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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

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**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. Subject as set out above, 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 this announcement or any statement herein misleading.*

HIGHLIGHTS

- Revenue increased by approximately 70.07% from approximately NTD1,122.05 million for the year ended 31 December 2018 to approximately NTD1,908.21 million for the year ended 31 December 2019.
- Total comprehensive income for the year attributable to owners of the Company increased by approximately 208.72% from approximately NTD57.43 million for the year ended 31 December 2018 to approximately NTD177.31 million for the year ended 31 December 2019.
- Basic earnings per share increased from NTD5.56 cents for the year ended 31 December 2018 to NTD17.90 cents for the year ended 31 December 2019.
- The Board does not recommend the payment of a dividend for the year ended 31 December 2019 (On 10 October 2019, the Company distributed the final dividend of HK$0.01 (equivalent to approximately NTD0.04) per share for the year ended 31 December 2018 to the shareholders whose names appeared on the register of members of the Company on Friday, 5 July 2019).

The board of directors (the "**Board**") of the Company is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2019, together with comparative figures for the preceding financial year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	**2019** *NTD'000*	2018 *NTD'000*
Revenue	*3*	**1,908,210**	1,122,046
Cost of sales	*6*	**(1,419,502)**	(865,960)
Gross profit		**488,708**	256,086
Other income	*4*	**1,089**	4,781
Other (losses)/gain, net	*4*	**(8,511)**	10,907
Selling and distribution expenses	*6*	**(33,140)**	(38,716)
General and administrative expenses	*6*	**(173,231)**	(133,165)
		274,915	99,893
Finance income	*5*	**426**	301
Finance costs	*5*	**(14,979)**	(11,388)
Profit before income tax		**260,362**	88,806
Income tax expense	*7*	**(81,330)**	(33,205)
Profit for the year attributable to owners of the Company		**179,032**	55,601
Other comprehensive (loss)/income, net of tax:			
Item that may be reclassified subsequently to profit or loss:			
— Exchange differences		**(1,724)**	1,832
Total comprehensive income for the year attributable to owners of the Company		**177,308**	57,433
Earnings per share			
Basic and diluted (NTD cents)	*9*	**17.90**	5.56

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019 NTD'000	2018 NTD'000
ASSETS			
Non-current assets			
Property, plant and equipment		**304,177**	256,095
Right-of-use assets		**23,733**	–
Intangible assets		**123,660**	654
Deferred income tax assets		**19,357**	40,074
Deposits		**8,975**	5,098
		479,902	301,921
Current assets			
Inventories		**1,506,574**	1,470,956
Trade and bills receivables	*10*	**255,569**	402,233
Prepayments, deposits and other receivables		**114,395**	90,641
Cash and cash equivalents		**137,349**	281,849
		2,013,887	2,245,679
Total assets		**2,493,789**	2,547,600
EQUITY			
Share capital		**38,815**	38,815
Reserves		**587,423**	449,355
Total equity		**626,238**	488,170
LIABILITIES			
Non-current liabilities			
Bank borrowings		**300,140**	105,500
Lease liabilities		**14,285**	–
		314,425	105,000
Current liabilities			
Trade payables and other payables	*11*	**479,101**	603,930
Contract liabilities	*11*	**545,893**	977,374
Lease liabilities		**9,570**	–
Bank borrowings		**478,805**	341,391
Current income tax liabilities		**39,757**	31,235
		1,553,126	1,953,930
Total liabilities		**1,867,551**	2,059,430
Total equity and liabilities		**2,493,789**	2,547,600

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Share capital *NTD'000*	Share premium *NTD'000*	Statutory reserve *NTD'000*	Other reserve *NTD'000*	Exchange reserve *NTD'000*	Retained earnings *NTD'000*	Total equity *NTD'000*
At 1 January 2018	38,815	146,571	31,959	182,226	(3,074)	72,195	468,692
Profit for the year	–	–	–	–	–	55,601	55,601
Other comprehensive income	–	–	–	–	1,832	–	1,832
Total comprehensive income for the year	–	–	–	–	1,832	55,601	57,433
Transfer to statutory reserve	–	–	7,801	–	–	(7,801)	–
Dividend declared *(Note 8)*	–	–	–	–	–	(37,955)	(37,955)
At 31 December 2018 and 1 January 2019	**38,815**	**146,571**	**39,760**	**182,226**	**(1,242)**	**82,040**	**488,170**
Profit for the year	–	–	–	–	–	179,032	179,032
Other comprehensive loss	–	–	–	–	(1,724)	–	(1,724)
Total comprehensive income/(loss) for the year	–	–	–	–	(1,724)	179,032	177,308
Transfer to statutory reserve	–	–	16,856	–	–	(16,856)	–
Dividend declared *(Note 8)*	–	–	–	–	–	(39,240)	(39,240)
At 31 December 2019	**38,815**	**146,571**	**56,616**	**182,226**	**(2,966)**	**204,976**	**626,238**

NOTES TO THE 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 consolidated financial information is presented in New Taiwan dollars ("**NTD**") and rounded to the nearest thousand ("**NTD'000**"), unless otherwise stated.

