



nichetech

NICHE-TECH SEMICONDUCTOR  
MATERIALS LIMITED  
駿碼半導體材料有限公司

(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 8490)

INTERIM REPORT 2023



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

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

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

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This report, for which the board (the “**Board**”) of directors (the “**Directors**”) of Niche-Tech Semiconductor Materials Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company and its subsidiaries (together, the “**Group**”). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.



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

	NOTES	Three months ended		Six months ended	
		30.6.2023 HK\$'000 (unaudited)	30.6.2022 HK\$'000 (unaudited)	30.6.2023 HK\$'000 (unaudited)	30.6.2022 HK\$'000 (unaudited)
Revenue	4	54,882	64,245	101,554	122,928
Cost of sales		(41,283)	(46,248)	(76,142)	(89,681)
Gross profit		13,599	17,997	25,412	33,247
Other income, other gains and losses	5	2,188	(295)	3,031	101
Net impairment losses reversed under expected credit loss model		27	51	24	84
Selling and distribution expenses		(2,859)	(3,702)	(5,480)	(8,163)
Administrative expenses		(10,078)	(8,440)	(16,931)	(15,905)
Finance costs	6	(972)	(408)	(1,429)	(817)
Profit before taxation		1,905	5,203	4,627	8,547
Income tax expense	7	(2,270)	(1,657)	(3,508)	(2,888)
(Loss)/profit for the period	8	(365)	3,546	1,119	5,659

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

	NOTE	Three months ended		Six months ended	
		30.6.2023 HK\$'000 (unaudited)	30.6.2022 HK\$'000 (unaudited)	30.6.2023 HK\$'000 (unaudited)	30.6.2022 HK\$'000 (unaudited)
<b>Other comprehensive (expense)/income</b>					
Item that will not be reclassified to profit or loss:					
Exchange differences arising on translation from functional currency to presentation currency		<b>(16,143)</b>	(12,386)	<b>(13,246)</b>	(11,041)
Item that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		<b>3,649</b>	2,498	<b>2,936</b>	2,206
Other comprehensive expense for the period		<b>(12,494)</b>	(9,888)	<b>(10,310)</b>	(8,835)
Total comprehensive expense for the period		<b>(12,859)</b>	(6,342)	<b>(9,191)</b>	(3,176)
(Loss)/earnings per share – basic (HK cents)	10	<b>(0.05)</b>	0.50	<b>0.16</b>	0.80

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	30.6.2023 HK\$'000 (unaudited)	31.12.2022 HK\$'000 (audited)
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	11	36,937	41,301
Right-of-use assets		11,135	11,938
Intangible assets	11	75,440	69,076
Deposits paid for acquisition of plant and equipment and intangible assets		12,684	5,440
Rental deposits		108	562
Deferred tax assets		1,702	1,776
		<b>138,006</b>	130,093
<b>CURRENT ASSETS</b>			
Inventories		28,794	33,664
Trade and bills receivables	12(a)	105,082	105,302
Other receivables, prepayments and deposits	12(b)	3,917	2,399
Bank deposits		18,167	19,145
Bank balances and cash		41,553	21,070
		<b>197,513</b>	181,580
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	14,701	23,614
Contract liabilities		374	718
Lease liabilities	15	3,488	5,238
Deferred income		1,266	1,324
Tax payable		1,681	7,325
Bank borrowings	14(a)	51,394	26,280
Bank overdraft	14(b)	30,556	5,640
		<b>103,460</b>	70,139
<b>NET CURRENT ASSETS</b>		<b>94,053</b>	111,441
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>232,059</b>	241,534

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>NOTES</i>	<b>30.6.2023</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.12.2022 <i>HK\$'000</i> (audited)
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	15	<b>9,826</b>	9,321
Deferred income		<b>2,771</b>	3,560
		<b>12,597</b>	12,881
<b>NET ASSETS</b>			
		<b>219,462</b>	228,653
<b>CAPITAL AND RESERVES</b>			
Share capital	16	<b>7,055</b>	7,055
Reserves		<b>212,407</b>	221,598
<b>TOTAL EQUITY</b>			
		<b>219,462</b>	228,653

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Statutory reserve HK\$'000	(Accumulated losses)/ retained earnings HK\$'000	Total equity HK\$'000
At 1 January 2022 (audited)	7,055	126,034	100,000	1	2,044	11,264	(3,213)	243,185
Profit for the period	-	-	-	-	-	-	5,659	5,659
Exchange differences arising on translation from functional currency to presentation currency	-	-	-	-	(11,041)	-	-	(11,041)
Exchange differences arising on translation of foreign operations	-	-	-	-	2,206	-	-	2,206
Total comprehensive (expense)/income for the period	-	-	-	-	(8,835)	-	5,659	(3,176)
At 30 June 2022 (unaudited)	7,055	126,034	100,000	1	(6,791)	11,264	2,446	240,009
At 1 January 2023 (audited)	7,055	122,507	100,000	1	(17,601)	14,341	2,350	228,653
Profit for the period	-	-	-	-	-	-	1,119	1,119
Exchange differences arising on translation from functional currency to presentation currency	-	-	-	-	(13,246)	-	-	(13,246)
Exchange differences arising on translation of foreign operations	-	-	-	-	2,936	-	-	2,936
Total comprehensive (expense)/income for the period	-	-	-	-	(10,310)	-	1,119	(9,191)
At 30 June 2023 (unaudited)	7,055	122,507	100,000	1	(27,911)	14,341	3,469	219,462



