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Niche-Tech Semiconductor Materials Limited

駿碼半導體材料有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8490)

**ANNOUNCEMENT OF THIRD QUARTERLY RESULTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023**

The board (the “**Board**”) of directors (the “**Directors**”) of Niche-Tech Semiconductor Materials Limited (the “**Company**”) is pleased to announce the unaudited results of the Company and its subsidiaries (together as the “**Group**”) for the nine months ended 30 September 2023. This announcement, containing the full text of the 2023 third quarterly report of the Group, complies with the relevant requirements of the Rules (the “**GEM Listing Rules**”) Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to the information to accompany preliminary announcements of quarterly results. Printed version of the 2023 third quarterly report of the Company containing the information required by the GEM Listing Rules will be dispatched to the shareholders of the Company in due course.

By Order of the Board
Niche-Tech Semiconductor Materials Limited
Chow Bok Hin Felix
Executive Chairman and Executive Director

Hong Kong, 8 November 2023

As at the date of this announcement, the executive Directors are Dr. 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. Tai Chun Kit and Mr. Poon Lai Yin Michael.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement 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 announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at www.hkexnews.hk for a minimum period of seven days from the date of its publication. This announcement will also be published on the Company’s website at www.nichetech.com.hk.

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 Semiconductor Materials 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 and nine months ended 30 September 2023 together with the comparative unaudited figures for the corresponding periods in 2022 as follows:

	NOTES	Three months ended		Nine months ended	
		30.9.2023 HK\$'000 (unaudited)	30.9.2022 HK\$'000 (unaudited)	30.9.2023 HK\$'000 (unaudited)	30.9.2022 HK\$'000 (unaudited)
Revenue	4	51,990	46,001	153,544	168,929
Cost of sales		(37,724)	(34,575)	(113,866)	(124,256)
Gross profit		14,266	11,426	39,678	44,673
Other income, other gains and losses	5	994	(13)	4,025	88
Net impairment losses reversed under expected credit loss model		58	313	82	397
Selling and distribution expenses		(3,596)	(2,783)	(9,076)	(10,946)
Administrative expenses		(9,753)	(7,214)	(26,684)	(23,119)
Finance costs	6	(893)	(328)	(2,322)	(1,145)
Profit before taxation		1,076	1,401	5,703	9,948
Income tax expense	7	(1,876)	(873)	(5,384)	(3,761)
(Loss)/profit for the period	8	(800)	528	319	6,187

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Three months ended		Nine months ended	
		30.9.2023 HK\$'000 (unaudited)	30.9.2022 HK\$'000 (unaudited)	30.9.2023 HK\$'000 (unaudited)	30.9.2022 HK\$'000 (unaudited)
Other comprehensive (expense)/income					
Item that will not be reclassified to profit or loss:					
Exchange differences arising on translation from functional currency to presentation currency		(1,058)	(14,357)	(14,304)	(25,398)
Item that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		249	3,189	3,185	5,395
Other comprehensive expense for the period		(809)	(11,168)	(11,119)	(20,003)
Total comprehensive expense for the period		(1,609)	(10,640)	(10,800)	(13,816)
(Loss)/earnings per share					
– basic (HK cents)	10	(0.11)	0.07	0.05	0.88

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2023

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Statutory reserve HK\$'000	(Accumulated losses)/ retained profits HK\$'000	Total equity HK\$'000
At 1 January 2022 (audited)	7,055	126,034	100,000	1	2,044	11,264	(3,213)	243,185
Profit for the period	-	-	-	-	-	-	6,187	6,187
Exchange differences arising on translation from functional currency to presentation currency	-	-	-	-	(25,398)	-	-	(25,398)
Exchange differences arising on translation of foreign operations	-	-	-	-	5,395	-	-	5,395
Total comprehensive (expense)/income for the period	-	-	-	-	(20,003)	-	6,187	(13,816)
At 30 September 2022 (unaudited)	7,055	126,034	100,000	1	(17,959)	11,264	2,974	229,369
At 1 January 2023 (audited)	7,055	122,507	100,000	1	(17,601)	14,341	2,350	228,653
Profit for the period	-	-	-	-	-	-	319	319
Exchange differences arising on translation from functional currency to presentation currency	-	-	-	-	(14,304)	-	-	(14,304)
Exchange differences arising on translation of foreign operations	-	-	-	-	3,185	-	-	3,185
Total comprehensive (expense)/income for the period	-	-	-	-	(11,119)	-	319	(10,800)
Dividend paid	-	(1,552)	-	-	-	-	-	(1,552)
At 30 September 2023 (unaudited)	7,055	120,955	100,000	1	(28,720)	14,341	2,669	216,301

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2023

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 2023

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 2023 are the same as those followed in the preparation of the consolidated financial statements of the Group for the year ended 31 December 2022.

