



nichetech

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)

THIRD QUARTERLY REPORT 2021

CHARACTERISTICS OF GEM (“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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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

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

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 2021 together with the comparative unaudited figures for the corresponding periods in 2020 as follows:

		Three months ended		Nine months ended	
	NOTES	30.9.2021	30.9.2020	30.9.2021	30.9.2020
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	4	61,086	46,592	183,376	115,827
Cost of sales		(47,062)	(37,562)	(142,807)	(93,510)
Gross profit		14,024	9,030	40,569	22,317
Other income, other gains and losses	5	511	(833)	1,306	2,911
Impairment losses reversed (recognised) under expected credit loss model		36	(910)	170	(1,545)
Selling and distribution expenses		(3,823)	(2,854)	(9,576)	(7,484)
Administrative expenses		(7,216)	(7,399)	(21,926)	(20,326)
Finance costs	6	(443)	(220)	(1,099)	(1,017)
Profit (loss) before taxation		3,089	(3,186)	9,444	(5,144)
Income tax expense	7	(963)	(480)	(3,155)	(1,262)
Profit (loss) for the period	8	2,126	(3,666)	6,289	(6,406)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

NOTES	Three months ended		Nine months ended	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(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	213	8,630	2,012	4,429
Item that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	(36)	(893)	(331)	(456)
Other comprehensive income for the period	177	7,737	1,681	3,973
Total comprehensive income (expense) for the period	2,303	4,071	7,970	(2,433)
Earnings (loss) per share				
– basic (<i>HK cents</i>)	10	0.30	(0.52)	0.89
		(0.91)		(0.91)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2021

	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 (Accumulated losses) HK\$'000	Total equity HK\$'000
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
At 1 January 2021 (audited)	7,055	128,115	100,000	1	(4,315)	8,564	(7,362)	232,058
Profit for the period	-	-	-	-	-	-	6,289	6,289
Exchange differences arising on translation from functional currency to presentation currency	-	-	-	-	2,012	-	-	2,012
Exchange differences arising on translation of foreign operations	-	-	-	-	(331)	-	-	(331)
Total comprehensive income for the period	-	-	-	-	1,681	-	6,289	7,970
Dividend paid	-	(2,081)	-	-	-	-	-	(2,081)
At 30 September 2021 (unaudited)	7,055	126,034	100,000	1	(2,634)	8,564	(1,073)	237,947

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2021

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 2021

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 2021 are the same as those followed in the preparation of the consolidated financial statements of the Group for the year ended 31 December 2020.

The HKICPA has issued certain new and revised HKFRSs. For those which are effective for accounting periods beginning on 1 January 2021, 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	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Bonding wire	39,812	34,584	129,130	88,176
Encapsulant	19,106	8,991	47,533	19,864
Others	2,168	3,017	6,713	7,787
	61,086	46,592	183,376	115,827

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2021

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	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
PRC excluding Hong Kong	60,736	46,387	181,635	115,068
Hong Kong	350	205	1,741	759
	61,086	46,592	183,376	115,827

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2021

5. OTHER INCOME, OTHER GAINS AND LOSSES

	Three months ended		Nine months ended	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Bank interest income	2	98	36	453
Government subsidy income	533	440	1,243	3,478
Net loss on disposal of plant and equipment	-	(1,017)	(36)	(1,017)
Net foreign exchange (losses) gains	(26)	(605)	101	(269)
Others	2	251	(38)	266
	511	(833)	1,306	2,911

6. FINANCE COSTS

	Three months ended		Nine months ended	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interests on bank borrowings	134	53	290	353
Interests on bank overdraft	51	-	103	-
Interests on lease liabilities	203	166	593	488
Interests on discounted bills with recourse	55	1	113	176
	443	220	1,099	1,017

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2021

7. INCOME TAX EXPENSE

Three months ended		Nine months ended	
30.9.2021	30.9.2020	30.9.2021	30.9.2020
HK\$'000	HK\$'000	HK\$'000	HK\$'000
(unaudited)	(unaudited)	(unaudited)	(unaudited)

The income tax expense comprises:

PRC Enterprise Income Tax ("EIT")

– Current tax	963	480	3,155	1,262
---------------	-----	-----	-------	-------

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 Kaiser (Shantou) Limited (汕頭市駿碼凱撒有限公司) 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 2021

8. PROFIT (LOSS) FOR THE PERIOD

	Three months ended		Nine months ended	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Profit (loss) for the period has been arrived at after charging:				
Directors' remuneration:				
Fees	120	100	360	300
Other emoluments, salaries and other benefits	959	757	2,863	2,265
Retirement benefit scheme contributions	15	7	45	26
	1,094	864	3,268	2,591
Other staff costs:				
Staff salaries and allowances	7,125	5,529	20,449	16,876
Retirement benefit scheme contributions	702	205	2,015	674
	7,827	5,734	22,464	17,550
Total staff costs	8,921	6,598	25,732	20,141
Capitalised in intangible assets	(538)	(585)	(2,207)	(1,984)
Capitalised in inventories	(2,218)	(1,597)	(6,507)	(4,484)
	6,165	4,416	17,018	13,673