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended	
	30.6.2023 HK\$'000 (unaudited)	30.6.2022 HK\$'000 (unaudited)
<b>NET CASH (USED IN)/FROM OPERATING ACTIVITIES</b>	<b>(7,566)</b>	20,612
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(20,244)</b>	(11,412)
<b>NET CASH FROM/(USED IN) FINANCING ACTIVITIES</b>	<b>23,016</b>	(4,871)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(4,794)</b>	4,329
Effect of foreign exchange rate changes	<b>(617)</b>	(262)
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>34,575</b>	20,483
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>29,164</b>	24,550
<b>Represented by:</b>		
Bank deposits	<b>18,167</b>	19,000
Bank balances and cash	<b>41,553</b>	12,569
Bank overdraft	<b>(30,556)</b>	(7,019)
	<b>29,164</b>	24,550

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 1. GENERAL INFORMATION

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

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

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

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with the Hong Kong Accounting Standards (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). In addition, the unaudited condensed consolidated financial statements include applicable disclosures required by Chapter 18 of the GEM Listing Rules.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 3. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those followed in the preparation of the consolidated financial statements of the Group for the year ended 31 December 2022.

The HKICPA has issued certain new and revised HKFRSs. For those which are effective for accounting periods beginning on 1 January 2023, the adoption has no material impact on how the results and financial positions of the Group for the current and prior periods have been prepared and presented. For those which are not yet effective and have not been early adopted in prior accounting periods, the Group is in the process of assessing their impact on the Group’s results and financial positions.

## 4. REVENUE AND SEGMENT INFORMATION

An analysis of revenue by major products is as follows:

	Three months ended		Six months ended	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Bonding wire	27,108	30,924	52,614	60,300
Encapsulant	26,037	28,402	45,555	55,150
Others	1,737	4,919	3,385	7,478
	<b>54,882</b>	64,245	<b>101,554</b>	122,928

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

The Group's operating segment is determined based on information reported to the chief operating decision maker (the "CODM"), being the executive directors of the Company, for the purpose of resource allocation and performance assessment. For management purpose, the Group operates in one business unit based on its products and its sole operating segment is the development, manufacture and sales of semiconductor packaging materials. The CODM monitors the revenue, results, assets and liabilities of its business unit as a whole and regularly reviews financial information prepared in accordance with the accounting policies that are in accordance with HKFRSs, and without further discrete information. Accordingly, no analysis of segment information other than entity-wide information is presented.

## Geographical information

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

	Three months ended		Six months ended	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
PRC excluding Hong Kong	54,809	63,874	101,061	122,055
Overseas	57	–	293	–
Hong Kong	16	371	200	873
	<b>54,882</b>	<b>64,245</b>	<b>101,554</b>	<b>122,928</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 5. OTHER INCOME, OTHER GAINS AND LOSSES

	Three months ended		Six months ended	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Bank interest income	289	13	366	21
Government subsidy income	370	451	786	811
Net foreign exchange gains/(losses)	1,530	(781)	1,829	(766)
Others	(1)	22	50	35
	<b>2,188</b>	<b>(295)</b>	<b>3,031</b>	<b>101</b>

## 6. FINANCE COSTS

	Three months ended		Six months ended	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interests on trust receipt loans	524	141	724	240
Interests on bank overdraft	40	17	44	25
Interests on lease liabilities	167	189	341	387
Interests on discounted bills with recourse	241	61	320	165
	<b>972</b>	<b>408</b>	<b>1,429</b>	<b>817</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 7. INCOME TAX EXPENSE

	Three months ended		Six months ended	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
The income tax expense comprises:				
PRC Enterprise Income Tax ("EIT")				
– Change for the period	1,247	1,809	2,239	3,040
– Withholding tax	1,405	609	1,969	609
– Overprovision in prior years	(382)	(761)	(700)	(761)
	<b>2,270</b>	1,657	<b>3,508</b>	2,888

Under the Law of the PRC on EIT ("EIT Law") and Implementation Regulation of the EIT Law, the standard tax rate of PRC entities is 25% for both periods. Pursuant to the relevant laws and regulations in the PRC, 汕頭市駿碼凱撒有限公司 is granted tax incentives as a High and New Technology Enterprise and is entitled to a concessionary tax rate of 15% for the periods end 30 June 2023 and 2022.

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

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods. No provision for Hong Kong Profits Tax is made since the relevant group entities had no assessable profits for both periods.

