

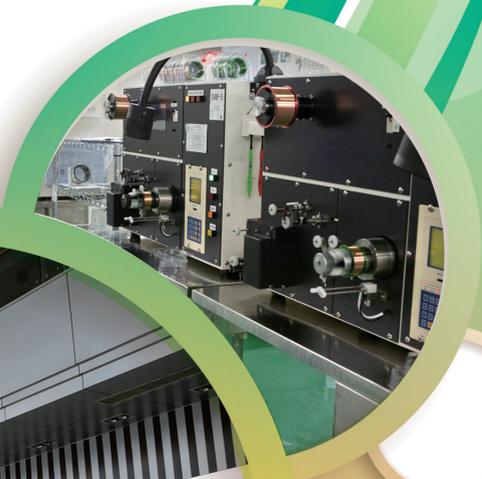


nichetech

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)



FIRST
QUARTERLY
REPORT
2022



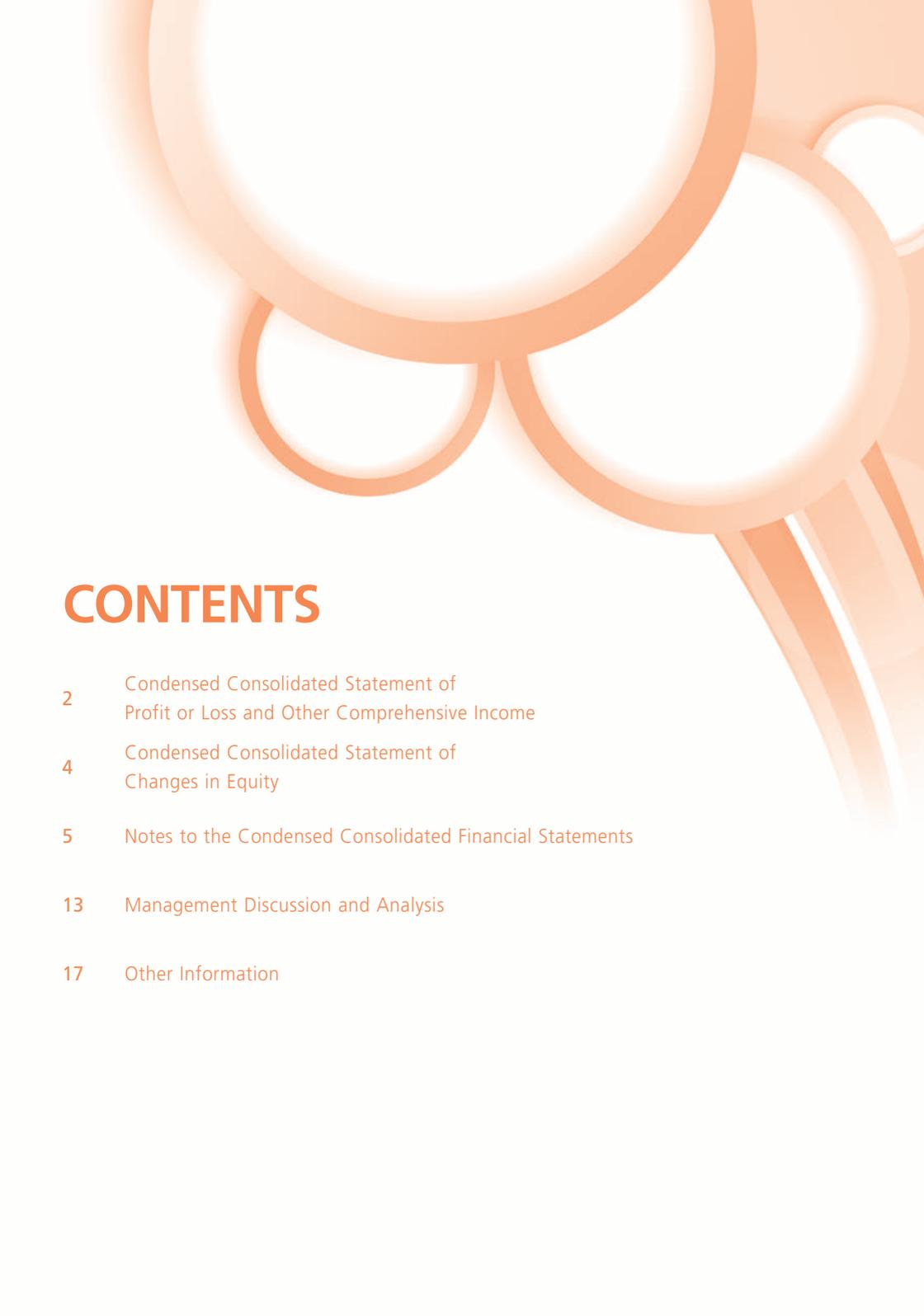
CHARACTERISTICS OF GEM (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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.



