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nichetech

NICHE-TECH GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8490)

**INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Main Board of the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, 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 of the Stock Exchange (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, (i) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (ii) there are no other matters the omission of which would make any statement herein or in this announcement misleading.*

The Board is pleased to present the unaudited condensed consolidated results of the Group for the three months and six months ended 30 June 2018 together with the comparative unaudited figures for the three months and six months ended 30 June 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Three months ended		Six months ended	
	NOTES	30.6.2018	30.6.2017	30.6.2018	30.6.2017
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	4	48,682	46,279	83,593	84,084
Cost of sales		(38,142)	(37,407)	(66,407)	(67,580)
Gross profit		10,540	8,872	17,186	16,504
Other income, other gains and losses	5	(1,222)	2,968	242	4,774
Impairment losses reversed (recognised), net		252	(184)	252	(184)
Selling and distribution expenses		(2,993)	(2,862)	(5,677)	(5,334)
Administrative expenses		(4,584)	(3,440)	(8,107)	(7,094)
Listing expenses		(9,693)	(3,903)	(10,401)	(4,243)
Finance costs	6	(177)	(1,781)	(416)	(3,026)
(Loss) profit before taxation		(7,877)	(330)	(6,921)	1,397
Income tax expense	7	(519)	(661)	(750)	(951)
(Loss) profit for the period	8	(8,396)	(991)	(7,671)	446
Other comprehensive (expense) income					
Item that will not be reclassified to profit or loss:					
Exchange differences arising on translation to presentation currency		(970)	1,477	(1,942)	2,954
Item that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		93	(196)	187	(393)
Other comprehensive (expense) income for the period		(877)	1,281	(1,755)	2,561
Total comprehensive (expense) income for the period		(9,273)	290	(9,426)	3,007
(Loss) earnings per share – basic (HK cents)	10	(1.54)	(0.24)	(1.41)	0.11

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	30.6.2018 HK\$'000 (unaudited)	31.12.2017 HK\$'000 (audited)
NON-CURRENT ASSETS			
Plant and equipment	11	43,984	40,090
Intangible assets	11	45,963	42,237
Deposits paid for acquisition of plant and equipment and intangible assets		4,123	8,685
Rental deposits		239	252
Deferred tax assets		3,479	3,513
		97,788	94,777
CURRENT ASSETS			
Inventories		20,230	18,964
Trade receivables	12(a)	46,928	51,023
Trade receivables backed by bills	12(b)	9,750	8,612
Other receivables, prepayments and deposits	12(c)	7,762	7,951
Bank balances and cash		103,930	10,758
		188,600	97,308
CURRENT LIABILITIES			
Trade and other payables	13	16,846	12,832
Tax payable		414	1,454
Bank borrowings	14	20,111	22,693
Deferred income		1,400	1,320
		38,771	38,299
NET CURRENT ASSETS		149,829	59,009
TOTAL ASSETS LESS CURRENT LIABILITIES		247,617	153,786
NON-CURRENT LIABILITY			
Deferred income		9,878	10,702
NET ASSETS		237,739	143,084
CAPITAL AND RESERVES			
Share capital	15	7,055	—*
Reserves		230,684	143,084
TOTAL EQUITY		237,739	143,084

* Less than HK\$1,000

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (note i)	Capital reserve HK\$'000	Exchange reserve HK\$'000	Statutory reserve HK\$'000 (note ii)	Retained profits HK\$'000	Total equity HK\$'000
At 1 January 2017 (audited)	–	–	100,000	1	(10,542)	2,863	12,837	105,159
Profit for the period	–	–	–	–	–	–	446	446
Exchange differences arising on translation to presentation currency	–	–	–	–	2,954	–	–	2,954
Exchange differences arising on translation of foreign operations	–	–	–	–	(393)	–	–	(393)
Total comprehensive income for the period	–	–	–	–	2,561	–	446	3,007
Deemed distributions to Chows Electronics Limited ("Chows Electronics") (note iii)	–	–	–	–	–	–	(955)	(955)
At 30 June 2017 (unaudited)	–	–	100,000	1	(7,981)	2,863	12,328	107,211
At 1 January 2018 (audited)	– *	30,000	100,000	1	(3,654)	4,193	12,544	143,084
Adjustment (note 3.2)	–	–	–	–	–	–	(1,089)	(1,089)
At 1 January 2018 (restated)	– *	30,000	100,000	1	(3,654)	4,193	11,455	141,995
Loss for the period	–	–	–	–	–	–	(7,671)	(7,671)
Exchange differences arising on translation to presentation currency	–	–	–	–	(1,942)	–	–	(1,942)
Exchange differences arising on translation of foreign operations	–	–	–	–	187	–	–	187
Total comprehensive expense for the period	–	–	–	–	(1,755)	–	(7,671)	(9,426)
Issue of new shares (note 15)	1,955	111,435	–	–	–	–	–	113,390
Transaction costs attributable to issue of new shares	–	(8,220)	–	–	–	–	–	(8,220)
Issue of shares by capitalisation of share premium account	5,100	(5,100)	–	–	–	–	–	–
At 30 June 2018 (unaudited)	7,055	128,115	100,000	1	(5,409)	4,193	3,784	237,739

* Less than HK\$1,000

Notes:

- (i) On 1 April 2016, Niche-Tech BVI Limited (“**Niche-Tech BVI**”), which was then wholly and directly owned by Chows Electronics, which have been, in turn, owned as to 55% by Professor Chow Chun Kay, Stephen (“**Professor Chow**”) and 45% by Mr. Chow Bok Hin, Felix (“**Mr. Chow**”), acquired Niche-Tech Holdings Limited (“**Niche-Tech Holdings**”), which has been the holding company of 汕頭市駿碼凱撒有限公司, or Niche-Tech Kaiser (Shantou) Limited* (“**Niche-Tech Shantou**”) and Niche-Tech (Hong Kong) Limited (“**Niche-Tech (HK)**”), from Chows Electronics for a consideration of HK\$100,000,000, which was equivalent to the then issued share capital of Niche-Tech Holdings. Accordingly, the share capital of Niche-Tech Holdings had been eliminated as one of the subsidiaries of Niche-Tech BVI and transferred to other reserve.