Particulars of the Company's subsidiaries are as follows:

Name of subsidiary	Place and date of incorporation and type of legal entity	Particulars of issued and fully paid share capital/ registered capital	Effective interest held by the Company	Principal activities and place of operation
Interests held directly				
Genes Tech (Hong Kong) Co. Limited	Incorporated in Hong Kong on 13 April 2018 as a limited liability company	100 ordinary shares of Hong Kong dollar ("**HK$**") 1 each	100%	Investment holding
Top Lucky International Limited	Incorporated in Hong Kong on 26 March 2018 as a limited liability company	100 ordinary shares of HK$1 each	100%	Investment holding
Top Vitality Limited ("**Top Vitality**")	Incorporated in Anguilla on 28 April 2016 as a limited liability company	1,000,000 ordinary shares of United States dollar ("**USD**") 1 each	100%	Investment holding
Interests held indirectly				
靖洋科技股份有限公司 Genes Tech Co. Limited* ("**Genes Tech**")	Incorporated in Taiwan on 28 December 2009 as a limited liability company	15,000,000 ordinary shares of New Taiwan dollars ("**NTD**") 10 each	100%	Provision of turnkey solution and trading of semiconductor manufacturing equipment and parts
崇濬科技股份有限公司 Astro Thermal Technology Corporation* ("**Astro Thermal Technology**")	Incorporated in Taiwan on 27 July 2009 as a limited liability company	1,500,000 ordinary shares of NTD10 each	100%	Manufacturing and sale of heating jackets

* *The English name of the subsidiary established in Taiwan represents the management's best effort in translating the Chinese name of such subsidiary as no English name has been registered.*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group has been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") and requirements of the Hong Kong Companies Ordinance Cap.622. The consolidated financial statements also comply with the applicable disclosure requirements under the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**"). The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019:

Annual Improvements Project (Amendments)	Annual Improvements 2015–2017 Cycle
HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement
HKAS 28 (Amendments)	Long-term Interest in Associates and Joint Ventures
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation
HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments

The Group had to change its accounting policies following the adoption of HKFRS 16 which was disclosed in note 2.2. The adoption of other new and amended standards did not have any material impact on the current period or any prior periods.

(b) New standards and interpretations not yet adopted by the Group

The following new standards, new interpretations and amended standards have been issued but are not effective for financial year beginning on 1 January 2019 and have not been early adopted by the Group.

		Effective for annual reporting periods beginning on or after
HKFRS 3 (Amendments)	Definition of a Business	1 January 2020
HKAS 1 and HKAS 8 (Amendments)	Definition of Material	1 January 2020
HKAS 39, HKFRS 7 and HKFRS 9 (Amendments)	Hedge accounting	1 January 2020
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 January 2020
HKFRS 17	Insurance Contracts	1 January 2021
HKFRS 10 and HKAS28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group will adopt the new standards, new interpretations and amended standards when they become effective. The Group has already commenced an assessment of the related impact of adopting the above new standards, amended standards and new interpretations, none of which is expected to have a significant effect on the consolidated financial statements of the Group.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and in the foreseeable future.

2.2 Change in accounting policies

This note explains the impact of the adoption of HKFRS 16 on the Group's consolidated financial statements.

HKFRS 16 "Leases"

As indicated in note 2.1 above, the Group has adopted HKFRS 16 "Leases" retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

The following explains the impact of the adoption of HKFRS 16 "Leases" on the Group's consolidated financial statements and also discloses the new accounting policy that has been applied from 1 January 2019, where it is different to those applied in prior periods.

(a) Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 January 2019. The weighted average Group's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 2.1%.

