



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

2021
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*)

Wei Hung-Li (魏弘麗)

Fan Chiang-Shen (范強生) (also known as Johnson Fan)
(resigned on 1 July 2021)

Lin Yen-Po (林衍伯)

Hsiao Hsi-Mao (蕭錫懋) (appointed on 1 July 2021)

Independent non-executive Directors:

Kam, Eddie Shing Cheuk (甘承倬)

Cheng Chun Shing (鄭鎮昇)

Ho Pak Chuen Brian (何百全)

AUDIT COMMITTEE

Cheng Chun Shing (鄭鎮昇) (*Chairman*)

Kam, Eddie Shing Cheuk (甘承倬)

Ho Pak Chuen Brian (何百全)

REMUNERATION COMMITTEE

Kam, Eddie Shing Cheuk (甘承倬) (*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*)

Wei Hung-Li (魏弘麗)

Kam, Eddie Shing Cheuk (甘承倬)

Cheng Chun Shing (鄭鎮昇)

Ho Pak Chuen Brian (何百全)

RISK MANAGEMENT COMMITTEE

Yang Ming-Hsiang (楊名翔) (*Chairman*)

Wei Hung-Li (魏弘麗)

Fan Chiang-Shen (范強生) (resigned on 1 July 2021)

Kam, Eddie Shing Cheuk (甘承倬)

Cheng Chun Shing (鄭鎮昇)

Ho Pak Chuen Brian (何百全)

AUDITORS

PricewaterhouseCoopers

Certified Public Accountants

Registered Public Interest Entity Auditor

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

AUTHORISED REPRESENTATIVES

Yang Ming-Hsiang (楊名翔)

Wei Hung-Li (魏弘麗)

COMPANY SECRETARY

Yuen Wing Yan, Winnie (袁穎欣), FCG, 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 54, Hopewell Centre

183 Queen's Road East

Hong Kong

CORPORATE INFORMATION (continued)

PRINCIPAL BANKERS

Hang Seng Bank

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

Chang Hwa Commercial Bank (Jhubei Branch)

1F., No. 26-3, Taiyuan St.
Zhubei City, Hsinchu County 30288
Taiwan

First Commercial Bank (Tung-Men Branch)

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

FINANCIAL YEAR END

31 December

STOCK CODE

08257

WEBSITE

<http://www.genestech.com>

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

Since 2021, exceptionally high demand has been recorded in terms of demand and supply for the global semiconductor market, mainly because of the global spread of the raging COVID-19 in 2020, leading to restrictions on logistics and social gathering which affected the operations and capacity expansion of semiconductor companies coupled with the panic buying arising from continued tense situation on Sino-US trade which has inflicted production capacity mismatch for global semiconductor sectors, until the second half of 2020 when the pandemic of COVID-19 was alleviated, vaccines were developed and vaccination continued to make progress. As a result, the global economy is gradually on the way of recovery, with the emergence of deferred demand owing to the pandemic. When inventories were actively replenished in the semiconductor industry, significant rebound appeared in the global economy in 2021, driving the increase in demand for semiconductor products in downstream fields such as communication, information, consumer electronics, industry and automotive electronics. Especially, the launch of 5G peripheral applications, the more complex wafer design and the diversification and customization of the markets served and the ecosystem supporting its development have promoted the continued high demand for semiconductor generally. Therefore, under the limited growth on supply, the expanding growth on demand and tremendous inventory replenishment, the tension on global semiconductor demand and supply in general will continue throughout 2021, while the shortage of some products will continue until 2022 or even 2023.

According to the latest forecast from IC Insights, the strong demand for the IC market in general will increase the sales by 24% in 2021, making the sales exceed US\$500 billion for the first time in history. Meanwhile, it is expected that the compound annual growth rate (CAGR) of the IC market will reach 10.7% between 2020 and 2025. In mid-May 2021, COVID-19 in Taiwan deteriorated, engendering a rise in infected population in the community which has kept the whole of Taiwan staying at the Level-2 alert currently. Although it has not led to an interruption crisis in semiconductor supply chain, smooth delivery in the chain has inevitably been slightly affected.

In spite of it, in an announcement of the Industrial Technology Research Institute of Taiwan in June 2021, it is expected that the total production value of semiconductor industry in Taiwan will climb to the new milestone of NT\$3.8 trillion in 2021 at a growth rate of 18.1% which is above the average at the level of global semiconductor industry. The Group will continue to closely monitor the changes in market environment so as to actively seize the development opportunities, and is committed to taking advantage of the research and development of investment products and technological upgrades in order to further consolidate its market position.

