

Hong Kong Exchanges and Clearing Limited and The Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



GENES TECH GROUP HOLDINGS COMPANY LIMITED

靖洋集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8257)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “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 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 of Hong Kong Limited (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

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

For the six months ended 30 June 2022

		Three months ended		Six months ended	
		30 June		30 June	
		2022	2021	2022	2021
	Notes	NTD'000	NTD'000	NTD'000	NTD'000
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	6	359,929	394,935	596,617	808,675
Cost of sales	7	(241,230)	(312,255)	(401,793)	(627,174)
Gross profit		118,699	82,680	194,824	181,501
Other income		–	19	2	19
Other gains/(losses), net		4,623	(3,025)	8,585	(1,325)
Selling and distribution expenses	7	(14,413)	(6,434)	(26,644)	(11,990)
General and administrative expenses	7	(34,605)	(42,368)	(66,868)	(91,555)
Net impairment losses on financial assets	7	–	(6,535)	–	(6,535)
		74,304	24,337	109,899	70,115
Finance income		64	40	82	58
Finance costs		(3,532)	(3,107)	(6,490)	(6,379)
Profit before income tax		70,836	21,270	103,491	63,794
Income tax expense	8	(21,078)	(5,821)	(30,058)	(17,133)
Profit for the period attributable to owners of the Company		49,758	15,449	73,433	46,661
Other comprehensive income, net of tax:					
Item that may be reclassified subsequently to profit or loss:					
— Exchange differences		(2,535)	364	(3,367)	(85)
Total comprehensive income for the period attributable to owners of the Company		47,223	15,813	70,066	46,576
Earnings per share					
— Basic and diluted (NTD cents)	9	4.97	1.55	7.34	4.67

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

As at 30 June 2022

		30 June 2022	31 December 2021
	<i>Notes</i>	<i>NTD'000</i> (unaudited)	<i>NTD'000</i> (audited)
Assets			
Non-current assets			
Property, plant and equipment	<i>10</i>	311,737	306,693
Right-of-use assets		37,369	21,919
Intangible assets	<i>10</i>	102,233	107,353
Deferred income tax assets		22,829	21,841
Deposits		18,535	8,025
		492,703	465,831
Current assets			
Inventories		1,867,612	1,595,639
Trade receivables	<i>11</i>	234,142	204,936
Prepayments, deposits and other receivables		148,020	123,250
Cash and cash equivalents		124,926	172,957
		2,374,700	2,096,782
Total assets		2,867,403	2,562,613
Equity			
Share capital	<i>14</i>	38,815	38,815
Reserves		832,461	762,395
		871,276	801,210

		30 June	31 December
		2022	2021
	<i>Notes</i>	<i>NTD'000</i>	<i>NTD'000</i>
		(unaudited)	(audited)
Liabilities			
Non-current liabilities			
Bank borrowings	<i>13</i>	222,705	245,049
Lease liabilities		23,846	11,799
		<u>246,551</u>	<u>256,848</u>
Current liabilities			
Trade and other payables	<i>12</i>	423,327	468,889
Contract liabilities		818,282	580,615
Lease liabilities		14,283	10,643
Bank borrowings	<i>13</i>	441,397	390,310
Current income tax liabilities		52,287	54,098
		<u>1,749,576</u>	<u>1,504,555</u>
Total liabilities		<u>1,996,127</u>	<u>1,761,403</u>
Total equity and liabilities		<u>2,867,403</u>	<u>2,562,613</u>

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Share capital <i>NTD'000</i>	Share premium <i>NTD'000</i>	Statutory reserve <i>NTD'000</i>	Other reserve <i>NTD'000</i>	Exchange reserve <i>NTD'000</i>	Retained earnings <i>NTD'000</i>	Total equity <i>NTD'000</i>
As at 1 January 2021 (audited)	38,815	146,571	86,908	182,226	(3,353)	318,885	770,052
Profit for the period	-	-	-	-	-	46,661	46,661
Other comprehensive income	-	-	-	-	(85)	-	(85)
Total comprehensive income for the period	-	-	-	-	(85)	46,661	46,576
Transfer to statutory reserve	-	-	29,110	-	-	(29,110)	-
As at 30 June 2021 (unaudited)	<u>38,815</u>	<u>146,571</u>	<u>116,018</u>	<u>182,226</u>	<u>(3,438)</u>	<u>336,436</u>	<u>816,628</u>
As at 1 January 2022 (audited)	38,815	146,571	116,018	182,226	(8,110)	325,690	801,210
Profit for the period	-	-	-	-	-	73,433	73,433
Other comprehensive income	-	-	-	-	(3,367)	-	(3,367)
Total comprehensive income for the period	-	-	-	-	(3,367)	73,433	70,066
Transfer to statutory reserve	-	-	20,859	-	-	(20,859)	-
As at 30 June 2022 (unaudited)	<u>38,815</u>	<u>146,571</u>	<u>136,877</u>	<u>182,226</u>	<u>(11,477)</u>	<u>378,264</u>	<u>871,276</u>