	NTD'000
Operating lease commitments disclosed as at 31 December 2018	14,504
Less: Short-term leases to be recognized on a straight-line basis as expense	(998)
	13,506
Effect of discounting at incremental borrowing rate as the date of initial adoption	(719)
Lease liabilities recognized upon initial adoption of HKFRS 16	12,787
Representing:	
Current lease liabilities	5,271
Non-current lease liabilities	7,516
	12,787

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	31 December 2019 *NTD'000*	**1 January 2019** *NTD'000*
Properties	17,105	5,396
Motor vehicles	6,628	7,391
Total right-of-use assets	23,733	12,787

The change in accounting policy affected the following items in the consolidated statement of financial position on 1 January 2019:

	31 December 2018 *NTD'000*	**Adjustment** *NTD'000*	**1 January 2019** *NTD'000*
Consolidated statement of financial position (extract)			
Non-current			
Right-of-use assets	–	12,787	12,787
Lease liabilities	–	7,516	7,516
Current			
Lease liabilities	–	5,271	5,271

Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases; and
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease".

(b) The Group's leasing activities and how these are accounted for

The Group leases various offices, warehouses, and motor vehicles. Rental contracts are typically made for fixed periods of 2 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the financial year ended 31 December 2018, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and

- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;

- any lease payments made at or before the commencement date less any lease incentives received;

- any initial direct costs; and

- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

3. 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 years, 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.

	2019	2018
	NTD'000	*NTD'000*
Provision of turnkey solution	**1,751,732**	1,070,315
Trading of used semiconductor manufacturing equipment and parts	**156,478**	51,731
Revenue recognised at a point in time	**1,908,210**	1,122,046

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.

	2019	2018
	NTD'000	*NTD'000*
Taiwan (place of domicile)	**1,101,834**	504,286
PRC	**519,416**	425,838
Singapore	**125,292**	60,053
United States	**102,888**	81,298
Japan	**57,661**	29,667
South Korea	**–**	18,828
Other countries	**1,119**	2,076
	1,908,210	1,122,046

Information about major customers

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

	2019	2018
	NTD'000	*NTD'000*
Customers		
A	**549,544**	112,740
B	**308,703**	153,598
C	**N/A***	209,288
D	**N/A***	135,262
E	**N/A***	129,010

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

4. OTHER INCOME AND OTHER (LOSSES)/GAINS, NET

	2019	2018
	NTD'000	*NTD'000*
Other income		
Rental income	**524**	572
Sundry income	**565**	4,209
	1,089	4,781
Other (losses)/gains, net		
Exchange (losses)/gains	**(8,391)**	10,907
Others	**(120)**	–
	(8,511)	10,907

5. FINANCE INCOME AND COSTS

	2019	2018
	NTD'000	*NTD'000*
Finance income		
Bank interest income	**426**	301
Finance costs		
Interest on bank borrowings	**(14,699)**	(11,388)
Interest on lease liabilities	**(280)**	–
	(14,979)	(11,388)
Net finance costs	**(14,553)**	(11,087)

6. EXPENSE BY NATURE

	2019	2018
	NTD'000	*NTD'000*
Auditors' remuneration		
— Audit services	**11,278**	6,472
— Non-audit services *(note (a))*	**3,932**	4,618
Cost of materials used	**1,190,969**	698,301
Amortisation of intangible assets *(note (b))*	**7,020**	1,228
Depreciation of property, plant and equipment *(note (c))*	**13,388**	14,978
Depreciation of right-of-use assets	**6,194**	–
Research expense	**1,223**	1,187
Provision for warranty, net	**28,086**	4,087
Employee benefit expenses	**219,604**	179,688
Professional fees	**27,676**	13,511
Expense relating to short-term leases (2018: operating lease payments)	**2,232**	6,302
Delivery charges	**18,668**	24,212
Travelling	**29,550**	22,469
Insurance	**19,068**	14,878
Entertainment	**4,289**	7,001
Utilities	**3,273**	2,694
Others	**39,423**	36,215
	1,625,873	1,037,841

Notes:

(a) Non-audit services represent the services provided by the Company's auditor for its service for the acquisition of Astro Thermal Technology which was completed on 16 May 2019.

(b) Amortisation of intangible assets is included in "General and administrative expenses".

(c) Depreciation of property, plant and equipment is included in "Cost of sales" and "General and administrative expenses" amounting to approximately NTD7,851,000 (2018: NTD9,659,000) and NTD5,537,000 (2018: NTD5,319,000), respectively, for the year.

7. INCOME TAX EXPENSE

	2019	2018
	NTD'000	*NTD'000*
Current tax — Taiwan		
Current tax on profits for the year	**64,668**	46,423
Reversal of income tax on the undistributed surplus earnings	**(2,250)**	(4,500)
(Over)/under provision in prior years	**(701)**	2,922
	61,717	44,845
Withholding tax	**9,450**	9,450
Deferred income tax	**10,163**	(21,090)
Income tax expense	**81,330**	33,205

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

The Legislative Yuan passed its third reading of Amendments to the Income Tax Act for Taiwan income tax rate and additional income tax rate on 18 January 2018 and took effect on 1 January 2018. As such, Taiwan Income Tax is calculated at 20% (2018: 20%) on the estimated assessable profits for the year.