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 8. (LOSS)/PROFIT FOR THE PERIOD

	Three months ended		Six months ended	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
(Loss)/profit for the period has been arrived at after charging:				
Directors' remuneration:				
Fees	144	120	272	240
Other emoluments, salaries and other benefits	1,539	973	2,690	1,935
Retirement benefit scheme contributions	15	15	29	31
	<b>1,698</b>	1,108	<b>2,991</b>	2,206
Other staff costs:				
Staff salaries and allowances	7,034	8,103	13,828	14,984
Retirement benefit scheme contributions	686	747	1,377	1,505
	<b>7,720</b>	8,850	<b>15,205</b>	16,489
Total staff costs	<b>9,418</b>	9,958	<b>18,196</b>	18,695
Capitalised in intangible assets	(961)	(1,159)	(1,613)	(2,154)
Capitalised in inventories	(2,489)	(2,655)	(4,717)	(4,804)
	<b>5,968</b>	6,144	<b>11,866</b>	11,737

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

	Three months ended		Six months ended	
	30.6.2023 HK\$'000 (unaudited)	30.6.2022 HK\$'000 (unaudited)	30.6.2023 HK\$'000 (unaudited)	30.6.2022 HK\$'000 (unaudited)
Depreciation of plant and equipment	1,691	2,056	3,439	4,207
Capitalised in intangible assets	(365)	(395)	(651)	(805)
Capitalised in inventories	(984)	(933)	(1,982)	(1,945)
	<b>342</b>	728	<b>806</b>	1,457
Amortisation of intangible assets	2,524	2,379	5,016	4,815
Capitalised in inventories	(2,518)	(2,326)	(4,987)	(4,707)
	<b>6</b>	53	<b>29</b>	108
Depreciation of right-of-use assets	984	930	1,928	1,801
Capitalised in intangible assets	(61)	(65)	(120)	(133)
Capitalised in inventories	(106)	(112)	(214)	(229)
	<b>817</b>	753	<b>1,594</b>	1,439
Auditors' remuneration	330	275	660	550
Cost of inventories recognised as cost of sales	41,283	46,248	76,142	89,681
Research and development costs (excluding depreciation and staff costs) recognised as expenses (included in administrative expenses)	58	58	117	117
Expenses relating to short term leases	8	7	15	15



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 9. DIVIDENDS

The Board did not recommend the payment of an interim dividend for the year ending 31 December 2023 (six months ended 30 June 2022: HK\$0.0031 per Share).

## 10. (LOSS)/EARNINGS PER SHARE

Three months ended		Six months ended	
30.6.2023	30.6.2022	30.6.2023	30.6.2022
HK\$'000	HK\$'000	HK\$'000	HK\$'000
(unaudited)	(unaudited)	(unaudited)	(unaudited)

### (Loss)/earnings:

(Loss)/earnings for the purpose of

basic (loss)/earnings per share:

(Loss)/profit for the period

attributable to owners of the

Company

**(365)**

3,546

**1,119**

5,659

### Number of shares:

Weighted average number of ordinary

shares for the purpose of basic

(loss)/earnings per share

**705,500,000**

705,500,000

**705,500,000**

705,500,000

No diluted (loss)/earnings per share is presented for periods ended 30 June 2023 and 2022 as there is no potential ordinary shares in issue during both periods.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 11. MOVEMENTS IN PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the current interim period, the Group acquired plant and equipment and intangible assets of approximately HK\$468,000 and approximately HK\$13,940,000 respectively (six months ended 30 June 2022: approximately HK\$581,000 and approximately HK\$7,809,000 respectively).

There was no disposal of plant and equipment during the current interim period (six months ended 30 June 2022: Nil).

## 12. TRADE AND BILLS RECEIVABLES AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

### (a) Trade and bills receivables

	<b>30.6.2023</b> <i>HK\$'000</i> <b>(unaudited)</b>	31.12.2022 <i>HK\$'000</i> (audited)
Trade receivables	<b>71,530</b>	66,843
Less: Allowance for credit losses	<b>(5,195)</b>	(5,467)
	<b>66,335</b>	61,376
Bills receivables	<b>38,747</b>	43,926
	<b>105,082</b>	105,302

The Group's trading terms with its customers are mainly on credit, except for certain customers where payment in advance is required. The credit period is generally 30 to 120 days. Each customer is granted with a credit limits. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

The following is an aged analysis of trade receivables, net of allowance for credit losses, based on the invoice date at the end of the reporting periods:

	<b>30.6.2023</b> <i>HK\$'000</i> <b>(unaudited)</b>	31.12.2022 <i>HK\$'000</i> (audited)
1 – 30 days	<b>24,700</b>	21,295
31 – 60 days	<b>15,034</b>	18,306
61 – 90 days	<b>12,323</b>	10,467
Over 90 days	<b>14,278</b>	11,308
	<b>66,335</b>	61,376

The maturity period of bills receivables as at 30 June 2023 and 31 December 2022 were within 365 days.