Pursuant to a resolution passed by the board of directors of Chows Electronics, Chows Electronics determined to waive the consideration payable by Niche-Tech BVI for the acquisition of Niche-Tech Holdings.

- (ii) Amount represents statutory reserve of the Group’s subsidiary in the People’s Republic of China (the “**PRC**”). According to the relevant laws in the PRC, the Group’s subsidiary in the PRC is required to transfer at least 10% of their net profit after taxation, as determined under the PRC accounting regulations, to a non-distributable reserve fund until the reserve balance reaches 50% of its registered capital. The transfer to this reserve must be made before the distribution of a dividend to owners. Such reserve fund can be used to offset the previous years’ losses, if any, and is non-distributable other than upon liquidation.
- (iii) During the six months ended 30 June 2017, the Group had an amount due from Chows Electronics that was unsecured, interest-bearing at 3.49% per annum, and repayable on demand and such amount due from Chows Electronics was fully settled by Chows Electronics during the period. The amount was measured at fair value at initial recognition using a market interest rate and based on the management’s estimate of the timing of recovery. The differences between the respective fair values at initial recognition and the amount advanced to Chows Electronics were recognised in equity as deemed distributions, and the amount due from Chows Electronics was carried at amortised cost using the effective interest method. During the six months ended 30 June 2017, the Group adjusted the carrying amount to reflect the change in estimation of the timing of recovery and the carrying amount was adjusted to reflect the change of estimations. The adjustments were also recognised in equity as deemed distributions to Chows Electronics.

* *English name for identification purpose only.*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended	
	30.6.2018	30.6.2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
NET CASH USED IN OPERATING ACTIVITIES	<u>(4,817)</u>	<u>(17,376)</u>
NET CASH (USED IN) FROM INVESTING ACTIVITIES		
Development costs paid	(5,245)	(3,526)
Deposits paid for acquisition of plant and equipment and intangible assets	(4,611)	(4,392)
Acquisition of intangible assets	(391)	–
Acquisition of plant and equipment	(351)	(291)
Advances to a related party	–	(15,964)
Repayments from a related party	–	151,182
Interest received	48	9
Proceeds on disposal of plant and equipment	72	1
	<u>(10,478)</u>	<u>127,019</u>
NET CASH FROM (USED IN) FINANCING ACTIVITIES		
Issue of shares	113,390	–
Bank borrowings raised	28,262	119,316
Repayment of bank borrowings	(27,960)	(191,371)
Listing costs paid	(4,728)	(1,479)
Interests paid	(347)	(2,896)
	<u>108,617</u>	<u>(76,430)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	93,322	33,213
Effect of impairment loss	(48)	–
Effect of foreign exchange rate changes	(102)	70
CASH AND CASH EQUIVALENTS AT 1 JANUARY	<u>10,758</u>	<u>7,681</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by		
Bank balances and cash	<u>103,930</u>	<u>40,964</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

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 of the Company have been listed on the GEM of the Stock Exchange of Hong Kong (the “**Stock Exchange**”) on 30 May 2018.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred as the “**Group**”) are 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 Accounting Standards (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Rules**”).

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 Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the consolidated financial statements of the Group for the year ended 31 December 2017.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

Except as described below, the application of other amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

3.1 *Impacts and changes in accounting policies of application on HKFRS 15 “Revenue from Contracts with Customers”*

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 “Revenue”, HKAS 11 “Construction Contracts” and the related interpretations.

The Group recognises revenue from sales of semiconductor packaging materials.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 and the related interpretations.

Summary of effects arising from initial application of HKFRS 15

The application of HKFRS 15 in the current interim period had no effect on the amounts reported in these condensed consolidated financial statements.

3.2 *Impacts and changes in accounting policies of application on HKFRS 9 “Financial Instruments”*

In the current period, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses (“ECL”) for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 “Financial Instruments: Recognition and Measurement”.

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement (including impairment) of trade receivables and trade receivables backed by bills at the date of initial application, 1 January 2018.

		Trade receivables	Trade receivables backed by bills	Deferred tax assets	Retained profits
	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Closing balance at 31 December 2017					
– HKAS 39		51,023	8,612	3,513	12,544
Effect arising from initial application of HKFRS 9:					
Remeasurement					
Impairment under ECL model	(a)	(1,248)	(25)	184	(1,089)
Opening balance at 1 January 2018		49,775	8,587	3,697	11,455

Note:

(a) Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for trade receivables and trade receivables backed by bills.

Loss allowances for other financial assets at amortised cost mainly comprise of other receivables and deposits and bank balances and cash, are measured on 12-month ECL basis and there had been no significant increase in credit risk since initial recognition.

As at 1 January 2018, the additional credit loss allowance of HK\$1,273,000 and related deferred tax credit of HK\$184,000 has been recognised against retained profits. The additional loss allowance are charged against the respective assets.

