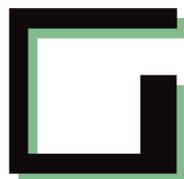


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GENES TECH GROUP HOLDINGS COMPANY LIMITED

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 2022

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 of the Company 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 2022

	<i>Notes</i>	2022 <i>NTD'000</i> (unaudited)	2021 <i>NTD'000</i> (unaudited)
Revenue	4	236,688	413,740
Cost of sales	5	<u>(160,563)</u>	<u>(314,919)</u>
Gross profit		76,125	98,821
Other income		2	–
Other gains, net		3,962	1,700
Selling and distribution expenses	5	(12,231)	(5,556)
General and administrative expenses	5	<u>(32,263)</u>	<u>(49,187)</u>
		35,595	45,778
Finance income		18	18
Finance costs		<u>(2,958)</u>	<u>(3,272)</u>
Profit before income tax		32,655	42,524
Income tax expense	6	<u>(8,980)</u>	<u>(11,312)</u>
Profit for the period attributable to owners of the Company		<u>23,675</u>	<u>31,212</u>
Other comprehensive income/(loss), net of tax:			
Item that may be reclassified subsequently to profit or loss:			
— Exchange differences		<u>(832)</u>	<u>(449)</u>
Total comprehensive income for the period attributable to owners of the Company		<u>22,843</u>	<u>30,763</u>
Earnings per share			
Basic and diluted (NTD cents)	7	<u>2.37</u>	<u>3.12</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 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>
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)	38,815	146,571	116,018	182,226	(3,802)	320,987	800,815
At 1 January 2022 (audited)	38,815	146,571	116,018	182,226	(8,110)	325,690	801,210
Profit for the period	-	-	-	-	-	23,675	23,675
Other comprehensive loss	-	-	-	-	(832)	-	(832)
Total comprehensive income for the period	-	-	-	-	(832)	23,675	22,843
Transfer to statutory reserve	-	-	20,859	-	-	(20,859)	-
At 31 March 2022 (unaudited)	<u>38,815</u>	<u>146,571</u>	<u>136,877</u>	<u>182,226</u>	<u>(8,942)</u>	<u>328,506</u>	<u>824,053</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 2022 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 2021, 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 2021.

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 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 2021. The adoption of these new standards and amendments to standards has no material impact on the Group's consolidated results and financial position.

Standards	Subject of amendment
Interest Rate Benchmark Reform — Phase 2	Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16
HKFRS 16 Covid-19-Related Rent Concessions	Amendments to HKFRS 16

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	
	2022	2021
	NTD'000	NTD'000
	(unaudited)	(unaudited)
Provision of turnkey solution	91,207	287,988
Trading of used semiconductor manufacturing equipment and parts	145,481	125,752
Revenue recognised at a point in time	236,688	413,740

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	
	2022	2021
	<i>NTD'000</i>	<i>NTD'000</i>
	(unaudited)	(unaudited)
Taiwan (place of domicile)	180,275	241,978
PRC	32,585	76,356
Singapore	21,048	67,018
United States	2,084	25,140
Korea	42	2,809
Other countries	654	439
	<u>236,688</u>	<u>413,740</u>

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	
	2022	2021
	<i>NTD'000</i>	<i>NTD'000</i>
	(unaudited)	(unaudited)
A	56,153	57,262
B	50,504	93,218
C	30,850	50,858
D	26,719	N/A*
E	N/A*	41,047
	<u>N/A*</u>	<u>41,047</u>

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

5 EXPENSES BY NATURE

	Three months ended	
	31 March	
	2022	2021
	<i>NTD'000</i>	<i>NTD'000</i>
	(unaudited)	(unaudited)
Auditors' remuneration		
— Audit services	2,432	2,445
— Non-audit services	—	—
Cost of materials used	102,100	246,810
Amortisation of intangible assets (<i>note (a)</i>)	3,035	2,891
Depreciation of property, plant and equipment (<i>note (b)</i>)	4,612	4,727
Depreciation of right-of-use assets	2,829	3,101
Research expense	232	330
Provision for warranty, net	1,378	8,494
Employee benefit expenses	61,338	67,445
Professional fees	2,172	4,554
Commission	4,623	5,762
Expense relating to short-term leases	1,016	544
Delivery charges	3,047	5,013
Travelling	3,632	4,563
Insurance	6,094	6,245
Entertainment	428	398
Utilities	689	697
Others	5,400	5,643
	<u>205,057</u>	<u>369,662</u>

Notes:

- (a) Amortisation of intangible assets is included in “General and administrative expenses”.
- (b) Depreciation of property, plant and equipment is included in “Cost of sales” and “General and administrative expenses” amounting to approximately NTD 2,714,000 (31 March 2021: NTD2,403,000) and NTD 1,898,000 (31 March 2021: NTD2,324,000), 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 2021: 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 NTD23,675,000 (31 March 2021: approximately NTD31,212,000) and the weighted average of 1,000,000,000 (31 March 2021: 1,000,000,000) shares in issue during the period.