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

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	<i>NTD'000</i>	<i>NTD'000</i>
	(unaudited)	(unaudited)
Cash flows from operating activities		
Cash (used in)/generated from operations	(26,375)	157,429
Income tax paid	(32,856)	(21,167)
	<u>(59,231)</u>	<u>136,262</u>
Net cash (used in)/generated from operating activities		
	<u>(59,231)</u>	<u>136,262</u>
Cash flows from investing activities		
Purchase of intangible assets	(1,072)	(80)
Interest received	82	58
Purchase of property, plant and equipment	(1,525)	(2,152)
	<u>(2,515)</u>	<u>(2,174)</u>
Net cash used in investing activities		
	<u>(2,515)</u>	<u>(2,174)</u>
Cash flows from financing activities		
Interest paid	(5,522)	(5,715)
Proceeds from bank borrowings	174,732	228,698
Repayments of bank borrowings	(145,989)	(297,580)
Principal elements of lease payments	(5,933)	(5,993)
Interest elements of lease payments	(205)	(226)
	<u>17,083</u>	<u>(80,816)</u>
Net cash generated from/(used in) financing activities		
	<u>17,083</u>	<u>(80,816)</u>
Net (decrease)/increase in cash and cash equivalents		
	<u>(44,663)</u>	<u>53,272</u>
Cash and cash equivalents at beginning of period		
	<u>172,957</u>	<u>96,211</u>
Effect of foreign exchange rate changes		
	<u>(3,368)</u>	<u>(88)</u>
Cash and cash equivalents at end of period		
	<u>124,926</u>	<u>149,395</u>
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents	<u>124,926</u>	<u>149,395</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of turnkey solution and trading of 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 interim financial information are presented in New Taiwan dollars (“**NTD**”) and rounded to the nearest thousand (“**NTD’000**”), unless otherwise stated.

2 BASIS OF PREPARATION

These condensed consolidated interim financial information for the six months ended 30 June 2022 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34, “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure provisions of the GEM Listing Rules. The condensed consolidated interim financial information should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA.

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

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

The preparation of the condensed consolidated interim financial information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these unaudited condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2021, 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 2022. The adoption of these new standards and amendments to standards has no material impact on the Group's consolidated results and financial position.

HKFRS 16 (Amendments)	Covid-19 related rent concessions
HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 (Amendments)	Interest rate benchmark reform — phase 2

4 ESTIMATES

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

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were similar to those that were applied to the consolidated financial statements for the year ended 31 December 2021.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2021.

There have been no changes in the risk management arrangement and policies since 31 December 2021.

5.2 Capital management

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

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

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

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

The Group was in a net debt position as at 30 June 2022 and 31 December 2021. The Group's gearing ratio, as calculated by dividing the Group's net debt by the Group's total equity, as at 30 June 2022 is approximately 61.88% (31 December 2021: approximately 57.71%).

5.3 Fair value estimation

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

5.4 Offsetting financial assets and financial liabilities

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

- (a) currently has a legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

6 REVENUE AND SEGMENT INFORMATION

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

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	NTD'000	NTD'000	NTD'000	NTD'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Provision of turnkey solution	142,520	270,325	233,727	558,313
Trading of used semiconductor manufacturing equipment and parts	217,409	124,610	362,890	250,362
Revenue recognised at a point in time	<u>359,929</u>	<u>394,935</u>	<u>596,617</u>	<u>808,675</u>

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

The geographical location of customers is based on the location at which the services are provided. The following table provides an analysis of the Group's revenue from external customers.