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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 ended 31 March 2022 together with the comparative unaudited figures for the corresponding period in 2021 as follows:

		Three months ended	
	<i>NOTES</i>	31.3.2022	31.3.2021
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	4	58,683	54,985
Cost of sales		(43,433)	(42,950)
Gross profit		15,250	12,035
Other income, other gains and losses	5	396	267
Impairment losses reversed under expected credit loss model		33	312
Selling and distribution expenses		(4,461)	(2,611)
Administrative expenses		(7,465)	(7,026)
Finance costs	6	(409)	(294)
Profit before taxation		3,344	2,683
Income tax expense	7	(1,231)	(978)
Profit for the period	8	2,113	1,705

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Three months ended	
		31.3.2022 HK\$'000 (unaudited)	31.3.2021 <i>HK\$'000</i> (unaudited)
Other comprehensive income (expense)			
Item that will not be reclassified to profit or loss:			
Exchange differences on translation from functional currency to presentation currency		1,345	(1,607)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(292)	272
Other comprehensive income (expense) for the period		1,053	(1,335)
Total comprehensive income for the period		3,166	370
Earnings per share			
– basic (<i>HK cents</i>)	9	0.30	0.24

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2022

	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 earnings/ (Accumulated losses) HK\$'000	Total equity HK\$'000
At 1 January 2021 (audited)	7,055	128,115	100,000	1	(4,315)	8,564	(7,362)	232,058
Profit for the period	-	-	-	-	-	-	1,705	1,705
Exchange differences arising on translation from functional currency to presentation currency	-	-	-	-	(1,607)	-	-	(1,607)
Exchange differences arising on translation of foreign operations	-	-	-	-	272	-	-	272
Total comprehensive (expense) income for the period	-	-	-	-	(1,335)	-	1,705	370
At 31 March 2021 (unaudited)	7,055	128,115	100,000	1	(5,650)	8,564	(5,657)	232,428
At 1 January 2022 (audited)	7,055	126,034	100,000	1	2,044	11,264	(3,213)	243,185
Profit for the period	-	-	-	-	-	-	2,113	2,113
Exchange differences arising on translation from functional currency to presentation currency	-	-	-	-	1,345	-	-	1,345
Exchange differences arising on translation of foreign operations	-	-	-	-	(292)	-	-	(292)
Total comprehensive income for the period	-	-	-	-	1,053	-	2,113	3,166
At 31 March 2022 (unaudited)	7,055	126,034	100,000	1	3,097	11,264	(1,100)	246,351

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2022

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 of the Stock Exchange 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 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 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 condensed consolidated financial statements include applicable disclosures required by Chapter 18 of the GEM Listing Rules.

The condensed consolidated financial statements are unaudited, but have been reviewed by the audit committee (“**Audit Committee**”) of the Company and were approved for issue by the Board.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2022

3. PRINCIPAL ACCOUNTING POLICIES

The 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 three months ended 31 March 2022 are the same as those followed in the preparation of the consolidated financial statements of the Group for the year ended 31 December 2021.

