

2020
THIRD QUARTERLY
REPORT



駿碼科技集團

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NICHE-TECH GROUP LIMITED

駿碼科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8490)

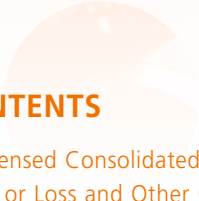
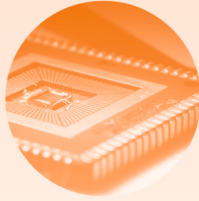
CHARACTERISTICS OF GEM (THE “GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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 Main Board of 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 board (the “**Board**”) of directors (the “**Directors**”) of Niche-Tech Group Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company and its subsidiaries (together, the “**Group**”). 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.



CONTENTS

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	2
Condensed Consolidated Statement of Changes in Equity	4
Notes to the Condensed Consolidated Financial Statements	5
Management Discussion and Analysis	13
Other Information	17

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The Board is pleased to present the unaudited condensed consolidated results of the Group for the three months and nine months ended 30 September 2020 together with the comparative unaudited figures for the corresponding periods in 2019 as follows:

	NOTES	Three months ended		Nine months ended	
		30.9.2020 HK\$'000 (unaudited)	30.9.2019 HK\$'000 (unaudited)	30.9.2020 HK\$'000 (unaudited)	30.9.2019 HK\$'000 (unaudited)
Revenue	4	46,592	51,457	115,827	153,836
Cost of sales		(37,562)	(41,349)	(93,510)	(123,810)
Gross profit		9,030	10,108	22,317	30,026
Other income, other gains and losses	5	(833)	765	2,911	1,884
Impairment losses under expected credit loss model, net of reversal		(910)	(1,045)	(1,545)	(1,313)
Selling and distribution expenses		(2,854)	(1,860)	(7,484)	(7,746)
Administrative expenses		(7,399)	(5,711)	(20,326)	(18,492)
Finance costs	6	(220)	(678)	(1,017)	(1,544)
(Loss) profit before taxation		(3,186)	1,579	(5,144)	2,815
Income tax expense	7	(480)	(717)	(1,262)	(1,770)
(Loss) profit for the period	8	(3,666)	862	(6,406)	1,045

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Three months ended		Nine months ended	
	30.9.2020	30.9.2019	30.9.2020	30.9.2019
NOTES	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Other comprehensive income				
(expense)				
Item that will not be reclassified to profit or loss:				
Exchange differences arising on translation from functional currency to presentation currency	8,630	(7,521)	4,429	(8,092)
Item that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	(893)	483	(456)	467
Other comprehensive income (expense) for the period	7,737	(7,038)	3,973	(7,625)
Total comprehensive income (expense) for the period	4,071	(6,176)	(2,433)	(6,580)
(Loss) earnings per share				
– basic (HK cents)	9	(0.52)	0.12	(0.91)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2020

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Statutory reserve HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
At 1 January 2019 (audited)	7,055	128,115	100,000	1	(14,041)	5,776	10,222	237,128
Profit for the period	-	-	-	-	-	-	1,045	1,045
Exchange differences arising on translation from functional currency to presentation currency	-	-	-	-	(8,092)	-	-	(8,092)
Exchange differences arising on translation of foreign operations	-	-	-	-	467	-	-	467
Total comprehensive (expense) income for the period	-	-	-	-	(7,625)	-	1,045	(6,580)
At 30 September 2019 (unaudited)	7,055	128,115	100,000	1	(21,666)	5,776	11,267	230,548
At 1 January 2020 (audited)	7,055	128,115	100,000	1	(19,058)	7,248	8,066	231,427
Loss for the period	-	-	-	-	-	-	(6,406)	(6,406)
Exchange differences arising on translation from functional currency to presentation currency	-	-	-	-	4,429	-	-	4,429
Exchange differences arising on translation of foreign operations	-	-	-	-	(456)	-	-	(456)
Total comprehensive income (expense) for the period	-	-	-	-	3,973	-	(6,406)	(2,433)
At 30 September 2020 (unaudited)	7,055	128,115	100,000	1	(15,085)	7,248	1,660	228,994



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2020

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 21 February 2017 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares (the “**Shares**”) of the Company have been listed on the GEM since 30 May 2018.