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	NTD'000	NTD'000	NTD'000	NTD'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Taiwan (place of domicile)	266,828	161,510	447,104	403,488
Singapore	51,376	70,872	72,424	137,890
PRC	16,562	160,760	49,146	237,116
United States	24,145	581	26,229	25,721
Germany	465	–	688	–
Japan	370	61	685	500
Korea	183	1,151	225	3,960
Other countries	–	–	116	–
	<u>359,929</u>	<u>394,935</u>	<u>596,617</u>	<u>808,675</u>

Information about major customers

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

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	NTD'000	NTD'000	NTD'000	NTD'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Customers				
A	106,209	16,631	156,713	109,849
B	51,060	54,597	107,213	111,859
C	36,601	48,299	67,451	99,157
D	*	61,668	*	102,715

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

7 EXPENSES BY NATURE

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	NTD'000	NTD'000	NTD'000	NTD'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Auditors' remuneration				
— Audit services	2,521	2,423	4,953	4,868
Cost of materials used	173,444	244,367	275,544	491,177
Amortisation of intangible assets <i>(note (a))</i>	2,855	2,891	5,890	5,782
Depreciation of property, plant and equipment <i>(note (b))</i>	3,819	4,730	8,431	9,457
Depreciation of right-of-use assets	3,546	3,199	6,375	6,300
Research expense	497	404	729	734
Provision for warranty, net	4,432	9,938	5,810	18,432
Commission	4,836	5,436	9,459	11,198
Provision for impairment loss on trade receivables	—	6,536	—	6,536
Employee benefit expenses	64,780	60,190	126,118	127,635
Professional fees	5,992	3,153	8,164	7,707
Expense relating to short-term leases	1,073	687	2,089	1,231
Delivery charges	4,425	3,360	7,472	8,373
Travelling	4,478	4,628	8,110	9,191
Insurance	5,740	6,393	11,834	12,638
Entertainment	315	332	743	730
Utilities	1,088	963	1,777	1,660
Others	6,407	7,962	11,807	13,605
	290,248	367,592	495,305	737,254

Notes:

- (a) Amortisation of intangible assets is included in “General and administrative expenses”.
- (b) Depreciation of property, plant and equipment is included in “Cost of sales” and “General and administrative expenses” amounting to approximately NTD5,428,000 (six months ended 30 June 2021: NTD4,820,000) and NTD3,003,000 (six months ended 30 June 2021: NTD4,637,000), respectively, for the period.

8 INCOME TAX EXPENSE

Income tax is recognised based on management’s estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is approximately 23.6 % (30 June 2021: 23.6%).

9 EARNINGS PER SHARE

(a) Basic

The calculations of basic earnings per share are based on the profit for the period attributable to owners of the Company of approximately NTD73,433,000 (six months ended 30 June 2021: approximately NTD46,661,000) and the weighted average of 1,000,000,000 (six months ended 30 June 2021: 1,000,000,000) shares in issue during the period.

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Profit attributable to owners of the Company (NTD'000)	49,758	15,449	73,433	46,661
Weighted average number of ordinary shares in issue (thousands)	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Basic earnings per share (NTD cents per share)	<u>4.97</u>	<u>1.55</u>	<u>7.34</u>	<u>4.67</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.

10 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the six months ended 30 June 2022, the Group acquired at cost, leasehold improvements of approximately NTD737,000 (six months ended 30 June 2021: NTD1,905,000) and office equipment of approximately NTD320,000 (six months ended 30 June 2021: approximately NTD1,212,000) and construction in progress expenses of approximately NTD12,418,000 (six months ended 30 June 2021: Nil).

The Group has additions in intangible assets of approximately NTD770,000 during the six months ended 30 June 2022 (six months ended 30 June 2021: approximately NTD80,000).

11 TRADE RECEIVABLES

	At 30 June 2022 NTD'000 (unaudited)	At 31 December 2021 NTD'000 (audited)
Trade receivables	244,566	215,360
Less: provision for impairment	(10,424)	(10,424)
	<u>234,142</u>	<u>204,936</u>

The Group normally allows credit period ranging from 30 to 90 days (31 December 2021: 30 to 90 days) to its major customers.