The HKICPA has issued certain new and revised HKFRSs. For those which are effective for accounting periods beginning on 1 January 2023, 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	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Bonding wire	20,524	22,124	73,138	82,424
Encapsulant	29,742	21,550	75,297	76,700
Others	1,724	2,327	5,109	9,805
	51,990	46,001	153,544	168,929

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2023

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"), Hong Kong and overseas. Information about the Group's revenue by the geographical location in which the customers operate is detailed below:

	Three months ended		Nine months ended	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
PRC excluding Hong Kong	51,544	45,615	152,605	167,670
Hong Kong	351	386	551	1,259
Overseas	95	–	388	–
	51,990	46,001	153,544	168,929

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2023

5. OTHER INCOME, OTHER GAINS AND LOSSES

	Three months ended		Nine months ended	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Bank interest income	197	4	563	25
Government subsidy income	316	506	1,102	1,317
Net loss on disposal of plant and equipment	-	(135)	-	(135)
Net foreign exchange (losses)/gains	(66)	(389)	1,763	(1,155)
Others	547	1	597	36
	994	(13)	4,025	88

6. FINANCE COSTS

	Three months ended		Nine months ended	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interests on trust receipt loans	460	114	1,184	354
Interests on bank overdraft	146	18	190	43
Interests on lease liabilities	114	182	455	569
Interests on discounted bills with recourse	173	14	493	179
	893	328	2,322	1,145

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2023

7. INCOME TAX EXPENSE

	Three months ended		Nine months ended	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
The income tax expense comprises:				
PRC Enterprise Income Tax ("EIT")				
– Charge for the period	1,331	307	3,570	3,347
– Withholding tax	537	552	2,506	1,161
– Overprovision in prior periods	8	14	(692)	(747)
	1,876	873	5,384	3,761

Under the Law of the PRC on EIT (the "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 the periods ended 30 September 2023 and 2022.

Under the EIT Law, withholding tax of 5%-10% is imposed on dividends declared in respect of profit earned by subsidiaries in the PRC from 1 January 2008 onwards.

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.

Pursuant to the rules and regulations of the British Virgin Islands and Cayman Islands, the relevant group entities are not subject to any income tax in these jurisdictions.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2023

8. (LOSS)/PROFIT FOR THE PERIOD

	Three months ended		Nine months ended	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
(Loss)/profit for the period has been arrived at after charging:				
Directors' remuneration:				
Fees	144	120	416	360
Other emoluments, salaries and other benefits	1,536	963	4,226	2,898
Retirement benefit scheme contributions	14	15	43	46
	1,694	1,098	4,685	3,304
Other staff costs:				
Staff salaries and allowances	6,292	6,738	20,120	21,722
Retirement benefit scheme contributions	704	633	2,081	2,138
	6,996	7,371	22,201	23,860
Total staff costs	8,690	8,469	26,886	27,164
Capitalised in intangible assets	(917)	(814)	(2,530)	(2,968)
Capitalised in inventories	(2,356)	(2,117)	(7,073)	(6,921)
	5,417	5,538	17,283	17,275

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2023

	Three months ended		Nine months ended	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Depreciation of plant and equipment	1,492	1,874	4,931	6,081
Capitalised in intangible assets	(306)	(353)	(957)	(1,158)
Capitalised in inventories	(975)	(808)	(2,957)	(2,753)
	211	713	1,017	2,170
Amortisation of intangible assets	2,705	2,457	7,721	7,272
Capitalised in inventories	(2,692)	(2,405)	(7,679)	(7,112)
	13	52	42	160
Depreciation of right-of-use assets	1,001	1,015	2,929	2,816
Capitalised in intangible assets	(51)	(61)	(171)	(194)
Capitalised in inventories	(216)	(109)	(430)	(338)
	734	845	2,328	2,284
Auditors' remuneration	83	275	743	825
Cost of inventories recognised as cost of sales	37,724	34,575	113,866	124,256
Research and development costs (excluding depreciation and staff costs) recognised as expenses (included in administrative expenses)	59	274	176	391
Expenses relating to short term leases	28	8	43	23

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2023

9. DIVIDENDS

The Board did not recommend the payment of an interim dividend for the nine months ended 30 September 2023 (nine months ended 30 September 2022: nil).