The Company is an investment holding company. The Group is principally engaged in the development, manufacture and sales of semiconductor packaging materials.

The functional currency of the Company is Renminbi (“**RMB**”). The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) as the Group’s management believes HK\$ is the appropriate presentation currency for the users of the condensed consolidated financial statements.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). In addition, the unaudited condensed consolidated financial statements include applicable disclosures required by Chapter 18 of the GEM Listing Rules.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2020

3. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis.

Other than changes in accounting policies resulting from application of new and amendments to HKFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the nine months ended 30 September 2020 are the same as those followed in the preparation of the consolidated financial statements of the Group for the year ended 31 December 2019.

The HKICPA has issued certain new and revised HKFRSs. For those which are effective for accounting periods beginning on 1 January 2020, the adoption has no material impact on how the results and financial positions of the Group for the current and prior periods have been prepared and presented. For those which 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 positions.

4. REVENUE AND SEGMENT INFORMATION

An analysis of revenue by major products is as follows:

	Three months ended		Nine months ended	
	30.9.2020	30.9.2019	30.9.2020	30.9.2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Bonding wire	34,584	40,773	88,176	122,030
Encapsulant	8,991	6,525	19,864	18,800
Others	3,017	4,159	7,787	13,006
	46,592	51,457	115,827	153,836

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2020

The Group's operating segment is determined based on information reported to the chief operating decision maker (the "CODM"), being the executive directors of the Company, for the purpose of resource allocation and performance assessment. For management purpose, the Group operates in one business unit based on its products and its sole operating segment is the development, manufacture and sales of semiconductor packaging materials. The CODM monitors the revenue, results, assets and liabilities of its business unit as a whole and regularly reviews financial information prepared in accordance with the accounting policies that are in accordance with HKFRSs, and without further discrete information. Accordingly, no analysis of segment information other than entity-wide information is presented.

Geographical information

The Group's revenue is mainly derived from customers located in the People's Republic of China ("PRC") and Hong Kong. Information about the Group's revenue by the geographical location in which the customers operate is detailed below:

	Three months ended		Nine months ended	
	30.9.2020	30.9.2019	30.9.2020	30.9.2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
PRC excluding Hong Kong	46,387	51,288	115,068	152,539
Hong Kong	205	169	759	1,297
	46,592	51,457	115,827	153,836

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2020

5. OTHER INCOME, OTHER GAINS AND LOSSES

	Three months ended		Nine months ended	
	30.9.2020	30.9.2019	30.9.2020	30.9.2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Bank interest income	98	191	453	659
Government subsidy income	440	433	3,478	1,118
Net loss on disposal of plant and equipment	(1,017)	–	(1,017)	–
Net foreign exchange (losses) gains	(605)	141	(269)	96
Others	251	–	266	11
	(833)	765	2,911	1,884

6. FINANCE COSTS

	Three months ended		Nine months ended	
	30.9.2020	30.9.2019	30.9.2020	30.9.2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interests on bank borrowings	53	339	353	692
Interests on lease liabilities	166	185	488	594
Interests on discounted bills with recourse	1	154	176	258
	220	678	1,017	1,544

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2020

7. INCOME TAX EXPENSE

	Three months ended		Nine months ended	
	30.9.2020	30.9.2019	30.9.2020	30.9.2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
The income tax expense comprises:				
PRC Enterprise Income Tax ("EIT")				
– Current tax	480	1,065	1,262	2,017
– Overprovision in prior periods	-	(206)	-	(206)
	480	859	1,262	1,811
Deferred tax	-	(142)	-	(41)
	480	717	1,262	1,770

Under the Law of the PRC on Enterprise Income Tax ("EIT Law") and Implementation Regulation of the EIT Law, the standard tax rate of PRC entities is 25% for both periods. Pursuant to the relevant laws and regulations in the PRC, Niche-Tech Shantou is granted tax incentive as a High and New Technology Enterprise and is entitled to a concessionary tax rate of 15% for 3 years from November 2018 to November 2021.

