

NICHE-TECH GROUP LTD:
STAND BY, FOLKS: THIS COMPANY IS HOPING
FOR A REPEAT PERFORMANCE !

It Is Planning A Second Visit
To The ‘Money Well’, Sooner Than Later

Management of Niche-Tech Group Ltd () (Code: 8490, The Growth Enterprise Market [the **GEM**], The Stock Exchange of Hongkong Ltd) warned prospective investors that the Company might well be caught up in the tariff net, now proposed by the Government of The United States of America.

The warning was published in the Share Offer Prospectus of the Company, dated May 17, 2018.

At Page 43 of the Company’s Share Offer Prospectus, it was stated:

‘Tariffs recently proposed by the United States government against Chinese industrial and other products may adversely affect our revenue and profit

‘During the Track Record Period, over 90% of our Group’s revenue was generated from sales to the PRC. However, the end products containing our Group’s products may be exported to overseas markets and therefore any changes in the overseas markets may cast indirect adverse impact on our results of operation.

*‘In April 2018, the United States government announced that it intends to impose 25% tariffs on more than 1,300 Chinese industrial and other products (the “**Proposed Tariff**”). The Proposed Tariff and the list of goods subject to the Proposed Tariff have yet to be finalised and it is unclear when it would be applied. If the Proposed Tariff is implemented, there may be a decrease in the orders for the end products that are ultimately imported to the United States which, in turn, may lead to a fall in demand for*

our Group's products. This would adversely affect our business operations and financial results and we cannot guarantee that we could make up for the loss of sales. In addition, we cannot assure that we will be able to respond quickly to any economic, market or regulatory changes in the overseas markets and any failure to do so may cause an adverse effect on our business performance, financial condition and results of operations.'

If Washington has its way and a 25-percent tariff is, indeed, imposed on the products, manufactured by Niche-Tech Group Ltd, it is quite likely that this Company could, financially, be very badly mauled.

The business of the Company is being a manufacturer of semiconductor packaging materials, with emphasis on the development, manufacture and sales of bonding wire and encapsulant.

The Company published and disseminated its Share Offer Prospectus on May 17, 2018, and, in this document, at Page 109, an '**OVERVIEW**' of the business of this 12-year-old, corporate entity was given as follows:

'We are 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. Since our inception in 2006, we have grown and become a National Intellectual Property Outstanding Enterprise by the State Intellectual Property office of the PRC. According to the Frost & Sullivan Report, in 2017, we ranked second among all the Chinese branded bonding wire manufacturers in the PRC in terms of sales revenue, with a market share of approximately 1.5%. We were the largest bonding wire manufacturer based in Hong Kong in terms of sales revenue in the PRC in 2017, according to Frost & Sullivan Report.

'Bonding Wire and Encapsulant, our main product categories, are important constituents commonly applied in various packaging technologies for the manufacture of LEDs (light-emitting diodes) and ICs (integrated circuits), used in a wide range of consumer electronics related end-markets. LED and IC, each a major type of semiconductor, are commonly used in lightings and a variety of consumer electronics such as smartphones and tablets, multimedia devices, personal and laptop computers and other Internet of Things and consumer electronic devices. During the Track Record Period (the 36 months, ended December 31, 2017), we had developed a diversified product portfolio of over 100 products in different dimensions with various mechanical, thermal, optical, electrical and chemical properties metrics which meet customers' specifications and quality standards. During the Track Record Period, we sold our products to more than 300 customers, including renowned manufacturers of LED products, camera modules, ICs and consumer electronics in the PRC.

'As the semiconductor packaging materials industry is characterised by rapid technological advancements and susceptible to cyclical changes in market trends and demands, we place great emphasis on capital expenditure and R&D (Research and Development) investment.

'Headquartered in Hong Kong, we have established our production facilities in Shantou,

Guangdong Province, the PRC. As at the Latest Practicable Date, we had three production lines for the manufacture of Bonding Wire and two production lines for Encapsulant under operation and were installing three additional encapsulant and silicone materials production lines. One of the additional encapsulant production lines and the silicone materials production line have commenced trial run in October 2017. Furthermore, we plan to establish two additional bonding wire production lines...’.

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