*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

# NICHE-TECH GROUP LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 8490)**

## FIRST QUARTERLY RESULTS
## FOR THE THREE MONTHS ENDED 31 MARCH 2019

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

The Board is pleased to present the unaudited condensed consolidated results of the Group for the three months ended 31 March 2019 together with the comparative unaudited figures for the corresponding period in 2018 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | | Three months ended | |
|---|---|---|---|
| | *NOTES* | **31.3.2019** | 31.3.2018 |
| | | ***HK$'000*** | *HK$'000* |
| | | **(unaudited)** | (unaudited) |
| Revenue | *4* | **45,924** | 34,911 |
| Cost of sales | | **(37,114)** | (28,265) |
| Gross profit | | **8,810** | 6,646 |
| Other income, other gains and losses | *5* | **781** | 1,464 |
| Selling and distribution expenses | | **(2,846)** | (2,684) |
| Administrative expenses | | **(5,493)** | (3,523) |
| Listing expenses | | **–** | (708) |
| Finance costs | *6* | **(410)** | (239) |
| Profit before taxation | | **842** | 956 |
| Income tax expense | *7* | **(239)** | (231) |
| Profit for the period | *8* | **603** | 725 |
| **Other comprehensive income (expense)** | | | |
| Item that will not be reclassified to profit or loss: | | | |
| Exchange differences arising on translation to presentation currency | | **4,765** | (972) |
| Item that may be reclassified subsequently to profit or loss: | | | |
| Exchange differences arising on translation of foreign operations | | **(393)** | 94 |
| Other comprehensive income (expense) for the period | | **4,372** | (878) |
| Total comprehensive income (expense) for the period | | **4,975** | (153) |
| Earnings per share | | | |
| – basic *(HK cents)* | *9* | **0.09** | 0.14 |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*FOR THE THREE MONTHS ENDED 31 MARCH 2019*

| | 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 2018 (audited) | – * | 30,000 | 100,000 | 1 | (3,654) | 4,193 | 12,544 | 143,084 |
| Adjustment | – | – | – | – | – | – | (1,089) | (1,089) |
| At 1 January 2018 (restated) | – * | 30,000 | 100,000 | 1 | (3,654) | 4,193 | 11,455 | 141,995 |
| Profit for the period | – | – | – | – | – | – | 725 | 725 |
| Exchange differences arising on translation to presentation currency | – | – | – | – | (972) | – | – | (972) |
| Exchange differences arising on translation of foreign operations | – | – | – | – | 94 | – | – | 94 |
| Total comprehensive (expense) income for the period | – | – | – | – | (878) | – | 725 | (153) |
| At 31 March 2018 (unaudited) | – * | 30,000 | 100,000 | 1 | (4,532) | 4,193 | 12,180 | 141,842 |
| At 1 January 2019 (audited) | **7,055** | **128,115** | **100,000** | **1** | **(14,041)** | **5,776** | **10,222** | **237,128** |
| Profit for the period | **–** | **–** | **–** | **–** | **–** | **–** | **603** | **603** |
| Exchange differences arising on translation to presentation currency | **–** | **–** | **–** | **–** | **4,765** | **–** | **–** | **4,765** |
| Exchange differences arising on translation of foreign operations | **–** | **–** | **–** | **–** | **(393)** | **–** | **–** | **(393)** |
| Total comprehensive income for the period | **–** | **–** | **–** | **–** | **4,372** | **–** | **603** | **4,975** |
| At 31 March 2019 (unaudited) | **7,055** | **128,115** | **100,000** | **1** | **(9,669)** | **5,776** | **10,825** | **242,103** |

* *Less than HK$1,000*

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
*FOR THE THREE MONTHS ENDED 31 MARCH 2019*

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 21 February 2017 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares (the "**Shares**") of the Company have been listed on the GEM of the Stock Exchange on 30 May 2018.

The Company is an investment holding company. The Group is principally engaged in the development, manufacture and sales of semiconductor packaging materials.

The functional currency of the Company is Renminbi ("**RMB**"). The condensed consolidated financial statements are presented in Hong Kong dollars ("**HK$**") as the Group's management believes HK$ is the appropriate presentation currency for the users of the condensed consolidated financial statements.

### 2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). In addition, the condensed consolidated financial statements include applicable disclosures required by the GEM Listing Rules and by the Companies Ordinance (Chapter 622. Laws of HK).

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 three months ended 31 March 2019 are the same as those followed in the preparation of the consolidated financial statements of the Group for the year ended 31 December 2018.