Pursuant to the rules and regulations of the Cayman Islands and Anguilla, neither the Company nor any of its subsidiaries is subject to any income tax under the jurisdictions during the year (2018: Nil).

Further pursuant to the Article 66-9 of Income Tax Act issued by Taxation Administration, Ministry of Finance, Taiwan, an additional income tax shall be charged at 5% (2018: 5%) on the undistributed surplus earnings in prior year.

Reconciliation between income tax expense and profit before income tax at applicable tax rate is as follows:

	2019	2018
	NTD'000	*NTD'000*
Profit before income tax	**260,362**	88,806
Tax calculated at the rates applicable to profits in the tax jurisdiction concerned	**72,541**	28,260
Income not subject to tax	**(71)**	(42)
Expense not deductible for tax purpose	**307**	–
(Over)/under provision in prior years	**(701)**	2,922
Reversal of income tax on the undistributed surplus earnings	**(2,250)**	(4,500)
Changes in tax rate	**–**	(3,350)
Withholding tax	**9,450**	9,450
Difference in tax rate over current tax and deferred tax	**1,829**	–
Others	**225**	465
Income tax expense	**81,330**	33,205

8. DIVIDENDS

	2019	2018
	NTD'000	*NTD'000*
Proposed final dividend of Nil per share (2018: HK$0.01 per share)	**–**	39,240

Subsequent to the end of the reporting period of 2018, a final dividend of HK$10,000,000 (equivalent to NTD39,240,000) or HK$0.01 (equivalent to approximately NTD0.04) per share in respect of the year ended 31 December 2018 has been proposed by the directors of the Company and approved by the shareholders in the annual general meeting held on 26 June 2019. No final dividend in respect of the year ended 31 December 2019 has been proposed.

9. EARNINGS PER SHARE

(a) Basic

The calculations of basic earnings per share are based on the profit for the year attributable to owners of the Company of approximately NTD179,032,000 (2018: approximately NTD55,601,000) and the weighted average of 1,000,000,000 (2018: 1,000,000,000) shares in issue during the year.

	2019	2018
Profit for the year attributable to owners of the Company (NTD'000)	**179,032**	55,601
Weighted average number of ordinary shares in issue (thousands)	**1,000,000**	1,000,000
Basic earnings per share (NTD cents per share)	**17.90**	5.56

(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 years.

10. TRADE AND BILLS RECEIVABLES

	2019	2018
	NTD'000	*NTD'000*
Trade receivables	**255,569**	400,818
Bills receivables	**–**	1,415
	255,569	402,233

The Group normally allows credit period ranging from 30 to 90 days (2018: 30 to 90 days) to its major customers.

The Group applies the HKFRS 9 simplified approach to measure 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 assets 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 and bills receivables, based on invoice dates, as at each reporting date, is as follows:

	2019	2018
	NTD'000	*NTD'000*
1–30 days	**74,456**	340,840
31–90 days	**77,476**	27,496
91–180 days	**17,464**	7,297
181–365 days	**44,646**	26,600
Over 1 year	**41,527**	–
	255,569	402,233

The carrying amount of the Group's trade and bills receivables is denominated in the following currencies:

	2019	2018
	NTD'000	*NTD'000*
USD	**155,433**	115,810
NTD	**100,136**	39,233
JPY	**–**	247,190
	255,569	402,233

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 31 December 2019, no provision of impairment loss has been recognised (2018: Nil).

11. TRADE AND OTHER PAYABLES

	2019	2018
	NTD'000	*NTD'000*
Trade payables *(note (a))*	**294,646**	464,234
Other payables *(note (b))*	**1,165**	8,690
Accruals	**147,996**	108,858
Provision for warranty	**35,294**	22,148
	479,101	603,930
Contract liabilities	**545,893**	977,374

The carrying amounts of trade and other payables approximate to their fair values and were denominated in the following currencies:

	2019	2018
	NTD'000	*NTD'000*
NTD	**333,914**	243,372
USD	**91,391**	94,084
HK$	**15,370**	14,092
SGD	**2,484**	–
JPY	**648**	230,234
	443,807	581,782

(a) Trade payables

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

	2019	2018
	NTD'000	*NTD'000*
Current or less than 1 month	**54,365**	161,880
1 to 3 months	**88,444**	252,158
More than 3 months to 1 year	**151,837**	50,196
	294,646	464,234

(b) The amount includes a dividend payable of NTD8,000 (2018: NTD 2,670,000).