No provision for Hong Kong Profits Tax is made in the financial statements since the relevant group entities have no assessable profits for both periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2020

8. (LOSS) PROFIT FOR THE PERIOD

	Three months ended		Nine months ended	
	30.9.2020	30.9.2019	30.9.2020	30.9.2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<hr/>				
(Loss) profit for the period has been arrived at after charging:				
Directors' remuneration:				
Fees	100	120	300	360
Other emoluments, salaries and other benefits	757	901	2,265	2,685
Retirement benefit scheme contributions	7	16	26	54
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	864	1,037	2,591	3,099
Other staff costs:				
Staff salaries and allowances	5,529	6,336	16,876	19,181
Retirement benefit scheme contributions	205	791	674	2,455
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	5,734	7,127	17,550	21,636
Total staff costs	6,598	8,164	20,141	24,735
Capitalised in intangible assets	(585)	(3,161)	(1,984)	(5,438)
Capitalised in inventories	(1,597)	(2,130)	(4,484)	(6,727)
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	4,416	2,873	13,673	12,570
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2020

	Three months ended		Nine months ended	
	30.9.2020 HK\$'000 (unaudited)	30.9.2019 HK\$'000 (unaudited)	30.9.2020 HK\$'000 (unaudited)	30.9.2019 HK\$'000 (unaudited)
Depreciation of plant and equipment	2,020	2,195	5,936	6,301
Capitalised in intangible assets	(326)	(393)	(1,056)	(1,284)
Capitalised in inventories	(730)	(704)	(2,167)	(2,156)
	964	1,098	2,713	2,861
Amortisation of intangible assets	1,750	1,454	5,071	3,847
Capitalised in inventories	(1,616)	(1,403)	(4,630)	(3,692)
	134	51	441	155
Depreciation of right-of-use assets	626	786	1,881	2,387
Capitalised in intangible assets	(48)	(55)	(158)	(185)
Capitalised in inventories	(121)	(117)	(354)	(360)
	457	614	1,369	1,842
Auditors' remuneration	113	557	713	900
Cost of inventories recognised as cost of sales	37,562	41,349	93,510	123,810
Research and development costs (excluding depreciation and staff costs) recognised as expenses (included in administrative expenses)	234	262	589	621
Minimum operating lease rentals in respect of rented premises	49	1	129	35

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2020

9. (LOSS) EARNINGS PER SHARE

	Three months ended		Nine months ended	
	30.9.2020	30.9.2019	30.9.2020	30.9.2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
(Loss) earnings:				
(Loss) earnings for the purpose of basic (loss) earnings per share:				
(Loss) profit for the period attributable to owners of the Company	(3,666)	862	(6,406)	1,045
Number of shares:				
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	705,500,000	705,500,000	705,500,000	705,500,000

No diluted (loss) earnings per share is presented for nine months ended 30 September 2020 and 2019 as there were no potential ordinary shares in issue during both periods.

MANAGEMENT DISCUSSION AND ANALYSIS



BUSINESS REVIEW

The Group is an established semiconductor packaging materials manufacturer specialising in the development, manufacture, and sales of the bonding wire and encapsulant with headquarters in Hong Kong and production facilities in Shantou, the PRC. During the nine months ended 30 September 2020 (the “**Period**”), the Group continued to sell its products directly to more than 400 customers, including renowned manufacturers of LEDs, camera modules, and ICs primarily in the PRC.

During the Period, the global economic activities have continued to slow down due to the widespread novel coronavirus (“**COVID-19**”) pandemic. Under the economic downturn, the demand of semiconductors had been greatly affected and the export of semiconductor packaging materials of the Group’s customers also declined. As a result, the Group’s sales orders and production weakened during the Period, with its revenue and gross profit decreased by approximately 24.7% and approximately 25.7% respectively as compared with the nine months ended 30 September 2019.

