CircuTech International Holdings Limited
訊智海國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8051)

RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The board (the "**Board**") of directors (the "**Directors**") of CircuTech International Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 31 December 2016, together with the audited comparative figures for the year ended 30 June 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2016

	NOTES	**1.7.2016 to 31.12.2016** *HK$'000*	1.7.2015 to 30.6.2016 *HK$'000*
Revenue	*4*	**9,530**	26,070
Cost of sales		**(5,736)**	(15,420)
Gross profit		**3,794**	10,650
Other income	*6*	**254**	135
Selling and distribution costs		**(1,517)**	(3,921)
Administrative expenses		**(8,916)**	(12,687)
Research and development expenditure		**(1,150)**	(2,932)
Loss before taxation	*7*	**(7,535)**	(8,755)
Income tax	*8*	**–**	–
Loss for the period/year		**(7,535)**	(8,755)
Other comprehensive income for the period/year:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		**135**	755
Total comprehensive expense for the period/year		**(7,400)**	(8,000)
Loss for the period/year attributable to:			
Owners of the Company		**(7,517)**	(8,693)
Non-controlling interests		**(18)**	(62)
		(7,535)	(8,755)
Total comprehensive (expense)/income for the period/year attributable to:			
Owners of the Company		**(7,414)**	(8,019)
Non-controlling interests		**14**	19
		(7,400)	(8,000)
			(Restated)
Loss per share	*9*		
– Basic		**45 cents**	52 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

	NOTES	31.12.2016 HK$'000	30.6.2016 HK$'000
Non-current assets			
Property, plant and equipment		**11,627**	227
Capitalised development costs		**461**	757
		12,088	984
Current assets			
Inventories		**1,560**	2,901
Trade and other receivables	*11*	**2,754**	2,740
Bank balances and cash		**49,460**	66,282
		53,774	71,923
Current liabilities			
Trade and other payables	*12*	**2,994**	2,639
Net current assets		**50,780**	69,284
Total assets less current liabilities		**62,868**	70,268
Capital and reserves			
Share capital		**3,348**	3,348
Reserves		**59,982**	67,396
Equity attributable to owners of the Company		**63,330**	70,744
Non-controlling interests		**(462)**	(476)
Total equity		**62,868**	70,268

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2016

	Attributable to owners of the Company							
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Translation reserve** *HK$'000*	**Special reserve** *HK$'000* *(Note)*	**Accumulated losses** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total** *HK$'000*
At 1 July 2015	3,348	85,917	(624)	14,990	(24,868)	78,763	(495)	78,268
Loss for the year	–	–	–	–	(8,693)	(8,693)	(62)	(8,755)
Other comprehensive income for the year Exchange differences arising on translating foreign operations	–	–	674	–	–	674	81	755
Total comprehensive (expense)/income for the year	–	–	674	–	(8,693)	(8,019)	19	(8,000)
At 30 June 2016	3,348	85,917	50	14,990	(33,561)	70,744	(476)	70,268
Loss for the period	–	–	–	–	(7,517)	(7,517)	(18)	(7,535)
Other comprehensive income for the period Exchange differences arising on translating foreign operations	–	–	103	–	–	103	32	135
Total comprehensive (expense)/income for the period	–	–	103	–	(7,517)	(7,414)	14	(7,400)
At 31 December 2016	**3,348**	**85,917**	**153**	**14,990**	**(41,078)**	**63,330**	**(462)**	**62,868**

Note: The special reserve of the Group represents the difference between the aggregate of the nominal value of share capital of the subsidiaries acquired pursuant to a group reorganisation in April 2001 and the normal value of the share capital issued by the Company as consideration for the acquisition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated in the Cayman Islands with limited liability and its shares are listed on the Growth Enterprise Market ("**GEM**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its parent is Foxconn (Far East) Limited, a company incorporated in the Cayman Islands and its ultimate parent is Hon Hai Precision Industry Co. Ltd., a company incorporated in Taiwan.

The principal activities of the Company and its subsidiaries (collectively referred to as the "**Group**") are sales and distribution, repairs and other service support of IT products.