All loss allowances for trade receivables and trade receivables backed by bills as at 31 December 2017 reconcile to the opening loss allowance as at 1 January 2018 is as follows:

	Trade receivables HK\$'000	Trade receivables backed by bills HK\$'000
At 31 December 2017 – HKAS 39	1,458	–
Amounts remeasured adjusted to opening retained profits	1,248	25
At 1 January 2018	<u>2,706</u>	<u>25</u>

4. REVENUE AND SEGMENT INFORMATION

An analysis of revenue by major products is as follows:

	Three months ended		Six months ended	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Bonding Wire	37,618	39,680	67,704	73,587
Encapsulant	7,672	2,699	10,707	4,552
Others	3,392	3,900	5,182	5,945
	<u>48,682</u>	<u>46,279</u>	<u>83,593</u>	<u>84,084</u>

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 (excluding listing expenses), 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 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		Six months ended	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
PRC excluding Hong Kong	47,790	45,010	81,434	81,446
Hong Kong	892	1,269	2,159	2,638
	<u>48,682</u>	<u>46,279</u>	<u>83,593</u>	<u>84,084</u>

5. OTHER INCOME, OTHER GAINS AND LOSSES

	Three months ended		Six months ended	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Bank interest income	41	8	48	9
Interest income on amount due from a related party	–	1,554	–	3,199
Government subsidy income	377	–	728	–
Net gain (loss) on disposal of plant and equipment	9	(9)	9	(10)
Net foreign exchange (losses) gains	(1,649)	1,405	(543)	1,563
Others	–	10	–	13
	<u>(1,222)</u>	<u>2,968</u>	<u>242</u>	<u>4,774</u>

6. FINANCE COSTS

	Three months ended		Six months ended	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interests on bank borrowings	176	1,176	347	2,406
Finance charge for early repayment of bank borrowings	–	490	–	490
Interests on discounted bills with recourse	1	115	69	130
	<u>177</u>	<u>1,781</u>	<u>416</u>	<u>3,026</u>

7. INCOME TAX EXPENSE

	Three months ended		Six months ended	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
The income tax expense comprises:				
PRC Enterprise Income Tax ("EIT")				
– Current tax	549	730	780	1,020
– Overprovision in prior year	(204)	–	(204)	–
	345	730	576	1,020
Deferred tax	174	(69)	174	(69)
	519	661	750	951

Under the EIT Law and Implementation Regulation of the EIT Law, PRC EIT is calculated at 25% of the assessable profits for Niche-Tech Shantou. Pursuant to the relevant laws and regulations in the PRC, Niche-Tech Shantou is granted tax incentives as a High and New Technology Enterprise ("HNTE") and is entitled to a concessionary tax rate of 15% for 3 years from 2015 to 2017. The HNTE status of Niche-Tech Shantou will be expired on 9 October 2018, and Niche-Tech Shantou has applied for renewal of concessionary tax rate of 15% in the current interim period.

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.

8. (LOSS) PROFIT FOR THE PERIOD

	Three months ended		Six months ended	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
	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	–	–	–	–
Other emoluments, salaries and other benefits	482	201	683	393
Retirement benefit scheme contributions	12	5	27	14
	494	206	710	407
Other staff costs:				
Staff salaries and allowances	5,431	4,531	10,586	8,895
Retirement benefit scheme contributions	883	894	1,789	1,417
	6,314	5,425	12,375	10,312
Total staff costs	6,808	5,631	13,085	10,719
Capitalised in intangible assets	(907)	(1,107)	(1,927)	(1,764)
Capitalised in inventories	(2,186)	(1,371)	(4,013)	(2,455)
	3,715	3,153	7,145	6,500

	Three months ended		Six months ended	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Depreciation of plant and equipment	1,821	1,602	3,649	3,142
Capitalised in intangible assets	(458)	(582)	(915)	(911)
Capitalised in inventories	(741)	(757)	(1,544)	(1,471)
	<u>622</u>	<u>263</u>	<u>1,190</u>	<u>760</u>
Amortisation of intangible assets	1,050	729	2,107	1,552
Capitalised in inventories	(988)	(694)	(1,984)	(1,469)
	<u>62</u>	<u>35</u>	<u>123</u>	<u>83</u>
Auditors' remuneration	150	350	300	500
Cost of inventories recognised as cost of sales	38,142	37,407	66,407	67,580
Research and development costs (excluding depreciation of plant and equipment) recognised as expenses (included in administrative expenses)	156	–	156	29
Minimum operating lease rentals in respect of rented premises	<u>989</u>	<u>558</u>	<u>1,611</u>	<u>1,086</u>

9. DIVIDENDS

No dividends were paid, declared or proposed during the current and prior interim periods. The directors of the Company do not recommend payment of interim dividend for the current interim period.

10. (LOSS) EARNINGS PER SHARE

	Three months ended		Six months ended	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
	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	<u>(8,396)</u>	<u>(991)</u>	<u>(7,671)</u>	<u>446</u>
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	<u>(unaudited)</u>	<u>(unaudited)</u>	<u>(unaudited)</u>	<u>(unaudited)</u>
Number of shares:				
Weighted average number of ordinary shares for the purpose of basic (loss)				
earnings per share	<u>544,563,536</u>	<u>412,857,143</u>	<u>544,563,536</u>	<u>412,857,143</u>

The weighted average number of ordinary shares for the purpose of calculating basic loss per share for the periods ended 30 June 2018 has been adjusted retrospectively for the effect of the capitalisation issue, as set out in note 15 as if the capitalisation issue had been effective on 1 January 2018.

The weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share for the period ended 30 June 2017 has been adjusted retrospectively for the effect of bonus element of additional shares issued on 25 July 2017 and the capitalisation issue, as set out in note 15 as if the bonus issue and the capitalisation issue had been effective on 1 January 2017.

No diluted (loss) earnings per share is presented for periods ended 30 June 2018 and 2017 as there is no potential ordinary shares in issue during both periods.

11. MOVEMENTS IN PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the current interim period, the Group acquired plant and equipment and intangible assets of HK\$8,299,000 (unaudited) and HK\$6,551,000 (unaudited), respectively (six months ended 30 June 2017: HK\$2,110,000 (unaudited) and HK\$4,437,000 (unaudited), respectively).

During the current interim period, the Group disposed of certain plant and equipment with an aggregate carrying amount of HK\$63,000 (unaudited) (six months ended 30 June 2017: HK\$11,000 (unaudited)).

12. TRADE RECEIVABLES/TRADE RECEIVABLES BACKED BY BILLS/OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

(a) Trade receivables

The Group either requires cash on delivery from, or allows credit period ranging from 30 days to 120 days to its trade customers.

The following is an analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period, which approximated the revenue recognition date:

	30.6.2018 HK\$'000 (unaudited)	31.12.2017 HK\$'000 (audited)
1 – 30 days	31,351	16,958
31 – 60 days	7,554	10,135
61 – 90 days	2,891	12,524
Over 90 days	5,132	11,406
	46,928	51,023

The movement in the allowance for impairment in respect of trade receivables during the current interim period was as follows:

	30.6.2018 HK\$'000 (unaudited)	31.12.2017 HK\$'000 (audited)
Balance at beginning of the period/year*	1,458	–
Remeasurement of loss allowance adjusted to opening retained earnings	1,248	–
Provision of impairment losses	562	1,405
Reversal of impairment losses	(859)	–
Amounts written off as uncollectible	–	(3)
Exchange realignment	(26)	56
Balance at end of the period/year	2,383	1,458

* The Group has initially applied HKFRS 9 at 1 January 2018. Under the transition method chosen, comparative information is not restated.

(b) Trade receivables backed by bills

The Group also accepts bills issued by banks from certain trade customers with a satisfactory and trustworthy credit history as settlement of trade debts.

The following is an aged analysis of trade receivables backed by bills based on the invoice date at the end of the reporting period, which approximated the revenue recognition date:

	30.6.2018 HK\$'000 (unaudited)	31.12.2017 HK\$'000 (audited)
61 – 90 days	692	443
Over 90 days	9,058	8,169
	9,750	8,612

In addition, following is an aged analysis of trade receivables backed by bills based on the issue date of bills at the end of the reporting period:

	30.6.2018 HK\$'000 (unaudited)	31.12.2017 HK\$'000 (audited)
1 – 30 days	3,060	2,018
31 – 60 days	600	210
61 – 90 days	2,920	2,973
Over 90 days	3,170	3,411
	9,750	8,612

The maturity period of all trade receivables backed by bills as at 30 June 2018 and 31 December 2017 were within 180 days.

The Group had no outstanding discounted bills as at 30 June 2018. At as 31 December 2017, the Group had discounted bills received from trade customers on a full recourse basis to banks for short-term financing prior to the maturity of the bills. As the Group has not transferred the significant risks and rewards of ownership relating to these bills, it continues to recognise the full carrying amount of the trade receivables backed by bills and has recognised the cash received on the transfer as secured bank borrowings. As at 31 December 2017, the carrying amount of bills discounted to the bank which have been pledged as security for the bank borrowings was HK\$2,884,000 (audited); and the carrying amount of the associated liabilities was HK\$2,884,000 (audited).

The movement in the allowance for impairment in respect of trade receivables backed by bills during the current interim period was as follows:

	30.6.2018 HK\$'000 (unaudited)	31.12.2017 HK\$'000 (audited)
Balance at beginning of the period/year*	–	–
Remeasurement of loss allowance adjusted to opening retained earnings	25	–
Reversal of impairment losses	(3)	–
Exchange realignment	–#	–
	<hr/>	<hr/>
Balance at end of the period/year	22	–
	<hr/> <hr/>	<hr/> <hr/>

* The Group has initially applied HKFRS 9 at 1 January 2018. Under the transition method chosen, comparative information is not restated.

Less than HK\$1,000

(c) Other receivables, prepayments and deposits

	30.6.2018 HK\$'000 (unaudited)	31.12.2017 HK\$'000 (audited)
Value-added tax recoverable	2,302	2,045
Prepayments to suppliers	4,469	1,360
Deposits	713	54
Other receivables	278	199
Prepaid listing expenses	–	1,523
Deferred listing expenses	–	2,770
	<hr/>	<hr/>
	7,762	7,951
	<hr/> <hr/>	<hr/> <hr/>

13. TRADE AND OTHER PAYABLES

	30.6.2018 HK\$'000 (unaudited)	31.12.2017 HK\$'000 (audited)
Trade payables	8,795	6,926
Other payables	334	424
Accrued expenses	7,506	5,252
Receipt in advance	128	144
Other PRC tax payables	83	86
	<hr/>	<hr/>
	16,846	12,832
	<hr/> <hr/>	<hr/> <hr/>

The trade suppliers either require cash on delivery from the Group or allow credit period ranging from 7 days to 90 days to the Group. The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	30.6.2018 HK\$'000 (unaudited)	31.12.2017 HK\$'000 (audited)
1 – 30 days	7,488	5,288
31 – 60 days	451	1,037
61 – 90 days	544	464
Over 90 days	312	137
	8,795	6,926

14. BANK BORROWINGS

The exposure of the Group's bank borrowings are as follows:

	30.6.2018 HK\$'000 (unaudited)	31.12.2017 HK\$'000 (audited)
Fixed-rate bank borrowings	–	2,884
Variable-rate bank borrowings	20,111	19,809
	20,111	22,693

During the current interim period, the Group raised new bank borrowings amounting to HK\$28,262,000 (unaudited) (six months ended 30 June 2017: HK\$119,316,000 (unaudited)) and settled bank borrowings amounting to HK\$27,960,000 (unaudited) (six months ended 30 June 2017: HK\$191,371,000 (unaudited)).

