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NICHE-TECH GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8490)

THIRD QUARTERLY RESULTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 (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 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 in this announcement misleading.*

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Three months ended		Nine months ended	
	NOTES	**30.9.2018**	30.9.2017	**30.9.2018**	30.9.2017
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Revenue	*4*	**57,012**	49,010	**140,605**	133,094
Cost of sales		**(42,941)**	(39,538)	**(109,348)**	(107,118)
Gross profit		**14,071**	9,472	**31,257**	25,976
Other income, other gains and losses	*5*	**(797)**	574	**(555)**	5,348
Impairment losses reversed (recognised), net		**93**	–	**345**	(184)
Selling and distribution expenses		**(2,770)**	(2,714)	**(8,447)**	(8,048)
Administrative expenses		**(6,740)**	(3,807)	**(14,847)**	(10,901)
Listing expenses		**–**	(2,916)	**(10,401)**	(7,159)
Finance costs	*6*	**(176)**	(543)	**(592)**	(3,569)
Profit (loss) before taxation		**3,681**	66	**(3,240)**	1,463
Income tax expense	*7*	**(408)**	(266)	**(1,158)**	(1,217)
Profit (loss) for the period	*8*	**3,273**	(200)	**(4,398)**	246
Other comprehensive (expense) income					
Item that will not be reclassified to profit or loss:					
Exchange differences arising on translation to presentation currency		**(5,773)**	3,028	**(7,715)**	5,982
Item that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		**660**	(785)	**847**	(1,178)
Other comprehensive (expense) income for the period		**(5,113)**	2,243	**(6,868)**	4,804
Total comprehensive (expense) income for the period		**(1,840)**	2,043	**(11,266)**	5,050
Earnings (loss) per share – basic *(HK cents)*	*9*	**0.55**	(0.05)	**(0.73)**	0.06

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018

	Share capital *HK$'000*	Share premium *HK$'000*	Other reserve *HK$'000*	Capital reserve *HK$'000*	Exchange reserve *HK$'000*	Statutory reserve *HK$'000*	Retained profits *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	–	–	–	–	–	–	246	246
Exchange differences arising on translation to presentation currency	–	–	–	–	5,982	–	–	5,982
Exchange differences arising on translation of foreign operations	–	–	–	–	(1,178)	–	–	(1,178)
Total comprehensive income for the period	–	–	–	–	4,804	–	246	5,050
Issue of new shares	– *	30,000	–	–	–	–	–	30,000
Deemed distributions to Chows Electronics Limited	–	–	–	–	–	–	(955)	(955)
At 30 September 2017 (unaudited)	–	30,000	100,000	1	(5,738)	2,863	12,128	139,254
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	**–**	**–**	**–**	**–**	**–**	**–**	**(4,398)**	**(4,398)**
Exchange differences arising on translation to presentation currency	**–**	**–**	**–**	**–**	**(7,715)**	**–**	**–**	**(7,715)**
Exchange differences arising on translation of foreign operations	**–**	**–**	**–**	**–**	**847**	**–**	**–**	**847**
Total comprehensive expense for the period	**–**	**–**	**–**	**–**	**(6,868)**	**–**	**(4,398)**	**(11,266)**
Issue of new shares	**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 September 2018 (unaudited)	**7,055**	**128,115**	**100,000**	**1**	**(10,522)**	**4,193**	**7,057**	**235,899**

* *Less than HK$1,000*

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 on 30 May 2018.

The Company is an investment holding company. 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 Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). In addition, the condensed consolidated financial statements include applicable disclosures required by Chapter 18 of the GEM Listing Rules.

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

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than changes in accounting policies resulting from application of new and amendments to HKFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the nine months ended 30 September 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 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 Hong Kong Accounting Standards ("**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 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 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 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 *HK$'000*	**Trade receivables backed by bills** *HK$'000*	**Deferred tax assets** *HK$'000*	**Retained profits** *HK$'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	(1,248)	(25)	184	(1,089)
Opening balance at 1 January 2018	49,775	8,587	3,697	11,455

4. REVENUE AND SEGMENT INFORMATION

An analysis of revenue by major products is as follows:

	Three months ended		Nine months ended	
	30.9.2018	30.9.2017	**30.9.2018**	30.9.2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Bonding Wire	**40,689**	41,472	**108,393**	115,059
Encapsulant	**10,542**	4,224	**21,249**	8,776
Others	**5,781**	3,314	**10,963**	9,259
	57,012	49,010	**140,605**	133,094

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		Nine months ended	
	30.9.2018	30.9.2017	**30.9.2018**	30.9.2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
PRC excluding Hong Kong	**55,664**	47,643	**137,098**	129,089
Hong Kong	**1,348**	1,367	**3,507**	4,005
	57,012	49,010	**140,605**	133,094