	Three months ended	
	31 March	
	2022	2021
Profit for the period attributable to owners of the Company (NTD'000)	23,675	31,212
Weighted average number of ordinary shares in issue (thousands)	1,000,000	1,000,000
Basic earnings per share (NTD cents per share)	<u>2.37</u>	<u>3.12</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

At the beginning of 2022, thanks to the accelerated digital transformation of the overall economy, coupled with the strong demand for semiconductor products in downstream fields such as 5G communications, consumer electronics, Internet of Things (“IoT”), and automotive electronics, semiconductor supply and demand around the world will remain tight. According to an industry report by the Semiconductor Industry Association (SIA), the global semiconductor industry sales in February 2022 reached USD52.5 billion, representing a year-on-year increase of 32.4% as compared to 2021 and an increase of 3.4% as compared to January, reflecting semiconductor sales continued to be strong in the first half of 2022. The World Semiconductor Trade Statistics (WSTS) predicts that the global output value of semiconductors will reach USD601.5 billion in 2022, representing an increase of 8.8% as compared to 2021. According to the data and analysis of the Taiwan Semiconductor Industry Association (TSIA) and the International Institute of Industrial Science of the Industrial Technology Research Institute (工研院產科國際所), the output value of semiconductors in the first quarter of 2022 is expected to reach NTD1,103.4 billion, representing a year-on-year increase of 22% as compared to 2021. The first quarter is a traditional off-season for the semiconductor market, but due to the shortage of semiconductor chips, in 2022, Taiwan’s semiconductor industry is expected to maintain satisfactory performance in the off-season, and the global semiconductor capacity shortage is expected to continue until 2023. TSIA estimates that the output value of the semiconductor industry in Taiwan will increase by another 17.7% this year to NTD4,806.2 billion, setting the new historical record. 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 SME (Semiconductor Manufacturer Equipment) 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 three months ended 31 March 2022, the total revenue of the Group amounted to approximately NTD236.69 million (corresponding period in 2021: NTD413.74 million). The total comprehensive income attributable to owners of the Company amounted to approximately NTD22.84 million (corresponding period in 2021: approximately NTD30.76 million). Basic earnings per share amounted to approximately NTD2.37 cents (corresponding period in 2021: approximately NTD3.12 cents).

Since the beginning of 2022, due to the continuous increase in the number of local infections due to the novel coronavirus epidemic, semiconductor manufacturing companies in Taiwan have launched high-standard epidemic prevention measures such as grouping and diversion respectively, and the semiconductor industry supply chain has been affected to a certain extent. The Company's customers have also become more cautious, and the delivery and acceptance of turnkey solutions and used SME has also slowed down, resulting in varying degrees of impact on the Company's revenue during the period under review.

TURNKEY SOLUTIONS

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 2022 amounted to approximately NTD91.21 million (corresponding period in 2021: approximately NTD287.99 million), accounting for approximately 38.54% of the Group's total revenue (corresponding period in 2021: approximately 69.61%).

TRADING OF SME AND PARTS

During the period under review, the Group recorded a revenue of approximately NTD145.48 million (corresponding period in 2021: approximately NTD125.75 million) from the trading of used SME and parts, representing an increase of approximately 15.69% as compared to the corresponding period of last year, and revenue from the trading of used SME and parts accounted for approximately 61.46% of total revenue of the Group (corresponding period in 2021: approximately 30.39%).

FINANCIAL REVIEW

For the three months ended 31 March 2022, the Group recorded a total revenue of approximately NTD236.69 million (corresponding period in 2021: NTD413.74 million). During the period under review, the Group recorded revenues from turnkey solutions and the trading of used SME and parts of approximately NTD91.21 million (corresponding period in 2021: approximately NTD287.99 million) and NTD145.48 million (corresponding period in 2021: approximately NTD125.75 million), respectively.

During the period under review, revenue from the domestic business in Taiwan was approximately NTD180.28 million (corresponding period in 2021: NTD241.98 million), accounting for approximately 76.17% of the Group's total revenue (corresponding period in 2021: approximately 58.49%). As a result of the rising number of local infections of novel coronavirus in Taiwan, the supply of raw materials for turnkey solutions and used SME, as well as post-completion delivery, logistics and acceptance were also affected to varying degrees, resulting in a relatively higher proportion of revenue generated from local operations in Taiwan during the period under review. The Group will continue to take advantage of the transfer order effect caused by the continued tension in the geopolitical situation to actively develop and consolidate the good and close cooperative relationship with existing international customers, thereby promoting the growth of the Group's business revenue from outside Taiwan.