BUSINESS REVIEW

The Group is a turnkey solution provider and exporter of used Semiconductor Manufacturer Equipment (SME) and parts in Taiwan, mainly engaging in providing turnkey solutions for used SME and parts for customers and modifying and/or upgrading the semiconductor equipment of its production systems according to customers' needs. In addition, the Group also engages in the trading of SME and parts. For the six months ended 30 June 2021, the total revenue of the Group amounted to approximately NTD808.68 million (Corresponding period in 2020: NTD843.34 million). Total comprehensive income attributable to owners of the Company amounted to approximately NTD46.58 million (Corresponding period in 2020: approximately NTD96.36 million). Basic earnings per share were approximately NTD4.67 cents (Corresponding period in 2020: approximately NTD9.60 cents).

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

TURNKEY SOLUTIONS

During the period under review, turnkey solutions were still the major revenue source for the Group. 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 and wafer fabrication such as deposition, photoresist coating and development. The semiconductors produced by the customers using the SME of the Group were extensively applied to mobile phones, game consoles, DVD players, automotive sensors and other digital electronic products.

For the six months ended 30 June 2021, the revenue from turnkey solutions of the Group amounted to approximately NTD558.31 million (Corresponding period in 2020: approximately NTD601.00 million), accounting for approximately 69.04% of the Group's total revenue.

TRADING OF SME AND PARTS

During the period under review, the Group recorded revenue of approximately NTD250.36 million (Corresponding period in 2020: approximately NTD242.34 million) from the trading of SME and parts, accounting for approximately 30.96% of the total revenue of the Group.

FINANCIAL REVIEW

For the six months ended 30 June 2021, the total revenue of the Group amounted to approximately NTD808.68 million (Corresponding period in 2020: NTD843.34 million). During the period under review, the revenue from the business of turnkey solution and trading of SME and parts amounted to approximately NTD558.31 million (Corresponding period in 2020: approximately NTD601.00 million) and NTD250.36 million (Corresponding period in 2020: approximately NTD242.34 million) respectively.

For the six months ended 30 June 2021, revenue from the domestic business in Taiwan accounted for approximately 49.89% of the Group's total revenue. During the period under review, although the threat of COVID-19 has decreased, it may return anytime. Besides, the situation on Sino-US trade continues to be tense, but semiconductor manufacturers in some countries have gradually turned to seek cooperation with Taiwanese suppliers. The Group will make good use of the market opportunities to actively develop and reinforce its good and close relationship with existing international customers, which will in turn enable its revenue from operations in Singapore, South Korea and Japan during the period to increase by 283.08% compared to the corresponding period last year and to account for approximately 17.60% of its total revenue.

During the period under review, the gross profit of the Group amounted to approximately NTD181.50 million (Corresponding period in 2020: approximately NTD225.94 million), while the gross profit margin was approximately 22.44% (Corresponding period in 2020: approximately 26.79%). Because of the deterioration of COVID-19 in Taiwan in mid-May 2021, the costs in the supply chain has been affected to a certain extent. Therefore, the overall gross profit margin has been slightly affected.

For the six months ended 30 June 2021, total comprehensive income attributable to owners of the Company amounted to approximately NTD46.58 million (Corresponding period in 2020: approximately NTD96.36 million), while basic earnings per share amounted to approximately NTD4.67 cents (Corresponding period in 2020: approximately NTD9.60 cents).

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

OUTLOOK

According to the latest forecast of the global IC market between 2021 and 2025 by IC Insights, among the 33 major categories of IC markets defined by the World Semiconductor Trade Statistics (WSTS), 29 are expected to experience substantial double-digit growth. The strong demand for the IC market in general is expected to increase the sales by 24% in 2021, making the sales exceed US\$500 billion for the first time in history. The IC market will continue to grow in 2022 and 2023, when the use of 5G, high performance computing (HPC), Internet of Things ("IoT"), artificial intelligence (AI), virtual reality (VR) and new applications in the automotive and industrial markets are expected to boom, and it is estimated that the compound annual growth rate (CAGR) of the IC market will reach 10.7% between 2020 and 2025. Gartner also expects that, benefitting from the constant rise in the demand driven by the stay-at-home economy, wafers used in smartphones, computers, TVs, vehicles and other applications will be in shortage. Hence, the global production value of semiconductor will increase to US\$570.8 billion in 2021 at a growth rate of 22.4%, and is expected to be over US\$600 billion in 2022. The Industrial Technology Research Institute of Taiwan has also predicted that the total production value of semiconductor industry in Taiwan would climb to the new milestone of NT\$3.8 trillion in 2021 at a growth rate of 18.1% which would be above the average at the level of global semiconductor industry.