The consolidated financial statements are presented in Hong Kong Dollars, which is also the functional currency of the Company.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

During the current financial period, the reporting period end date of the Group was changed from 30 June to 31 December because the directors of the Company determined to bring the annual reporting period end date of the Group in line with that of the ultimate holding company and the operating subsidiaries incorporated in the People's Republic of China ("**PRC**") and the United States of America. Accordingly, the consolidated financial statements for the current period cover the six month period ended 31 December 2016. The corresponding comparative amounts shown for the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover a twelve month period from 1 July 2015 to 30 June 2016 and therefore may not be comparable with amounts shown for the current period.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time in the current period:

Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle

The application of the amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current period and prior years and/or on the disclosures set out in the consolidated financial statements.

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the Related Amendments[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 7	Disclosure Initiative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]

[1] *Effective for annual periods beginning on or after 1 January 2018*

[2] *Effective for annual periods beginning on or after 1 January 2019*

[3] *Effective for annual periods beginning on or after a date to be determined*

[4] *Effective for annual periods beginning on or after 1 January 2017*

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: *Identify the contract(s) with a customer*

- Step 2: *Identify the performance obligations in the contract*

- Step 3: *Determine the transaction price*

- Step 4: *Allocate the transaction price to the performance obligations in the contract*

- Step 5: *Recognise revenue when (or as) the entity satisfies a performance obligation*

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added to HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of recognised in the respective reporting periods.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2016, the Group has non-cancellable operating lease commitments of approximately HK$1,529,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors complete a detailed review.

The directors anticipate that the application of other new and amendments to HKFRSs will have no material impact on the consolidated financial statements.

4. REVENUE

An analysis of the Group's revenue from its major product and service for the period/year is as follows:

	1.7.2016 to 31.12.2016	1.7.2015 to 30.6.2016
	HK$'000	*HK$'000*
Sales of video surveillance systems	**9,508**	26,070
Repair service income	**22**	–
	9,530	26,070

5. SEGMENT INFORMATION

Information reported to the executive directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. During the six months ended 31 December 2016, the Group's operating and reporting segments are as follows:

Sales and distribution of IT products	–	Design, manufacturing and marketing of video surveillance systems and distribution of third party IT products
Repairs and service support	–	Provision of repair, maintenance and other service support for electronic products

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

Six months ended 31 December 2016

	Sales and distribution of IT products *HK$'000*	**Repairs and service support** *HK$'000*	**Total** *HK$'000*
Revenue			
External sales and segment revenue	**9,508**	**22**	**9,530**
Segment (loss)/profit	**(1,544)**	**11**	**(1,533)**
Interest income from bank deposits			**2**
Unallocated expenses			**(6,004)**
Loss before taxation			**(7,535)**

Year ended 30 June 2016

	Sales and distribution of IT products *HK$'000*	Repairs and service support *HK$'000*	Total *HK$'000*
Revenue			
External sales and segment revenue	26,070	–	26,070
Segment loss	(8,764)	–	(8,764)
Interest income from bank deposits			9
Loss before taxation			(8,755)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/loss represents the profit earned by/loss from each segment without allocation of central administration costs, directors' emoluments and interest income. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

Segment assets

	31.12.2016	30.6.2016
	HK$'000	*HK$'000*
Sales and distribution of IT products	**4,292**	6,625
Repairs and service support	**11,315**	–
Total segment assets	**15,607**	6,625
Unallocated assets	**50,255**	66,282
Consolidated assets	**65,862**	72,907

Segment liabilities

	31.12.2016	30.6.2016
	HK$'000	*HK$'000*
Sales and distribution of IT products	**1,054**	2,639
Repairs and service support	**–**	–
Total segment liabilities	**1,054**	2,639
Unallocated liabilities	**1,940**	–
Consolidated liabilities	**2,994**	2,639

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than bank balances and cash and unallocated corporate assets and

- all liabilities are allocated to operating segments other than unallocated corporate liabilities.