10. (LOSS)/EARNINGS PER SHARE

Three months ended		Nine months ended	
30.9.2023	30.9.2022	30.9.2023	30.9.2022
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

(800)	528	319	6,187
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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
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No diluted (loss)/earnings per share is presented for nine months ended 30 September 2023 and 2022 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 specializing in the development, manufacture, and sales of bonding wire and encapsulant with headquarters in Hong Kong and production facilities in Shantou, the PRC. The Group continues to sell its products directly to more than 600 customers, including renowned manufacturers of LEDs, camera modules, and ICs primarily in the PRC.

For the nine months ended 30 September 2023 (the “**Period**”), the Group’s revenue and gross profit decreased by 9.1% and 11.2% respectively against the corresponding period of 2022. However, the PRC’s economy performed better than expected in the third quarter of 2023. According to official data, output expanded by a seasonally-adjusted 1.3% quarter on quarter, up from a downwardly revised 0.5% quarter on quarter increase in the second quarter of 2023. As a result, the Group’s sales order improved in the third quarter of 2023. The Group’s revenue and gross profit for the third quarter of 2023 increased by 13.0% and 24.8% respectively against the corresponding period of 2022.

The Group will continue to focus on the innovation of materials for advanced semiconductors which could be applied to electric vehicles, mini-LED, artificial intelligence and 5G communications 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\$153.5 million, decreased by 9.1% from approximately HK\$168.9 million recorded in the nine months ended 30 September 2022. The revenue of bonding wire products recorded a decrease of 11.3% to approximately HK\$73.1 million (nine months ended 30 September 2022: approximately HK\$82.4 million) while the revenue of encapsulant products recorded a slightly decrease of 1.8% to approximately HK\$75.3 million (nine months ended 30 September 2022: approximately HK\$76.7 million). The decrease in revenue was due to the decrease in the average selling prices of the Group’s products.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of sales and gross profit

The Group's cost of sales mainly comprises direct material costs, direct labor costs, and manufacturing overhead. During the Period, the Group's cost of sales decreased by 8.4% to approximately HK\$113.9 million (nine months ended 30 September 2022: approximately HK\$124.3 million), which was in line with the decrease in revenue. The gross profit of the Group decreased by 11.2% to approximately HK\$39.7 million for the Period (nine months ended 30 September 2022: approximately HK\$44.7 million). The gross profit margin was approximately 25.8% for the Period (nine months ended 30 September 2022: 26.4%). During the Period, lower average selling prices of the Group's products led to the decrease in gross profit margin.

Other income, other gains and losses

Other income, other gains and losses of approximately HK\$4.0 million were recorded during the Period (nine months ended 30 September 2022: approximately HK\$0.1 million). The increase was mainly due to: (i) net foreign exchange gains of approximately HK\$1.8 million was recognized due to the depreciation of RMB (nine months ended 30 September 2022: net foreign exchange losses of approximately HK\$1.2 million); and (ii) bank interest income of HK\$563,000 (nine months ended 30 September 2022: HK\$25,000) was recognized due to the increase in interest rate.

Expenses

Selling and distribution expenses decreased by 17.1% to approximately HK\$9.1 million for the Period (nine months ended 30 September 2022: approximately HK\$10.9 million), mainly due to the decrease in sales commission paid as a result of decrease in sales revenue.

Administrative expenses for the Period increased by 15.4% to approximately HK\$26.7 million (nine months ended 30 September 2022: approximately HK\$23.1 million). The increase in administrative expenses was mainly due to the increase in staff costs and the legal and professional fees paid for the major and connected transaction.





MANAGEMENT DISCUSSION AND ANALYSIS

(Loss)/profit and other comprehensive (expense)/income 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\$0.3 million (nine months ended 30 September 2022: approximately HK\$6.2 million). Earnings before interest, taxes, depreciation of plant and equipment and amortization of intangible assets for the Period was approximately HK\$20.8 million (nine months ended 30 September 2022: approximately HK\$24.4 million).