On the other hand, affected by the spread of the raging COVID-19 and continued tense situation on Sino-US trade, multinational companies have furthered their proper configuration of production bases and sales markets in order to avoid the risk of excessive concentration. As global supply chains are facing restructuring, labour division will transform from the vertical one to the horizontal one, with countries gradually building their local independent manufacturing chains which present "short-chain" and "localization". The International Semiconductor Industry Association (SEMI) has predicted that the total global sales of SME would increase by 34% to US\$95.3 billion in 2021, and the equipment market is expected to reach a new high in 2022, breaking through US\$100 billion under the drive of digital transformation. The National Development Council of Taiwan has also estimated that players in the semiconductor industry in Taiwan plan to invest more than NT\$3 trillion in the semiconductor field by 2025. The directors believe that this will bring new business opportunities for the business of the Group in the future. We shall closely monitor the changes in market environment and respond prudently and quickly to market changes for development opportunities, aiming at assiduously exploring new business opportunities and expanding our markets for business step by step.

Looking forward, the directors believe that, in the post-epidemic era, how enterprises realise operational resilience and innovation transformation will be the key to the success of the semiconductor industry in the future. The Group will increase its efforts in talent exploration, strengthen its innovation and R & D capabilities, and improve the core competitiveness of the Group to further expand market share and create long-term value for shareholders.

LIQUIDITY AND CAPITAL RESOURCES

The Group had met its liquidity requirements principally through a combination of internal resources and bank borrowings for the six months ended 30 June 2021. The Group's primary use of cash has been, and is expected to continue to be, satisfying its working capital needs.

As at 30 June 2021, the borrowings of the Group totaled approximately NTD670.24 million (31 December 2020: approximately NTD739.12 million). As at 30 June 2021, the gearing ratio of the Group, as calculated by dividing the Group's net debt by the Group's total equity, was approximately 63.78% (31 December 2020: 83.49%).

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

CHARGE ON ASSETS

As at 30 June 2021, 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 NTD269.37 million (31 December 2020: approximately NTD271.62 million).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

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

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

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2021, the capital commitments of the Group was approximately NTD11.50 million (31 December 2020: Nil). As at 30 June 2021, the Group did not have any significant contingent liability (31 December 2020: Nil).

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

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

HUMAN RESOURCES

As at 30 June 2021, the Group employed approximately 253 employees. All our staff are full-time employees and reside in Taiwan.

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

DIVIDEND

The Board does not recommend payment of dividend for the six months ended 30 June 2021 (for the six months ended 30 June 2020: Nil).

OTHER INFORMATION

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

As at 30 June 2021, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, notified to the Company and the Stock Exchange, were as follows:

Long positions in the shares:

Name of Directors	Capacity/Nature of Interest	Number of Shares held	Approximate percentage of total number of Shares
Mr. Yang Ming-Hsiang ("Mr. Yang")	Beneficial owner	27,975,000	2.79%
	Interest in persons acting in concert (Note)	654,075,000	65.41%
		682,050,000	68.20%
Ms. Wei Hung-Li ("Ms. Wei")	Beneficial owner	19,125,000	1.91%
	Interest in persons acting in concert (Note)	662,925,000	66.29%
		682,050,000	68.20%
Mr. Fan Chiang-Shen ("Mr. Fan")	Beneficial owner	2,925,000	0.29%
	Interest in persons acting in concert (Note)	679,125,000	67.91%
		682,050,000	68.20%
Mr. Lin Yen-Po ("Mr. Lin")	Beneficial owner	1,200,000	0.12%
	Interest in persons acting in concert (Note)	680,850,000	68.08%
		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, a group of controlling shareholders (as defined under the GEM Listing Rules) (the "Controlling Shareholders") of the Company (the "Concert Parties"), the Concert Parties have agreed with certain arrangements pertaining to their shareholding. The interests in these Shares include the interests of the Concert Parties under the Concert Party Agreement and the interests of controlled corporations under the Concert Parties' control.

Save as disclosed above, as at 30 June 2021, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which are required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or which shall be, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, notified to the Company and the Stock Exchange.