The HKICPA has issued certain new and revised HKFRSs. For those which are effective for accounting periods beginning on 1 January 2022, 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2022

4. REVENUE AND SEGMENT INFORMATION

An analysis of revenue by major products is as follows:

	Three months ended	
	31.3.2022	31.3.2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Bonding wire	29,376	40,419
Encapsulant	26,748	12,287
Others	2,559	2,279
	58,683	54,985

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	
	31.3.2022	31.3.2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
PRC excluding Hong Kong	58,181	54,395
Hong Kong	502	590
	58,683	54,985

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2022

5. OTHER INCOME, OTHER GAINS AND LOSSES

	Three months ended	
	31.3.2022	31.3.2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Bank interest income	8	19
Government subsidy income	360	355
Loss on disposal of plant and equipment	–	(22)
Net foreign exchange gain (losses)	15	(90)
Others	13	5
	396	267

6. FINANCE COSTS

	Three months ended	
	31.3.2022	31.3.2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interests on trust receipt loans	99	70
Interests on bank overdraft	8	24
Interests on lease liabilities	198	180
Interests on discounted bills with recourse	104	20
	409	294

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2022

7. INCOME TAX EXPENSE

Three months ended	
31.3.2022	31.3.2021
HK\$'000	HK\$'000
(unaudited)	(unaudited)

The income tax expense comprises:

PRC Enterprise Income Tax ("EIT")	1,231	978
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Under the Law of the PRC on EIT ("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, 汕頭市駿碼凱撒有限公司 is granted tax incentives as a High and New Technology Enterprise and is entitled to a concessionary tax rate of 15% for 3 years from December 2021 to December 2024.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods. No provision for Hong Kong Profits Tax is made since the relevant group entities had no assessable profits for both periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2022

8. PROFIT FOR THE PERIOD

	Three months ended	
	31.3.2022	31.3.2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging:		
Directors' remuneration		
Fees	120	120
Other emoluments, salaries and other benefits	962	940
Retirement benefit scheme contributions	16	15
	1,098	1,075
Other staff costs:		
Staff salaries and allowances	6,881	6,264
Retirement benefit scheme contributions	758	645
	7,639	6,909
Total staff costs	8,737	7,984
Capitalised in intangible assets	(995)	(734)
Capitalised in inventories	(2,149)	(2,011)
	5,593	5,239

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2022

	Three months ended	
	31.3.2022	31.3.2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Depreciation of plant and equipment	2,151	2,363
Capitalised in intangible assets	(410)	(383)
Capitalised in inventories	(1,012)	(995)
	729	985
Amortisation of intangible assets	2,436	1,948
Capitalised in inventories	(2,381)	(1,894)
	55	54
Depreciation of right-of-use assets	871	604
Capitalised in intangible assets	(68)	(72)
Capitalised in inventories	(117)	(131)
	686	401
Auditor's remuneration	275	238
Cost of inventories recognised as expenses	43,433	42,950
Research and development costs (excluding staff costs and depreciation of plant and equipment) recognised as expenses (included in administrative expenses)	59	299
Expenses relating to short term leases	26	25

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2022

9. EARNINGS PER SHARE

Three months ended	
31.3.2022	31.3.2021
HK\$'000	HK\$'000
(unaudited)	(unaudited)

Earnings:

Earnings for the purpose of basic earnings per share:

Profit for the period attributable

to owners of the Company

2,113

1,705

Number of shares:

Weighted average number of ordinary shares

for the purpose of basic earnings

per share

705,500,000

705,500,000

No diluted earnings per share is presented for periods ended 31 March 2022 and 2021 as there is no potential ordinary shares in issue during both periods.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is an established semiconductor packaging materials manufacturer specializing 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 three months ended 31 March 2022 (the “**Period**”), the Group continued to sell its products directly to more than 600 customers, including renowned manufacturers of LEDs, camera modules, and ICs primarily in the PRC.

During the Period, the Group’s sales and gross profit increased by approximately 6.7% and 26.7%, respectively against the corresponding period of 2021. Such increase was primarily attributable to: (i) strong market demand for Mini-LED display related products; and (ii) the Group’s better product mix and strong new product sales.