### (b) Other receivables, prepayments and deposits

	<b>30.6.2023</b> <i>HK\$'000</i> <b>(unaudited)</b>	31.12.2022 <i>HK\$'000</i> (audited)
Prepayments	<b>2,289</b>	1,504
Deposits	<b>1,485</b>	669
Other receivables	<b>143</b>	226
	<b>3,917</b>	2,399

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

### 13. TRADE AND OTHER PAYABLES

	<b>30.6.2023</b>	31.12.2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(audited)
Trade payables	<b>10,540</b>	13,401
Other payables	<b>283</b>	921
Other tax payables	<b>1,084</b>	4,099
Accrued expenses	<b>2,794</b>	5,193
	<b>14,701</b>	23,614

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 periods:

	<b>30.6.2023</b>	31.12.2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(audited)
1 – 30 days	<b>5,075</b>	6,874
31 – 60 days	<b>2,829</b>	2,973
61 – 90 days	<b>1,437</b>	2,007
Over 90 days	<b>1,199</b>	1,547
	<b>10,540</b>	13,401

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 14. BANK BORROWINGS/BANK OVERDRAFT

### (a) Bank Borrowings

	<b>30.6.2023</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.12.2022 <i>HK\$'000</i> (audited)
Fixed-rate bank borrowings	<b>25,084</b>	–
Variable-rate bank borrowings	<b>26,310</b>	26,280
	<b>51,394</b>	26,280

The Group's variable-rate bank borrowings carried interests from 3.05% to 3.5% over Hong Kong Interbank Offered Rate ("HIBOR") per annum (31 December 2022: from 3.05% to 3.5% over HIBOR per annum) quoted by certain banks in Hong Kong and were repayable on demand.

The Group's fixed-rate bank borrowings as at 30 June 2023 carried interests at effective rates of 2.73% per annum. The Group has no fixed-rate bank borrowing as at 31 December 2022.

### (b) Bank Overdraft

As at 30 June 2023, the bank overdraft amounted to approximately HK\$30,556,000 (31 December 2022: approximately HK\$5,640,000), carrying fixed interest rate at 4.35% or variable interest rate at 3% over HIBOR per annum (31 December 2022: fixed interest rate at 4.45% per annum) and were payable on demand.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

### 15. LEASE LIABILITIES

	<b>30.6.2023</b>	31.12.2022
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(audited)</b>
Current	<b>3,488</b>	5,238
Non-current	<b>9,826</b>	9,321
	<b>13,314</b>	14,559

### 16. SHARE CAPITAL

	<b>Number of shares</b>	<b>Share capital</b>
		<i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
<b>Authorised:</b>		
At 30 June 2023 (unaudited) and 31 December 2022 (audited)	<b>2,000,000,000</b>	20,000
<b>Issued and fully paid:</b>		
At 30 June 2023 (unaudited) and 31 December 2022 (audited)	<b>705,500,000</b>	7,055

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 17. CAPITAL COMMITMENTS

	<b>30.6.2023</b> <i>HK\$'000</i> <b>(unaudited)</b>	31.12.2022 <i>HK\$'000</i> (audited)
Capital expenditure contracted for but not provided for in the condensed consolidated financial statements in respect of:		
– intangible assets	<b>27,200</b>	2,860
– plant and equipment	<b>615</b>	46
	<b>27,815</b>	2,906



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is an established semiconductor packaging materials manufacturer specializing in the development, manufacture, and sales of the bonding wire and encapsulant with headquarters in Hong Kong and production facilities in Shantou, the PRC.

The Group continued to sell its products directly to more than 600 customers, including renowned manufacturers of LEDs, camera modules, and ICs primarily in the PRC. During the six months ended 30 June 2023 (the “**Period**”), the sales volume of the Group’s products increased slightly while the revenue decreased by 17.4% against the corresponding period of 2022 (“**1H2022**”). Due to the keen market competition, the average selling price of the Group’s products decreased during the Period, which caused the gross profit to decrease by 23.6%.

The Group will continue to focus on innovation of materials for advanced semiconductors which could be applied to Electric Vehicles, Mini-LED, Artificial Intelligence and 5G Communications industries.

### FINANCIAL OVERVIEW

#### Revenue

The Group’s revenue principally represents income derived from its main products, namely bonding wire and encapsulant. During the Period, the Group recorded a revenue of approximately HK\$101.6 million (1H2022: approximately HK\$122.9 million). The revenue of bonding wire products recorded a decrease of 12.7% to approximately HK\$52.6 million (1H2022: approximately HK\$60.3 million) and the revenue of encapsulant products recorded a decrease of 17.4% to approximately HK\$45.6 million (1H2022: approximately HK\$55.2 million). The decrease in the revenue was due to the decrease in the average selling price of the Group’s products.

#### Cost of sales and gross profit

The Group’s cost of sales mainly comprises direct material costs, direct labor costs, and manufacturing overhead. During the Period, the Group’s cost of sales decreased by 15.1% to approximately HK\$76.1 million (1H2022: approximately HK\$89.7 million), which was in line with the decrease in revenue. The gross profit of the Group decreased by 23.6% to approximately HK\$25.4 million for the Period (1H2022: approximately HK\$33.2 million). The gross profit margin was approximately 25.0% for the Period (1H2022: 27.0%). During the Period, lower average selling price of the Group’s product led to the decrease in gross profit margin.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Other income, other gains and losses

Other income, other gains, and losses of approximately HK\$3.0 million were recorded during the Period (1H2022: approximately HK\$0.1 million). The increase was mainly due to a net exchange gain of approximately HK\$1.8 million was recognised during the Period (1H2022: net loss of approximately HK\$0.8 million).