To minimize the impact of COVID-19 and macroeconomic slowdown against the Group, the Group has taken various cost control measures. During the Period, it exerted itself to lower its expenses, including administrative expenses. Besides, to ensure the Group’s continuous development amid the challenging environment, the Group has adopted flexible business strategies. It has continued to focus on the innovation of semiconductor packaging materials for advanced semiconductors, aiming to capture the opportunities to be generated from the expected market recovery.



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

Revenue

The Group's revenue principally represented income derived from its main products, namely bonding wire and encapsulant. During the Period, the Group recorded a revenue of approximately HK\$115.8 million, decreased by 24.7% from approximately HK\$153.8 million recorded in the nine months ended 30 September 2019. The revenue of bonding wire products recorded a decrease of 27.7% to approximately HK\$88.2 million during the Period (nine months ended 30 September 2019: approximately HK\$122.0 million). The revenue of encapsulant products recorded an increase of 5.7% to approximately HK\$19.9 million during the Period (nine months ended 30 September 2019: approximately HK\$18.8 million). The decrease in the revenue of bonding wire was due to the customer's delay in purchase of the Group's products due to the outbreak of COVID-19 during the Period.

Cost of sales and gross profit

The Group's cost of sales mainly comprised direct material costs, direct labor costs, and manufacturing overhead. During the Period, the Group's cost of sales decreased by 24.5% to approximately HK\$93.5 million (nine months ended 30 September 2019: approximately HK\$123.8 million), which was in line with the decrease in revenue. The gross profit of the Group decreased by 25.7% to approximately HK\$22.3 million for the Period (nine months ended 30 September 2019: approximately HK\$30.0 million). The gross profit margin was approximately 19.3% for the Period (nine months ended 30 September 2019: 19.5%).

Other income, other gains and losses

Other income, other gains and losses of approximately HK\$2.9 million were recorded during the Period (nine months ended 30 September 2019: approximately HK\$1.9 million). The increase was mainly due to the combined effects of (i) a one-off government subsidy income of approximately HK\$2.0 million was received by a PRC subsidiary as a granting support respect of unemployment insurance to enterprises for stabilizing employment during the Period; and (ii) net loss on disposal of plant and equipment of approximately HK\$1.0 million (nine months ended 30 September 2019: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS



Expenses

Selling and distribution expenses amounted to approximately HK\$7.5 million for the Period (nine months ended 30 September 2019: approximately HK\$7.7 million). The decrease was mainly due to the decrease in freight and travelling expenses as a result of the decrease in sales volume.

Administrative expenses amounted to approximately HK\$20.3 million for the Period (nine months ended 30 September 2019: approximately HK\$18.5 million). The increase was mainly due to: (i) increase in testing fee; and (ii) increase in depreciation and amortization.

(Loss) profit and other comprehensive income (expenses) for the Period

Summing up the combined effects of the foregoing, the loss attributable to owners of the Company for the Period was approximately HK\$6.4 million (nine months ended 30 September 2019: profit of approximately HK\$1.0 million).

DIVIDEND

The Board does not recommend the payment of any dividend for the Period (nine months ended 30 September 2019: Nil).

SEGMENT INFORMATION

Segment information for the Group is presented as disclosed on note 4 to the unaudited condensed consolidated financial statements.

FUTURE STRATEGIES AND PROSPECTS

As the COVID-19 still persists globally and the tension between the PRC and the U.S. is escalating, the global economy is expected to remain under pressure in the rest of the year. However, the Directors remain positive about the industry and the Group's future development. On the one hand, China has seen an upturn among the challenging environment with its effective control of COVID-19, and lifted the gradual economic recovery of other Asian countries. On the other hand, benefited from the further development in the 5G network and the growing trend of big data processing, the demand of semiconductors is expected to be back on its growing trend soon. Therefore, the demand of semiconductor packaging related encapsulants is estimated to see recovery as it rides on the back of the upturn in semiconductor industry. To seize the opportunities of the expected market recovery, the Group is taking various measures to equip itself and enhance its competitive strengths in the market.