12. BUSINESS COMBINATION

Acquisition of Astro Thermal Technology

Pursuant to the share purchase agreement entered into between Top Vitality, a wholly-owned subsidiary of the Company and the beneficial owners of Astro Thermal Technology (the "**Sellers**") dated 12 December 2018, and the supplemental agreement entered into between Genes Tech, an indirect wholly owned subsidiary of the Company and the Sellers, dated 2 May 2019, Genes Tech acquired 100% equity interest of Astro Thermal Technology in the form of cash consideration amounted to NTD300 million (equivalent to approximately HK$75 million).

Upon the completion of the acquisition on 16 May 2019, Astro Thermal Technology became a wholly-owned subsidiary of Genes Tech. Acquisition-related costs of approximately NTD15,008,000 have been charged to general and administrative expenses in the consolidated statement of comprehensive income for the year ended 31 December 2019.

The fair values of assets acquired and liabilities assumed and the consideration paid at the acquisition date are summarised in the table below:

	NTD'000
Consideration	
Cash paid	300,000
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	3,021
Intangible assets	396
Intangible assets — customer relationship *(note (i))*	56,440
Deferred income tax assets	2,766
Trade and bills receivables	49,288
Prepayments, deposits and other receivables	2,403
Inventories	129,377
Cash and cash equivalents	85,393
Trade payables and other payables	(43,896)
Current income tax liabilities	(13,365)
Contract liabilities	(31,423)
Deferred income tax liabilities *(note (ii))*	(13,320)
Total identifiable net assets	227,080
Goodwill	72,920
Cash consideration paid	300,000
Less: cash and cash equivalents acquired	(85,393)
Net cash outflow on acquisition for the period	214,607

The goodwill is attributable to the expected synergy between Genes Tech and Astro Thermal Technology. It will not be deductible for tax purposes.

Notes:

(i) The customer relationship recognised in intangible assets with a useful life of 6 years and assessed with a fair value of approximately NTD56,440,000, using multi-period excess earnings method based on financial budgets covering a five-year period approved by senior management. The following describes each key assumption on which management has based its projections:

- Average revenue growth rate from 2.1% to 6.6% with reference to the average performance in the past and the expected returns related to the specific customers; and

- Discount rate of 21.3% is used with reference to the current market data for comparable companies in the relevant industry.

(ii) The deferred income tax liability relating to the fair value of intangible assets amounted to approximately NTD13,320,000, calculated at the Taiwan Income Tax rate of 20%.

The revenue included in the consolidated statement of comprehensive income since 16 May 2019 contributed by Astro Thermal Technology was approximately NTD240,103,000. It had net profit of approximately NTD46,749,000 over the same period.

Had Astro Thermal Technology been consolidated from 1 January 2019, the consolidated statement of comprehensive income would show pro-forma revenue of approximately NTD1,962,551,000 and net profit of approximately NTD196,091,000.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

In 2019, the world's economy has experienced new challenges. The US-China trade dispute lasted for an entire year. Geopolitical tensions have dragged the global economy into a synchronised slowdown, and many economic indicators even hit the new lows since the 2008 international financial crisis. The pace of global economic recovery was slower than expectation. For the semiconductor industry, the global market size has dropped by approximately 13.3% during the year of 2019. Fortunately, it began to recover from the trough and has shown a rising trend in the third quarter. During the year of 2019, the output of the semiconductor industry in Taiwan reached NTD2.62 trillion, representing an increase of 0.1% against the downtrend, and has become the world's largest semiconductor manufacturing equipment ("**SME**") market with a growth rate of 53.3%, being a miracle in the sluggish market. The Group seized the opportunity to consolidate its existing advantages and facilitate healthy development of the overall business with its efficient operation capabilities, high-quality techniques and sales team as well as strict cost management.

BUSINESS REVIEW

The Group, headquartered in Taiwan, mainly provides turnkey solutions for used SME and parts for customers, transforms and/or upgrades SME of the production systems according to the needs of customers, and also engages in the trading of SME and parts. In 2019, the Group has achieved an exciting operating performance because it benefited from the advantages of semiconductor industry in Taiwan, along with a number of active measures adopted by the Group, including strict cost control, optimisation of cost savings, fine-tuning of business models, and expansion of its product categories by acquisition of Astro Thermal Technology in the same industry.

For the year ended 31 December 2019, the total revenue of the Group reached a new record high of NTD1,908.21 million (2018: approximately NTD1,122.05 million), representing an increase of approximately 70.07%, which was mainly due to the orders of the Group reflected during the year. During the year of 2019, the total comprehensive income attributable to owners of the Company amounted to approximately NTD177.31 million (2018: approximately NTD57.43 million), representing a drastic year-on-year increase of approximately 208.72%. Basic earnings per share amounted to NTD17.90 cents (2018: NTD5.56 cents). Since its listing on GEM of the Stock Exchange in 2017, the Group has shown continuous and strong growth and its profitability has strengthened year by year.

