



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

2018
INTERIM
REPORT

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.

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This report, for which the directors (the “Directors”) of Genes Tech Group Holdings Company Limited (the “Company”), together with its subsidiaries, (the “Group”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report 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 report misleading.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Yang Ming-Hsiang (楊名翔) (*Chairman*)

Fan Chiang-Shen (范強生)

(also known as Johnson Fan)

Wei Hung-Li (魏弘麗)

Independent non-executive Directors:

Kam Leung Ming (甘亮明)

Cheng Chun Shing (鄭鎮昇)

Ho Pak Chuen Brian (何百全)

AUDIT COMMITTEE

Cheng Chun Shing (鄭鎮昇) (*Chairman*)

Kam Leung Ming (甘亮明)

Ho Pak Chuen Brian (何百全)

REMUNERATION COMMITTEE

Kam Leung Ming (甘亮明) (*Chairman*)

Cheng Chun Shing (鄭鎮昇)

Ho Pak Chuen Brian (何百全)

Yang Ming-Hsiang (楊名翔)

Wei Hung-Li (魏弘麗)

NOMINATION COMMITTEE

Yang Ming-Hsiang (楊名翔) (*Chairman*)

Cheng Chun Shing (鄭鎮昇)

Kam Leung Ming (甘亮明)

Ho Pak Chuen Brian (何百全)

Wei Hung-Li (魏弘麗)

RISK MANAGEMENT COMMITTEE

Yang Ming-Hsiang (楊名翔) (*Chairman*)

Fan Chiang-Shen (范強生)

Wei Hung-Li (魏弘麗)

AUDITORS

PricewaterhouseCoopers

22/F Prince's Building

Central, Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Cricket Square, Hutchins Drive

PO Box 2681, Grand Cayman

KY1-1111, Cayman Islands

HEAD OFFICE IN TAIWAN

No. 80, Baotai 3rd Road, Zhubei City

Hsinchu County 30244, Taiwan

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Level 54, Hopewell Centre

183 Queen's Road East

Hong Kong

CORPORATE INFORMATION (continued)

AUTHORISED REPRESENTATIVES

Yang Ming-Hsiang (楊名翔)
Wei Hung-Li (魏弘麗)

COMPANY SECRETARY

Yuen Wing Yan, Winnie (袁穎欣), *FCIS, FCS*

COMPLIANCE OFFICER

Wei Hung-Li (魏弘麗)

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited

Cricket Square, Hutchins Drive
PO Box 2681, Grand Cayman
KY1-1111, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

Level 22, Hopewell Centre
183 Queen's Road East, Hong Kong

PRINCIPAL BANKERS

First Commercial Bank Tung-Men Branch

No. 216, Tung Men Street
North District, Hsinchu City 300
Taiwan

First Commercial Bank Hong Kong Branch

Room 1101, 11/F, Hutchison House
10 Harcourt Road, Central, Hong Kong

Chang Hwa Commercial Bank Zhubei Branch

26-3, Taiyuan Street, Zhubei City
Hsinchu County, Taiwan

China Construction Bank (Asia)

Suites 2508-14, 25/F, Tower 6, The Gateway,
Harbour City, Kowloon, Hong Kong

Hang Seng Bank

21/F, 83 Des Voeux Road
Central, Hong Kong

COMPLIANCE ADVISER

Ample Capital Limited

Unit A, 14th Floor, Two Chinachem Plaza
135 Des Voeux Road Central
Central, Hong Kong

FINANCIAL YEAR END

31 December

STOCK CODE

08257

WEBSITE

<http://www.genestech.com>

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

In the first half of 2018, under the rapid development of semiconductor industries across the globe, merger and acquisition activity in the sector was frequent. Artificial intelligence chips emerged in the market and smartphone orders from the North America increased. As the application of semiconductors has been becoming more common, including electric vehicles, sensors and power management chips were widely used. Demand for semiconductors were keen. In addition, the booming development of the industries related to the internet of things, big data, and sensors has also driven demand for semiconductors. Based on the latest forecasts provided by market research institutes, driven by the growth of monitoring and control systems, safety, advanced driver assistance systems, convenience and autonomous vehicles, the growth rate of semiconductors market for automotive will reach 18.5% in 2018. By leveraging on these opportunities, against the backdrop of the prosperous development of the overall market, as a semiconductor manufacturer providing turnkey solution of used semiconductor manufacturing equipment (SME) and parts, the Group has invested substantially in the product research and development, technology advancement and market expansion, thereby grasping the opportunities arising from the industry growth and achieving encouraging breakthrough in its results during the period under review.

BUSINESS REVIEW

The Group is a turnkey solution provider and equipment exporter of used SME and parts in Taiwan, mainly engaging in providing turnkey solution of used SME and parts to customers and altering and/or upgrading the semiconductors of production systems according to the customers' needs. Moreover, the Group also carries out the trading of SME and parts. During the period under review, the Group recorded the total revenue of approximately NTD680.7 million (corresponding period in 2017: NTD769.1 million). The Group has recorded an increase of approximately NTD28.90 million in other income and gains as compared to the corresponding period last year, due to fluctuations in exchange rates during the period. The total comprehensive income attributable to owners of the Company amounted to approximately NTD35.40 million (corresponding period in 2017: approximately NTD28.70 million), representing a year-on-year increase of approximately 23.5%, indicating the continuous improvement of its profitability.