The Group applies the HKFRS 9 simplified approach to measuring expected credit loss which uses a lifetime expected loss allowance for all trade receivables. The Group assesses on a forward looking basis the expected credit losses associated with its financial asset carried at amortised cost. The Group did not hold any collateral as security or other credit enhancements over the trade receivables.

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

	At 30 June 2022 NTD'000 (unaudited)	At 31 December 2021 NTD'000 (audited)
0–30 days	129,851	116,057
31–90 days	71,321	67,226
91–180 days	18,579	11,321
181–365 days	9,040	7,388
Over 1 year	5,351	2,944
	<u>234,142</u>	<u>204,936</u>

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

As at 30 June 2022, no provision of impairment loss has been recognised (31 December 2021: NTD10,424,000).

12 TRADE AND OTHER PAYABLES

	At 30 June 2022 NTD'000 (unaudited)	At 31 December 2021 NTD'000 (audited)
Trade and notes payables (<i>note (a)</i>)	291,030	327,318
Other payables	969	1,283
Accruals	109,393	121,342
Provision for warranty	21,935	18,946
	<u>423,327</u>	<u>468,889</u>

(a) Trade and notes payables

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

	At 30 June 2022 NTD'000 (unaudited)	At 31 December 2021 NTD'000 (audited)
Current or less than 1 month	191,298	152,282
1 to 3 months	61,885	97,494
More than 3 months to 1 year	28,729	58,594
More than 1 year	9,118	18,948
	<u>291,030</u>	<u>327,318</u>

13 BANK BORROWINGS

	30 June 2022			31 December 2021		
	Current NTD'000 (unaudited)	Non- current NTD'000 (unaudited)	Total NTD'000 (unaudited)	Current NTD'000 (audited)	Non- current NTD'000 (audited)	Total NTD'000 (audited)
<i>Secured</i>						
Bank borrowings (note (a))	262,000	–	262,000	262,000	–	262,000
Long-term bank borrowings (note (b))	10,402	88,420	98,822	10,402	93,621	104,023
Total secured borrowings	272,402	88,420	360,822	272,402	93,621	366,023
<i>Unsecured</i>						
Bank borrowings (note (c))	134,709	–	134,709	83,622	–	83,622
Long-term bank borrowings (note (d))	34,286	134,285	168,571	34,286	151,428	185,714
Total unsecured borrowings	168,995	134,285	303,280	117,908	151,428	269,336
Total borrowings	441,397	222,705	664,102	390,310	245,049	635,359

Notes:

- (a) As at 30 June 2022, the short-term borrowing represent two loans. One loan has a principal amount of NTD175,000,000, and is secured by land and building of the Group. It bears interest at 0.84% above the variable interest rate for one-year post office deposits per annum and repayable on maturity date. The other loan has a principal amount of NTD87,000,000 and is also secured by land and building of the Group. It bears interest at 0.66% above the bank's variable interest rate for one-year deposits per annum and repayable on maturity date.
- (b) As at 30 June 2022, the long-term borrowings represent two loans with principal amount of NTD25,000,000 and NTD125,000,000, respectively. These borrowings bear interest at 0.74% above the variable interest rate for one-year post office deposits per annum and are repayable in 145 and 180 monthly installments, respectively. These borrowings are secured by land and building of the Group.
- (c) The unsecured bank borrowings are carried at amortised cost. Out of the amount, NTD20,000,000 and NTD15,000,000 bear interest at 1.13% above the bank's interest rate for one-month deposits per annum and at 1.18% above the variable interest rate for one-year post office deposits per annum. The remaining borrowings bear interest at rate 0.6% to 1.5% above the bank's foreign currency interest rate per annum as at 30 June 2022.
- (d) The unsecured borrowings with a principal amount of NTD240,000,000 bear interest at 1.59% above the variable interest rate for one-year post office deposits per annum and is repayable in 84 monthly installments.

The bank interests are charged at rate ranging from 1.11% to 4.56% (31 December 2021: 0.79% to 2.4%) per annum as 30 June 2022.

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

	At 30 June 2022 NTD'000 (unaudited)	At 31 December 2021 NTD'000 (audited)
Within 1 year	441,397	390,310
More than 1 year, but not exceeding 2 years	44,688	44,688
More than 2 years, but not exceeding 5 years	131,207	134,064
After 5 years	46,810	66,297
	<u>664,102</u>	<u>635,359</u>

The Group has undrawn borrowing facilities of approximately NTD277,987,000 (31 December 2021: approximately NTD277,146,000).