### Expenses

Selling and distribution expenses decreased to approximately HK\$5.5 million for the Period (1H2022: approximately HK\$8.2 million), mainly due to the decrease in sales commission paid as a result of decrease in sales revenue.

Administrative expenses for the Period were approximately HK\$16.9 million (1H2022: approximately HK\$15.9 million). The increase in administrative expenses was mainly due to the increase in staff costs.

### (Loss)/profit and other comprehensive (expense)/income for the Period

Summing up the combined effects of the foregoing, the profit attributable to owners of the Company for the Period was approximately HK\$1.1 million (1H2022: approximately HK\$5.7 million). Earnings before interest, taxes, depreciation of plant and equipment and amortisation of intangible assets for the Period was approximately HK\$14.5 million (1H2022: approximately HK\$18.4 million).

## FUTURE STRATEGIES AND PROSPECTS

With the after-effects of the COVID-19 and continuous geopolitical complications around the world, the global economy remains volatile in the rest of 2023. Amid the challenges, the Group remains cautiously optimistic of the industry and the Group's future development.

According to the report "Mid-Year Total Semiconductor Equipment Forecast – OEM Perspective" launched by SEMI, the global semiconductor equipment sales is expected to bounce back from a projected contraction of 18.6% to US\$87.4 billion in 2023. The semiconductor equipment market is set to see a strong rebound in 2024 after an adjustment in 2023 following a historic multi-year run. As a reputable technology-focused manufacturer, the Group is well-equipped with the capabilities of keeping abreast of the latest industry trend through continuous R&D capabilities.

## MANAGEMENT DISCUSSION AND ANALYSIS

Despite the uncertainties in posed by the pandemic as well as geopolitical complications around the world, the Directors are optimistic about the long-term prospects of the industry and the Group's future development. Along with the relaxation of COVID-19 control measures and economic recovery measures in China and other countries, the global market is expected to recover progressively. The PRC market will progressively adapt to the new normal of minimising the relentless impact of pandemic, due to the PRC government encouraging policies to boost economic growth. In light of this, the market's demand for bonding wires and encapsulants is expected to grow in the coming years.

To seize the opportunities arising from the expected market recovery and the fast-growing 5G industry, the Group will launch three series of new products of Die Attach Adhesive, namely Non-conductive Epoxy Based Adhesive, Non-conductive Silicon Based Adhesive and Electrical Conductive Silver Adhesive for LED applications as scheduled, and will extend the product application to cover other semiconductors and the 5G industry after formulary modification to seize opportunities arising from the growing 5G industry. Moreover, the Group has developed a new copper alloy bonding wire specially for the Power IC and IGBT products, which has been tried and accredited by top customers in the PRC. One of the top ten PRC Semiconductor Power IC companies has placed orders for heavy copper alloy bonding wire with the Company. The new products are expected to contribute to the Group's revenue in the coming years.

With the rapidly growing 5G networks, the Group is investing more resources in developing upstream packaging materials for the 5G sector, which is likely to be another driver of growth for the Group. Nevertheless, the pandemic effect still exists, and the international situation is also filled with uncertainty.

Looking ahead, the Directors firmly believe that the Group's established position in the semiconductor packaging materials industry, competitive strengths and flexible business strategies will facilitate its long-term growth. As for the mini-LED display, the Group will continue the development of and/or seek for new technologies to provide customers with more enhanced products to meet customer demands for enhancing their competitiveness. On one hand, the Group is expanding its customer base from commercial applications to home application products. The expanded application will not only cover commercial applications such as LED display screens in airport and shopping malls, but will also include domestic electronic applications. On the other hand, the Group will continue to take various cost control actions and adopt flexible business approaches to improve the economic efficiency of the Group and sustain its long-term business growth.

## MANAGEMENT DISCUSSION AND ANALYSIS

### HUMAN RESOURCES MANAGEMENT

As at 30 June 2023, the Group employed 181 full-time employees (as at 31 December 2022: 179). The remuneration of employees is disclosed in note 8 to the unaudited condensed consolidated financial statements. The Group's remuneration policy is determined with reference to the experience and qualifications of the individual's performance. The Group would ensure that all employees are provided with adequate training and continuous professional development opportunities according to their needs. The Group has adopted a share option scheme to reward individual staff for their contribution to the Group.