OTHER INFORMATION (continued)

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

As at 30 June 2021, to the knowledge of the Directors, the following persons/entities (other than the Directors or chief executive of the Company) who had or were deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in the shares:

Name of substantial shareholders	Capacity/Nature of Interest	Number of Shares held	Approximate percentage of total number of Shares
Queenbest Development Limited ("Queenbest") (Note 1)	Beneficial interest	374,625,000	37.46%
Ever Wealth Holdings Limited ("Ever Wealth") (Note 2)	Beneficial interest	81,150,000	8.11%
Planeta Investments Limited ("Planeta") (Note 3)	Beneficial interest	63,750,000	6.38%
Tai-Yi Investment Co. Ltd. ("Tai Yi") (Note 4)	Beneficial interest Interest in persons acting in concert (Note 5)	111,300,000 570,750,000	11.13% 57.07%
		682,050,000	68.20%
Mr. Chen Yuan-Chi ("Mr. Chen") (Note 6)	Interest of a controlled corporation	682,050,000	68.20%
Double Solutions Limited ("Double Solutions") (Note 7)	Beneficial interest	67,950,000	6.80%
Ms. Chan Suk Sheung Rembi ("Ms. Chan") (Note 8)	Interest of a controlled corporation	67,950,000	6.80%

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 41 individual shareholders and Mr. Yang was interested in approximately 27.6%, Ms. Wei was interested in approximately 10.2%, Mr. Fan was interested in approximately 10.7% and Mr. Lin was interested in approximately 5.1% of its shareholding. The other shareholders were mainly employees and ex-employees of Genes Tech Co., Ltd. ("Genes Tech", an indirect wholly-owned subsidiary of the Company) who were independent third parties (as defined under the GEM Listing Rules) ("Independent Third Parties") and each held interests ranging from approximately 0.01% to 8.0%.
- (2) Ever Wealth is a company incorporated in the Republic of Seychelles. As at the date of this report, it was held by 9 individual shareholders and Mr. Yang was interested in approximately 28.0%, Ms. Wei was interested in approximately 4.8% and Mr. Lin was interested in approximately 20.7% of its shareholding. The other shareholders consisted of employees of Genes Tech who were Independent Third Parties and each held interests ranging from approximately 1.0% to 15.0%.
- (3) Planeta is a company incorporated in Anguilla. As at the date of this 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 and ex-employees of Genes Tech who were Independent Third Parties and each held interests ranging from approximately 0.7% to 26.7%.
- (4) Tai Yi is a company incorporated in Taiwan. As at the date of this report, it was held by 6 individual shareholders. Tai Yi is a party to the Concert Party Agreement.
- (5) Pursuant to the Concert Party Agreement, the Concert Parties have agreed with certain arrangements pertaining to their shareholding. Mr. Yang, Tai Yi, Ms. Wei, Mr. Fan and Mr. Lin are a group of Controlling Shareholders. The interests in these shares include the interests of the Concert Parties under the Concert Party Agreement and the interests of controlled corporations under the Concert Parties' control.
- (6) Mr. Chen is interested in approximately 33.33% shareholding in Tai Yi and he is deemed to be interested in these shares pursuant to Part XV of the SFO.
- (7) Double Solutions is a company incorporated in the Republic of Seychelles, the entire issued shares of which are held by Independent Third Parties.
- (8) Ms. Chan is interested in 90.0% of the shares in issue of Double Solutions and she is deemed to be interested in these shares pursuant to Part XV of the SFO.

Save as disclosed above, as at 30 June 2021, the Directors are not aware of any other persons/entities (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the six months ended 30 June 2021 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 2021 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 or its associated corporations (within the meaning of the SFO).

OTHER INFORMATION (continued)

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the period from 14 July 2017 ("the Listing Date") to 30 June 2021, none of the Directors, the controlling shareholders or any of their respective close associates was a director or shareholder of any business (other than the Group's business) which, directly or indirectly, was or may be in competition or otherwise had any conflicts of interests with the Group's business.

DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR MATERIAL CONTRACTS

There was no transactions, arrangements or material contracts to which the Company or any related company (holding companies, subsidiaries, or fellow subsidiaries) was a party and in which a Director of the Company or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted during the period from 1 January 2021 to 30 June 2021.

DIRECTORS' SECURITIES TRANSACTIONS/MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Required Standard of Dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules in respect of securities transactions by directors.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Required Standard of Dealings throughout the period from 1 January 2021 to 30 June 2021.

The Company has also established written guidelines (the "Employees Written Guidelines") no less exacting than the Required Standard of Dealings for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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

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

OTHER INFORMATION (continued)

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

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

The unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2021 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 2021, 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.

SHARE OPTION SCHEME

A share option scheme was adopted and approved by the then shareholders of the Company on 20 June 2017 (the "Share Option Scheme"). No share option has been granted by the Company pursuant to the Share Option Scheme since its adoption.