TURNKEY SOLUTIONS

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

As at 30 June 2018, the order fill rate of the Group increased by approximately 15% as compared to the corresponding period last year. However, since some of the new orders has not been delivered yet and the revenue was not reflected during the period, the revenue from turnkey solutions of the Group slightly dropped to approximately NTD660.4 million (corresponding period in 2017: approximately NTD749.1 million).

The Group's turnkey solutions revenue was mainly derived from the global leading semiconductor manufacturers. Since 2018, the Group has secured more international customers and orders. Progress has also been made in Taiwan and China regions which accounted for approximately 50.5% and 28.5% of the Group's revenue respectively. Revenue derived from the United States and Japan continued to increase, with the revenue generated from customers of these two markets increased by 8 times and 17 times year-on-year, reflecting the Group's effectiveness in strengthening and expanding its markets.

TRADING OF SME AND PARTS

During the period under review, the Group recorded revenue of approximately NTD20.30 million (corresponding period in 2017: approximately NTD20.10 million) arose from trading of SME and parts, representing a slight increase of 1.2% compared with the corresponding period last year. During the period, revenue from trading of SME and parts accounted for approximately 3.0% of total revenue for the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

FINANCIAL REVIEW

For the six months ended 30 June 2018, the Group recorded revenue of approximately NTD680.7 million (corresponding period in 2017: approximately NTD769.1 million), representing a decrease of approximately 11.5% compared with last year. The decrease in the Group's revenue as compared with the corresponding period last year was mainly resulted from the new orders has not yet been delivered and the revenue was not reflected during the period. During the period, turnkey solutions business and trading of SME and parts developed well and recorded revenue of approximately NTD660.4 million and NTD20.30 million, respectively.

The order fill rate of turnkey solution increased by approximately 15% as compared to the corresponding period last year. However, since some of the new orders have not yet been delivered and its revenue was not reflected during the period, the revenue from turnkey solutions dropped slightly. During the first half of 2018, the Group secured more international customers and received more orders. Progress has also been made in Taiwan and China regions which accounted for approximately 50.5% and 28.5% of the Group's revenue respectively, while revenues derived from the United States and Japan increased substantially during the period by approximately 805.7% and 1,738.7%, respectively, which reflected the effectiveness of the Group's efforts in strengthening and expanding its markets.

Given that the strict control implemented by the Group on the Group's operating expenses during the period, the one-off impact of listing expenses in the corresponding period last year, and the fluctuations in exchange rates resulted in an increase of approximately NTD28.90 million in other income and gains, the total comprehensive income attributable to owners of the Company amounted to approximately NTD35.40 million (corresponding period in 2017: total comprehensive income of approximately NTD28.70 million) while basic earnings per share amounted to approximately NTD3.39 cents (corresponding period in 2017: NTD2.86 cents). The cost of sales of the Group amounted to approximately NTD577.9 million. The decrease in cost of sales was mainly due to the decrease in the Group's revenue during the period.

During the period under review, the Group's gross profit amounted to approximately NTD102.8 million (corresponding period in 2017: approximately NTD146.7 million), while the gross profit margin decreased by 4% compared to the corresponding period last year to approximately 15.1% (corresponding period in 2017: approximately 19.1%).

OUTLOOK

The cycle of semiconductors rises due to efficient transmission and artificial intelligence, and the related products will be in short supply. The market sentiment of the semiconductor industry for the second half of the year is optimistic. The outstanding performance of the key manufacturers recently has increased the confidence of investors. Some manufacturers even plan to expand its production capacity in the second half of 2018. Notwithstanding the recent US-China trade tension has brought potential risk and uncertainties to the semiconductor and SME sector, it is believed that a crisis creates the opportunity. The Group will strengthen its efforts to open up markets in different regions, thereby broadening its customer base and seizing the opportunities to scale new heights.

The Group has been looking for new opportunities to achieve sustainable development in its business operation. With the rise of new energy vehicles, it is expected that the rapid development of electric vehicles, autonomous driving, and automobile electronics technologies will become the driving force for a new round of technological growth and bring new opportunities for the semiconductor market. As one of the leading turnkey solution providers and exporters in Taiwan, the Group grasps the opportunity and strives to provide quality services to semiconductor manufacturers of related products leveraging on its experienced management team, a widely recognized comprehensive quality management system and a strong sales network.

Looking ahead, it is expected that the overall market would continue to be driven by a wide variety of growth factors. Having achieved satisfying results for the first half of the year, the Group will further strive to achieve further substantial growth. It is expected that the Group will present more attractive annual results due to its strict control on the costs and expenses. In addition, the Group plans to enhance the core competitiveness of the Group during the year by rationally allocating its existing capital, actively seeking for development opportunities, and upgrading and expanding production capacity. In addition to maintaining the existing production capacity and business structure, the Group will seize the new opportunities in the used SME industry in China and Taiwan with a view to further consolidate its industry position while bringing fruitful returns for its shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

LIQUIDITY AND CAPITAL RESOURCES

The Group had met its liquidity requirements principally through a combination of internal resources and bank borrowings during the six months ended 30 June 2017 and 2018. The Group's primary uses of cash have been, and are expected to continue to be, satisfying its working capital needs.