14 SHARE CAPITAL

	Number of Shares (unaudited)	Share capital NTD'000 (unaudited)
Authorised Ordinary shares of HK\$0.01 each in the share capital of the Company	<u>2,000,000,000</u>	<u>77,630</u>
As at 31 December 2021, 1 January 2022 and 30 June 2022	<u>2,000,000,000</u>	<u>77,630</u>
	Number of Shares (unaudited)	Share capital NTD'000 (unaudited)
Issued and fully paid	<u>1,000,000,000</u>	<u>38,815</u>
As at 31 December 2021, 1 January 2022 and 30 June 2022	<u>1,000,000,000</u>	<u>38,815</u>

15 DIVIDENDS

The Board does not recommend payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

16 COMMITMENTS

Non-cancellable short-term leases

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

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

	At 30 June 2022 NTD'000	At 31 December 2021 NTD'000
Within 1 year	<u>1,905</u>	<u>1,593</u>

17 RELATED PARTY TRANSACTIONS

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

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

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

Key management personnel compensation

	Three months ended 30 June		Six months ended 30 June	
	2022 NTD'000 (unaudited)	2021 NTD'000 (unaudited)	2022 NTD'000 (unaudited)	2021 NTD'000 (unaudited)
Short-term employee benefits				
— salaries, allowances and benefits in kind	5,195	4,695	11,926	9,399
Post-employment benefits				
— defined contribution retirement plans	82	30	207	61
	<u>5,277</u>	<u>4,725</u>	<u>12,133</u>	<u>9,460</u>

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

In 2021, the global economic activities resumed and continued to expand followed the COVID-19 pandemic and the consumption recovered strongly, which drove the strong demand for the semiconductor industry in downstream communication, information, consumer electronics, industrial, automotive electronics and other fields; meanwhile, the overall economy is heading towards digital transformation, which drives the application development of semiconductors and the continuous increase in demand for semiconductors, resulting in a high level of global supply shortage for semiconductors in 2021. In the first half of 2022, the imbalance between global supply and demand of semiconductors continues. According to the data of Semiconductor Industry Association (SIA), the sales volume of the global semiconductor industry amounted to USD51.8 billion in May 2022, representing an increase of 18.0% as compared with USD43.9 billion in May 2021 and an increase of 1.8% as compared with USD50.9 billion in April 2022. According to the World Semiconductor Trade Statistics (WSTS), although recently the demand for certain electronic products has slowed down slightly due to the impact of the pandemic lockdown in mainland China, Ukraine crisis and rising prices, the high demand for artificial intelligence (AI) related fields and automotive and industrial fields is far more than enough to cover a temporary adjustment in semiconductor demand for electronic products. WSTS expects that the global semiconductor market will grow by 16.3% in 2022 to reach USD646 billion and will continue to grow by 5.1% in 2023. The semiconductor supply chain has been affected in varying degrees by the resurgence of COVID-19 pandemic in Taiwan since the beginning of 2022. Nevertheless, according to the Market Intelligence & Consulting Institute (MIC), it is expected that the semiconductor industry in Taiwan will outperform the world in 2022 with an output value of NTD4.36 trillion and a growth rate of 17.5%. In response to changes in the market environment, the Group will actively seize development opportunities, and strive to keep up with the research and development of investment products and technological improvement, so as to enhance the core competitiveness of the Group.

BUSINESS REVIEW

The Group is a turnkey solution provider and exporter of used Semiconductor Manufacturer Equipment (SME) and parts in Taiwan, mainly engaging in providing turnkey solutions for used SME and parts for customers and modifying and/or upgrading the semiconductor equipment of its production systems according to customers' needs. In addition, the Group also engages in the trading of SME and parts. For the six months ended 30 June 2022, the total revenue of the Group amounted to approximately NTD596.62 million (Corresponding period in 2021: NTD808.68 million). Total comprehensive income attributable to owners of the Company amounted to approximately NTD70.07 million (Corresponding period in 2021: approximately NTD46.58 million). Basic earnings per share were approximately NTD7.34 cents (Corresponding period in 2021: approximately NTD4.67 cents).