The Group's variable-rate bank borrowings carried interests at 2.8% (unaudited) over Hong Kong Interbank Offered Rate (“**HIBOR**”) per annum (31 December 2017: 2.8% (audited) over HIBOR per annum) quoted by certain banks in Hong Kong and were repayable on demand. The effective interest rates were carried at 4.82% (unaudited) per annum as at 30 June 2018 (as at 31 December 2017: at 3.77% (audited) per annum).

The Group's fixed-rate borrowings as at 31 December 2017 were carried at effective interests rates (which were also the contracted rates) at 6.5% (audited) per annum.

15. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 21 February 2017 (date of incorporation) and 31 December 2017	38,000,000	380
Increase in authorised share capital on 30 May 2018	<u>1,962,000,000</u>	<u>19,620</u>
At 30 June 2018	<u><u>2,000,000,000</u></u>	<u><u>20,000</u></u>
Issued and fully paid:		
At 21 February 2017 (date of incorporation)	1	– *
Allotment of shares on 1 March 2017	999	– *
Allotment of shares on 25 July 2017	<u>1,000</u>	<u>– *</u>
At 31 December 2017	2,000	– *
Issue of shares by capitalisation of share premium account	509,998,000	5,100
Issue of new shares	<u>195,500,000</u>	<u>1,955</u>
At 30 June 2018 (unaudited)	<u><u>705,500,000</u></u>	<u><u>7,055</u></u>

* Less than HK\$1,000

16. CAPITAL COMMITMENTS

	30.6.2018 HK\$'000 (unaudited)	31.12.2017 HK\$'000 (audited)
Capital expenditure contracted for but not provided for in the condensed consolidated financial statements in respect of:		
– intangible assets	376	511
– plant and equipment	<u>2,000</u>	<u>4,512</u>
	<u><u>2,376</u></u>	<u><u>5,023</u></u>

17. RELATED PARTY DISCLOSURES

(a) Related party transactions

Apart from details disclosed elsewhere in the condensed consolidated financial statements, the Group entered into the following transactions with related party during the periods:

Name of related party	Nature of transaction	Three months ended		Six months ended	
		30.6.2018 HK\$'000 (unaudited)	30.6.2017 HK\$'000 (unaudited)	30.6.2018 HK\$'000 (unaudited)	30.6.2017 HK\$'000 (unaudited)
Chows Electronics (note)	Interest income	<u>-</u>	<u>1,554</u>	<u>-</u>	<u>3,199</u>

Note: Professor Chow is the director and also the controlling shareholder of the company.

During the six months ended 30 June 2017, the Group utilised a land and building in Hong Kong beneficially owned by S.C. Chow & Associates Limited, a company in which Professor Chow has controlling interest, as its central administrative office free of charge. The Group also utilised a technical knowhow beneficially owned by Chows Electronics for production free of charge.

The arrangement was ceased in May 2017.

(b) Security and guarantees provided by related parties

As at 31 December 2017, the Group's bank borrowings amounting to HK\$19,809,000 (audited) were secured by properties held by Professor Chow and spouse of Professor Chow and entities controlled by Professor Chow. They were also guaranteed by corporate guarantees provided by entities controlled by Professor Chow and personal guarantees provided by (i) Professor Chow and Mr. Chow and/or (ii) Mr. Ma Ah Muk ("Mr. Ma") and Mr. Ma Kiu Sang, the son of Mr. Ma.

The arrangement was ceased in May 2018 upon listing of the Company.

(c) Share of banking facilities with a related party

During the six months ended 30 June 2017, the Group shared certain banking facilities with limit up to an aggregate amount of HK\$76,000,000 (unaudited) granted by a bank with Chows International Investment Limited, a company in which Professor Chow has controlling interest.

The arrangement was ceased in July 2017 upon repayment of such bank borrowings.

MANAGEMENT DISCUSSION AND ANALYSIS

Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Company's prospectus dated 17 May 2018 (the "**Prospectus**").

BUSINESS REVIEW

The Group is an established semiconductor packaging materials manufacturer specialising 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 sells products directly to more than 300 customers, including renowned manufacturers of LEDs, camera modules and ICs primarily in the PRC, and its products have been approved by most major customers including local subcontractors of renowned manufacturers.

The shares of the Company were successfully listed on GEM of the Stock Exchange on 30 May 2018. The net proceeds (the "**Net Proceeds**") from the Share Offer of approximately HK\$83.5 million, after deducting commission and expenses borne by the Company in connection with the Share Offer of approximately HK\$29.9 million. The Net Proceeds will be utilized in accordance with the proposed implementation plans as disclosed under the section headed "STATEMENT OF BUSINESS OBJECTIVES AND USE OF PROCEEDS" in the Prospectus.