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

From 1 January 2021 to 30 June 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed shares.

By order of the Board

Yang Ming-Hsiang

Chairman and Chief Executive Officer

Taiwan, 12 August 2021

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Notes	Three months ended 30 June		Six months ended 30 June	
		2021 NTD'000 (unaudited)	2020 NTD'000 (unaudited)	2021 NTD'000 (unaudited)	2020 NTD'000 (unaudited)
Revenue	6	394,935	457,165	808,675	843,340
Cost of sales	7	(312,255)	(361,385)	(627,174)	(617,405)
Gross profit		82,680	95,780	181,501	225,935
Other income		19	25	19	113
Other (losses)/gains, net		(3,025)	5,910	(1,325)	5,958
Selling and distribution expenses	7	(6,434)	(4,609)	(11,990)	(12,995)
General and administrative expenses	7	(42,368)	(39,571)	(91,555)	(81,850)
Net impairment losses on financial assets	7	(6,535)	–	(6,535)	–
		24,337	57,535	70,115	137,161
Finance income		40	61	58	81
Finance costs		(3,107)	(3,661)	(6,379)	(8,008)
Profit before income tax		21,270	53,935	63,794	129,234
Income tax expense	8	(5,821)	(15,021)	(17,133)	(33,254)
Profit for the period attributable to owners of the Company		15,449	38,914	46,661	95,980
Other comprehensive income, net of tax:					
Item that may be reclassified subsequently to profit or loss:					
— Exchange differences		364	(75)	(85)	384
Total comprehensive income for the period attributable to owners of the Company		15,813	38,839	46,576	96,364
Earnings per share					
— Basic and diluted (NTD cents)	9	1.55	3.89	4.67	9.60

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	30 June 2021 NTD'000 (unaudited)	31 December 2020 NTD'000 (audited)
Assets			
Non-current assets			
Property, plant and equipment	10	313,492	320,743
Right-of-use assets		26,158	17,069
Intangible assets	10	112,657	118,359
Deferred income tax assets		23,702	21,437
Deposits		8,114	8,362
		484,123	485,970
Current assets			
Inventories		1,517,105	1,507,713
Trade receivables	11	208,248	303,910
Prepayments, deposits and other receivables		100,511	68,720
Cash and cash equivalents		149,395	96,211
		1,975,259	1,976,554
Total assets		2,459,382	2,462,524
Equity			
Share capital	14	38,815	38,815
Reserves		777,813	731,237
		816,628	770,052

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (continued)

As at 30 June 2021

	Notes	30 June 2021 NTD'000 (unaudited)	31 December 2020 NTD'000 (audited)
Liabilities			
Non-current liabilities			
Bank borrowings	13	267,393	289,737
Lease liabilities		16,058	9,851
		283,451	299,588
Current liabilities			
Trade and other payables	12	349,605	400,782
Contract liabilities		527,527	464,586
Lease liabilities		10,502	7,539
Bank borrowings	13	402,847	449,385
Current income tax liabilities		68,822	70,592
		1,359,303	1,392,884
Total liabilities		1,642,754	1,692,472
Total equity and liabilities		2,459,382	2,462,524

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	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
As at 1 January 2020 (audited)	38,815	146,571	56,616	182,226	(2,966)	204,976	626,238
Profit for the period	-	-	-	-	-	95,980	95,980
Other comprehensive income	-	-	-	-	384	-	384
Total comprehensive income for the period	-	-	-	-	384	95,980	96,364
Transfer to statutory reserve	-	-	30,292	-	-	(30,292)	-
As at 30 June 2020 (unaudited)	38,815	146,571	86,908	182,226	(2,582)	270,664	722,602
As at 1 January 2021 (audited)	38,815	146,571	86,908	182,226	(3,353)	318,885	770,052
Profit for the period	-	-	-	-	-	46,661	46,661
Other comprehensive loss	-	-	-	-	(85)	-	(85)
Total comprehensive income for the period	-	-	-	-	(85)	46,661	46,576
Transfer to statutory reserve	-	-	29,110	-	-	(29,110)	-
As at 30 June 2021 (unaudited)	38,815	146,571	116,018	182,226	(3,438)	336,436	816,628