**Application of new and amendments to HKFRSs**

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current period:

| | |
|---|---|
| HKFRS 16 | Leases |
| HK(IFRIC) – Int 23 | Uncertainty over Income Tax Treatments |
| Amendments to HKFRS 9 | Prepayment Features with Negative Compensation |
| Amendments to HKAS 19 | Plan Amendment, Curtailment or Settlement |
| Amendments to HKAS 28 | Long-term Interests in Associates and Joint Ventures |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2015-2017 Cycle |

Except as disclosed below, the application of the new and 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 Changes in accounting policies

The Group applied HKFRS 16 with a date of initial application on 1 January 2019. As a result, the Group has changed its accounting policy for lease contracts as detailed below. The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new and amended requirements with respect to lease accounting are therefore recognised in the opening statement of financial position on 1 January 2019.

#### *(a) Adjustments recognised on adoption of HKFRS 16*

Before the adoption of HKFRS 16, commitments under operating leases for future periods were not recognised by the Group as liabilities. Operating lease rental expenses were recognised in the consolidated statement of profit or loss over the lease period on a straight-line basis. On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 January 2019. The difference between the present value and the total remaining lease payments represents the cost of financing. Such finance cost will be charged to the consolidated statement of profit or loss in the period in which it is incurred using effective interest method.

The associated right-of-use assets were measured at the amount equal to the initial measurement of lease liabilities, adjusted by certain items as set out in note 3.1(b). The right-of-use assets were recognised in the consolidated statement of financial position. Depreciation was charged on a straight-line basis over the shorter of the asset's useful life or the lease term.

#### *(b) Accounting policies adopted since 1 January 2019*

Until the year ended 31 December 2018, payments made under operating leases were recognised as an expense on a straight-line basis over the lease term. From 1 January 2019 onwards, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases is recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

## 4. REVENUE AND SEGMENT INFORMATION

An analysis of revenue by major products is as follows:

| | Three months ended | |
|---|---|---|
| | **31.3.2019** | 31.3.2018 |
| | ***HK$'000*** | *HK$'000* |
| | **(unaudited)** | (unaudited) |
| Bonding Wire | **38,320** | 30,086 |
| Encapsulant | **5,249** | 3,035 |
| Others | **2,355** | 1,790 |
| | **45,924** | 34,911 |

**Geographical information**

The Group's revenue is mainly derived from customers located in the People's Republic of China ("**PRC**") and Hong Kong. Information about the Group's revenue by the geographical location in which the customers operate is detailed below:

| | Three months ended | |
|---|---|---|
| | **31.3.2019** | 31.3.2018 |
| | ***HK$'000*** | *HK$'000* |
| | **(unaudited)** | (unaudited) |
| PRC excluding Hong Kong | **45,556** | 33,644 |
| Hong Kong | **368** | 1,267 |
| | **45,924** | 34,911 |

## 5. OTHER INCOME, OTHER GAINS AND LOSSES

| | Three months ended | |
|---|---|---|
| | **31.3.2019** | 31.3.2018 |
| | ***HK$'000*** | *HK$'000* |
| | **(unaudited)** | (unaudited) |
| Bank interest income | **233** | 7 |
| Government subsidy income | **351** | 351 |
| Net foreign exchange gains | **187** | 1,106 |
| Others | **10** | – |
| | **781** | 1,464 |

## 6. FINANCE COSTS

| | Three months ended | |
|---|---|---|
| | **31.3.2019** | 31.3.2018 |
| | ***HK$'000*** | *HK$'000* |
| | **(unaudited)** | (unaudited) |
| Interests on bank borrowings | **200** | 171 |
| Interests on lease liabilities | **210** | – |
| Interests on discounted bills with recourse | **–** | 68 |
| | **410** | 239 |

## 7. INCOME TAX EXPENSE

| | Three months ended | |
|---|---|---|
| | **31.3.2019** | 31.3.2018 |
| | ***HK$'000*** | *HK$'000* |
| | **(unaudited)** | (unaudited) |
| The income tax expense comprises: | | |
| PRC Enterprise Income Tax ("**EIT**") | | |
| – Current tax | **239** | 231 |
| – Overprovision in prior year | **–** | – |
| | **239** | 231 |
| Deferred tax | **–** | – |
| | **239** | 231 |

Under the EIT Law and Implementation Regulation of the EIT Law, PRC EIT is calculated at 25% of the assessable profits for 汕頭市駿碼凱撒有限公司 ("**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 2018 to 2020.