TURNKEY SOLUTIONS

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

For the six months ended 30 June 2022, the revenue from turnkey solutions of the Group amounted to approximately NTD233.73 million (Corresponding period in 2021: approximately NTD558.31 million), accounting for approximately 39.18% of the Group's total revenue (Corresponding period in 2021: approximately 69.04%). The decrease in such revenue is mainly attributable to the slower pace of customer acceptance of the machines due to the pandemic.

TRADING OF SME AND PARTS

During the period under review, the Group recorded revenue of approximately NTD362.89 million (Corresponding period in 2021: approximately NTD250.36 million) from the trading of used SME and parts, accounting for approximately 60.82% of the total revenue of the Group (Corresponding period in 2021: approximately 30.96%). The increase in such revenue is mainly attributable to the faster pace of customer acceptance of the related equipments.

FINANCIAL REVIEW

For the six months ended 30 June 2022, the total revenue of the Group amounted to approximately NTD596.62 million (Corresponding period in 2021: NTD808.68 million). During the period under review, the revenue from the business of turnkey solution and trading of used SME and parts amounted to approximately NTD233.73 million (Corresponding period in 2021: approximately NTD558.31 million) and NTD362.89 million (Corresponding period in 2021: approximately NTD250.36 million) respectively.

For the six months ended 30 June 2022, revenue from the domestic business in Taiwan accounted for approximately 74.94% of the Group's total revenue (Corresponding period in 2021: approximately 49.90%).

Since the beginning of 2022, the semiconductor supply chain has been affected to a certain extent by the resurgence of COVID-19 pandemic. The Company's customers have also become more cautious, and the supply of raw materials for turnkey solutions and used SME, as well as post-completion delivery, logistics and acceptance were affected in different levels, resulting in varying degrees of impact on the Company's revenue during the period under review.

During the period under review, the gross profit of the Group amounted to approximately NTD194.82 million (Corresponding period in 2021: approximately NTD181.50 million), while the gross profit margin was approximately 32.65% (Corresponding period in 2021: approximately 22.44%).

For the six months ended 30 June 2022, total comprehensive income attributable to owners of the Company amounted to approximately NTD70.07 million (Corresponding period in 2021: approximately NTD46.58 million), while basic earnings per share amounted to approximately NTD7.34 cents (Corresponding period in 2021: approximately NTD4.67 cents).

OUTLOOK

In general, the global semiconductor market has recently been affected by the changes in terminal demand due to geopolitical conflict between Russia and Ukraine, the expected increase in interest rates by the US Federal Reserve System and inflation and the short-term inventory adjustment of certain electronic products, however, benefited from the huge demand in applications including automotive electronics, high performance computing (HPC), Internet of Things (“IoT”) and artificial intelligence (AI), the overall development of the semiconductor industry still has considerable growth momentum in the medium and long-term trends. According to Gartner, the compound annual growth rate (CAGR) of automotive semiconductors will reach 16.5% from 2021 to 2026, and the output value of automotive electronic parts is expected to increase by 50% in 2030. According to the latest forecast released by IC Insights of the US in June, the global semiconductor output value will reach USD680.7 billion in 2022, representing an increase of 11% as compared with 2021. The World Semiconductor Trade Statistics (WSTS) also predicts that the global semiconductor market will reach USD646 billion in 2022 and will continue to grow by 5.1% in 2023. According to IDC, a market research firm, global semiconductor revenue will reach USD661 billion in 2022 with a forecasted compound annual growth rate (CAGR) of 4.93% for the global semiconductor market from 2021 to 2026.