As at 30 June 2018, the borrowings of the Group totaled approximately NTD482.2million (31 December 2017: approximately NTD487.1 million). The gearing ratio of the Group was approximately 71.8% (31 December 2017: approximately 70.4%).

Charge on Assets

As at 30 June 2018, the Group had certain land and building which were pledged to secure the Group's long-term bank borrowings, with a principal amount of NTD125.0 million.

Exposure to Fluctuations in Exchange Rates and Related Hedges

The business operations of the Group's subsidiaries were mainly conducted in Taiwan with most of the transactions settled in NTD and USD. As at the date of this report, 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 and equipment from the overseas suppliers. The Group would closely monitor the volatility of the currency exchange rate and adopt appropriate measures, should the needs arise.

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

Capital Commitments and Contingent Liabilities

As at 30 June 2018, the Group did not have any significant capital commitments (31 December 2017: Nil) and significant contingent liability (31 December 2017: Nil).

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

The Group did not have any significant investments, material acquisitions and disposals of subsidiaries and capital assets during the period.

HUMAN RESOURCES

As at 30 June 2018, the Group employed approximately 129 employees. All of our staff are full-time employees and located 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.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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 30 June 2018, except for part of the proceeds being used as the working capital of the Group, the Company has not used of any 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; and
- (5) working capital of the Group.

DIVIDEND

The Board does not recommend payment of an interim dividend for the six months ended 30 June 2018 (for the six months ended 30 June 2017: Nil).

OTHER INFORMATION

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

As at 30 June 2018, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares or 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 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 Director	Capacity/Nature of Interest	Number of Shares held	Approximate percentage of total number of Shares
Mr. Yang Ming-Hsiang ("Mr. Yang")	Beneficial owner Interest in persons acting in concert (Note)	27,975,000	2.79%
		654,075,000	65.41%
		682,050,000	68.20%
Mr. Fan Chiang-Shen ("Mr. Fan")	Beneficial owner Interest in persons acting in concert (Note)	2,925,000	0.29%
		679,125,000	67.91%
		682,050,000	68.20%
Ms. Wei Hung-Li ("Ms. Wei")	Beneficial owner Interest in persons acting in concert (Note)	19,125,000	1.91%
		662,925,000	66.29%
		682,050,000	68.20%

Note: Pursuant to the concert party agreement dated 22 August 2016 (the "Concert Party Agreement") entered into by Mr. Yang, Tai-Yi Investment Co. Ltd., Ms. Wei, Mr. Fan and Mr. Lin Yen-Po (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 controlled by the Concert Parties.

OTHER INFORMATION (continued)

Save as disclosed above, as at 30 June 2018, 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 its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which are required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or which shall be, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, notified to the Company and the Stock Exchange.

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

As at 30 June 2018, 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	Capacity/Nature of Interest	Number of Shares held	Approximate percentage of total number of Shares
Queenbest Development Limited ("Queenbest") (note 1)	Beneficial interest	374,625,000	37.46%
Ever Wealth Holdings Limited ("Ever Wealth") (note 2)	Beneficial interest	81,150,000	8.11%
Planeta Investments Limited ("Planeta") (note 3)	Beneficial interest	63,750,000	6.38%
Tai-Yi Investment Co. Ltd. ("Tai Yi") (note 4)	Beneficial interest	111,300,000	11.13%
	Interest in persons acting in concert (note 5)	570,750,000	57.07%
		682,050,000	68.20%
Mr. Chen Yuan-Chi ("Mr. Chen") (note 6)	Interest of a controlled corporation	682,050,000	68.20%
Mr. Lin Yen-Po ("Mr. Lin")	Beneficial interest	1,200,000	0.12%
	Interest in persons acting in concert (note 5)	680,850,000	68.08%
		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 (note 7)	6.80%

OTHER INFORMATION (continued)

Notes:

- (1) Queenbest is a company incorporated in the British Virgin Islands (the "BVI"). As at the date of this report, it was held by 45 individual shareholders and Mr. Yang was interested in approximately 27.6%, Ms. Wei was interested in approximately 10.2%, Mr. Fan was interested in approximately 10.7% and Mr. Lin was interested in approximately 5.1% of its shareholding. The other shareholders were mainly employees and ex-employees of Genes Tech Co., Ltd. ("Genes Tech", an indirect wholly-owned subsidiary of the Company) who were independent third parties (as defined under the GEM Listing Rules) ("Independent Third Parties") and each held interests ranging from approximately 0.02% to 7.3%.
- (2) Ever Wealth is a company incorporated in the Republic of Seychelles. As at the date of this report, it was held by nine 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 report, it was held by 10 individual shareholders and Mr. Yang was interested in approximately 28.5%, Ms. Wei was interested in approximately 4.3%, Mr. Fan was interested in approximately 10.7% and Mr. Lin was interested in approximately 17.8% of its shareholding. The other shareholders were mainly employees of Genes Tech who were Independent Third Parties and each held interests ranging from approximately 0.7% to 26.7%.
- (4) Tai Yi is a company incorporated in Taiwan. As at the date of this report, it was held by six individual shareholders. Tai Yi is a party to the Concert Party Agreement.
- (5) Pursuant to the Concert Party Agreement, the Concert Parties have agreed with certain arrangements pertaining to their shareholding. Mr. Yang, Tai Yi, Ms. Wei, Mr. Fan and Mr. Lin are a group of Controlling Shareholders. The interests in these shares include the interests of the Concert Parties under the Concert Party Agreement and the interests of controlled corporations controlled by the Concert Parties.
- (6) Mr. Chen is interested in approximately 33.33% shareholding in Tai Yi and he is deemed to be interested in these shares pursuant to Part XV of the SFO.
- (7) Double Solutions is a company incorporated in the Republic of Seychelles, the entire issued shares of which are held by Independent Third Parties.
- (8) Ms. Chan is interested in 90.0% of the shares in issue of Double Solutions and she is deemed to be interested in these shares pursuant to Part XV of the SFO.

Save as disclosed above, as at 30 June 2018, the Directors are not aware of any other persons/entities (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Rights to Acquire Shares or Debentures

Save as disclosed above, at no time during the six months ended 30 June 2018 and up to the date of this report, have the Directors and the chief executive of the Company and their respective close associates (as defined under the GEM Listing Rules) had any interests in, or had been granted, or exercised any rights to subscribe for shares or underlying shares of the Company and/or its associated corporations (within the meaning of the SFO).

Save as disclosed above and as provided in the Share Option Scheme (as defined below), at no time during the six months ended 30 June 2018 and up to the date of this report 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 and/or its associated corporations (within the meaning of the SFO).

OTHER INFORMATION (continued)

Directors' Interest in Competing Business

During the period from the Listing Date to 30 June 2018, none of the Directors, the controlling shareholders or any of their respective close associates was a director or shareholder of any business (other than the Group's business) which, directly or indirectly, was or may be in competition or otherwise had any conflicts of interests with the Group's business.

Directors' Interest in Transactions, Arrangements or Material Contracts

There was no transactions, arrangements or material contracts to which the Company or any related company (holding companies, subsidiaries, or fellow subsidiaries) was a party and in which a Director of the Company or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted during the period from the Listing Date to 30 June 2018.

Compliance Adviser's Interests

As notified by Ample Capital Limited ("Ample"), 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 30 June 2018.

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 complies with Rule 18.03 of the GEM Listing Rules in respect of the dispatch of its annual report of the financial results for the second full financial year commencing after the date of initial listing of the Shares on the 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.

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 the Listing Date to 30 June 2018.

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.

OTHER INFORMATION (continued)

Compliance with the Code of Corporate Governance

The Group has adopted the principles and code provisions set out in the Corporate Governance Code (the "Corporate Governance Code") contained in Appendix 15 to the GEM Listing Rules. To the best knowledge of the Directors, except for the deviation from provision A.2.1 of the Corporate Governance Code, the Group has no material deviation from the Corporate Governance Code. Provision A.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Yang is the Chief Executive Officer, and he also performs as the Chairman of the Board as he has considerable experience in the semiconductor industry. The Board believes that vesting the roles of both the Chairman of the Board and the Chief Executive Officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning of the Group.

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 quarterly, interim and annual reports 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 controls, internal control and risk management systems, and (c) reviewing the Group's financial and accounting policies and practices.

The unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2018 have not been audited.

The Audit Committee has reviewed with the management the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2018, this interim 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.

OTHER INFORMATION (continued)

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 the Listing Date to 30 June 2018, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed shares.

By order of the Board

Yang Ming-Hsiang

Chairman and Chief Executive Officer

Taiwan, 13 August 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Note	Three months ended 30 June		Six months ended 30 June	
		2018 NTD'000 (Unaudited)	2017 NTD'000 (Unaudited)	2018 NTD'000 (Unaudited)	2017 NTD'000 (Unaudited)
Revenue	7	507,201	403,041	680,692	769,142
Cost of sales		(436,855)	(334,042)	(577,900)	(622,462)
Gross profit		70,346	68,999	102,792	146,680
Other income, gains and losses, net		16,864	2,484	15,819	(13,054)
Selling and distribution expenses		(9,344)	(19,986)	(16,715)	(30,564)
General and administrative expenses		(31,857)	(27,195)	(51,370)	(60,370)
Finance costs		(2,492)	(2,261)	(5,850)	(4,099)
Profit before income tax	8	43,517	22,041	44,676	38,593
Income tax expenses	9	(9,804)	(4,893)	(10,731)	(9,963)
Profit for the period		33,713	17,148	33,945	28,630
Other comprehensive income, net of tax:					
Item that may be reclassified subsequently to profit or loss:					
— Exchange differences on translation of a foreign subsidiary		3,044	104	1,455	24
Total comprehensive income for the period attributable to owners of the Company		36,757	17,252	35,400	28,654
Earnings per share					
— Basic (NTD cents)	10	3.37	1.71	3.39	2.86
— Diluted (NTD cents)	10	3.37	1.71	3.39	2.86