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 FOR THE PERIOD

| | Three months ended | |
|---|---|---|
| | **31.3.2019** | 31.3.2018 |
| | ***HK$'000*** | *HK$'000* |
| | **(unaudited)** | (unaudited) |
| Profit for the period has been arrived at after charging: | | |
| Directors' remuneration | | |
| Fees | **120** | – |
| Other emoluments, salaries and other benefits | **885** | 201 |
| Retirement benefit scheme contributions | **19** | 15 |
| | **1,024** | 216 |
| Other staff costs: | | |
| Staff salaries and allowances | **6,006** | 5,155 |
| Retirement benefit scheme contributions | **845** | 906 |
| | **6,851** | 6,061 |
| Total staff costs | **7,875** | 6,277 |
| Capitalised in intangible assets | **(1,116)** | (1,020) |
| Capitalised in inventories | **(2,151)** | (1,827) |
| | **4,608** | 3,430 |
| Depreciation of plant and equipment | **2,064** | 1,828 |
| Depreciation of right-of-use assets | **611** | – |
| | **2,675** | 1,828 |
| Capitalised in intangible assets | **(454)** | (457) |
| Capitalised in inventories | **(731)** | (803) |
| | **1,490** | 568 |
| Amortisation of intangible assets | **1,091** | 1,057 |
| Capitalised in inventories | **(1,038)** | (996) |
| | **53** | 61 |
| Auditors' remuneration | **150** | 150 |
| Cost of inventories recognised as cost of sales | **37,114** | 28,265 |
| Research and development costs (excluding depreciation of plant and equipment) recognised as expenses (included in administrative expenses) | **78** | – |
| Minimum operating lease rentals in respect of rented premises | **34** | 622 |

## 9. EARNINGS PER SHARE

| | Three months ended | |
|---|---|---|
| | **31.3.2019** | 31.3.2018 |
| | ***HK$'000*** | *HK$'000* |
| | **(unaudited)** | (unaudited) |
| Earnings: | | |
| Earnings for the purpose of basic earnings per share: | | |
| Profit for the period attributable to owners of the Company | **603** | 725 |

| | **2019** | 2018 |
|---|---|---|
| | **(unaudited)** | (unaudited) |
| Number of shares: | | |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | **705,500,000** | 510,000,000 |

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the period ended 31 March 2018 has been adjusted retrospectively for the effect of the capitalisation issue, as if the capitalisation issue had been effective on 1 January 2018.

No diluted earnings per share is presented for periods ended 31 March 2019 and 2018 as there is no potential ordinary shares in issue during both periods.

## MANAGEMENT DISCUSSION AND ANALYSIS

Unless otherwise defined, capitalised terms used in this section headed "Management Discussion and Analysis" 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. During the three months ended 31 March 2019 (the "**Period**"), the Group continued to sell its products directly to more than 300 customers, including renowned manufacturers of LEDs, camera modules and ICs primarily in the PRC.

During the Period, the growth of semiconductor product industry had continued, which had driven the constant growth of the demand for semiconductor packaging materials. Besides, the price of bonding wire and encapsulant mostly maintained at a stabilised level. By implementing its core business strategies and catching up to industry demand, the Group had achieved satisfactory business performance during the Period, with its revenue and gross profit achieving an approximately 31.5% and an approximately 32.6% increase respectively.

In light of the growing demand from the industry as aforementioned, the Group had continued to enhance its production capability during the Period by acquiring more machineries and upgrading its facilities. In addition, the Group's new encapsulant production line, which was installed in June 2018, has commenced trial run and is expected to enhance the production capability of the Group further and drive the Group's business growth accordingly.

## 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$45.9 million, which increased approximately 31.5% from approximately HK$34.9 million recorded in the corresponding period of last year. The revenue of encapsulant products recorded an increase of approximately 72.9% to approximately HK$5.2 million during the Period from approximately HK$3.0 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 an increase of approximately 27.4% to approximately HK$38.3 million during the Period from approximately HK$30.1 million during the corresponding period of last year, mostly due to the increase 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$37.1 million (31 March 2018: approximately HK$28.3 million), which increased by approximately 31.3% as compared to the corresponding period in 2018 and which was in line with the increase in revenue.

The gross profit of the Group grew from approximately HK$6.6 million for the three months ended 31 March 2018 to approximately HK$8.8 million for the Period, representing an increase of approximately 32.6%. Gross profit margin increased to approximately 19.2% for the Period from approximately 19.0% for the corresponding period in 2018.

## OTHER INCOME, OTHER GAINS AND LOSSES

Other income, other gains and losses recorded a profit of approximately HK$0.8 million for the Period, whereas there was a profit of approximately HK$1.5 million recorded for the corresponding period in 2018.

## EXPENSES

Selling and distribution expenses amounted to approximately HK$2.8 million during the Period as compared to the selling and distribution expenses of approximately HK$2.7 million recognized in the corresponding period in 2018.

Administrative expenses for the Period increased to approximately HK$5.5 million from approximately HK$3.5 million for the corresponding period in 2018, mainly as a result of the increase in staff cost by approximately HK$1.2 million due to additional headcounts and increase of Directors' remuneration.

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

Summing up the combined effects of the foregoing, profit attributable to owners of the Company for the Period was approximately HK$0.6 million (three months ended 31 March 2018: approximately HK$0.7 million). The decrease in the profitability was principally attributable to the decrease in other income, other gains and losses and the increase in administrative expenses.