The imbalance between supply and demand of semiconductors due to the COVID-19 pandemic and the ongoing geopolitical tensions have prompted the restructuring of the global supply chain. Countries began to gradually introduce semiconductor policy subsidies to build local independent manufacturing chains. The localised deployment of semiconductor industry has become a global trend. Global technology and electronics manufacturers also actively diversify suppliers and production sites to avoid the risk of excessive concentration. According to the Market Intelligence & Consulting Institute (MIC), three major regional supply chains are under gradual formation. In addition to the United States, Japan, Taiwan, South Korea and mainland China, the European Union recently reached a consensus with Intel that the construction of advanced process plant will commence in 2023 and production will come online in 2027. Nevertheless, Asia still accounts for over 80% of the global wafer manufacturing capacity. According to the latest Mid-Year Total Semiconductor Equipment Forecast Report released by SEMI, it is forecasted that the total global output value of semiconductor manufacturing equipment by original equipment manufacturers will reach a record high of USD117.5 billion in 2022, representing an increase of 14.7% as compared with USD102.5 billion in 2021. It is expected that the global fab equipment market will continue to grow with a view to break through USD100 billion. Among which, Taiwan ranks first with an investment in semiconductor of approximately USD34.0 billion, representing an increase of 52% as compared with 2021. The Directors believe that this will bring new business opportunities to the Group in the future. The Group will pay close attention to the changes in the market environment, respond to market changes in a prudent and prompt manner to seize development opportunities, and actively explore market development opportunities. The Group will also strengthen its innovation and R&D capabilities, enhance its core competitiveness, and create long-term shareholder value.

LIQUIDITY AND CAPITAL RESOURCES

The Group had met its liquidity requirements principally through a combination of internal resources and bank borrowings for the six months ended 30 June 2022. The Group's primary use of cash has been, and is expected to continue to be, satisfying its working capital needs.

As at 30 June 2022, the borrowings of the Group totaled approximately NTD664.10 million (31 December 2021: approximately NTD635.36 million). As at 30 June 2022, the gearing ratio of the Group, as calculated by dividing the Group's net debt by the Group's total equity, was approximately 61.88% (31 December 2021: 57.71%).

CHARGE ON ASSETS

As at 30 June 2022, certain land and buildings of the Group were pledged to secure the Group's long-term and short-term bank borrowings, with the carrying amount of approximately NTD264.85 million (31 December 2021: approximately NTD267.11 million).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

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

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

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2022, the Group did not have any significant capital commitment (31 December 2021: Nil) and significant contingent liability (31 December 2021: Nil).

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND CAPITAL ASSETS

The Group had no future plans for material investments or purchase of capital assets as at 30 June 2022.

HUMAN RESOURCES

As at 30 June 2022, the Group employed approximately 275 employees. All our staff are full-time employees and reside in Taiwan.

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

DIVIDEND

The Board does not recommend payment of dividend for the six months ended 30 June 2022 (for the six months ended 30 June 2021: 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 30 June 2022, 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%
		682,050,000	68.20%
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%
		682,050,000	68.20%
Mr. Lin Yen-Po ("Mr. Lin") (resigned on 10 May 2022)	Beneficial owner	1,200,000	0.12%
		680,850,000	68.08%
		682,050,000	68.20%

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, former Directors Mr. Lin and Mr. Fan Chiang-Shen, a group of controlling shareholders (as defined under the GEM Listing Rules) (the "**Controlling Shareholders**") of the Company (the "**Concert Parties**"), the Concert Parties have agreed with certain arrangements pertaining to their shareholding. The interests in these Shares include the interests of the Concert Parties under the Concert Party Agreement and the interests of controlled corporations under the Concert Parties' control.

Save as disclosed above, as at 30 June 2022, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which are required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or which shall be, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, notified to the Company and the Stock Exchange.

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

As at 30 June 2022, to the knowledge of the Directors, the following persons/entities (other than the Directors or chief executive of the Company) who had or were deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in the shares:

Name of substantial shareholders	Capacity/Nature of Interest	Number of Shares held	Approximate percentage of total number of Shares
Queenbest Development Limited ("Queenbest") (Note 1)	Beneficial interest	374,625,000	37.46%
Ever Wealth Holdings Limited ("Ever Wealth") (Note 2)	Beneficial interest	81,150,000	8.11%
Planeta Investments Limited ("Planeta") (Note 3)	Beneficial interest	63,750,000	6.38%
Tai-Yi Investment Co. Ltd. ("Tai Yi") (Note 4)	Beneficial interest	111,300,000	11.13%
	Interest in persons acting in concert (Note 5)	570,750,000	57.07%
		<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 (Note 5)	679,125,000	67.91%
		<u>682,050,000</u>	<u>68.20%</u>