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Note	30 June 2018 NTD'000 (unaudited)	31 December 2017 NTD'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	246,244	247,132
Intangible assets		1,263	1,807
Deferred tax assets		18,984	18,984
		266,491	267,923
Current assets			
Inventories		967,286	947,498
Trade receivables	12	158,223	81,465
Prepayments, deposits and other receivables		265,520	45,127
Cash and cash equivalents		127,558	241,489
		1,518,587	1,315,579
Current liabilities			
Trade payables	13	282,982	174,292
Other payables, accruals and contract liabilities		505,025	438,698
Bank borrowings	14	364,415	349,166
Tax payables		10,731	14,710
		1,163,153	976,866
Net current assets		355,434	338,713
Total assets less current liabilities		621,925	606,636
Non-current liabilities			
Bank borrowings	14	117,833	137,944
Deferred tax liabilities		117,833	137,944
Net assets		504,092	468,692
EQUITY			
Share capital		38,815	38,815
Reserves	15	465,277	429,877
Total equity		504,092	468,692

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	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 NTD'000
As at 1 January 2018 (audited)	38,815	146,571	31,959	182,226	(3,074)	72,195	468,692
Profit for the period	-	-	-	-	-	33,945	33,945
Other comprehensive income	-	-	-	-	1,455	-	1,455
Total comprehensive income for the period	-	-	-	-	1,455	33,945	35,400
Transfer to statutory reserve	-	-	7,801	-	-	(7,801)	-
As at 30 June 2018 (unaudited)	38,815	146,571	39,760	182,226	(1,619)	98,339	504,092
As at 1 January 2017 (audited)	32,499	-	24,892	149,727	(175)	41,799	248,742
Arising from group reorganisation	(32,180)	-	-	32,180	-	-	-
Profit for the period	-	-	-	-	-	28,630	28,630
Other comprehensive income	-	-	-	-	24	-	24
Total comprehensive income for the period	-	-	-	-	24	28,630	28,654
Transfer to statutory reserve	-	-	4,618	-	-	(4,618)	-
As at 30 June 2017 (unaudited)	319	-	29,510	181,907	(151)	65,811	277,396

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018 NTD'000 (unaudited)	2017 NTD'000 (unaudited)
Net cash used in operating activities	(101,366)	111,293
Net cash used in investing activities	(3,240)	119
Net cash used in financing activities	(10,712)	(12,740)
Net decrease in cash and cash equivalents	(115,318)	98,672
Cash and cash equivalents at beginning of period	241,489	79,092
Effect of foreign exchange rate changes	1,387	24
Cash and cash equivalents at end of period	127,558	177,788
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	127,558	177,788

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

1. GENERAL

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 6 June 2016. Its registered office is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The shares of the Company are listed on GEM of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 14 July 2017. The Group's principal place of business is located at No. 80, Baotai 3rd Road, Zhubei City, Hsinchu County 30244, Taiwan ("Taiwan").

The Company is an investment holding company and its subsidiaries are principally engaged in providing turnkey solution of used SME and Parts. Its parent and ultimate holding company is Queenbest Development Limited, a private company incorporated in the BVI ("BVI"). Its ultimate controlling party is Mr. Yang Ming-Hsiang ("Mr. Yang").

The second quarterly financial information is presented in New Taiwan dollars ("NTD"), which is the same as the functional currency of the Group.

2. BASIS OF PREPARATION AND REORGANISATION

The unaudited condensed consolidated interim financial information have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules and Hong Kong Accounting Standard 34 "Interim Financial Reporting". The unaudited condensed consolidated interim financial information for the six months ended 30 June 2018 should be read in conjunction with the consolidated financial statements of the Group incorporated in the annual report for the year ended 31 December 2017.

The Group comprising the Company and its subsidiaries resulting from the Reorganisation continued to be controlled by Mr. Yang, Tai Yi, Ms. Wei, Mr. Fan and Mr. Lin, are a group of Controlling Shareholders, and is regarded as a continuing entity. Accordingly, the unaudited condensed consolidated interim financial information for the six months ended 30 June 2017 has been prepared on a combined basis as if the current group structure had been in existence since 1 January 2017, or since the respective dates of incorporation of the relevant entity.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2018

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated interim financial information are same as those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2017, except for the new and revised HKFRSs issued by the HKICPA that are adopted for the first time for the current accounting period of the Group.

The income tax for the interim period is accrued using the tax rate that would be applicable to expected total earnings.

(a) New and amended standards adopted by the Group

A number of new and amended standards became applicable for the current reporting period and the Group had to change its accounting policies accordingly. The impacts of adopting following standards are disclosed below:

- (i) HKFRS 9 Financial instruments, and
- (ii) HKFRS 15 Revenue from contracts with customers.

The other standards newly adopted have had no material impact on the accounting policies of the Group.

The Group has not early adopted any new HKFRSs that have been issued but are not yet effective.