MANAGEMENT DISCUSSION AND ANALYSIS

Amid the uncertain and challenging business environment, the Group has made progress with its forerunner product, liquid molding epoxy for mini-LED and has commenced mass production for several notable RGB display LED packaging companies. This product is expected to make great contribution to the Group's revenue. Moving ahead, as China is pushing forward the 5G network deployment, the demand for advanced semiconductors is estimated to grow strongly. In order to catch the opportunities from the growing market and gain more market share, the Group will strive to continuously enhance its R&D capabilities so as to develop cutting-edge and high-quality packaging materials for various customers.

Besides, the Group is launching three series of new products of die attach adhesive for LED applications, namely insulative Epoxy Based Adhesive, insulative Silicon Based Adhesive and Electrical Conductive Silver Adhesive. These new products will also be extended to other semiconductors and 5G industries after certain formula adjustment. In addition, the Group is vigorously developing a new household LED packaging material, which is more cost-effective for the market. The Directors believe these new products will become another growth momentum for the Group in the future.

Moving forward, leveraging the Group's innovation and development capability, the Group will continue to develop advanced semiconductor packaging materials and enrich its product mix, so as to enhance its competitive strengths and catch the opportunities arising from the expected market recovery. The Directors believe that the Group's flexible business strategies and competitive strengths would allow it to sustain business growth in long run.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There were no material acquisitions and disposals of subsidiaries, associates and joint ventures during the Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this report, the Group does not have other plans for material investments and capital assets during the Period.

SIGNIFICANT INVESTMENTS HELD

During the Period, the Group did not hold any significant investments.

DISCLOSURE OF INTERESTS

(a) Director's and chief executives' interests and short positions in the Shares, underlying shares and debentures of the Company and its associated corporations

As at 30 September 2020, the interests and short positions of the Directors and chief executives 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 are required (a) to be 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 are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

(i) Long positions in the Shares

Name of Directors	Nature of interest/ holding capacity	Number of Shares held	Percentage of issued share capital of the Company <i>(Note 1)</i>
Mr. Chow Bok Hin Felix ("Mr. Chow") <i>(Note 2)</i>	Interest in a controlled corporation	357,000,000	50.60%
Professor Chow Chun Kay Stephen ("Professor Chow") <i>(Note 2)</i>	Interest in a controlled corporation	357,000,000	50.60%
	Beneficial owner	510,000	0.07%



OTHER INFORMATION

Notes:

- (1) As at 30 September 2020, the Company's issued share capital was HK\$7,055,000 divided into 705,500,000 Shares of HK\$0.01 each.
- (2) Niche-Tech Investment Holdings Limited is indirectly owned as to 40% by Mr. Chow and 60% by Professor Chow. By virtue of SFO, Mr. Chow and Professor Chow are deemed to be interested in the Shares held by Niche-Tech Investment Holdings Limited.

(ii) Interests in shares of the associated corporations of the Company

Name	Name of associated corporation	Nature of interest/ holding capacity	Number of shares held/ interested in the associated corporations	Percentage of shareholding
Professor Chow (Notes 1 and 2)	Chows Investment Group Limited	Beneficial owner	6	60.00%
Mr. Chow (Notes 1 and 2)	Chows Investment Group Limited	Beneficial owner	4	40.00%
Professor Chow (Notes 1 and 2)	Niche-Tech Investment Holdings Limited	Interest in a controlled corporation	10,000,000	100.00%
Mr. Chow (Notes 1 and 2)	Niche-Tech Investment Holdings Limited	Interest in a controlled corporation	10,000,000	100.00%



OTHER INFORMATION

Notes:

- (1) Chows Investment Group Limited holds 100% interest in Niche-Tech Investment Holdings Limited. Niche-Tech Investment Holdings Limited in turn holds 50.60% interest in the Company. Therefore, Chows Investment Group Limited and Niche-Tech Investment Holdings Limited are the associated corporations of the Company for the purpose of the SFO.
- (2) Mr. Chow and Professor Chow are interested in as to 40% and 60% of the issued share capital of Chows Investment Group Limited respectively. Chows Investment Group Limited holds 100% interest in Niche-Tech Investment Holdings Limited. Mr. Chow and Professor Chow are therefore deemed to be interested in 100% of Niche-Tech Investment Holdings Limited for the purpose of the SFO.