DIVIDENDS

The Board does not recommend the payment of an interim dividend for the Period (nine months ended 30 September 2022: 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

For the rest of 2023, the intensification of global geopolitical conflicts may continue to negatively impact global economic and political stability. In the PRC, the government has launched encouraging economic policies to boost domestic growth. As one of the pioneers in the field of semiconductor packaging materials manufacturing, the Directors are confident that the Group's resilience and clear strategic focus. Position it favourably to tackle forthcoming challenges and capture the significant opportunities ahead. Along with the post-pandemic economic recovery measures in China, the market is expected to recover progressively through 2023 and beyond. The PRC market has been adapting to the new normal of minimizing the relentless impact of pandemic and the external political and economic turmoil.

In light of this, the market's demand for bonding wires and encapsulants is expected to grow in the coming years. To seize the opportunities arising from the expected market recovery and the fast-growing 5G industry, the Group has been actively developing new products and looking for new clients. During the Period, the Group's LED encapsulant sales volume reached a new high due to new clients secured. 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 will be launched as scheduled, and their product application will be extended to cover other semiconductors and the 5G industry after formulary modification to seize opportunities arising from the growing 5G industry. Additionally, the Group has developed a new copper alloy bonding wire specially designed for the power IC and IGBT products, which has been tried and accredited by top customers in the PRC. One of the top ten PRC Semiconductor power IC companies has placed orders for heavy copper alloy bonding wire with the Company. The new products are expected to contribute to the Group's revenue in the coming years. With the rapidly growing 5G networks, the Group is investing more resources in developing upstream packaging materials for the 5G sector, which is likely to be another driver of growth for the Group.





MANAGEMENT DISCUSSION AND ANALYSIS

Looking ahead, the Group will continue to enhance its R&D capabilities, with a view to developing advanced and high-quality products in order to seize the opportunities of the emerging markets of 5G network, automotive electrification, industrial automation, internet of things and artificial intelligence. Meanwhile, the Group is actively seeking possible targets for mergers and acquisitions. As for the mini-LED display, the Group will continue the development of and/or seek for new technologies to provide customers with more enhanced products to meet customer demands for enhancing their competitiveness. Despite the existing after-effect of pandemic, the Directors strongly believe that the Group's established position in the semiconductor packaging materials industry, competitive strengths and flexible business strategies will facilitate its long-term growth.

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 2023, 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 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 transaction by Directors to be notified to the Company and the Stock Exchange, 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 (Note 1)
Dr. Chow Bok Hin Felix ("Dr. Chow") (Note 2)	Interest in a controlled corporation	357,000,000	50.60%
Professor Chow Chun Kay Stephen ("Professor Chow") (Note 2)	Interest in a controlled corporation	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 2023, 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 Dr. Chow and 60% by Professor Chow. By virtue of the SFO, Dr. 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%
Dr. 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%
Dr. Chow (Notes 1 and 2)	Niche-Tech Investment Holdings Limited	Interest in a controlled corporation	10,000,000	100.00%
Mr. Li Chiu Fan (Note 3)	Niche-Tech Investment Holdings Limited	Beneficial owner	714,286	7.14%

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) Dr. 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. Dr. Chow and Professor Chow are therefore deemed to be interested in 100% of Niche-Tech Investment Holdings Limited for the purpose of the SFO.
- (3) Chows Investment Group Limited issued an exchangeable loan note of HK\$10,000,000 in respect of 714,286 shares in the issued share capital of Niche-Tech Investment Holdings Limited. The maturity date of the exchangeable loan note had been extended.

Save as disclosed above, as at 30 September 2023, 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) 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.

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 2023, 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 <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 in a 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 2023, 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 Dr. Chow. Mrs. Chow Kuo Li Jen is deemed to be interested in all the Shares in which Dr. 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 2023, 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. 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 2023.

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 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 Dr. 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 Dr. 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 meetings. 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.



OTHER INFORMATION

The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review its corporate governance practices from time to time to ensure they comply with the statutory requirements and regulations and the CG Code and align with the latest developments.

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 D.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 Semiconductor Materials Limited
Chow Bok Hin Felix
Executive Chairman and Executive Director

Hong Kong, 8 November 2023

As at the date of this report, the executive Directors are Dr. 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. Tai Chun Kit and Mr. Poon Lai Yin Michael.

This report will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at www.hkexnews.hk 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.