During the six months ended 30 June 2018 (the "**Period**"), in line with the constant growth of semiconductor product industry, the demand for semiconductor packaging materials has witnessed a steady growth and the price of bonding wire and encapsulant mostly maintained at a stabilised level. The Group recorded a revenue of approximately HK\$83.6 million for the Period, as compared to approximately HK\$84.1 million, in the corresponding period last year, and recorded a slight growth of gross profit to approximately HK\$17.2 million for the Period from approximately HK\$16.5 million for the corresponding period of 2017.

However, as foreshadowed in the Prospectus, the profitability of the Group was adversely affected by the non-recurring expenses incurred for the Listing; the administrative expenses mainly as a result of the increase of total staff cost and operating lease expense due to relocation of our headquarters; and the recognition of net foreign exchange loss as a result of depreciation of the RMB against HK\$ for the Period. The loss attributable to owners of the Company for the Period amounted to approximately HK\$7.7 million, whereas there was a profit attributable to owners of the Company of approximately HK\$0.4 million recorded for the corresponding period of 2017. Excluding the Listing expenses of approximately HK\$10.4 million incurred and charged to profit and loss for the Period, the profit attributable to owners of the Company for the Period was approximately HK\$2.7 million (30 June 2017: approximately HK\$4.7 million (net of Listing expenses)), representing a decrease of approximately 42.6% as compared with the corresponding period of 2017.

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\$83.6 million, which was slightly higher than that of approximately HK\$84.1 million recorded in the corresponding period of last year. The revenue of encapsulant products recorded an increase of 132.6% to approximately HK\$10.7 million during the Period from approximately HK\$4.6 million during the corresponding period of last year, mostly due to an increase in sales of LED epoxy. The revenue of bonding wire products recorded a decrease of 8.0% to approximately HK\$67.7 million during the Period from approximately HK\$73.6 million during the corresponding period of last year, mostly due to the decrease of sales in high gold composition bonding wire products.

COST OF SALES AND GROSS PROFIT

The Group's cost of sales mainly comprised direct material costs, direct labour costs and manufacturing overhead. During the Period, the Group recorded cost of sales of approximately HK\$66.4 million (30 June 2017: approximately HK\$67.6 million), representing a decrease of approximately 1.8% as compared to the recorded figure during the corresponding period of 2017.

The gross profit of the Group grew from approximately HK\$16.5 million for the six months ended 30 June 2017 to approximately HK\$17.2 million for the Period, representing an increase of approximately 4.2%. Gross profit margin increased to approximately 20.6% for the Period from approximately 19.6% for the corresponding period of 2017.

OTHER INCOME, GAINS AND LOSSES

Other income, gains and losses of approximately HK\$0.2 million (30 June 2017: approximately HK\$4.8 million) were recorded during the Period, representing a decrease of approximately 95.8% as compared to that for the corresponding period in last year.

During the Period, the Group recognised a net foreign exchange loss of approximately HK\$0.5 million as a result of depreciation of RMB against HK\$ for the Period as compared to the net foreign exchange gain of approximately HK\$1.6 million recorded in the corresponding period of 2017.

EXPENSES

Selling and distribution expenses amounted to approximately HK\$5.7 million during the Period as compared to the selling and distribution expenses of approximately HK\$5.3 million recognised in the corresponding period of 2017.

Administrative expenses for the Period increased by approximately HK\$1.0 million to approximately HK\$8.1 million from approximately HK\$7.1 million for the corresponding period of 2017, mainly as a result of the increase in total staff cost by approximately HK\$0.4 million due to additional headcounts and operating lease expenses by approximately HK\$0.5 million due to relocation of our headquarters and principal place of business in Hong Kong.

The Group recognised non-recurring listing expenses of approximately HK\$10.4 million for the Period whilst there was approximately HK\$0.8 million and HK\$10.7 million of non-recurring Listing expenses recognised for the year ended 31 December 2016 and 31 December 2017.

(LOSS) PROFIT AND OTHER COMPREHENSIVE (EXPENSE) INCOME FOR THE PERIOD

Summing up the combined effects of the foregoing, loss attributable to owners of the Company for the Period was approximately HK\$7.7 million, whereas there was a profit attributable to owners of the Company of approximately HK\$0.4 million recorded for the corresponding period of 2017. The decrease in the profitability was principally attributable to the expenses incurred for the Listing. Excluding the Listing expenses of approximately HK\$10.4 million incurred and charged to profit and loss for the Period, the profit attributable to owners of the Company for the Period was approximately HK\$2.7 million, representing a decrease of approximately HK\$2.0 million from approximately HK\$4.7 million (net of Listing expenses) or 42.6% as compared with that for the corresponding period of 2017.

FUTURE STRATEGIES AND PROSPECTS

As a reputable technology-focused manufacturer specialised in upstream highly advanced electronic packaging materials with high entry barrier and sophisticated precision and applicability, the Group's products have been approved by most major customers including local subcontractors of renowned manufacturers. The qualifying process requires at least six months to a year. Therefore, the Directors believe that the Group's growth in the initial stage will progress at a steady pace.

Besides, with the Listing on GEM of the Stock Exchange, the Group's profile has been enhanced further and the financial position will be strengthened as well, which will enable the Group to implement its business plans and achieve its business objectives set forth in the Prospectus.

Considering the recognition from Chinese government and international authorities, together with enhanced corporate profile after the Listing, the Directors believe customers are more willing to purchase more from the Group. To meet the rising demand, the Group is expanding its production capacity as fast as possible, which is estimated to take one year to scale up production and reflect on turnover.

Furthermore, the Group has acquired most of the basic machinery and equipment for expansion according to its strategic business plans.