(i) HKFRS 9, Financial Instruments

The Group has trade receivables that are subject to HKFRS 9's new expected credit loss model ("ECL model"), and the Group was required to revise its impairment methodology under HKFRS 9 for these trade receivables. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

HKFRS 9 was generally adopted without restating comparative information with the exception of certain aspects of hedge accounting. The Group used modified retrospective approach while adopting HKFRS 9. The reclassification and adjustments arising from the new impairment rules (if any) are therefore not reflected in the balance sheet as at 31 December 2017, but are recognised in the opening balance sheet on 1 January 2018.

Since 1 January 2018, the Group has applied the simplified approach under HKFRS 9 and recorded lifetime ECLs on trade receivables, and general approach and recorded 12-month ECLs on deposits and other receivables and cash and cash equivalents. The Group determined that there are no significant financial impact arising from these changes.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) New and amended standards adopted by the Group (Continued)

(ii) HKFRS 15, Revenue from Contracts with Customers

The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies. The Group adopted HKFRS 15 using the modified retrospective approach which means that the cumulative impact of the adoption (if any) will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

Following adjustment which were made to the amounts recognised in the condensed consolidated statement of financial position at the date of initial application (1 January 2018):

	HKAS 18 carrying amount 31 December 2017 NTD		Reclassification* NTD	HKFRS 15 carrying amount 1 January 2018 NTD
Receipt in advances (included in other payables and accruals)	306,160,000	(306,160,000)		–
Contract liabilities	–	306,160,000		306,160,000
	306,160,000	–		306,160,000

The Group provides after-sale warranties to its customers. These after-sales warranties cannot be purchased separately and merely serve as an assurance that the products sold comply with the agreed-upon specification. The Group continue to account for the warranties in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets and no impact on the adoption of HKFRS 15.

Other than the above reclassification to contract liabilities, the adoption of HKFRS 15 did not result in any material impact to the financial position and performance of the Group.

This unaudited condensed consolidated financial information have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

4. ESTIMATES

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and key sources of uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2017.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2018

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

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

The condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2017.

There have been no changes in the risk management arrangement and policies since 31 December 2017.

5.2 Credit risk

Credit risk mainly arises from trade receivables, other receivables and deposits, and cash and cash equivalents. The carrying amount of these balances except cash on hand in the condensed consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to its financial assets.

The majority of the Group's bank balances are placed in banks and financial institutions which are independently rated with high credit ratings. Management does not expect any losses from non-performance by these banks and financial institutions.

The credit quality of the debtors is assessed based on their financial positions, past experience and other factors. The Group has policies in place to ensure credit terms are granted to reliable debtors. The Group's historical experience in collection of receivables falls within recorded allowances and the directors are of the opinion that adequate provision for uncollectible receivable has been made.

5.3 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

5.4 Fair Value Estimate

Due to their short maturity period, the carrying values of the Group's financial assets (including cash and bank balances, trade receivables, and other receivables and deposits) and the Group's financial liabilities (including trade and other payables and bank borrowings) are considered to be a reasonable approximation of their fair values.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2018

6. 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 in order to allocate resources and assess performance of the segment. For the Track Record Period, the Executive Directors regularly review revenue and operating results derived from provision of turnkey solution and trading of semiconductor manufacturing equipment and parts on an aggregate basis and consider as one single operating segment.

The Company is an investment holding company and the principal place of the Group's operation is in Taiwan. For the purpose of segment information disclosures under HKFRS 8, the Group regarded Taiwan as its country of domicile. All the Group's non-current assets are principally attributable to 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 30 June		Six months ended 30 June	
	2018 NTD'000 (Unaudited)	2017 NTD'000 (Unaudited)	2018 NTD'000 (Unaudited)	2017 NTD'000 (Unaudited)
Taiwan (place of domicile)	232,992	64,922	343,760	208,838
The PRC	173,218	326,635	194,196	496,271
The United States	29,747	307	53,131	5,866
Singapore	43,207	137	43,251	45,533
Japan	28,037	772	28,427	1,546
Other countries	–	10,268	17,927	11,088
	507,201	403,041	680,692	769,142

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2018

6. SEGMENT INFORMATION (Continued)

Information about major customers

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

	Three months ended 30 June		Six months ended 30 June	
	2018 NTD'000 (Unaudited)	2017 NTD'000 (Unaudited)	2018 NTD'000 (Unaudited)	2017 NTD'000 (Unaudited)
Customer A	60,412	32,563	71,960	98,945
Customer B	88,047	20,589	116,082	86,607
Customer C	110,263	47,669	140,655	81,794
Customer D	–	269,686	–	368,865
	258,722	370,507	328,697	636,211

7. REVENUE

The Group's revenue which represented the amount received and receivable for the revenue from providing turnkey solution of used SME and Parts, and is analysed as follows:

	Three months ended 30 June		Six months ended 30 June	
	2018 NTD'000 (Unaudited)	2017 NTD'000 (Unaudited)	2018 NTD'000 (Unaudited)	2017 NTD'000 (Unaudited)
Turnkey solutions	496,296	393,305	660,387	749,086
Trading of semiconductor manufacturing equipment and parts	10,905	9,736	20,305	20,056
	507,201	403,041	680,692	769,142