### 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\$94.1 million as at 30 June 2023 (31 December 2022: approximately HK\$111.4 million). As at 30 June 2023, the Group's current ratio was approximately 1.9 (31 December 2022: approximately 2.6) and the Group's gearing ratio (the total borrowings divided by the total equity of the Group at the end of the Period) was approximately 37.3% (31 December 2022: approximately 14.0%). The Group's variable-rate bank borrowings carried interest which ranged from 3.05% to 3.5% (2022: 3.05% to 3.5%) over Hong Kong Interbank Offered Rate per annum. The effective interest rate was 7.46% as at 30 June 2023 (31 December 2022: 6.26%). The Group's fixed-rate borrowings carried interests at effective rates of 2.73% per annum as at 30 June 2023 (31 December 2022: nil). As at 30 June 2023, the Group's bank borrowings and bank overdraft amounted to approximately HK\$81.9 million (31 December 2022: approximately HK\$31.9 million) which were secured by corporate guarantee provided by the Company. As at 30 June 2023, the Group had total bank facilities of approximately HK\$109.6 million (31 December 2022: approximately HK\$67.6 million). As at 30 June 2023, the capital structure of the Group consisted of equity attributable to owners of the Company of approximately HK\$219.5 million (31 December 2022: approximately HK\$228.7 million).

### TREASURY POLICY

The Directors will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.



## MANAGEMENT DISCUSSION AND ANALYSIS

### **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

There were no material acquisitions and disposals of subsidiaries, associates and joint ventures during the Period.

### **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

Save as disclosed in this report, the Group did not have other plans for material investments and capital assets during the Period.

### **SIGNIFICANT INVESTMENTS HELD**

During the Period, the Group did not hold any significant investments.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The Board believes that all the major risk factors relevant to the Group have already been disclosed in the section headed “Risk factors” of the Company’s prospectus dated 17 May 2018 (the “**Prospectus**”) in respect of the listing (the “**Listing**”) of the Shares on GEM. Please refer thereto for more information.

### **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, the 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.

### **CHARGES ON ASSETS**

There was no significant pledge on the Group’s assets as at 30 June 2023 (as at 31 December 2022: nil).

### **INTERIM DIVIDEND**

The Board did not recommend the payment of interim dividend for the Period (1H2022: HK\$0.0031 per Share).

## MANAGEMENT DISCUSSION AND ANALYSIS

### CONTINGENT LIABILITIES

As at 30 June 2023, the Group did not have any material contingent liabilities or guarantees (as at 31 December 2022: nil).

### SEGMENT INFORMATION

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

### EVENT AFTER THE REPORTING PERIOD

On 14 June 2023, an indirectly wholly-owned subsidiary of the Company, Niche-Tech (Hong Kong) Limited ("**Niche-Tech (HK)**"), and a company indirectly owned as to 40% by Dr. Chow (as defined below) and 60% by Professor Chow (as defined below), BVI Holdings (as defined below), entered into a conditional agreement pursuant to which Niche-Tech (HK) agreed to purchase and BVI Holdings as beneficial owner agreed to sell two know-hows for the manufacturing of encapsulant products for a total consideration of HK\$38.0 million (the "**Acquisition**").

As BVI Holdings was a connected person of the Company and accordingly, the Acquisition constituted a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. As the highest applicable ratio (as defined in the GEM Listing Rules) in relation to the Acquisition exceeded 25% but was less than 100%, according to Chapter 19 of the GEM Listing Rules, the Acquisition also constituted a major transaction of the Company.

Details of the above major and connected transaction were disclosed in the Company's announcement dated 14 June 2023 and the Company's circular dated 18 July 2023 respectively.

Subsequent to the independent shareholders' approval on the Acquisition in the extraordinary general meeting of the Company held on 2 August 2023, all the conditions of the agreement related to the Acquisition have been fulfilled and the agreement has become unconditional.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 for the period from the date of the Listing (i.e. 30 May 2018) to 30 June 2023.

<b>Business objectives</b>	<b>Actual business progress up to 30 June 2023</b>
<b>Expand production capacity and upgrade manufacturing facilities</b>	
– Acquire machineries and equipment and upgrade manufacturing facilities for new production lines	The Group had upgraded and expanded the production lines and related facilities both of G&S bonding wire and encapsulant in 2019, which commenced commercialized production in 2020. The Group had continued to add related machineries at the bottleneck of production line to meet the demand of customers' orders since 2020.
– Acquire machineries and equipment for quality control	The Group acquired and installed certain equipment to enhance the quality control over the production process and finished products' inspection for both bonding wire and encapsulant products since 2019.
– Acquire or invest on bonding wire business or related business	N/A

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business objectives

### Actual business progress up to 30 June 2023

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#### Devote R&D resources

- Acquire machineries and equipment for R&D enhancement  
The Group had purchased certain machineries and equipment for the improvement of existing R&D facilities.
- Engage external consultants for R&D projects  
The Group had engaged an assistant professor from Anhui University of Technology as the R&D consultants to assist in the R&D activities for the new encapsulant projects. The Group also had engaged a professor from National Cheng Kung University (Taiwan) and an expert in metal materials as the R&D consultants to assist in the Group's R&D activities for the new bonding wire projects. On the other hand, the Group had engaged a third party to assist new project in the field of Solar Energy.
- Acquire new intellectual property or develop new intellectual property  
The Group had purchased IPs of bonding wire and encapsulant to enrich its product categories during the past three years.

#### Increase sales and marketing activities

The Group engaged a personnel relation advisor to perform branding and digital marketing work.

#### General working capital

The Group relocated its headquarter to Hong Kong Science Park and hired a R&D expert and related personnel after Listing. Additional working capital was required as a result of increase in production capacity.