Other segment information

Six months ended 31 December 2016

	Sales and distribution of IT products *HK$'000*	**Repairs and service support** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:				
Addition to non-current assets	**169**	**11,315**	**12**	**11,496**
Amortisation of capitalised development costs	**296**	**–**	**–**	**296**
Depreciation of property, plant and equipment	**40**	**–**	**20**	**60**
Loss on disposal of property, plant and equipment	**31**	**–**	**4**	**35**
Allowance for bad and doubtful debts	**94**	**–**	**–**	**94**
Reversal of allowance for obsolete stocks	**532**	**–**	**–**	**532**
Write down of inventories	**853**	**–**	**–**	**853**

Year ended 30 June 2016

	Sales and distribution of IT products *HK$'000*	Repairs and service support *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:				
Addition to non-current assets	332	–	–	332
Amortisation of capitalised development costs	1,682	–	–	1,682
Depreciation of property, plant and equipment	126	–	–	126
Loss on disposal of property, plant and equipment	5	–	–	5
Reversal of allowance for bad and doubtful debts	1	–	–	1
Reversal of allowance for obsolete stocks	327	–	–	327
Write down of inventories	1,241	–	–	1,241

Geographical information

The Group's operations are located in Hong Kong, PRC and United Kingdom.

Information about the Group's revenue from external customers is presented based on the geographical location of customers. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	1.7.2016 to 31.12.2016	1.7.2015 to 30.6.2016	**31.12.2016**	30.6.2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Asia	**6,374**	18,357	**12,088**	954
Europe	**1,849**	4,467	**–**	30
Africa	**1,196**	2,636	**–**	–
Others	**111**	610	**–**	–
	9,530	26,070	**12,088**	984

Information about major customers

Revenue from customers of the corresponding period/year contributing over 10% of the total revenue of the Group are as follows:

	1.7.2016 to 31.12.2016	1.7.2015 to 30.6.2016
	HK$'000	*HK$'000*
Customer A	**1,022**	3,133
Customer B	**1,163**	2,629
Customer C	**1,022**	N/A[1]

[1] *The corresponding revenue did not contribute over 10% of the total revenue of the Group.*

6. OTHER INCOME

	1.7.2016 to 31.12.2016	1.7.2015 to 30.6.2016
	HK$'000	*HK$'000*
Other income is analysed as follows:		
Interest income from bank deposits	**2**	9
Management fee income	**187**	–
Others	**65**	126
	254	135

7. LOSS BEFORE TAXATION

	1.7.2016 to 31.12.2016	1.7.2015 to 30.6.2016
	HK$'000	*HK$'000*
Loss before taxation has been arrived at after charging/(crediting):		
Staff salaries and other benefits (including directors' remuneration)	**4,148**	9,013
Retirement benefits schemes contributions	**105**	406
Total staff costs	**4,253**	9,419
Less: Amount capitalised as development costs	**–**	(320)
	4,253	9,099
Amortisation of capitalised development costs (included in research and development expenditure)	**296**	1,682
Auditors' remuneration	**455**	441
Depreciation of property, plant and equipment	**60**	126
Loss on disposal of property, plant and equipment	**35**	5
Net foreign exchange loss	**328**	1,160
Allowance/(Reversal of allowance) for bad and doubtful debts	**94**	(1)
Reversal of allowance for obsolete stocks (included in cost of sales)	**(532)**	(327)
Write down of inventories (included in cost of sales)	**853**	1,241
Cost of inventories recognised as an expense	**5,347**	14,392

8. INCOME TAX

Hong Kong Profits Tax is calculated at 16.5% (Year ended 30 June 2016: 16.5%) of the estimated assessable profits for the period. No Hong Kong Profits Tax has been made for the six months ended 31 December 2016 as the Company and its subsidiaries did not generate any assessable profits for the period. No Hong Kong Profits Tax has been made for the year ended 30 June 2016 as the Company and its subsidiaries either did not generate any assessable profits for the year or have available tax losses brought forward from prior years to offset against the assessable profits generated during the year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The tax charge for the period/year can be reconciled to the loss before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	1.7.2016 to 31.12.2016	1.7.2015 to 30.6.2016
	HK$'000	*HK$'000*
Loss before taxation	**(7,535)**	(8,755)
Tax at the domestic income tax rate of 16.5%	**(1,243)**	(1,445)
Tax effect of expenses not deductible for tax purpose	**43**	301
Tax effect of income not taxable for tax purpose	**(69)**	(29)
Tax effect of tax losses not recognised	**1,326**	1,300
Utilisation of tax losses previously not recognised	**–**	(63)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(23)**	(72)
Others	**(34)**	8
Tax charge for the period/year	**–**	–