Besides, with over twelve years of application knowhow and field engineering, the Group always strives to remain flexible and sensitive to the changing needs of the customers and to develop the best products for them. The Group's seasoned management and R&D and production teams, which grow with the company along the years, are also exerting their efforts continuously to achieve company's goal.

Regarding the recent tariffs proposed by the United States government against Chinese industrial and other products, the Chinese government has shown stronger support on local manufacturers, which is believed to encourage customers to buy from reputable local suppliers, such as the Group.

Having considered the stable market environment and continuous growth on the demand from different end-markets, the Group's competitive strengths and its strategic business plans, the Directors believe that the Group is at the optimum time of growth. In view of the Group's relatively small market share at the moment as compared with the major international manufacturers, the Directors are confident that there would be great market potential for the Group. Therefore, the Group will continue to carry out the implementation plans set forth in the Prospectus and assess new business opportunities prudently, so as to create maximum return to the Shareholders and to facilitate the long-term growth of the business of the Group.

HUMAN RESOURCES MANAGEMENT

As at 30 June 2018, the Group employed 265 full-time employees. The remuneration of employees is presented as disclosed on Note 8 to the condensed consolidated financial information. The Group's remuneration package is determined with reference to the experience and qualifications of the individual's performance. The Group also ensures that all employees are provided with adequate training and continued professional opportunities according to their needs.

FINANCIAL RESOURCES, LIQUIDITY AND CAPITAL STRUCTURE

The Group finances its operations primarily through cash generated from operating activities and interest-bearing bank borrowing. The Group recorded net current assets of approximately HK\$149.8 million as at 30 June 2018 (31 December 2017: approximately HK\$59.0 million).

As at 30 June 2018, the Group's current ratio was approximately 4.9 (31 December 2017: approximately 2.5) and the Group's gearing ratio calculated based on the total borrowings at the end of the Period divided by total equity at the end of the Period was approximately 8.5% (31 December 2017: approximately 15.9%). The decrease of the Group's gearing ratio as at 30 June 2018 was mainly due to the net proceeds received from the Listing of approximately HK\$83.5 million.

The Group's variable-rate bank borrowings carried interests at 2.8% over Hong Kong Interbank Offered Rate (“**HIBOR**”) per annum. The effective interest rates were carried at 4.82% per annum and at 3.77% per annum as at 30 June 2018 and 31 December 2017, respectively.

The Group's fixed-rate borrowings carried interests at effective rates (which were also the contracted rates) at 6.50% per annum as at 31 December 2017.

As at 30 June 2018, the Group's bank borrowings amounted to approximately HK\$20.1 million, were secured by corporate guarantee provided by the Company. As at 31 December 2017, the Group's bank borrowings amounted to approximately HK\$19.8 million, were secured by (i) corporate guarantee provided by the Company and entities controlled by Professor Chow; (ii) personal guaranties provided by Professor Chow and Mr. Chow and/or (iii) Mr. Ma and Mr. Ma Kiu Sang, the son of Mr. Ma and (iv) by properties held by Professor Chow and spouse of Professor Chow and entities controlled by Professor Chow.

As at the 30 June 2018 and 31 December 2017, the Group has total bank facilities of approximately HK\$70 million respectively.

As at 30 June 2018, the capital structure of the Group consisted of equity attributable to owners of the Company of approximately HK\$237.7 million, comprised issued share capital and reserves.

The Shares were listed on the GEM of the Stock Exchange on 30 May 2018. There has been no change in the capital structure of the Group since then.

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There were no material acquisitions and disposals of subsidiaries and associated companies for the Period.

EXPOSURE TO FOREIGN EXCHANGE RISK

The Group's income, cost of sales, administrative expenses, investment and borrowings are mainly denominated in United State Dollar, HK\$ and RMB. Fluctuations of the exchange rates of RMB could affect the operating costs of the Group. Currencies other than RMB were relatively stable during the Period. The Group currently does not have a foreign currency hedging policy. However, management will continue to monitor foreign exchange exposure and will take prudent measure to minimise the currency translation risk. The Group will consider hedging significant foreign currencies should the need arise.

CHARGE ON ASSETS

As of 30 June 2018, there was no significant pledge on our Group's assets (31 December 2017: Nil).

INTERIM DIVIDEND

The Board of Directors does not recommend the payment of an interim dividend for the Period (30 June 2017: Nil).

CONTINGENT LIABILITIES

As at 30 June 2018, our Group did not have any material contingent liabilities or guarantees.

SEGMENT INFORMATION

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

SIGNIFICANT INVESTMENTS/MATERIAL ACQUISITIONS AND DISPOSAL

During the Period, the Group has not made any significant investments or material acquisitions and disposal of subsidiaries.

EVENT AFTER THE REPORTING PERIOD

There is no significant event after the reporting period for the Group to the date of this announcement.

COMPARISON BETWEEN BUSINESS OBJECTIVES AND ACTUAL BUSINESS PROGRESS

The following table is a comparison between the Group's business objectives as set out in the Prospectus and the Group's actual business progress during the reporting period.

Business objectives

Actual business progress

Expand production capacity and upgrade manufacturing facilities

- Acquire machineries and equipment and upgrading manufacturing facilities for new production lines
- Acquire machineries and equipment for quality control

The Group had installed the second additional encapsulant production line by the end of the Period, which was planned to commence trial run in the six months ended 31 December 2018.

The Group had introduced parts of equipment to enhance the quality control over the production process of bonding wire by the end of the Period.