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

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\$58.7 million, increased by 6.7% from approximately HK\$55.0 million during three months ended 31 March 2021. The revenue of bonding wire products recorded a decrease of 27.3% to approximately HK\$29.4 million (three months ended 31 March 2021: approximately HK\$40.4 million) while the revenue of encapsulant products recorded a sharp increase of 117.7% to approximately HK\$26.7 million (three months ended 31 March 2021: approximately HK\$12.3 million). The increase in the revenue of the Group’s encapsulant products was primarily attributable to the strong customer demand from LED industries which resulted in strong demand of the Mini-LED related products of the Group.



MANAGEMENT DISCUSSION AND ANALYSIS

Cost of sales and gross profit

The Group's cost of sales mainly comprises direct material costs, direct labour costs and manufacturing overhead. During the Period, the Group's cost of sales increased by 1.1% to approximately HK\$43.4 million (three months ended 31 March 2021: approximately HK\$42.9 million). The gross profit of the Group increased by 26.7% to approximately HK\$15.3 million for the Period (three months ended 31 March 2021: approximately HK\$12.0 million). The gross profit margin increased to 26.0% for the Period (three months ended 31 March 2021: 21.9%). Better product mix and strong new product sales resulted in improvement in the gross profit margin of the Group during the Period.

Other income, other gains and losses

Other income, other gains and losses mainly comprises government subsidy income and net foreign exchange gain or losses. The Group recorded a net gain of approximately HK\$0.4 million during the Period (three months ended 31 March 2021: approximately HK\$0.3 million).

Expenses

Selling and distribution expenses increased by 70.9% to approximately HK\$4.5 million for the Period (three months ended 31 March 2021: approximately HK\$2.6 million). The increase was mainly due to: (i) the increase in shipment cost resulted from the increase in sales volume; and (ii) the increase in sales commission paid.

Administrative expenses for the Period slightly increased by approximately HK\$0.5 million to approximately HK\$7.5 million (three months ended 31 March 2021: approximately HK\$7.0 million). The increase in administrative expenses was mainly due to: (i) the increase in depreciation expenses of right-of-use assets; and (ii) the increase in staff costs.

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

Summing up the combined effects of the foregoing, profit attributable to owners of the Company for the Period was approximately HK\$2.1 million (three months ended 31 March 2021: approximately HK\$1.7 million). EBITDA for the Period was approximately HK\$8.3 million (three months ended 31 March 2021: approximately HK\$7.3 million).

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE STRATEGIES AND PROSPECTS

With the introduction of COVID-19 vaccines and economic recovery measures, the global market has been recovering gradually. The Group remains confident about the industry and the Group's future development. According to SEMI, the global semiconductor materials market grew by 15.9% to US\$64.3 billion in revenue in 2021, surpassing the previous market high of US\$55.5 billion set in 2020. The growth of the global semiconductor material market is expected to continue in 2022. Accordingly, the demand for semiconductor packaging related encapsulants is likely to increase. Particularly for China, whose economic activities are rebounding substantially due to its effective control of COVID-19 and 5G industry grows rapidly, its market needs for bonding wires and semiconductor packaging related encapsulants are expected to experience a stable growth in the coming years.

In 2022, in view of the growing demand of semiconductor materials from the emerging markets of 5G network, automotive electrification, industrial automation, internet of things and artificial intelligence, the Group will continue to put more efforts on its product development. It endeavors to develop advanced and high-quality semiconductor packaging materials to enrich the Group's product mix, so as to seize the opportunities arising from the expected market recovery and the growing market demand in 5G industry.

While the pandemic has been gradually under control, a new wave of Omicron outbreak and Russia-Ukraine war are bringing downward pressures to the global market. Amid the ongoing COVID-19 crisis, the Group expects the global macroeconomy to remain volatile in the coming year. To cope with the challenging environment, the Group will continue to carry out its proven business strategies and expand customer base by delivering high-quality and advanced products to meet their changing needs. Meanwhile, the Directors will take effective cost control measures, such as streamlining the sales process and improving production efficiency, to improve the economic efficiency of the Group and maintain its long-term development of the Group.