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2021

	Three months ended		Nine months ended	
	30.9.2021 HK\$'000 (unaudited)	30.9.2020 HK\$'000 (unaudited)	30.9.2021 HK\$'000 (unaudited)	30.9.2020 HK\$'000 (unaudited)
Depreciation of plant and equipment	2,017	2,020	6,762	5,936
Capitalised in intangible assets	(212)	(326)	(1,001)	(1,056)
Capitalised in inventories	(999)	(730)	(2,995)	(2,167)
	806	964	2,766	2,713
Amortisation of intangible assets	2,063	1,750	5,975	5,071
Capitalised in inventories	(2,009)	(1,616)	(5,813)	(4,630)
	54	134	162	441
Depreciation of right-of-use assets	852	626	2,309	1,881
Capitalised in intangible assets	(48)	(48)	(197)	(158)
Capitalised in inventories	(132)	(121)	(395)	(354)
	672	457	1,717	1,369
Auditors' remuneration	238	113	713	713
Cost of inventories recognised as cost of sales	47,062	37,562	142,807	93,510
Research and development costs (excluding depreciation and staff costs) recognised as expenses (included in administrative expenses)	93	234	383	589
Expenses related to short term leases	23	49	71	129

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2021

9. DIVIDENDS

On 9 August 2021, the Board has declared an interim dividend of HK\$0.00295 per Share amounting to approximately HK\$2.1 million for the six months ended 30 June 2021 (six months ended 30 June 2020: nil). The dividend was paid on 3 September 2021.

Save as disclosed above, the Board does not recommend the payment of any further interim dividend for the nine months ended 30 September 2021 (nine months ended 30 September 2020: nil).

10. EARNINGS (LOSS) PER SHARE

Three months ended		Nine months ended	
30.9.2021	30.9.2020	30.9.2021	30.9.2020
HK\$'000	HK\$'000	HK\$'000	HK\$'000
(unaudited)	(unaudited)	(unaudited)	(unaudited)

Earnings (loss):

Earnings (loss) for the purpose of

basic earnings (loss) per share:

Profit (loss) for the period

attributable to owners of

the Company

2,126	(3,666)	6,289	(6,406)
-------	---------	-------	---------

Number of shares:

Weighted average number of ordinary

shares for the purpose of basic

earnings (loss) per share

705,500,000	705,500,000	705,500,000	705,500,000
-------------	-------------	-------------	-------------

No diluted earnings (loss) per share is presented for nine months ended 30 September 2021 and 2020 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 2021 (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 Group recorded a significant sales growth against the corresponding period of 2020 due to the PRC domestic market gradually recovering from the adverse impact of novel coronavirus (“**COVID-19**”) pandemic and the increase of the market share of the Group’s products. The Group’s total revenue and gross profit increased by 58.3% and 81.8%, respectively, as compared to the same for the corresponding period in 2020. Such increase was primarily attributable to: (i) strong customer demand from both Semi-Conductor and LED Industries which resulted in strong demand of the products of the Group and (ii) better product mix and strong new product sales resulted in the improvement on the gross profit margin of the Group.

The Group will continue to focus on the innovation of materials for advanced semiconductors which could be applied to LED, artificial intelligence, 5G and Automotive industries.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

Revenue

The Group's revenue principally represents income derived from its main products, namely bonding wire and encapsulant. During the Period, the Group recorded a revenue of approximately HK\$183.4 million, increased by 58.3% from approximately HK\$115.8 million recorded in the nine months ended 30 September 2020. The increase in the revenue of both bonding wire and encapsulant products was due to the strong customer demand from both Semi-Conductor and LED Industries which resulted in strong demand of the products of the Group, benefiting from the recovery of the PRC market from the impact of COVID-19.

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 increased by 52.7% to approximately HK\$142.8 million (nine months ended 30 September 2020: approximately HK\$93.5 million), which was in line with the increase in revenue. The gross profit of the Group increased by 81.8% to approximately HK\$40.6 million for the Period (nine months ended 30 September 2020: approximately HK\$22.3 million). The gross profit margin was approximately 22.1% for the Period (nine months ended 30 September 2020: approximately 19.3%). During the Period, better product mix and strong new product sales resulted in the improvement on the gross profit margin of the Group.