## DIVIDEND

The Board of Directors does not recommend the payment of any dividend for the Period (31 March 2018: 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 expect the semiconductor industry to experience an upward trend continuously, with various business opportunities emerging for the Group's future development. In particular, in the PRC market, the continuing support from the government, together with the emerging markets of the internet, smart cars, artificial intelligence and intelligent factories in the next few years are expected to bring new opportunities to the semiconductor packaging materials industry. According to the Frost & Sullivan Report, substantial demand for semiconductor packaging materials, especially for some new materials, will promote the market size of China's semiconductor packaging materials industry to reach approximately RMB109.9 billion in 2022, at a CAGR of approximately 16.6% from 2018 to 2022.

To meet the rising demand from the market, the Group will strive to improve its production capability by acquiring the necessary machinery and equipment for the expansion according to its strategic business plans. Besides, following the trial run of the Group's second encapsulant production line, its production capacity is expected to be enhanced, which would benefit the Group's business performance. The Group will also continuously devote R&D resources on new products and applications, raw materials and production technologies, particularly in relation to encapsulant. In light of the positive industry outlook and market potential, the Group will continue to focus on LED epoxy and silicone encapsulant, especially in the packaging of LED products for various applications. With over twelve years of experience in application knowhow and field engineering, the Group will always remain flexible and sensitive to the changing needs of the customers and to develop the best products for them.

In addition to putting more efforts on the expansion of production capability and the development of new products, the Group will also devote more resources to increase its sales and marketing activities to further promote its corporate profile and driving business growth. Moving forward, 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 31 March 2019, 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 to 5.67 of the GEM Listing Rules were as follows:

#### *(i) Long positions in the Shares*

| Name of Directors | Nature of interest/ holding capacity | Number of Shares held | Percentage of issued share capital of the Company *(Note 1)* |
|---|---|---|---|
| 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 31 March 2019, 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 *(Notes 1 and 2)* | Chows Investment Group Limited | Beneficial interest | 6 | 60.00% |
| Mr. Chow *(Notes 1 and 2)* | Chows Investment Group Limited | Beneficial interest | 4 | 40.00% |
| Professor Chow *(Notes 1 and 2)* | Niche-Tech Investment Holdings Limited | Interest in a controlled corporation | 10,000,000 | 100.00% |
| Mr. Chow *(Notes 1 and 2)* | Niche-Tech Investment Holdings Limited | 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 31 March 2019, 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 to 5.67 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 31 March 2019, 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 for being recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

***Long positions in the Shares***

| Name of Shareholder | Nature of interest/ holding capacity | Number of Shares held | Percentage of issued share capital of the Company *(Note 1)* |
|---|---|---|---|
| Niche-Tech Investment Holdings Limited | Beneficial owner | 357,000,000 | 50.60% |
| Chows Investment Group Limited *(Note 2)* | Interest of controlled corporation | 357,000,000 | 50.60% |
| Mrs. Chow Fung Wai Lan Rita ("**Mrs. Chow**") *(Note 3)* | Interest of spouse | 357,510,000 | 50.67% |
| Mrs. Chow Kuo Li Jen *(Note 4)* | Interest of spouse | 357,000,000 | 50.60% |
| Mr. Ma Ah Muk ("**Mr. Ma**") | Beneficial owner | 152,490,000 | 21.61% |
| Ms. Cheng Pak Ching *(Note 5)* | Interest of spouse | 152,490,000 | 21.61% |

*Notes:*

(1) As at 31 March 2019, 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 31 March 2019, the Directors were not aware of any other persons (other than the Directors or the chief executive of the Company) who had, or was deemed to have, interest or short positions in the Shares or underlying shares of the Company would fall to be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO for being recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

## SHARE OPTION SCHEME

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

As notified by Titan Financial Services Limited ("**Titan Financial**"), the Company's compliance adviser, save for the compliance agreement entered into between the Company and Titan Financial dated 1 September 2017 in connection with the Listing, none of Titan Financial or its directors, employees or associates (as defined in the GEM Listing Rules) had any interest in the Group as at 31 March 2019, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

## 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.

A.2 and A.2.1 of the CG Code stipulates that there should be a clear division of the management of the Board and the day-to-day management of the business. The Group has not appointed the 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 balance of power and authority of the Company is ensured by the operations of the Board which comprises experienced and competent individuals, with three of them being independent non-executive Directors. The Group believes that the existing management structure and decision making procedures are adequate and in the best interest of the Group to cope with the ever-changing economic environment.

The Company regularly reviews its corporate governance practices to ensure that the Company continues to meet the requirements of the 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 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 May 2019

*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, the 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's website at http://www.hkgem.com on the "Latest Listed Company Information" page for a minimum period of seven days from the date of its publication. This announcement will also be published on the Company's website at http://www.nichetech.com.hk.*