5. OTHER INCOME, OTHER GAINS AND LOSSES

	Three months ended		Nine months ended	
	30.9.2018	30.9.2017	**30.9.2018**	30.9.2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Bank interest income	**353**	10	**401**	19
Interest income on amount due from a related party	**–**	–	**–**	3,199
Government subsidy income	**344**	–	**1,072**	–
Net gain (loss) on disposal of plant and equipment	**3**	–	**12**	(10)
Net foreign exchange (losses) gains	**(1,500)**	564	**(2,043)**	2,127
Others	**3**	–	**3**	13
	(797)	574	**(555)**	5,348

6. FINANCE COSTS

	Three months ended		Nine months ended	
	30.9.2018	30.9.2017	**30.9.2018**	30.9.2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Interests on bank borrowings	**176**	438	**523**	2,844
Finance charge for early repayment of bank borrowings	**–**	–	**–**	490
Interests on discounted bills with recourse	**–**	105	**69**	235
	176	543	**592**	3,569

7. INCOME TAX EXPENSE

	Three months ended		Nine months ended	
	30.9.2018	30.9.2017	**30.9.2018**	30.9.2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
The income tax expense comprises:				
PRC Enterprise Income Tax ("**EIT**")				
– Current tax	**408**	266	**1,188**	1,286
– Overprovision in prior year	**–**	–	**(204)**	–
	408	266	**984**	1,286
Deferred tax	**–**	–	**174**	(69)
	408	266	**1,158**	1,217

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 was expired on 9 October 2018, and Niche-Tech Shantou has applied for renewal of concessionary rate of 15% in the current period and still under process by PRC authorities.

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. PROFIT (LOSS) FOR THE PERIOD

	Three months ended		Nine months ended	
	30.9.2018	30.9.2017	**30.9.2018**	30.9.2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Profit (loss) for the period has been arrived at after charging:				
Directors' remuneration				
Fees	**–**	–	**–**	–
Other emoluments, salaries and other benefits	**997**	217	**1,680**	610
Retirement benefit scheme contributions	**26**	10	**53**	24
	1,023	227	**1,733**	634
Other staff costs:				
Staff salaries and allowances	**5,399**	5,772	**15,985**	14,667
Retirement benefit scheme contributions	**879**	475	**2,668**	1,892
	6,278	6,247	**18,653**	16,559
Total staff costs	**7,301**	6,474	**20,386**	17,193
Capitalised in intangible assets	**(931)**	(1,342)	**(2,858)**	(3,106)
Capitalised in inventories	**(2,150)**	(1,665)	**(6,163)**	(4,120)
	4,220	3,467	**11,365**	9,967

	Three months ended		Nine months ended	
	30.9.2018	30.9.2017	**30.9.2018**	30.9.2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Depreciation of plant and equipment	**1,902**	1,630	**5,551**	4,772
Capitalised in intangible assets	**(345)**	(306)	**(1,260)**	(1,217)
Capitalised in inventories	**(677)**	(843)	**(2,221)**	(2,314)
	880	481	**2,070**	1,241
Amortisation of intangible assets	**1,051**	886	**3,158**	2,438
Capitalised in inventories	**(994)**	(824)	**(2,978)**	(2,293)
	57	62	**180**	145
Auditors' remuneration	**550**	50	**850**	550
Cost of inventories recognised as cost of sales	**42,941**	39,537	**109,348**	107,117
Research and development costs (excluding depreciation of plant and equipment) recognised as expenses (included in administrative expenses)	**391**	–	**547**	29
Minimum operating lease rentals in respect of rented premises	**850**	506	**2,461**	1,592

9. EARNINGS (LOSS) PER SHARE

	Three months ended		Nine months ended	
	30.9.2018	30.9.2017	**30.9.2018**	30.9.2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Earnings (loss):				
Earnings (loss) for the purpose of basic earnings (loss) per share:				
Profit (loss) for the period attributable to owners of the Company	**3,273**	(200)	**(4,398)**	246
	2018	2017	**2018**	2017
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Number of shares:				
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**598,798,534**	437,053,898	**598,798,534**	437,053,898

The weighted average number of ordinary shares for the purpose of calculating basic earnings (loss) per share for the nine months ended 30 September 2018 has been adjusted retrospectively for the effect of the capitalisation issue, 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 nine months ended 30 September 2017 has been adjusted retrospectively for the effect of bonus element of additional shares issued on 25 July 2017 and the capitalisation issue, as if the bonus issue and the capitalisation issue had been effective on 1 January 2017.

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

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 was listed on GEM on 30 May 2018 and had net proceeds of approximately HK$83.5 million from the Share Offer, after deduction of listing expenses. The Listing not only allows the Group to raise additional equity financing, but also increases the corporate profile of the Group.

In addition, the Group has launched its new office in Hong Kong Science Park on 8 May 2018, where promotes interaction between companies of all sizes, fostering innovation and information sharing on a large scale. This move is in line with the Group's continuous efforts and mission in constantly improving the R&D capabilities, and reveals another new chapter for the Group's future development.

As for the business performance, the Group sells its products directly to more than 300 customers, including renowned manufacturers of LEDs, camera modules and ICs primarily in the PRC. During the nine months ended 30 September 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.