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## MANAGEMENT DISCUSSION AND ANALYSIS

### USE OF PROCEEDS FROM THE LISTING

The net proceeds from the Listing received by the Company were approximately HK\$83.5 million (after deduction of Listing expenses). The net proceeds had been 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. Having considered the changes in the business environment, in order to utilise the net proceeds in a more effective way and to facilitate efficient management of the Company's financial resources, the Board resolved to reallocate the unutilised net proceeds on 30 July 2021 and 14 June 2023 (details of the changes were disclosed in the Company's announcement dated 30 July 2021 and 14 June 2023 respectively). Details of the changes in the use of the net proceeds and the utilisation of the net proceeds from the Listing to 30 June 2023 are as follows:

	Original allocation of net proceeds HK\$ million	Change in allocation of net proceeds at 30 July 2021 HK\$ million	Change in allocation of net proceeds at 14 June 2023 HK\$ million	Utilised net proceeds up to 30 June 2023 HK\$ million	Unutilised revised net proceeds as at 30 June 2023 HK\$ million	Expected timeline for the proposed application of the unutilised net proceeds (Note 1)
<b>Expand production capacity and upgrade manufacturing facilities</b>						
- Acquire or invest on bonding wire business or related business	-	19.4	(19.4)	-	-	-
- Acquire machineries and equipment for quality control	3.4	0.7	-	(4.1)	-	-
- Acquire machineries and equipment and upgrading manufacturing facilities for new production lines	41.9	(20.1)	(0.8)	(21.0)	-	-
<b>Devote R&amp;D resources</b>						
- Acquire new intellectual property or develop new intellectual property	-	10.2	23.1	(10.2)	23.1	14 June 2023 to 31 December 2023
- Acquire machineries and equipment for R&D enhancement	19.5	(8.3)	(2.9)	(8.3)	-	-
- Engage external consultants for R&D projects	5.9	(1.9)	-	(4.0)	-	-
<b>Increase sales and marketing activities</b>	5.9	-	-	(5.9)	-	-
<b>General working capital</b>	6.9	-	-	(6.9)	-	-
<b>Total</b>	83.5	-	-	(60.4)	23.1	



## MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2023, approximately HK\$60.4 million out of the net proceeds from the Listing had been used. The majority of the unused net proceeds have been placed as interest bearing deposits with licensed banks in Hong Kong.

Note:

1. The expected timeline for utilising the remaining unused net proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of market conditions.

## 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 2023, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO")), which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange were as follows:

#### *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)
Dr. Chow Bok Hin Felix ("Dr. Chow") (Note 2)	Interest in a controlled corporation	357,000,000	50.60%
Professor Chow Chun Kay Stephen ("Professor Chow") (Note 2)	Interest in a controlled corporation	357,000,000	50.60%
	Beneficial owner	510,000	0.07%
Mr. Li Chiu Fan	Beneficial owner	16,050,000	2.27%

#### *Notes:*

- (1) As at 30 June 2023, the Company's issued share capital was HK\$7,055,000 divided into 705,500,000 Shares of HK\$0.01 each.
- (2) Niche-Tech Investment Holdings Limited ("BVI Holdings") is indirectly owned as to 40% by Dr. Chow and 60% by Professor Chow. By virtue of SFO, Dr. Chow and Professor Chow are deemed to be interested in the Shares held by BVI Holdings.

## OTHER INFORMATION

### *Interests in shares of the associated corporations of the Company*

Name	Name of associated corporation	Nature of interest/ holding capacity	Number of shares held/ interested in the associated corporations	Percentage of shareholding
Professor Chow (Notes 1 and 2)	Chows Investment Group Limited	Beneficial owner	6	60.00%
Dr. Chow (Notes 1 and 2)	Chows Investment Group Limited	Beneficial owner	4	40.00%
Professor Chow (Notes 1 and 2)	BVI Holdings	Interest in a controlled corporation	10,000,000	100.00%
Dr. Chow (Notes 1 and 2)	BVI Holdings	Interest in a controlled corporation	10,000,000	100.00%
Mr. Li Chiu Fan (Note 3)	BVI Holdings	Beneficial owner	714,286	7.14%

#### *Notes:*

- (1) Chows Investment Group Limited holds 100% interest in BVI Holdings. BVI Holdings in turn holds 50.60% interest in the Company. Therefore, Chows Investment Group Limited and BVI Holdings are the associated corporations of the Company for the purpose of the SFO.
- (2) Dr. Chow and Professor Chow are interested in as to 40% and 60% of the issued share capital of Chows Investment Group Limited respectively. Chows Investment Group Limited holds 100% interest in BVI Holdings. Dr. Chow and Professor Chow are therefore deemed to be interested in 100% of BVI Holdings for the purpose of the SFO.
- (3) Chows Investment Group Limited issued an exchangeable loan note to Mr. Li Chiu Fan for an amount of HK\$10,000,000 in respect of 714,286 shares in the issued share capital of BVI Holdings. The maturity date of the exchangeable loan note had been extended.