TURNKEY SOLUTIONS

During the year of 2019, turnkey solutions performed well. For the year ended 31 December 2019, the revenue amounted to approximately NTD1,751.73 million (2018: approximately NTD1,070.32 million), representing a yearly increase of approximately 63.67%, mainly attributable to the world's leading semiconductor manufacturers. The SME and parts supplied by the Group include furnaces and clean tracks which are used at the front-end of the semiconductor manufacturing process or wafer fabrication, such as deposition, photoresist coating and development, and can be extensively applied to mobile phones, game consoles, DVD players, automotive sensors and other digital electronic products.

As a result of the trade war, China's export tax costs have increased and part of the customers have turned to Taiwan for seeking services. The trend of contrarian growth in Taiwan semiconductor industry drove the overall purchase of SME increase instead. The Group seized the opportunity in a timely manner and took in more international customers and orders, the proportion of income from the United States and Japan increased by approximately 26.56% and 94.36%, respectively. By admitting more international customers and orders to expand the customer base, the Group effectively distributed the potential risks brought by the limitations of regional operations. In addition, the Group's local business in Taiwan has also made new progress. After completing the acquisition of all equity interests of Astro Thermal Technology in May 2019, the product types have been further diversified, so that the Group can provide a wider product portfolio and broaden income sources. The revenue from local business in Taiwan accounted for approximately 57.74% of the related business of the Group.

TRADING OF SME AND PARTS

During the year of 2019, the Group recorded revenue of approximately NTD156.48 million (2018: approximately NTD51.73 million) from the trading of SME and parts, representing an increase of approximately 202.48%, accounting for approximately 8.20% of the total revenue of the Group. The increase was mainly due to the current gloomy global economy, and all midstream and downstream companies in the semiconductor industry strictly controlled their expenses, and hence the used SME refurbishment business provided by the Group has attracted a number of customers with the advantages of flexible assembly and customisable products.

FINANCIAL REVIEW

For the year ended 31 December 2019, the cost of sales of the Group amounted to approximately NTD1,419.50 million (2018: approximately NTD865.96 million), and gross profit amounted to approximately NTD488.71 million (2018: approximately NTD256.09 million), while the gross profit margin increased by approximately 2.79% compared to last year to approximately 25.61% (2018: approximately 22.82%). The year-on-year increase in gross profit margin was mainly due to the significant increase in segment revenue under turnkey solutions and the Group's active and effective control of production costs. The increase in cost of sales was due to the fixed costs driven by new orders.

OUTLOOK

SEMI expects the SME market to be rejuvenated in 2020 and global SME sales are expected to increase by 5.5% to US$60.8 billion. This trend will probably last in 2021, reaching a record high of US$66.8 billion. By region, Taiwan will continue to maintain its position as the world's largest SME market with sales amount of US$15.4 billion, and market momentum will mainly come from the investment in manufacturing equipment by upstream manufacturers, in which wafer fabrication companies and system semiconductors manufacturers play an important role.

Analysing from a macro perspective, although the US-China trade negotiation has achieved progress in a phased manner, there are still uncertain factors. In addition, due to the impact of the novel coronavirus pneumonia in China, production has been partially suspended. There is no clue when the epidemic will be under control, it is expected that part of the orders in China may be shifted to Taiwan, and the semiconductor manufacturers will need to purchase or refurbish equipment in order to expand their production capacity. On the other hand, the installation progress of the Group's existing orders will inevitably be affected by the epidemic. Hence, the financial impact of the epidemic to the Group has to be further observed.

According to the annual global semiconductor industry survey report of 2019, the Internet of Things (IOT) is ranked as the top application driving the revenue growth of semiconductor industry in 2020, surpassing wireless communication, which is the top application of last year. Artificial Intelligence (AI) and the automotive industry are ranked in the third and fourth place, respectively. As the backbones of internet world, the semiconductor industry will definitely face a main problem of increasing research and development costs with the iteration of end-products. Therefore, the current and primary strategy is to develop semiconductor technology and products with innovation. Recently, the semiconductor sector in China has also grown substantially, which has shown that a new round of price increase for memory chips has begun, the semiconductor industry has started to upgrade gradually.