Other income, other gains and losses

Other income, other gains and losses of approximately HK\$1.3 million were recorded during the Period (nine months ended 30 September 2020: approximately HK\$2.9 million). The decrease was mainly due to the combined effects of (i) an one-off government subsidy of approximately HK\$2.0 million from the PRC government as a support in respect of the unemployment insurance to enterprises for stabilising employment and (ii) net loss on disposal of plant and equipment of approximately HK\$1.0 million recognized during the nine months ended 30 September 2020. No similar events were recognised during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Expenses

Selling and distribution expenses increased by 27.9% to approximately HK\$9.6 million for the Period (nine months ended 30 September 2020: approximately HK\$7.5 million) was mainly due to the increase in freight and travelling expenses as a result of the increase in sales volume.

Administrative expenses for the Period were approximately HK\$21.9 million (nine months ended 30 September 2020: approximately HK\$20.3 million). The increase in administrative expenses was mainly due to the increase in depreciation and staff costs.

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

Summing up the combined effects of the foregoing, the profit attributable to owners of the Company for the Period was approximately HK\$6.3 million (nine months ended 30 September 2020: loss of approximately HK\$6.4 million). EBITDA for the Period was approximately HK\$25.6 million (nine months ended 30 September 2020: approximately HK\$8.8 million).

DIVIDENDS

On 9 August 2021, the Board has declared an interim dividend of HK\$0.00295 per Share amounting to approximately HK\$2.1 million for the six months ended 30 June 2021 (six months ended 30 June 2020: nil). The dividend was paid on 3 September 2021.

Save as disclosed above, the Board does not recommend the payment of any further interim dividend for the nine months ended 30 September 2021 (nine months ended 30 September 2020: nil).

SEGMENT INFORMATION

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

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE STRATEGIES AND PROSPECTS

With the ongoing threat of the COVID-19 and continuous U.S.-Sino trade tensions, the global economy for the rest of 2021 remains under pressure. Amid the challenges, the Group has adopted necessary safety measures and operating procedures to embrace the volatilities and uncertainties in order to minimise impact on the Group's business.

Since the sign of recovery of the market has been sighted among the challenging environment with the effective control of COVID-19 in China as well as countries in the Asia region, the Directors remain positive about the industry and the Group's future development. The demand of semiconductors is estimated to increase soon in light of the rapid development in the 5G network and the growing trend of big data processing.

In light of the opportunities arising from the expected market recovery and the fast-growing 5G industry, the Group will launch three series of new products of Die Attach Adhesive, namely Non-conductive Epoxy Based Adhesive, Non-conductive Silicon Based Adhesive and Electrical Conductive Silver Adhesive for LED applications as scheduled, and will extend the product application to cover other semiconductors and the 5G industry after formulary modification. Furthermore, the Group has developed a new copper alloy bonding wire specially for IC products, which has been tried and accredited by customers. The new products are expected to contribute to the Group's revenue in the coming years. Although the production of the Group's pioneer mini-LED display encapsulant products has been delayed due to COVID-19 for more than half year, the production process is now going back to normal gradually.

Looking ahead, the Directors are confident in the future of the industry. The Group will continue to enhance its R&D capabilities, with an aim to developing advanced and high-quality products to seize the opportunities of the emerging markets of 5G network, automotive electrification, industrial automation, internet of things and artificial intelligence. At the same time, the Group is actively seeking any possible mergers and acquisitions. With the launch of vaccines and substantial economic recovery measures, the Directors strongly believe that the Group's established position in the bonding wire and encapsulant industries, competitive strengths and flexible business strategies, will facilitate its long-term growth.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

OTHER INFORMATION

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 2021, 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 dealings 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")	Interest in a controlled corporation (Note 2)	357,000,000	50.60%
Professor Chow Chun Kay Stephen ("Professor Chow")	Interest in a controlled corporation (Note 2)	357,000,000	50.60%
	Beneficial owner	510,000	0.07%
Mr. Li Chiu Fan	Beneficial owner	16,050,000	2.27%

OTHER INFORMATION

Notes:

- (1) As at 30 September 2021, 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 2021, 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 dealings 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 2021, the following entities (other than 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 required to be 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 (Note 1)
Niche-Tech Investment Holdings Limited	Beneficial owner	357,000,000	50.60%
Chows Investment Group Limited (Note 2)	Interest of controlled corporation	357,000,000	50.60%
Mrs. Chow Fung Wai Lan Rita ("Mrs. Chow") (Note 3)	Interest of spouse	357,510,000	50.67%
Mrs. Chow Kuo Li Jen (Note 4)	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 (Note 5)	Interest of spouse	152,490,000	21.61%

OTHER INFORMATION

Notes:

- (1) As at 30 September 2021, 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 2021, 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.

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 the 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 GEM 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 GEM. 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, shall be 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 Options lapsed or were exercised or cancelled during the Period and there were no outstanding Options as at 30 September 2021.

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.

CORPORATE GOVERNANCE PRACTICES

The Company complied with the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) as set out 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 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 confirmed that they have complied 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 including 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, 8 November 2021

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. Li Chiu Fan, 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>.