9. LOSS PER SHARE

The calculation of the basic loss per share attributable to the owners of the Company is based on the following data:

	1.7.2016 to 31.12.2016	1.7.2015 to 30.6.2016
	HK$'000	*HK$'000*
Loss		
Loss for the purpose of basic loss per share (Loss for the period/year attributable to owners of the Company)	**(7,517)**	(8,693)
	'000	*'000* (Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**16,738**	16,738

The weighted average number of ordinary shares for the purpose of basic loss per share has been adjusted for the share consolidation in February 2017.

No diluted loss per share for the six months ended 31 December 2016 and the year ended 30 June 2016 were presented as there were no potential ordinary shares in issue for the current period and prior year.

10. DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 31 December 2016 (Year ended 30 June 2016: Nil).

11. TRADE AND OTHER RECEIVABLES

	31.12.2016	30.6.2016
	HK$'000	*HK$'000*
Trade receivables	**1,639**	1,467
Less: Allowance for bad and doubtful debts	**(99)**	(11)
	1,540	1,456
Prepayments, deposits and other receivables	**1,214**	1,284
Total trade and other receivables	**2,754**	2,740

The Group allows an average credit period of 1 month to certain of its trade customers. The following is an ageing analysis of trade receivables (net of allowance for bad and doubtful debts) at the end of the reporting period prepared on the basis of payment due date of sales invoice:

	31.12.2016	30.6.2016
	HK$'000	*HK$'000*
Current and less than 1 month overdue	**1,231**	1,314
1 to 3 months overdue	**309**	142
	1,540	1,456

12. TRADE AND OTHER PAYABLES

	31.12.2016	30.6.2016
	HK$'000	*HK$'000*
Trade payables	**624**	1,094
Accruals and other payables	**2,370**	1,545
Total trade and other payables	**2,994**	2,639

The following is an ageing analysis of trade payables at the end of the reporting period prepared on the basis of payment due date of supplier's invoice:

	31.12.2016	30.6.2016
	HK$'000	*HK$'000*
Current and less than 1 month overdue	**585**	889
1 to 3 months overdue	**–**	192
More than 3 months overdue	**39**	13
	624	1,094

The normal credit period on purchases of goods is 1 month.

MANAGEMENT DISCUSSION AND ANALYSIS

With the change of financial year end date from 30 June to 31 December as announced on 30 September 2016, we are pleased to present the Group's audited results for the six months ended 31 December 2016.

For the six months ended 31 December 2016, the Group reported a turnover of approximately HK$9,530,000 (year ended 30 June 2016: HK$26,070,000) and loss attributable to the owners of the Company of approximately HK$7,517,000 (year ended 30 June 2016: HK$8,693,000). The increase in net loss when compare to the unaudited figure for the corresponding period ended 31 December 2015 was mainly attributable to the following factors:

(i) decrease in revenue of the video and surveillance product line due to increased competition; and

(ii) increase in general operational, administrative expenses and professional fees following the close of the unconditional mandatory general offer in June 2016 in order to pursue new, strategic customers to grow the Group's sales and distribution of third party IT products and the post-sales support services to enhance Shareholders' returns as a whole.

BUSINESS REVIEW

For the financial period under review, the Group's existing IT products faced weak demand due to continued commoditisation of the market and increased competition. Revenue continued to decrease and with the lower priced Analog HD equipment taking a larger share of product mix, gross margin percentage compressed slightly from approximately 41% for the year ended 30 June 2016 to approximately 40% in the current period. During this financial period, the Group continuously rationalised its operations, outsourcing certain research and development functions to drive for efficiency, while at the same time invested in overseas subsidiaries and equipment to further strengthen its global infrastructure to pursue new, strategic customers to grow the Group's turnover and enhance shareholders' returns. Operating expenses, as a result, have increased, and totalled approximately HK$11.6 million for the six months ended 31 December 2016 versus approximately HK$19.5 million for the year ended 30 June 2016.