Name of substantial shareholders	Capacity/Nature of Interest	Number of Shares held	Approximate percentage of total number of Shares
Mr. Lin Yen-Po ("Mr. Lin")	Beneficial owner	1,200,000	0.12%
	Interest in persons acting in concert (Note 5)	680,850,000	68.08%
		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 35 individual shareholders and Mr. Yang was interested in approximately 27.6%, Ms. Wei was interested in approximately 10.2%, former Directors Mr. Lin and Mr. Fan, were interested in approximately 5.1% and approximately 10.7% of its shareholding respectively. The other shareholders were mainly employees and ex-employees of Genes Tech Co., Ltd. ("Genes Tech", an indirect wholly-owned subsidiary of the Company) who were independent third parties (as defined under the GEM Listing Rules) ("Independent Third Parties") and each held interests ranging from approximately 0.01% to 8.0%.
- (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 former Director Mr. Lin was interested in approximately 20.7% of its shareholding. The other shareholders consisted of employees of Genes Tech who were Independent Third Parties and each held interests ranging from approximately 1.0% to 15.0%.
- (3) Planeta is a company incorporated in Anguilla. As at the date of this announcement, it was held by 10 individual shareholders and Mr. Yang was interested in approximately 28.5%, Ms. Wei was interested in approximately 4.3%, former Directors Mr. Lin and Mr. Fan were interested in approximately 17.8% and approximately 10.7% of its shareholding respectively. The other shareholders were mainly employees and ex-employees of Genes Tech who were Independent Third Parties and each held interests ranging from approximately 0.7% to 26.7%.

- (4) Tai Yi is a company incorporated in Taiwan. As at the date of this announcement, it was held by 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, former Directors Mr. Lin and Mr. Fan 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 30 June 2022, the Directors are not aware of any other persons/entities (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, as of 30 June 2022 and up to the date of this announcement, have the Directors and the chief executive of the Company and their respective close associates (as defined under the GEM Listing Rules) had any interests in, or had been granted, or exercised any rights to subscribe for shares or underlying shares of the Company and/or its associated corporations (within the meaning of the SFO).

Save as disclosed above and as provided in the Share Option Scheme (as defined below), as of 30 June 2022 and up to the date of this announcement was the Company, any of its subsidiaries, its associated companies or its holding companies a party to any arrangements to enable the Directors or the chief executive of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporations (within the meaning of the SFO).

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the period from 14 July 2017 (“**the Listing Date**”) to 30 June 2022, none of the Directors, the controlling shareholders or any of their respective close associates was a director or shareholder of any business (other than the Group’s business) which, directly or indirectly, was or may be in competition or otherwise had any conflicts of interests with the Group’s business.

DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR MATERIAL CONTRACTS

There was no transactions, arrangements or material contracts to which the Company or any related company (holding companies, subsidiaries, or fellow subsidiaries) was a party and in which a Director of the Company or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted during the period from the Listing Date to 30 June 2022.

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 2022 to 30 June 2022.

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 C.2.1 of the Corporate Governance Code, the Group has no material deviation from the Corporate Governance Code. Provision C.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Yang is the Chief Executive Officer, and he also performs as the Chairman of the Board as he has considerable experience in the semiconductor industry. The Board believes that vesting the roles of both the Chairman of the Board and the Chief Executive Officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning of the Group.

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

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

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

The unaudited condensed consolidated second quarterly results of the Group for the six months ended 30 June 2022 have not been audited.

The Audit Committee has reviewed with the management the unaudited condensed consolidated second quarterly results of the Group for the six months ended 30 June 2022, the second quarterly report, the accounting principles and practices adopted by the Group, and other financial reporting matters. The Audit Committee is satisfied that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

SHARE OPTION SCHEME

A share option scheme was adopted and approved by the then shareholders of the Company on 20 June 2017 (the “**Share Option Scheme**”). As at 30 June 2022 and up to the date of this interim announcement, there was no option granted, exercised, lapsed or cancelled under the Share Option Scheme. As of 30 June 2022 and up to the date of this interim announcement, there was no outstanding share option not yet exercised under the Share Option Scheme.

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

From 1 January 2022 to 30 June 2022, 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, 11 August 2022

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

This announcement will remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication and will also be published on the “Latest Listed Company Information” page of the Stock Exchange’s website at www.hkexnews.hk and on the Company’s website at www.genestech.com.