MANAGEMENT DISCUSSION AND ANALYSIS

DIVIDEND

The Board does not recommend the payment of any dividend for the Period (three months ended 31 March 2021: Nil).

SEGMENT INFORMATION

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

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 31 March 2022, the interests or 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 entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange were as follows:

(i) Long positions in the Shares

Name of Director	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 31 March 2022, 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 beneficially 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 357,000,000 Shares held by Niche-Tech Investment Holdings Limited.

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

Name of Director	Name of associated corporation	Nature of interest/holding capacity	Number of shares held/interested in the associated corporations	Percentage of shareholding
Professor Chow	Chows Investment Group Limited (Notes 1 and 2)	Beneficial owner	6	60.00%
Mr. Chow	Chows Investment Group Limited (Notes 1 and 2)	Beneficial owner	4	40.00%
Professor Chow	Niche-Tech Investment Holdings Limited (Notes 1 and 2)	Interest in a controlled corporation	10,000,000	100.00%
Mr. Chow	Niche-Tech Investment Holdings Limited (Notes 1 and 2)	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. 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 31 March 2022, 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 entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to the notified to the Company and the Stock Exchange.

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 31 March 2022, the following persons (other than the 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 provision of Divisions 2 and 3 of Part XV of the SFO for being 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	Interest in a controlled corporation <i>(Note 2)</i>	357,000,000	50.60%
Mrs. Chow Fung Wai Lan Rita ("Mrs. Chow")	Interest of spouse <i>(Note 3)</i>	357,510,000	50.67%
Mrs. Chow Kuo Li Jen	Interest of spouse <i>(Note 4)</i>	357,000,000	50.60%
Mr. Ma Ah Muk ("Mr. Ma")	Beneficial owner	152,490,000	21.61%
Ms. Cheng Pak Ching	Interest of spouse <i>(Note 5)</i>	152,490,000	21.61%

OTHER INFORMATION

Notes:

- (1) As at 31 March 2022, the Company's issued 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 propose 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 propose 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 31 March 2022, 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 for being 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, consultant or adviser of the Group. The directors, employees, consultant or adviser 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 Option.



OTHER INFORMATION

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 approximately 9.6% 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 an Option.

The exercisable period of an Option, 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 Options lapsed or were exercised or cancelled during the Period and there were no outstanding Options as at 31 March 2022.

COMPETING INTERESTS

None of the Directors or the controlling shareholder 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 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

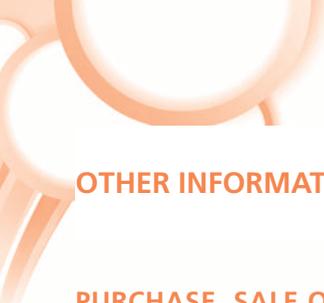
The Company complied with Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 of the GEM Listing Rules for the Period.

Principle C.2 and code provision C.2.1 of the CG Code stipulate that there should be a clear division of the management of the Board and the day-to-day management of the business. The roles of chairman and chief executive should be separate and should not be performed by the same individual. The Group has not appointed the chief executive officer. In view of Mr. Chow, being the founder of the Group, and his experience and his roles in the Group, the Board considers it beneficial to the business prospect and operational efficiency of the Group that Mr. Chow acts as the chairman of the Board. Day-to-day management of the business of the Group is 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.

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 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.



OTHER INFORMATION

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.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with 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 of the Company for the Period and is of the opinion that such results 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, 6 May 2022

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, the non-executive Director is Mr. Li Chiu Fan, and the independent non-executive Directors are Professor Ng Wang Wai Charles, Mr. Poon Lai Yin Michael and Mr. Tai Chun Kit.

This report will remain on the GEM's website at 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 www.nichetech.com.hk.