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 NTD'000 (unaudited)	2020 NTD'000 (unaudited)
Cash flows from operating activities		
Cash generated from operations	157,429	25,449
Income tax paid	(21,167)	(12,164)
Net cash generated from operating activities	136,262	13,285
Cash flows from investing activities		
Purchase of intangible assets	(80)	–
Interest received	58	81
Purchase of property, plant and equipment	(2,152)	(17,011)
Net cash used in investing activities	(2,174)	(16,930)
Cash flows from financing activities		
Interest paid	(5,715)	(6,930)
Proceeds from bank borrowings	228,698	159,905
Repayments of bank borrowings	(297,580)	(224,628)
Principal elements of lease payments	(5,993)	(4,825)
Interest elements of lease payments	(226)	(249)
Net cash used in financing activities	(80,816)	(76,727)
Net increase/(decrease) in cash and cash equivalents	53,272	(80,372)
Cash and cash equivalents at beginning of period	96,211	137,349
Effect of foreign exchange rate changes	(88)	(666)
Cash and cash equivalents at end of period	149,395	56,311
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents	149,395	56,311

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of turnkey solution and trading of used semiconductor manufacturing equipment and parts. Its parent and ultimate holding company is Queenbest Development Limited, a private company incorporated in the British Virgin Islands (the "BVI"). Its ultimate controlling party is Mr. Yang Ming-Hsiang ("Mr. Yang").

The Company is a limited liability company incorporated and domiciled in the Cayman Islands. Its registered office is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Group's principal place of business is located at No. 80, Baotai 3rd Road, Zhubei City, Hsinchu County 30244, Taiwan.

The Company is listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The condensed consolidated interim financial information are presented in New Taiwan dollars ("NTD") and rounded to the nearest thousand ("NTD'000"), unless otherwise stated.

2 BASIS OF PREPARATION

These condensed consolidated interim financial information for the six months ended 30 June 2021 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of the GEM Listing Rules. The condensed consolidated interim financial information should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

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

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

The preparation of the condensed consolidated interim financial information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

3 SIGNIFICANT ACCOUNTING POLICIES

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

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

HKFRS 16 (Amendments)
HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and
HKFRS 16 (Amendments)

Covid-19-Related Rent Concessions
Interest Rate Benchmark Reform

4 ESTIMATES

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

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were similar to those that were applied to the consolidated financial statements for the year ended 31 December 2020.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

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

The condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2020.

There have been no changes in the risk management arrangement and policies since 31 December 2020.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

5 FINANCIAL RISK MANAGEMENT (Continued)

5.2 Capital management

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

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

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

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

The Group was in a net debt position as at 30 June 2021 and 31 December 2020. The Group's gearing ratio, as calculated by dividing the Group's net debt by the Group's total equity, as at 30 June 2021 is approximately 63.78% (31 December 2020: approximately 83.49%).

5.3 Fair value estimation

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

5.4 Offsetting financial assets and financial liabilities

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

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

6 REVENUE AND SEGMENT INFORMATION

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

	Three months ended 30 June		Six months ended 30 June	
	2021 NTD'000 (unaudited)	2020 NTD'000 (unaudited)	2021 NTD'000 (unaudited)	2020 NTD'000 (unaudited)
Provision of turnkey solution	270,325	317,591	558,313	601,001
Trading of used semiconductor manufacturing equipment and parts	124,610	139,574	250,362	242,339
Revenue recognised at a point in time	394,935	457,165	808,675	843,340

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

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

	Three months ended 30 June		Six months ended 30 June	
	2021 NTD'000 (unaudited)	2020 NTD'000 (unaudited)	2021 NTD'000 (unaudited)	2020 NTD'000 (unaudited)
Taiwan (place of domicile)	161,510	289,769	403,488	477,965
PRC	160,760	138,804	237,116	230,900
Singapore	70,872	1,494	137,890	35,991
United States	581	26,165	25,721	97,196
Korea	1,151	655	3,960	655
Japan	61	158	500	513
Other countries	-	120	-	120
	394,935	457,165	808,675	843,340

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

6 REVENUE AND 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	
	2021 NTD'000 (unaudited)	2020 NTD'000 (unaudited)	2021 NTD'000 (unaudited)	2020 NTD'000 (unaudited)
Customers				
A	54,597	N/A*	111,859	N/A*
B	16,631	55,167	109,849	97,232
C	61,668	N/A*	102,715	N/A*
D	48,299	65,727	99,157	124,498
E	N/A*	86,668	N/A*	139,386
F	N/A*	106,650	N/A*	106,650
G	N/A*	25,928	N/A*	96,868