The Group is completing the expansion of the plants in Taiwan headquarters, allowing the production capacity to be increased. The acquisition of Astro Thermal Technology further expanded the industrial scale and product lines to ensure the production rate maintains at a strong level, meeting the increasing market demand for semiconductor products and equipment. In response to the promising market prospects, the Group will make more efforts in identifying talents, strengthening innovative research and development capabilities to provide customers with better and economical product solutions. At the same time, the Group will reasonably allocate existing capital, continue to strictly control expenditures, improve core competitiveness, and proceed to expand market share.

LIQUIDITY AND CAPITAL RESOURCES

The Group had met its liquidity requirements principally through a combination of internal resources and bank borrowings during the year of 2019. The Group's primary use of cash has been, and is expected to continue to be, satisfying its working capital needs.

As at 31 December 2019, the borrowings of the Group totalled approximately NTD778.95 million (31 December 2018: approximately NTD446.89 million). As at 31 December 2019, the gearing ratio of the Group, as calculated by dividing the Group's net debt by the Group's total equity, was approximately 102% (31 December 2018: approximately 34%).

Charge on Assets

As at 31 December 2019, 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 NTD206.03 million (2018: approximately NTD209.15 million).

EVENTS OCCURRING AFTER THE REPORTING PERIOD

Since January 2020, Taiwan has reported certain confirmed cases of novel coronavirus pneumonia which may affect its ordinary business environment as a whole. The Group's financial results may be affected, pending the development of this non-adjusting subsequent event, the extent of which could not be estimated as at the date of this announcement.

Exposure to Fluctuations in Exchange Rates and Related Hedges

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

During the year, 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 31 December 2019, the Group did not have any significant capital commitments (2018: Nil) or significant contingent liabilities (2018: Nil).

Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Capital Assets

The Group and its subsidiaries have completed the acquisition of Astro Thermal Technology on 16 May 2019, the resolution of which has been approved at the extraordinary general meeting on 17 April 2019. For details, please refer to the announcements dated 17 December 2018, 15 February 2019, 16 May 2019 and 6 August 2019, and the circular to shareholders dated 25 March 2019.

Save for the above, the Group did not have any significant investments or disposals of subsidiaries and capital assets during the year.

HUMAN RESOURCES

As at 31 December 2019, the Group employed approximately 246 employees (2018: 138). All of 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 provided to the employees as well.

USE OF PROCEEDS FROM THE SHARE OFFER

The Company intends to apply the net proceeds in the manner as stated in the prospectus of the Company dated 30 June 2017 (the "**Prospectus**"). As at 31 December 2019, the Group has used the proceeds as stated in the section headed "Business Objectives, Future Plans and Use of Proceeds" in the Prospectus.

As stated in the section headed "Business Objectives, Future Plans and Use of Proceeds" in the Prospectus, the Group intends to use the proceeds for:

(1) building an extra floor on its existing self-owned headquarter located in Taiwan;

(2) repaying bank loans;

(3) research and development project corporating with Industrial Technology Research Institute of Taiwan and its in-house research and development;

(4) recruiting new staff for handling unrefurbished used SME and the provision of turnkey solution;

(5) working capital of the Group.

USE OF PROCEEDS

Item/Date	Intended amount from the Listing Date to 31 December 2017	Intended amount for the six months ended 30 June 2018	Intended amount for the six months ended 31 December 2018	Intended amount for the six months ended 30 June 2019	Intended amount for the six months ended 31 December 2019	Intended amount as of 31 December 2019	Utilised amount as of 31 December 2019	Unutilised amount as of 31 December 2019	% of utilised net proceeds as of 31 December 2019	Intended amount for the six months ending 30 June 2020	Total intended amount disclosed in the Prospectus	Equivalent to HK$ million	% of the total net proceeds
Currency	*NTD million*	*NTD million*	*NTD million*	*NTD million*	*NTD million*	*NTD million*	*NTD million*	*NTD million*		*NTD million*	*NTD million*		
Build an extra floor on our existing headquarters	–	46.5	–	–	–	46.5	46.5	–	30.1%	–	46.5	11.6	26.6%
Repay bank loans	10.8	13.6	13.6	13.6	13.6	65.2	65.2	–	42.3%	13.2	78.4	19.6	44.9%
Research and development	4.6	2.7	1.2	1.2	1.1	10.8	10.8	–	7.0%	–	10.8	2.7	6.2%
Recruit new staff	1.0	2.4	2.7	4.5	6.2	16.8	16.8	–	10.9%	6.2	23.0	5.8	13.2%
Working capital	–	12.0	1.0	1.0	1.0	15.0	15.0	–	9.7%	1.0	16.0	4.0	9.1%
Total	16.4	77.2	18.5	20.3	21.9	154.3	154.3	–	100.0%	20.4	174.7	43.7	100.0%

Dividend

The Board does not recommend the payment of a dividend for the year ended 31 December 2019 (On 10 October 2019, the Company distributed the final dividend of HK$0.01 (equivalent to approximately NTD0.04) per share for the year ended 31 December 2018 to the shareholders whose names appeared on the register of members of the Company on Friday, 5 July 2019).