Devote R&D resources

- Acquire machineries and equipment for R&D enhancement
- Engage external consultants for R&D projects

The Group had purchased parts of machineries and equipment for the improvement of existing R&D facilities by the end of the Period.

The Group had engaged an assistant professor from Anhui University of Technology as our R&D consultant to assist in our R&D activities for the new encapsulant R&D project.

Increase sales and marketing activities

The Group attended Guangzhou International Lighting Exhibition organised by the China Semiconductor Industry Association in June.

USE OF PROCEEDS FROM THE LISTING

The shares of the Company were successfully listed on GEM of the Stock Exchange on 30 May 2018. The net proceeds from the Share Offer received by the Company were approximately HK\$83.5 million (after deduction of listing expenses). The net proceeds are intended to be used in accordance with the proposed implementation plans as disclosed under the section headed “STATEMENT OF BUSINESS OBJECTIVES AND USE OF PROCEEDS” in the Prospectus. During period from listing date to 30 June 2018, the net proceeds had been utilised as follows:

	Actual net proceeds from the Listing <i>HK\$ million</i>	Amount utilised up to 30 June 2018 <i>HK\$ million</i>	Balance as at 30 June 2018 <i>HK\$ million</i>
Expand production capacity and upgrade manufacturing facilities			
– Acquire machineries and equipment and upgrading manufacturing facilities for new production lines	41.9	3.1	38.8
– Acquire machineries and equipment for quality control	3.4	0.4	3.0
Devote R&D resources			
– Acquire machineries and equipment for R&D enhancement	19.5	1.6	17.9
– Engage external consultants for R&D projects	5.9	–	5.9
Increase sales and marketing activities	5.9	0.3	5.6
General working capital	<u>6.9</u>	<u>–</u>	<u>6.9</u>
Total	<u><u>83.5</u></u>	<u><u>5.4</u></u>	<u><u>78.1</u></u>

As at 30 June 2018, approximately HK\$5.4 million out of the Net Proceeds from the Listing had been used. The unused Net Proceeds have been placed as interest bearing deposits with licensed banks in Hong Kong and Macau.

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 June 2018, 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) to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

(i) Long positions in the Shares of the Company

Name of Directors	Nature of interest/ holding capacity	Number of Ordinary Shares held	Percentage of issued share capital of the Company (Note 1)
Mr. Chow Bok Hin Felix ("Mr. 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%

Notes:

- (1) As at 30 June 2018, 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 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	Chows Investment Group Limited (<i>Notes 1 and 2</i>)	Beneficial interest	6	60.00%
Mr. Chow	Chows Investment Group Limited (<i>Notes 1 and 2</i>)	Beneficial interest	4	40.00%
Professor Chow (<i>Note 2</i>)	Niche-Tech Investment Holdings Limited (<i>Note 1</i>)	Interest in a controlled corporation	10,000,000	100.00%
Mr. Chow (<i>Note 2</i>)	Niche-Tech Investment Holdings Limited (<i>Note 1</i>)	Interest in a controlled corporation	10,000,000	100.00%

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 30 June 2018, 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) to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules.

(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 June 2018, the following entities (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions (directly or indirectly) in the Shares or underlying Shares of the Company that would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in the Shares of the Company

Name of Shareholder	Nature of interest/ holding capacity	Number of Shares	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	Interest of controlled corporation (Note 2)	357,000,000	50.60%
Mrs. Chow Fung Wai Lan Rita ("Mrs. Chow")	Interest of spouse (Note 3)	357,510,000	50.67%
Mrs. Chow Kuo Li Jen	Interest of spouse (Note 4)	357,000,000	50.60%
Mr. Ma Ah Muk	Beneficial owner	152,490,000	21.61%
Ms. Cheng Pak Ching	Interest of spouse (Note 5)	152,490,000	21.61%

Notes:

- (1) As at 30 June 2018, 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 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 30 June 2018, 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

The Company has conditionally adopted a share option scheme (the “**Share Option Scheme**”) on 8 May 2018. For the principal terms of the Share Option Scheme, please refer to “D. SHARE OPTION SCHEME” in Appendix IV to the Prospectus.

Up to the date of this announcement, no share option had been granted by the Company under the Share Option Scheme.

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.

INTEREST OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Titan Financial Services Limited (“**Titan**”) as the compliance adviser. Titan has declared its independence pursuant to Rule 6A.07 of the GEM Listing Rules. None of the compliance adviser or its directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in relation to the Company or in the share capital of any member of the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules as at the date of this announcement.

CODE OF CORPORATE GOVERNANCE PRACTICES

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

The Company has not appointed any 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 Group believes that the existing management structure and decision making procedures are adequate for 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 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.

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 an audit committee of the Board 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 Dr. Cheng Faat Ting Gary, Professor Ng Wang Wai Charles and Mr. Tai Chun Kit. Dr. Cheng Faat Ting Gary 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.

INDEPENDENT REVIEW

The interim results for the Period are unaudited, but have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants, by Deloitte Touche Tohmatsu, Certified Public Accountants, whose Report on Review of Interim Financial Information is included in the interim report to be sent to shareholders.

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

Executive Chairman and Executive Director

Hong Kong, 10 August 2018

As at the date of this announcement, the executive Directors are Mr. Chow Bok Hin Felix, Professor Chow Chun Kay Stephen and Mr. Shi Yiwu, non-executive Director is Mr. Ma Yung King Leo, and the independent non-executive Directors are Professor Ng Wang Wai Charles, Dr. Cheng Faat Ting Gary and Mr. Tai Chun Kit.

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” 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 <http://www.nichetechcorp.com>.