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

7 EXPENSES BY NATURE

	Three months ended 30 June		Six months ended 30 June	
	2021 NTD'000 (unaudited)	2020 NTD'000 (unaudited)	2021 NTD'000 (unaudited)	2020 NTD'000 (unaudited)
Auditors' remuneration				
— Audit services	2,423	2,365	4,868	4,798
— Non-audit services (note (a))	—	1,935	—	1,935
Cost of materials used	244,367	299,784	491,177	491,450
Amortisation of intangible assets (note (b))	2,891	2,502	5,782	4,993
Depreciation of property, plant and equipment (note (c))	4,730	3,752	9,457	7,223
Depreciation of right-of-use assets	3,199	2,713	6,300	5,195
Research expense	404	251	734	527
Provision for warranty, net	9,938	9,377	18,432	18,952
Commission	5,436	3,249	11,198	5,200
Provision for impairment loss on trade receivables	6,536	—	6,536	—
Employee benefit expenses	60,190	49,445	127,635	112,315
Professional fees	3,153	10,533	7,707	17,497
Expense relating to short-term leases	687	323	1,231	660
Delivery charges	3,360	4,294	8,373	9,856
Travelling	4,628	2,177	9,191	4,540
Insurance	6,393	4,961	12,638	10,955
Entertainment	332	324	730	898
Utilities	963	887	1,660	1,507
Others	7,962	6,693	13,605	13,749
	367,592	405,565	737,254	712,250

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

7 EXPENSES BY NATURE (Continued)

Notes:

- (a) Non-audit services for the six months ended 30 June 2020 represent the services provided by the Company's auditor for its service for the proposed transfer from GEM to Main Board of the Stock Exchange.
- (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 NTD4,820,000 (six months ended 30 June 2020: NTD3,593,000) and NTD4,637,000 (six months ended 30 June 2020: NTD3,630,000), respectively, for the period.

8 INCOME TAX EXPENSE

Income tax is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is approximately 23.6% (30 June 2020: 23.6%).

9 EARNINGS PER SHARE

(a) Basic

The calculations of basic earnings per share are based on the profit for the period attributable to owners of the Company of approximately NTD46,661,000 (six months ended 30 June 2020: approximately NTD95,980,000) and the weighted average of 1,000,000,000 (six months ended 30 June 2020: 1,000,000,000) shares in issue during the period.

	Three months ended 30 June		Six months ended 30 June	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Profit attributable to owners of the Company (NTD'000)	15,449	38,914	46,661	95,980
Weighted average number of ordinary shares in issue (thousands)	1,000,000	1,000,000	1,000,000	1,000,000
Basic earnings per share (NTD cents per share)	1.55	3.89	4.67	9.60

(b) Diluted

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

10 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the six months ended 30 June 2021, the Group acquired at cost, leasehold improvements of approximately NTD1,905,000 (six months ended 30 June 2020: approximately NTD2,345,000) and office equipment of approximately NTD1,212,000 (six months ended 30 June 2020: approximately NTD2,933,000) but did not incur expenditure regarding construction in progress (six months ended 30 June 2020: incurred approximately NTD12,431,000).

The Group has additions in intangible assets of approximately NTD80,000 during the six months ended 30 June 2021 (six months ended 30 June 2020: approximately NTD349,000).

11 TRADE RECEIVABLES

	At 30 June 2021 NTD'000 (unaudited)	At 31 December 2020 NTD'000 (audited)
Trade receivables	218,228	307,354
Less: provision for impairment	(9,980)	(3,444)
	208,248	303,910

The Group normally allows credit period ranging from 30 to 90 days (31 December 2020: 30 to 90 days) to its major customers.

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

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

	At 30 June 2021 NTD'000 (unaudited)	At 31 December 2020 NTD'000 (audited)
0–30 days	123,689	166,747
31–90 days	54,142	91,448
91–180 days	9,519	10,206
181–365 days	9,904	32,682
Over 1 year	20,974	6,271
	218,228	307,354

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

As at 30 June 2021, provision of impairment loss amounting to NTD9,980,000 has been recognised (31 December 2020: NTD3,444,000).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

12 TRADE AND OTHER PAYABLES

	At 30 June 2021 NTD'000 (unaudited)	At 31 December 2020 NTD'000 (audited)
Trade and notes payables (note (a))	239,609	254,187
Other payables	1,159	1,180
Accruals	79,982	122,200
Provision for warranty	28,855	23,215
	349,605	400,782

(a) Trade and notes payables

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

	At 30 June 2021 NTD'000 (unaudited)	At 31 December 2020 NTD'000 (audited)
Current or less than 1 month	113,418	116,575
1 to 3 months	65,836	65,103
More than 3 months to 1 year	33,990	54,002
More than 1 year	26,365	18,507
	239,609	254,187