Save as disclosed above, as at 30 September 2020, none of the Directors nor chief executives of the Company had or was deemed to have any other interests or short positions in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be 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 are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.



OTHER INFORMATION

(b) Substantial Shareholders and other persons' interests and short positions in the Shares or underlying shares of the Company

So far as is known to the Directors, as at 30 September 2020, the following entities (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions (directly or indirectly) in the Shares or underlying shares of the Company that 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 pursuant to Section 336 of the SFO, were as follows:

Long positions in the Shares

Name of Shareholder	Nature of interest/ holding capacity	Number of Shares held	Percentage of issued share capital of the Company <i>(Note 1)</i>
Niche-Tech Investment Holdings Limited	Beneficial owner	357,000,000	50.60%
Chows Investment Group Limited <i>(Note 2)</i>	Interest of controlled corporation	357,000,000	50.60%
Mrs. Chow Fung Wai Lan Rita ("Mrs. Chow") <i>(Note 3)</i>	Interest of spouse	357,510,000	50.67%
Mrs. Chow Kuo Li Jen <i>(Note 4)</i>	Interest of spouse	357,000,000	50.60%
Mr. Ma Ah Muk ("Mr. Ma")	Beneficial owner	152,490,000	21.61%
Ms. Cheng Pak Ching <i>(Note 5)</i>	Interest of spouse	152,490,000	21.61%



OTHER INFORMATION

Notes:

- (1) As at 30 September 2020, the Company's issued ordinary share capital was HK\$7,055,000 divided into 705,500,000 Shares of HK\$0.01 each.
- (2) Chows Investment Group Limited holds 100% interest in Niche-Tech Investment Holdings Limited and is therefore deemed to be interested in the 357,000,000 Shares held by Niche-Tech Investment Holdings Limited for the purpose of the SFO.
- (3) Mrs. Chow is the spouse of Professor Chow. Mrs. Chow is deemed to be interested in all the Shares in which Professor Chow is interested in for the purpose of the SFO.
- (4) Mrs. Chow Kuo Li Jen is the spouse of Mr. Chow. Mrs. Chow Kuo Li Jen is deemed to be interested in all the Shares in which Mr. Chow is interested in for the purpose of the SFO.
- (5) Ms. Cheng Pak Ching is the spouse of Mr. Ma. Ms. Cheng Pak Ching is deemed to be interested in all the Shares in which Mr. Ma is interested in for the purpose of the SFO.

Save as disclosed above, as at 30 September 2020, the Directors were not aware of any other persons (other than the Directors or the chief executive of the Company) who had, or was deemed to have, interest or short positions in the Shares or underlying shares of the Company would fall to be required 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 pursuant to Section 336 of the SFO.



OTHER INFORMATION

SHARE OPTION SCHEME

Pursuant to the Company's share option scheme (the "**Scheme**") adopted on 8 May 2018 for the primary purpose of providing incentives to eligible persons including directors, eligible employees, consultants or advisers of the Group. The Directors, employees, consultants or advisers of the Group may, at the discretion of the Directors, be granted options (the "**Options**") to subscribe for Shares at a price determined by its Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of the offer of grant, which must be a trading day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheet for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares on the date of grant of the Options.

Without prior approval from the Company's shareholders, the total maximum number of Shares in respect of which Options may be granted under the Scheme is not permitted to exceed 10% of the Shares in issue at the time dealing in the Shares first commenced on the Stock Exchange which amounted to 68,000,000 Shares, representing not more than 10% of the Shares in issue as at the date of this report. The maximum number of Shares in respect of which Options may be granted to any individual in any one year is not permitted to exceed 1% of the Shares in issue at any point in time.