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$140.6 million, which was higher than that of approximately HK$133.1 million recorded in the corresponding period of last year. The revenue of encapsulant products recorded an increase of 140.9% to approximately HK$21.2 million during this Period from approximately HK$8.8 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 slight decrease of 5.8% to approximately HK$108.4 million during the Period from approximately HK$115.1 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 labor costs and manufacturing overhead. During the Period, the Group recorded cost of sales of approximately HK$109.3 million (30 September 2017: HK$107.1 million), slightly increased by 2.1% as compared to the corresponding period in 2017.

The gross profit of the Group grew from approximately HK$26.0 million for the nine months ended 30 September 2017 to HK$31.3 million for the Period representing an increase of 20.4%. Gross profit margin increased to approximately 22.2% for the Period from approximately 19.5% for the corresponding period in 2017.

OTHER INCOME, GAINS AND LOSSES

Other income, gains and losses recorded a loss of approximately HK$0.6 million for the Period whereas there was a profit of HK$5.3 million recorded for the nine months ended 30 September 2017.

During the Period, the Group recognised net foreign exchange loss of HK$2.0 million as a result of depreciation of RMB against HKD as compared to the net foreign exchange gain of HK$2.1 million recorded in the corresponding period in 2017.

EXPENSES

Selling and distribution expenses amounted to approximately HK$8.4 million during the Period as compared to the selling and distribution expenses of HK$8.0 million recognised in the corresponding period last year.

Administrative expenses for the Period increased to HK$14.8 million from HK$10.9 million for the nine months ended 30 September 2017, mainly as a result of the increase in staff costs by HK$1.0 million for the Period due to additional headcounts, research costs recognised as an expenses by HK$0.8 million due to additional R&D projects, operating lease expenses by HK$0.9 million due to relocation of our headquarters and principal place of business in Hong Kong and depreciation by HK$0.9 million.

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.

PROFIT (LOSS) 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$4.4 million, whereas there was a profit attributable to owners of the Company of HK$0.2 million recorded for the nine months ended 30 September 2017. The decrease in the profitability was principally attributable to the expenses incurred for the Listing. Excluding the listing expenses of 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 HK$6.0 million, representing a decrease of HK$1.4 million or 18.9% as compared with the nine months ended 30 September 2017.

DIVIDEND

The Board of Directors does not recommend the payment of any dividend for the Period (30 September 2017: Nil).

SEGMENT INFORMATION

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

FUTURE STRATEGIES AND PROSPECTS

Looking ahead, the Directors remain confident on the industry environment and the Group's future development. On the one side, according to Frost & Sullivan Report, the market size by revenue of bonding wire in the PRC is forecast to grow at a CAGR of approximately 17.4% from 2018 to 2022, whereas the market size by revenue of semiconductor packaging-related encapsulant in the PRC is forecast to grow at a CAGR of approximately 16.7% over the same period. On the other side, the recent tariffs proposed by the United States government against Chinese industrial and other products may also bring us opportunities for business development. As the Chinese government has shown stronger support on local manufacturers, customers are encouraged to buy from reputable local suppliers, such as the Group, the Directors believe that the Group's established position in the PRC bonding wire industry, together with its enhanced corporate profile after the Listing, would allow the Group to pursue more business opportunities for both bonding wire and encapsulant.

To meet the rising demand as foreshadowed, the Group is expanding its production capacity as fast as possible and acquired most of the basic machinery and equipment for expansion. It also continues to devote R&D resources on new products and applications, raw materials and production technologies. Particularly for encapsulant, in light of the positive industry outlook and market potential, the Group is focusing on LED epoxy and silicone encapsulant, especially in the packaging of LED products for various applications. In addition, with the Group's second encapsulant production line installed by the end of June 2018, the Group's production capacity are expected to enhance when the production line commence trial run in the fourth quarter of 2018.

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.

Having considered the favourable 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. 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.

SIGNIFICANT INVESTMENTS/MATERIAL ACQUISITIONS AND DISPOSAL

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

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 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

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 September 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 *(Notes 1 and 2)*	Beneficial interest	6	60.00%
Mr. Chow	Chows Investment Group Limited *(Notes 1 and 2)*	Beneficial interest	4	40.00%
Professor Chow *(Note 2)*	Niche-Tech Investment Holdings Limited *(Note 1)*	Interest in a controlled corporation	10,000,000	100.00%
Mr. Chow *(Note 2)*	Niche-Tech Investment Holdings Limited *(Note 1)*	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 September 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 September 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 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 were as follows:

Long positions in the Shares

Name of Shareholder	Nature of interest/ holding capacity	Number of Ordinary Shares held	Percentage of issued share capital of the Company *(Note 1)*
Niche-Tech Investment Holdings Limited	Beneficial owner	357,000,000	50.60%
Chows Investment Group Limited	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 ("**Mr. Ma**")	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 September 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 September 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.

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.

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.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company complied with Corporate Governance Code (the "**CG 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 CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors (the "**Code of Conduct**") on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Required Standard Dealings**"). The Company had also made specific enquiry of all the Directors and each of them was in compliance with the Code of Conduct and 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.

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.

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

Hong Kong, 8 November 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.