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

13 BANK BORROWINGS

	30 June 2021			31 December 2020		
	Current NTD'000 (unaudited)	Non-current NTD'000 (unaudited)	Total NTD'000 (unaudited)	Current NTD'000 (audited)	Non-current NTD'000 (audited)	Total NTD'000 (audited)
<i>Secured</i>						
Bank borrowings (note (a))	262,000	–	262,000	262,000	–	262,000
Long-term bank borrowings (note (b))	10,402	98,822	109,224	10,402	104,023	114,425
Total secured borrowings	272,402	98,822	371,224	272,402	104,023	376,425
<i>Unsecured</i>						
Bank borrowings (note (c))	96,159	–	96,159	159,840	–	159,840
Long-term bank borrowings (note (d))	34,286	168,571	202,857	17,143	185,714	202,857
Total unsecured borrowings	130,445	168,571	299,016	176,983	185,714	362,697
Total borrowings	402,847	267,393	670,240	449,385	289,737	739,122

Notes:

- As at 30 June 2021, the short-term borrowing represent two loans. One loan has a principal amount of NTD175,000,000, and is secured by land and building of the Group. It bears interest at 0.84% above the variable interest rate for one-year post office deposits per annum and repayable on maturity date. The other loan has a principal amount of NTD87,000,000, and is secured by land and building of the Group. It bears interest at 0.66% above the bank's variable interest rate for one-year deposits per annum and repayable on maturity date.
- As at 30 June 2021, the long-term borrowings represent two loans with principal amount of NTD25,000,000 and NTD125,000,000, respectively. These borrowings bear interest at 0.74% above the variable interest rate for one-year post office deposits per annum and are repayable in 145 and 180 monthly installments, respectively. These borrowings are secured by land and building of the Group.
- The bank borrowings are carried at amortised cost. Out of the amount, NTD20,000,000 bear interest at 1.13% above the bank's interest rate for one-month deposits per annum. The remaining borrowings bear interest at rate 0.6% to 2.0% above the bank's foreign currency interest rate per annum as at 30 June 2021.
- The unsecured borrowings with a principal amount of NTD240,000,000 bear interest at 1.34% above the variable interest rate for one-year post office deposits per annum and is repayable in 84 monthly installments.

The bank interests are charged at rate ranging from 0.81% to 2.4% per annum as at 30 June 2021 (31 December 2020: 0.89% to 2.15%).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

13 BANK BORROWINGS (Continued)

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

	At 30 June 2021 NTD'000 (unaudited)	At 31 December 2020 NTD'000 (audited)
Within 1 year	402,847	449,385
More than 1 year, but not exceeding 2 years	44,688	44,688
More than 2 years, but not exceeding 5 years	134,064	134,064
After 5 years	88,641	110,985
	670,240	739,122

The Group has undrawn borrowing facilities of approximately NTD264,773,000 (31 December 2020: approximately NTD195,019,000).

14 SHARE CAPITAL

	Number of Shares (unaudited)	Share capital NTD'000 (unaudited)
Authorised		
Ordinary shares of HK\$0.01 each in the share capital of the Company	2,000,000,000	77,630
As at 31 December 2020, 1 January 2021 and 30 June 2021	2,000,000,000	77,630

	Number of Shares (unaudited)	Share capital NTD'000 (unaudited)
Issued and fully paid	1,000,000,000	38,815
As at 31 December 2020, 1 January 2021 and 30 June 2021	1,000,000,000	38,815

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

15 DIVIDENDS

The Board does not recommend payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

16 COMMITMENTS

(a) Capital commitment

	At 30 June 2021 NTD'000 (unaudited)	At 31 December 2020 NTD'000 (audited)
Contracted but not provided for, in respect of — leasehold improvements	11,500	–

(b) Non-cancellable short-term leases

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

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

	At 30 June 2021 NTD'000	At 31 December 2020 NTD'000
Within 1 year	1,104	1,102

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

17 RELATED PARTY TRANSACTIONS

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

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

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

Key management personnel compensation

	Three months ended 30 June		Six months ended 30 June	
	2021 NTD'000 (unaudited)	2020 NTD'000 (unaudited)	2021 NTD'000 (unaudited)	2020 NTD'000 (unaudited)
Short-term employee benefits — salaries, allowances and benefits in kind	4,695	5,183	9,399	9,622
Post-employment benefits — defined contribution retirement plans	30	52	61	104
	4,725	5,235	9,460	9,726