488.274 billion this year with the year-on-year growth being revised from the original 8.4% up to 10.87%. Research institutions including Gartner, IC Insights and IDC have also raised their sales forecasts of global semiconductor in 2021. According to the statistics of the Industrial Technology Research Institute of Taiwan, the output value of semiconductor in Taiwan is expected to reach NTD885.9 billion in the first quarter of 2021, representing an increase of approximately 22% as compared to the corresponding period in 2020. It is also expected that the semiconductor industry in Taiwan is possible to reach NTD3.33 trillion in 2021, representing an increase of 3.5% as compared to 2020.

At the same time, due to the worldwide spread of COVID-19 epidemic last year, the restrictions on logistics and people flow have affected the operations and the expansion of production capacity of semiconductor manufacturers, which triggered a halt in semiconductor production in some countries and orders were gradually transferred to Taiwan. In addition, the continued geopolitical tensions have caused the international supply chain to shift from vertical division of labor to horizontal division of labor, in which the supply chain is facing reorganization and the value chain under the international manufacturing division system is facing rapid transformations. Major semiconductor supplier countries worldwide have realized the importance of keeping its own complete supply chain. Semiconductor has become a strategic material and is also the foundation for the development of 5G, high performance computing (HPC), IoT (“IoT”), artificial intelligence (AI) and automotive electronics in the future, and semiconductor competitions have begun around the world. The United States, China, the European Union, Japan, Korea and Taiwan have successively introduced semiconductor support policies and invested heavily in the semiconductor industry. This will inevitably lead to complex changes in the global semiconductor co-opetition relationship. In April 2021, the National Development Council of Taiwan stated that it is expected that the semiconductor industry players in Taiwan plan to invest over NTD3 trillion in the semiconductor field by 2025.

The Group mainly engages in altering and/or upgrading the semiconductor equipment of production systems and providing turnkey solutions according to the customers’ needs in order to enable customers to expand their semiconductor production capacity at a lower cost. The Directors believe that the plan of the semiconductor industry players in Taiwan to invest in the semiconductor field will bring new business opportunities to the Group’s business in the coming years. The Group will closely monitor the changes in the market environment and adopt proactive and positive response strategies to react prudently and quickly to market changes.

Looking forward to the post-epidemic era, the technological innovations resulting from digital transformation, carbon reduction, smart city and post-5G will continue. Large capacity, high speed, high reliability and low power consumption are essential, and the research and development and advancement of semiconductor technology is particularly critical. The Group will strengthen its innovative research and development capabilities and explore new business opportunities to further expand its market share and create long-term shareholder value.

DIVIDEND

The Board does not recommend the payment of any dividend for the three months ended 31 March 2021 (for the three months ended 31 March 2020: Nil).

OTHER INFORMATION

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

As at 31 March 2021, 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	27,975,000	2.79%
	Interest in persons acting in concert (<i>Note</i>)	654,075,000	65.41%
		<u>682,050,000</u>	<u>68.20%</u>
Ms. Wei Hung-Li ("Ms. Wei")	Beneficial owner	19,125,000	1.91%
	Interest in persons acting in concert (<i>Note</i>)	662,925,000	66.29%
		<u>682,050,000</u>	<u>68.20%</u>
Mr. Fan Chiang-Shen ("Mr. Fan")	Beneficial owner	2,925,000	0.29%
	Interest in persons acting in concert (<i>Note</i>)	679,125,000	67.91%
		<u>682,050,000</u>	<u>68.20%</u>
Mr. Lin Yen-Po ("Mr. Lin")	Beneficial owner	1,200,000	0.12%
	Interest in persons acting in concert (<i>Note</i>)	680,850,000	68.08%
		<u>682,050,000</u>	<u>68.20%</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. Fan and Mr. Lin, 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 31 March 2021, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which are required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or which shall be, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, notified to the Company and the Stock Exchange.

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

As at 31 March 2021, 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 Interest in persons acting in concert (Note 5)	111,300,000 570,750,000	11.13% 57.07%
		682,050,000	68.20%
Mr. Chen Yuan-Chi ("Mr. Chen") (Note 6)	Interest of a controlled corporation	682,050,000	68.20%
Double Solutions Limited ("Double Solutions") (Note 7)	Beneficial interest	67,950,000	6.80%
Ms. Chan Suk Sheung Rembi ("Ms. Chan") (Note 8)	Interest of a controlled corporation	67,950,000	6.80%

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 41 individual shareholders and Mr. Yang was interested in approximately 27.6%, Ms. Wei was interested in approximately 10.2%, Mr. Fan was interested in approximately 10.7% and Mr. Lin was interested in approximately 5.1% of its shareholding. The other shareholders were mainly employees and ex-employees of Genes Tech Co., Ltd. ("Genes Tech", an indirect wholly-owned subsidiary of the Company) who were independent third parties (as defined under the GEM Listing Rules) ("Independent Third Parties") and each held interests ranging from approximately 0.01% to 8.0%.

- (2) Ever Wealth is a company incorporated in the Republic of Seychelles. As at the date of this 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 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%, Mr. Fan was interested in approximately 10.7% and Mr. Lin was interested in approximately 17.8% of its shareholding. The other shareholders were mainly 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 6 individual shareholders. Tai Yi is a party to the Concert Party Agreement.
- (5) Pursuant to the Concert Party Agreement, the Concert Parties have agreed with certain arrangements pertaining to their shareholding. Mr. Yang, Tai Yi, Ms. Wei, Mr. Fan and Mr. Lin 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.
- (6) Mr. Chen is interested in approximately 33.33% shareholding in Tai Yi and he is deemed to be interested in these shares pursuant to Part XV of the SFO.
- (7) Double Solutions is a company incorporated in the Republic of Seychelles, the entire issued shares of which are held by Independent Third Parties.
- (8) Ms. Chan is interested in 90.0% of the shares in issue of Double Solutions and she is deemed to be interested in these shares pursuant to Part XV of the SFO.

Save as disclosed above, as at 31 March 2021, 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, at no time during the three months ended 31 March 2021 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), at no time during the three months ended 31 March 2021 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 31 March 2021, 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 31 March 2021.

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 2021 to 31 March 2021.

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 15 to the GEM Listing Rules. To the best knowledge of the Directors, except for the deviation from provision A.2.1 of the Corporate Governance Code, the Group has no material deviation from the Corporate Governance Code. Provision A.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.

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 first quarterly results of the Group for the three months ended 31 March 2021 have not been audited.

The Audit Committee has reviewed with the management the unaudited condensed consolidated first quarterly results of the Group for the three months ended 31 March 2021, this first 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"). No share option has been granted by the Company pursuant to the Share Option Scheme since its adoption.

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

From 1 January 2021 to 31 March 2021, 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, 13 May 2021

As at the date of this announcement, the executive Directors are Mr. Yang Ming-Hsiang, Ms. Wei Hung-Li, Mr. Fan Chiang-Shen and Mr. Lin Yen-Po; 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.