OTHER INFORMATION

Compliance Adviser's Interests

As advised by Ample Capital Limited ("**Ample**"), the compliance adviser of the Company, neither Ample nor any of its close associates and none of the Directors or employees of Ample had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities, if any) which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules as at 31 December 2019.

The compliance adviser's appointment is for a period commencing on 14 July 2017 (i.e. the Listing Date) and ending on the date on which the Company, in compliance with Rule 18.03 of the GEM Listing Rules, despatches its annual report of the financial results for the second full financial year commencing after the date of the initial listing of the shares on GEM (the "**Listing**"), or until the compliance adviser agreement is terminated in accordance with its terms and conditions, whichever is earlier. Pursuant to the compliance adviser agreement, Ample receives fees for acting as the Company's compliance adviser.

Compliance with Code of Conduct for Directors' Securities Transactions

The Company has adopted a code of conduct regarding securities transactions by the Directors ("**Securities Code**") on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

Having made specific enquiry, all the Directors have confirmed their compliance with the Securities Code since the date of Listing up to 31 December 2019.

Compliance with the Corporate Governance Code

The Group has adopted the principles and code provisions set out in the Corporate Governance Code (the "**Corporate Governance Code**") contained in Appendix 15 to the GEM Listing Rules. To the best knowledge of the Directors, except for the deviation from provision A.2.1 of the Corporate Governance Code, the Group has no material deviation from the Corporate Governance Code. Provision A.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Yang Ming-Hsiang is the chairman of the Board (the "**Chairman**") and the chief executive officer of the Company (the "**CEO**"). In view of Mr. Yang having assumed day-to-day responsibilities in operating and managing the Group since 2009 and the rapid development of the Group, the Board believes that with the support of Mr. Yang's extensive experience and knowledge in the business of the Group, vesting the roles of both the Chairman and the CEO in Mr. Yang strengthens the solid and consistent leadership and thereby allows for efficient business planning and decision making which is in the best interests of the Group.

The Directors consider that the deviation from provision A.2.1 of the Corporate Governance Code is appropriate in such circumstances. 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.

The Group is committed to achieving high standards of corporate governance with a view to safeguarding the interests of its Shareholders as a whole. The Directors are aware that the Group is expected to comply with such code provisions. Any such deviation shall however be carefully considered, and the reasons for such deviation shall be given in the annual report in respect of the relevant period. Save as disclosed above, the Company has complied with all the code provisions set out in the Corporate Governance Code since the date of Listing.

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 Leung Ming 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 control, internal control and risk management systems, and (c) reviewing the Group's financial and accounting policies and practices.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2019. The Audit Committee considers that the audited consolidated financial statements have been prepared under the applicable accounting standards and the GEM Listing Rules.

Purchase, Sale or Redemption of the Company's Listed Securities

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries has purchased, sold or redeemed the Company's listed shares.

Scope of Work of the Company's Auditor

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2019 as set out in this preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary announcement.

Annual General Meeting

The annual general meeting ("**AGM**") of the Company is scheduled to be held on Tuesday, 23 June 2020. The AGM notice will be issued and despatched in due course.

CLOSURE OF REGISTER OF MEMBERS

Entitlement to attend the AGM

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 18 June 2020 to Tuesday, 23 June 2020, both days inclusive, during which period no transfer of shares in the Company will be registered. In order to be eligible to attend and vote at the AGM, unregistered shareholders of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4: 30 p.m. on Wednesday, 17 June 2020.

PUBLICATION OF ANNUAL REPORT ON THE WEBSITES OF THE COMPANY AND THE STOCK EXCHANGE

According to the GEM Listing Rules, the 2019 Annual Report of the Company shall contain all information as required by the GEM Listing Rules and will be published on the Company's website at www.genestech.com and the GEM website at www.hkgem.com in due course.

By order of the Board
Genes Tech Group Holdings Company Limited
Yang Ming-Hsiang
Chairman and CEO

26 February 2020

As at the date of this announcement, the executive Directors are Mr. Yang Ming-Hsiang, Mr. Fan Chiang-Shen, Ms. Wei Hung-Li and Mr. Lin Yen-Po; and the independent non-executive Directors are Mr. Kam Leung Ming, Mr. Cheng Chun Shing and Mr. Ho Pak Chuen Brian.

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