Unless terminated by resolution in general meeting, the Scheme will remain in force for a period of ten years from the date of the listing of the Shares on the Stock Exchange. Options granted must be taken up not later than 30 days after the date of grant. A consideration of HK\$1 is payable on acceptance of the offer of grant of the Options.



OTHER INFORMATION

The exercisable period of the Options, which shall not exceed 10 years from the date of grant, is determined by the Board at their discretion.

No Options have been granted by the Company under the Scheme since its adoption date and up to the date of this report. Therefore, no share Options lapsed or were exercised or cancelled during the Period and there were no outstanding Options as at 30 September 2020.

COMPETING INTERESTS

None of the Directors nor the controlling shareholders of the Company or any of their respective close associates (as defined in the GEM Listing Rules) had any business or interest in a business that compete or may compete, either directly or indirectly, with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the Period.

INTEREST OF THE COMPLIANCE ADVISER

As notified by Titan Financial Services Limited (“Titan”), the Company’s compliance adviser, save for the compliance agreement entered into between the Company and Titan dated 1 September 2017, none of Titan or its directors, employees or close associates (as defined in the GEM Listing Rules) had any interest in the Group as at 30 September 2020, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.



OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Company complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) contained in Appendix 15 of the GEM Listing Rules for the Period.

A.2 and A.2.1 of the CG Code stipulates that there should be a clear division of the management of the Board and the day-to-day management of the business. The Group has not appointed the chief executive officer. Day-to-day management of the business of the Group are carried out by the senior management and monitored by the executive Directors, while prior approvals by all executive Directors are required for all strategic decisions which are also considered and confirmed in formal Board meeting. The balance of power and authority of the Company is ensured by the operations of the Board which comprises experienced and competent individuals, with three of them being independent non-executive Directors. The Group believes that the existing management structure and decision making procedures are adequate and in the best interest of the Group to cope with the ever-changing economic environment.

The Company regularly reviews its corporate governance practices to ensure that the Company continues to meet the requirements of the CG Code.



OTHER INFORMATION

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors (the “**Code of Conduct**”) on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Required Standard Dealings**”). The Company had also made specific enquiry of all the Directors and each of them was in compliance with the Code of Conduct and the Required Standard Dealings during the Period. Further, the Company was not aware of any non-compliance with the Required Standard Dealings regarding securities transactions by the Directors for the Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.



OTHER INFORMATION

AUDIT COMMITTEE

The Company has established an audit committee of the Board (the “**Audit Committee**”) with written terms of reference in compliance with the GEM Listing Rules and code provisions C.3.3 of the CG Code as set out in Appendix 15 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control systems of the Group. The members of the Audit Committee include three independent non-executive Directors, namely Mr. Poon Lai Yin Michael, Professor Ng Wang Wai Charles and Mr. Tai Chun Kit. Mr. Poon Lai Yin Michael is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed consolidated results and the report of the Company for the Period and is of the opinion that such results and the report complied with the applicable accounting standards and the requirements under the GEM Listing Rules, and that adequate disclosures have been made.

By Order of the Board
Niche-Tech Group Limited
Chow Bok Hin Felix

Executive Chairman and Executive Director

Hong Kong, 9 November 2020

As at the date of this report, the executive Directors are Mr. Chow Bok Hin Felix, Professor Chow Chun Kay Stephen and Mr. Shi Yiwu, non-executive Director is Mr. Ma Yung King Leo, and the independent non-executive Directors are Professor Ng Wang Wai Charles, Mr. Tai Chun Kit and Mr. Poon Lai Yin Michael.

This report will remain on the GEM website at <http://www.hkgem.com> on the “Latest Listed Company Information” page for a minimum period of seven days from the date of its publication. This report will also be published on the Company’s website at <http://www.nichetech.com.hk>.