During the period under review, the Group recorded a gross profit of approximately NTD76.13 million (corresponding period in 2021: approximately NTD98.82 million), while the overall gross profit margin was approximately 32.16% (corresponding period in 2021: approximately 23.88%). During the period under review, a higher percentage of revenue was generated from the sale and purchase of used SME and parts, resulting in a higher overall gross margin.

For the three months ended 31 March 2022, total comprehensive income attributable to owners of the Company amounted to approximately NTD22.84 million (corresponding period in 2021: approximately NTD30.76 million), while basic earnings per share amounted to approximately NTD2.37 cents (corresponding period in 2021: approximately NTD3.12 cents).

OUTLOOK

In general, downstream markets such as 5G deployment, consumer electronics, Internet of Things (“IoT”) devices, cloud computing, and artificial intelligence (AI) are booming, and driven by the growth momentum of vehicle electrification, the global supply and demand imbalance for semiconductor chips will continue in 2022. According to the survey results of the Risks in the Semiconductor Supply Chain Request for Information (RFI) released by the U.S. Department of Commerce in January 2022, the semiconductor supply chain remains fragile, with the median inventory of chip buyers such as automakers and medical equipment manufacturers involved in the survey dropping from 40 days in 2019 to less than 5 days in 2021; inventories in key industries are even lower. According to the Global Semiconductor Industry Outlook 2022 released by KPMG and the Global Semiconductor Alliance (GSA), more than half of semiconductor industry players believe that the global semiconductor supply and demand imbalance is expected to continue until 2023 before it has a chance to be alleviated. According to the IC Insights report by the market research and investigation agency, it is expected that the global semiconductor output value will reach USD680.6 billion in 2022, representing an increase of 11% as compared to last year. WSTS also predicts that the global semiconductor output value will reach USD601.5 billion in 2022, representing an increase of 8.8% as compared to 2021. In addition, according to the Industrial Technology Research Institute in Taiwan, it is estimated that the output value of semiconductor industry in Taiwan will exceed NTD4.8 trillion in 2022, representing an increase of 17.7% as compared to last year, and will achieve double-digit growth in output value for three consecutive years from 2020 to 2022.

At the same time, in the face of continued geopolitical tension and the imbalance of global semiconductor supply and demand, countries have begun to realise the importance of owning a complete semiconductor supply chain and have launched semiconductor policy subsidies to build a local independent manufacturing chain. The localised deployment of the semiconductor industry has become a global trend. Global technology giants have also begun to design their own semiconductor products and actively diversify suppliers and production sites. According to the 2022 Quarterly Report of the International Semiconductor Industry Association (SEMI), it is expected that the global investment in fab semiconductor equipment will reach USD107.0 billion in 2022, representing an increase of 18% as compared to last year, and will set a record high for three consecutive years; in terms of semiconductor equipment, Taiwan ranks first with an investment of approximately USD35.0 billion, representing an increase of 56% as compared to last year.

The Directors believe that this will bring new business opportunities for the Group's future business. The Group will pay close attention to changes in the market environment, respond prudently and quickly to market changes, seize development opportunities, and actively explore market development opportunities. The Group will also strengthen its innovative research and development capabilities to enhance its core competitiveness and create long-term shareholder value.

DIVIDEND

The Board does not recommend the payment of any dividend for the three months ended 31 March 2022 (for the three months ended 31 March 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 31 March 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 (Note)	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 (Note)	662,925,000	66.29%
		<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 (Note)	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. Lin and former director 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 31 March 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 31 March 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 Interest in persons acting in concert (Note 5)	111,300,000 570,750,000	11.13% 57.07%
		<u>682,050,000</u>	<u>68.20%</u>
Mr. Fan Chiang-Shen ("Mr. Fan")	Beneficial owner Interest in persons acting in concert (Note 5)	2,925,000 679,125,000	0.29% 67.91%
		<u>682,050,000</u>	<u>68.20%</u>
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%, Mr. Lin was interested in approximately 5.1% and former director Mr. Fan was interested in approximately 10.7% 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. Lin was interested in approximately 17.8% and former director Mr. Fan was interested in approximately 10.7% of its shareholding. 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, Mr. Lin and former director 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 31 March 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 31 March 2022 and up to the date of this announcement, neither the Directors nor the chief executive of the Company nor 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 at the end of 31 March 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 31 March 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 31 March 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 31 March 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 first quarterly results of the Group for the three months ended 31 March 2022 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 2022, 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 2022 to 31 March 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, 10 May 2022

As at the date of this announcement, the executive Directors are Mr. Yang Ming-Hsiang, Ms. Wei Hung-Li and 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.