Save as disclosed above, as at 30 June 2023, none of the Directors nor chief executives of the Company had or was deemed to have any other interests and short positions in the Shares, underlying shares and 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) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

## OTHER INFORMATION

### (b) Substantial Shareholders and other persons' interests and short positions in the Shares or underlying Shares of the Company

So far as is known to the Directors, as at 30 June 2023, the persons (other than Directors or chief executive of the Company) had, or were deemed to have, interests or short positions (directly or indirectly) in the Shares or underlying shares of the Company that would fall to be disclosed to the Company and the Stock Exchange under the 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*

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

## OTHER INFORMATION

*Notes:*

- (1) As at 30 June 2023, the Company's issued ordinary share capital was HK\$7,055,000 divided into 705,500,000 Shares of HK\$0.01 each.
- (2) Chows Investment Group Limited holds 100% interest in BVI Holdings and is therefore deemed to be interested in the 357,000,000 Shares held by BVI Holdings 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 Dr. Chow. Mrs. Chow Kuo Li Jen is deemed to be interested in all the Shares in which Dr. Chow is interested in for the 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 2023, the Directors were not aware of any other persons (other than the Directors or the chief executive of the Company) who had, or was deemed to have, interest or short positions in the Shares or underlying shares of the Company would fall to be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

### SHARE OPTION SCHEME

Pursuant to the Company's share option scheme (the "**Scheme**") adopted on 8 May 2018 for the primary purpose of providing incentives to eligible persons including directors, eligible employees, consultants or advisers of the Group. The Directors, employees, consultants or advisers of the Group may, at the discretion of the Directors, be granted options (the "**Options**") to subscribe for Shares at a price determined by its Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of the offer of grant, which must be a trading day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheet for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares on the date of grant of the Options.

Without prior approval from the Company's shareholders, the total maximum number of Shares in respect of which Options may be granted under the Scheme is not permitted to exceed 10% of the Shares in issue at the time dealing in the Shares first commenced on GEM which amounted to 68,000,000 Shares, representing not more than 10% of the Shares in issue as at the date of this report. The maximum number of Shares in respect of which Options may be granted to any individual in any one year is not permitted to exceed 1% of the Shares in issue at any point in time.

Unless terminated by resolution in general meeting, the Scheme will remain in force for a period of ten years from the date of the Listing. Options granted must be taken up not later than 30 days after the date of grant. A consideration of HK\$1 is payable on acceptance of the offer of grant of an options.

The exercisable period of an options, which shall not exceed 10 years from the date of grant, is determined by the Board at their discretion.

No Options have been granted by the Company under the Scheme since its adoption date and up to the date of this report. Therefore, no Options lapsed or were exercised or cancelled during the Period and there were no outstanding Options as at 30 June 2023.

## OTHER INFORMATION

### COMPETING INTERESTS

None of the Directors nor the controlling shareholders of the Company or any of their respective close associates (as defined in the GEM Listing Rules) had any business or interest in a business that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the Period.

### CORPORATE GOVERNANCE PRACTICES

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

Principle C.2 and code provision C.2.1 of the CG Code stipulate that there should be a clear division of the management of the Board and the day-to-day management of the business. The roles of chairman and chief executive should be separate and should not be performed by the same individual. The Group has not appointed the chief executive officer. In view of Dr. Chow, being the founder of the Group, and his experience and his roles in the Group, the Board considers it beneficial to the business prospect and operational efficiency of the Group that Dr. Chow acts as the chairman of the Board. Day-to-day management of the business of the Group is carried out by the senior management and monitored by the executive Directors, while prior approvals by all executive Directors are required for all strategic decisions which are also considered and confirmed in formal Board 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 will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review its corporate governance practices from time to time to ensure they comply with the statutory requirements and regulations and the CG Code and align with the latest developments.

### **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding securities transactions by the Directors (the “**Code of Conduct**”) on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Required Standard Dealings**”). The Company had also made specific enquiry of all the Directors and each of them confirmed that they have complied with the Code of Conduct and Required Standard Dealings throughout 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 (the “**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 Mr. Poon Lai Yin Michael, Professor Ng Wang Wai Charles and Mr. Tai Chun Kit. Mr. Poon Lai Yin Michael is the chairman of the Audit Committee.



## OTHER INFORMATION

The Audit Committee has reviewed the unaudited condensed consolidated results of the Company for the Period and this report and is of the opinion that such results and report have been complied with the applicable accounting standards and the requirements under the GEM Listing Rules, and that adequate disclosures have been made.

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

Hong Kong, 9 August 2023

*As at the date of this report, the executive Directors are Dr. Chow Bok Hin Felix, Professor Chow Chun Kay Stephen and Mr. Shi Yiwu, the non-executive Director is Mr. Li Chiu Fan, and the independent non-executive Directors are Professor Ng Wang Wai Charles, Mr. Tai Chun Kit and Mr. Poon Lai Yin Michael.*

*This report will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) for a minimum period of 7 days from the date of its publication. This report will also be published on the Company’s website at [www.nichetech.com.hk](http://www.nichetech.com.hk).*

