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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)

SUPPLEMENTAL ANNOUNCEMENT TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

Reference is made to the annual report (the "**Annual Report**") of Niche-Tech Semiconductor Materials Limited (the "**Company**" together with its subsidiaries, the "**Group**") for the financial year ended 31 December 2024 ("**FY2024**") as referred to in the announcement of the Company dated 31 March 2025 (the "**Annual Results Announcement**"). Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as those defined in the Annual Report.

In addition to the information provided in the Annual Report, the Company wishes to provide further information in relation to the impairment loss of intangible assets. This announcement should be read in conjunction with Note 15 of the Notes to the Consolidated Financial Statements as set out in the Annual Report.

IMPAIRMENT OF INTANGIBLE ASSETS

Impairment assessment

The management of the Group noted indications of impairment during FY2024 and conducted impairment assessments on these intangible assets. The Group performed impairment test by determining the recoverable amount of its intangible assets in relation to patent and trademark, technology know-how and development costs arising from the Group based on the value-in-use (the "**VIU**") of the cash generating units (the "**CGUs**"). The project continues to progress in a very satisfactory manner, and customer reaction has reconfirmed the Group's estimates of anticipated revenues from the project. However, increased competitor activities have caused the Group to reconsider its assumptions regarding future market share and anticipated margins on these products.

After conducting impairment tests, the Group recognised an impairment loss of approximately HK$20,026,000 during FY2024 (2023: nil) which was recorded in the consolidated statement of profit or loss and other comprehensive income, based on the following recoverable amounts of two CGUs of the Group, being the silver-based bonding wire cash generating unit (the "**Silver-Based Bonding Wire CGU**") and copper-based bonding wire cash generating unit (the "**Copper-Based Bonding Wire CGU**"):

- the recoverable amount of the Silver-Based Bonding Wire CGU was determined based on a VIU calculation. According to the assessment results provided by the management of the Group, the Group estimated that the relevant Silver-Based Bonding Wire CGU, amounting to approximately HK$19,126,000, would not generate sufficient future net cash inflows. Consequently, the recoverable amount of the CGU was determined to be nil. As a result, a full impairment loss of approximately HK$19,126,000 was recognised for the net carrying amount of this CGU during FY2024; and

- the recoverable amount of the Copper-Based Bonding Wire CGU was determined based on a VIU calculation, referencing a valuation carried out by Peak Vision Appraisals Limited, an independent professional valuer. The VIU calculation used cash flow forecasts based on financial budgets approved by the board of directors of the Company (the "**Board**") covering the remaining expected useful life of the Copper-Based Bonding Wire CGU as estimated by the management of the Company. Such income approach is an appropriate valuation method that can reflect the value of cash flow generated by continuous operation of the assets, which is consistent with the requirements under HKAS 36 in determining the value in use of cash generating units. The pre-tax discount rate is 16.28% (2023: 18.41%) and the cash flow beyond the five-year period is extrapolated using a steady growth rate of 5.00% (2023:5.00%) per annum. The pre-tax discount rate reflects the specific risks related to the business and industry in which the CGU operates.

Another key assumption used in the VIU calculation of the Copper-Based Bonding Wire CGU was the budgeted gross margin of 20.8% (2023: 21.7%), which is based on the past performance of the Copper-Based Bonding Wire CGU and the management's expectations of the market development of the Copper-Based Bonding Wire CGU. The directors of the Company are not currently aware of any other probable changes that would necessitate adjustments to its key estimates.

Based on the results of the assessment provided by the management of the Company, the intangible assets of the Copper-Based Bonding Wire CGU were determined to have a recoverable amount of HK$6,526,000 (2023: HK$13,018,000), compared to a carrying amount of HK$7,426,000 (2023: HK$6,857,000). Consequently, an impairment loss of approximately HK$900,000 was recognised for the net carrying amount of the Copper-Based Bonding Wire CGU during FY2024.

NON-COMPLIANCE WITH CODE PROVISION D.1.2 OF THE CORPORATE GOVERNANCE CODE AS SET OUT IN APPENDIX C1 TO THE GEM LISTING RULES (THE "CG CODE")

Code Provision D.1.2 of the CG Code requires the management of an issuer to provide all members of the board of directors with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties under Rule 5.01 and Chapter 17 of the GEM Listing Rules.

However, the Group had been preparing its consolidated management accounts and evaluating its business performance on a quarterly basis for the purpose of facilitating the publication of its quarterly results announcements as required under the then GEM Listing Rules but notes that it is not in line with the requirement under Code Provision D.1.2 of the CG Code as mentioned above.

The Board recognises the importance of monthly updates to enable the Board as a whole and each director of the Company to discharge their duties under Rule 5.01 and Chapter 17 of the GEM Listing Rules. In order to ensure compliance with Code Provision D.1.2 of the CG Code, the Company has put in place and implemented the following remedial measures to strengthen the financial reporting procedures:

1. providing monthly revenue and gross profits analysis by products to the Board within three weeks after each month end;

2. providing monthly management accounts of major operating subsidiaries and a summary of the monthly financial information to the Board for review within six weeks after each month end;

3. continuing to provide all members of the Board with monthly updates (including management updates) of the Company's financial and operating performance;

4. providing business updates and key financial status and prospects to the Board on a regular and timely basis; and

5. maintaining relevant records to comply with the requirements under Code Provision D.1.2 of the CG Code.

The above additional information as set out in this announcement does not affect any other information contained in the Annual Report and the Annual Results Announcement. Save as disclosed in this announcement, all other information in the Annual Report and the Annual Results Announcement remains unchanged.

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

Hong Kong, 25 June 2025

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 Directors are Mr. Li Chiu Fan and Mrs. Chow Fung Wai Lan Rita, 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 Stock Exchange of Hong Kong's website at www.hkexnews.hk on the "Latest Listed Company Information" page 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.