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2018

8. PROFIT BEFORE INCOME TAX

	Three months ended 30 June		Six months ended 30 June	
	2018 NTD'000 (Unaudited)	2017 NTD'000 (Unaudited)	2018 NTD'000 (Unaudited)	2017 NTD'000 (Unaudited)
Cost of inventories recognised as expenses	424,203	320,888	560,727	598,757
Amortisation of intangible assets	331	239	619	477
Depreciation of property, plant and equipment	3,330	3,392	6,718	6,812
Listing expenses	–	6,495	–	18,582
Research expense	4,524	6,004	4,747	7,295
Provision of warranty	12,657	13,153	17,178	23,705
Employee benefits expense (including directors' remuneration) (note):				
Salaries, allowances and benefits in kind	44,509	28,005	81,963	70,317
Defined contribution retirement plan	1,400	1,269	2,807	2,519
Minimum lease payments in respect of				
Properties	396	317	795	665
Office equipment	1,094	618	1,559	1,325

Note: The salaries, allowances and benefits in kind for the six months ended 30 June 2018 include cost capitalized as inventories in the current period for NTD51,004,000 and incurred as selling and administrative expenses of NTD30,959,000.

9. INCOME TAX EXPENSES

	Three months ended 30 June		Six months ended 30 June	
	2018 NTD'000 (Unaudited)	2017 NTD'000 (Unaudited)	2018 NTD'000 (Unaudited)	2017 NTD'000 (Unaudited)
Current tax				
Taiwan Income Tax	9,804	4,893	10,731	9,963

The Group is not subject to any income tax in the Cayman Islands and the BVI pursuant to the rules and regulations in those jurisdictions.

The Group is subject to Taiwan Income Tax at a rate of 20% (corresponding period in 2017: 17%) on the estimated assessable profits for both periods.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2018

10. EARNINGS PER SHARE

The calculation of the basic earnings per share for both periods is based on the following data:

	Three months ended 30 June		Six months ended 30 June	
	2018 NTD'000 (unaudited)	2017 NTD'000 (unaudited)	2018 NTD'000 (unaudited)	2017 NTD'000 (unaudited)
Earnings				
Earnings for the purpose of basic earnings per share	33,713	17,148	33,945	28,630

	Three months ended 30 June		Six months ended 30 June	
	2018 '000 (unaudited)	2017 '000 (unaudited)	2018 '000 (unaudited)	2017 '000 (unaudited)
Number of shares				
Number of shares for the purpose of basic earnings per share	1,000,000	1,000,000	1,000,000	1,000,000

The number of ordinary shares for the purpose of calculating basic earnings per share for the six months and three months ended 30 June 2017 has been determined based on the assumption that the Reorganisation and capitalisation issue are deemed to be effective on 1 January 2017.

No diluted earnings per share was presented as there were no potential ordinary shares in issue during both periods.

11 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the six months ended 30 June 2018, the Group acquired at cost, building of NTD5,308,000 (six months ended 30 June 2017: NTD146,000), office equipment of NTD426,000 (six months ended 30 June 2017: NTD430,000) and other equipment of NTD98,000 (six months ended 30 June 2017: NTD110,000).

The Group has additional intangible assets of NTD75,000 during the six months ended 30 June 2018 (six months ended 30 June 2017: NTD46,000).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2018

12. TRADE RECEIVABLES

	At 30 June 2018 NTD'000 (unaudited)	At 31 December 2017 NTD'000 (audited)
Trade receivables	158,223	81,465

The Group normally allows credit period ranging from 30 to 90 days to its major customers. As at each reporting date, the Group reviews receivables for evidence of impairment on both an individual and collective basis. The Group did not hold any collateral as security or other credit enhancements over the trade receivables. Aging analysis of trade receivables, based on invoice dates, at each reporting date is shown as follows:

	At 30 June 2018 NTD'000 (unaudited)	At 31 December 2017 NTD'000 (audited)
0–90 days	129,113	66,530
91–180 days	9,652	3,422
181–365 days	10,052	2,494
Over 1 year	9,406	9,019
	158,223	81,465

The following table sets forth the ageing analysis of our trade receivables that were not impaired as of the dates indicated:

	At 30 June 2018 NTD'000 (unaudited)	At 31 December 2017 NTD'000 (audited)
Neither past due nor impaired	134,893	68,172
Past due:		
1–60 days	10,806	1,580
61–180 days	3,109	2,080
Over 180 days but less than 1 year	3,564	2,030
Over 1 year	5,851	7,603
	158,223	81,465

Trade receivables that were not yet past due and that were past due but not impaired related to a number of customers that had a good track record of credit with the Group. Based on past credit history, 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 and the balances are still considered to be fully recoverable. The Group did not hold any collateral in respect of trade receivables past due but not impaired.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2018

13. TRADE PAYABLES

Ageing analysis of trade payables, based on invoice dates, as at each reporting date is shown as follow:

	At 30 June 2018 NTD'000 (unaudited)	At 31 December 2017 NTD'000 (audited)
Current or less than 1 month	245,682	145,421
1 to 3 months	26,901	20,933
Over 3 months to 1 year	10,399	7,938
	282,982	174,292

At each reporting date, the majority of our trade payables are due within 180 days. The Directors confirmed that we did not have any default in payment of trade or non-trade payables.

14. BANK BORROWINGS

As at 31 December 2017 and 30 June 2018, the Group's bank borrowings represented loans from banks in Taiwan. The following table sets forth the Group's bank borrowings as at 31 December 2017 and 30 June 2018:

	Note	At 30 June 2018 NTD'000 (unaudited)	At 31 December 2017 NTD'000 (audited)
Current			
Bank borrowings — unsecured	a	153,749	138,500
Bank borrowings — secured	b	175,000	175,000
Current portion of long-term bank borrowings — unsecured	c	27,333	27,333
Current portion of long-term bank borrowings — secured	d	8,333	8,333
		364,415	349,166
Non-current			
Long-term bank borrowings — unsecured	c	13,667	29,611
Long-term bank borrowings — secured	d	104,166	108,333
		117,833	137,944

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2018

14. BANK BORROWINGS (Continued)

- (a) The bank borrowings are carried at amortised cost. Interests were charged at rate ranging from 2.20% to 3.35% per annum and from 0.8% to 3.34% per annum for the six months ended 31 December 2017 and 30 June 2018 respectively.
- (b) The short-term borrowings as at 30 June 2018 with a principal amount of NTD175,000,000, is secured by land and building of the Group. It bears interest at 0.84% above the bank's NTD prime rate per annum and is settled in one lump sum at maturity.
- (c) The unsecured loan as at 30 June 2018 with a principal amount of NTD82,000,000 bears interest at 1.04% above the bank's NTD prime rate per annum and is repayable in 36 monthly instalments.
- (d) The long-term bank borrowings, with a principal amount of NTD125,000,000, is secured by the land and building of the Group located in Taiwan. The secured bank borrowings bears interest at 0.74% per annum above the bank's NTD prime rate and is repayable in 180 monthly instalments.

15. SHARE CAPITAL

The Company was incorporated on 6 June 2016 with authorised share capital of HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each, 1 share was allotted and issued, credited as fully paid, to the initial subscriber of the Company and was subsequently transferred to Mr. Yang.

Pursuant to the Reorganisation, the Company's authorised share capital was increased from HK\$380,000 divided into 38,000,000 ordinary shares to HK\$20,000,000 divided into 2,000,000,000 ordinary shares by the creation of an additional 1,962,000,000 ordinary shares.

On 20 June 2017, the Company acquired the entire issued share capital of Top Vitality from Queenbest Development Limited, Ever Wealth Holdings Limited, Planeta Investments Limited, Tai-Yi Investment Co. Ltd., Mr. Yang, Ms. Wei, Mr. Fan Chiang-Shen, Mr. Lin Yen-Po and Double Solutions Limited of 4,247 shares, 920 shares, 723 shares, 1,262 shares, 317 shares, 217 shares, 33 shares, 14 shares and 770 shares respectively. In exchange, the Company allotted and issued a total of 9,999 shares to the then shareholders of Top Vitality.

Pursuant to minutes of the meeting of the board of directors of the Company held on 20 June 2017, upon Listing and subject to the share premium account of the Company being credited as a result of the share offer, the Directors of the Company were authorized to allot and issue 749,990,000 ordinary shares at par value of HK\$0.01 each to the then shareholders as fully paid at par, on a pro rata basis, by way of capitalisation of the sum of HK\$74,999,900 (NTD29,111,000) debited to the share premium account of the Company.

Pursuant to the share offer on 14 July 2017, 250,000,000 ordinary shares of HK\$0.01 each were issued at a price of HK\$0.22 (NTD0.86) per share for a total consideration (excluding listing expense) of HK\$55,000,000 (equivalent to approximately NTD213,483,000). Accordingly, the Company's share capital was increased by HK\$25,000,000 (equivalent to approximately NTD9,704,000) and the balance of the proceeds of approximately HK\$45,262,000 (equivalent to approximately NTD676,682,000), after deducting the listing expenses of approximately HK\$7,238,000 (equivalent to approximately NTD28,097,000), was credited to the share premium account.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2018

16. OPERATING LEASE COMMITMENT

As at 31 December 2017 and 30 June 2018, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 June 2018 NTD'000 (unaudited)	At 31 December 2017 NTD'000 (audited)
Within one year	978	5,700
One year to five years	15,293	1,820
Over five years	750	–
	17,021	7,520

17. RELATED PARTIES TRANSACTION

In addition to those disclosed elsewhere in this report, the Group carried out the following transactions with its related parties during the six months ended 30 June 2017 and 2018:

Compensation of key management personnel

	Six months ended 30 June	
	2018 NTD'000 (unaudited)	2017 NTD'000 (unaudited)
Salaries, allowances and benefits in kind	5,151	5,429
Retirement benefits — defined contribution retirement plans	–	–
	5,151	5,429

18. DIVIDENDS

The Board does not recommend payment of an interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).