SEGMENT INFORMATION

Segment information by business line

Sales and distribution of IT products

Turnover for sales and distribution of IT products for the six months ended 31 December 2016 was approximately HK$9,508,000 (year ended 30 June 2016: HK$26,070,000). It accounted for approximately 99.8% (year ended 30 June 2016: 100%) of the Group's turnover.

Repairs and service support

Turnover for repairs and service support for the six months ended 31 December 2016 was approximately HK$22,000 (year ended 30 June 2016: Nil). It accounted for approximately 0.2% (year ended 30 June 2016: Nil) of the Group's turnover.

Segment information by geographical locations

Asia

Turnover for Asia (inclusive of Hong Kong, Singapore, the Middle East and other Asian countries) as a whole for the six months ended 31 December 2016 was approximately HK$6,374,000 (year ended 30 June 2016: HK$18,357,000). It accounted for approximately 67% (year ended 30 June 2016: 71%) of the Group's turnover.

Europe

Turnover for Europe for the six months ended 31 December 2016 was approximately HK$1,849,000 (year ended 30 June 2016: HK$4,467,000). It accounted for approximately 19% (year ended 30 June 2016: 17%) of the Group's turnover.

Africa

Turnover for Africa for the six months ended 31 December 2016 was approximately HK$1,196,000 (year ended 30 June 2016: HK$2,636,000). It accounted for approximately 13% (year ended 30 June 2016: 10%) of the Group's turnover.

Others

Other geographic segments mainly include the Americas and Australia. It contributed to about 1% (year ended 30 June 2016: 2%) of the Group's total turnover for the six months ended 31 December 2016, which amounted to approximately HK$111,000 (year ended 30 June 2016: HK$610,000).

PRODUCT DEVELOPMENT

Having encountered numerous challenges in the past few years, the Group remains committed to its existing video surveillance business. The Group intends to continue developing new and competitive solutions with higher video resolution and higher video analytic capabilities in order to address the market demand. The Group plans to launch new products in the coming quarters.

In the meantime, building on the existing IT product portfolio foundation, the Group is pursuing distribution of third party IT products and services that are complementary to its current business offering.

ADMINISTRATIVE EXPENSES

For the six months ended 31 December 2016, administrative expenses amounted to approximately HK$8,916,000 (year ended 30 June 2016: HK$12,687,000). This was principally due to an increase in professional fees and expenses of the Company in light of a series of corporate actions, including changes of company name, principal place of business and financial year end date, and the share consolidation and change in board lot size.

BUSINESS OUTLOOK

With the international IT equipment distribution and fulfilment support infrastructure that the Group has built up over the years and despite continued weakness in its existing product business, the Group sees potential in augmenting the Group's capabilities by introducing third party IT products and expanding its repairs and service support network in order to pursue new, strategic customers to grow the Group's turnover and enhance Shareholders' returns.

DIVIDENDS

The Board does not recommend the payment of any dividend for the six months ended 31 December 2016 (year ended 30 June 2016: Nil).

EMPLOYEE AND REMUNERATION POLICY

As of 31 December 2016, the Group employed 22 (30 June 2016: 22) full time employees in Hong Kong and 6 (30 June 2016: 5) full time employees in the People's Republic of China and overseas offices. The Group's staff costs, including directors' emoluments, employees' salaries, retirement benefits schemes contributions and other benefits amounted to approximately HK$4,253,000 (year ended 30 June 2016: HK$9,419,000).

Employees are remunerated in accordance with individual's responsibility and performance, also taking into account the prevailing market rates to ensure competitiveness. Other fringe benefits such as medical insurance, retirement benefits and discretionary bonus are offered to all employees.

A new share option scheme had been approved and adopted at the annual general meeting of the Company on 11 November 2016.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

The Group mainly used its internal resources to finance its operations during the reporting period.

The Group had bank balances and cash of approximately HK$49,460,000 (30 June 2016: HK$66,282,000), representing approximately 75% (30 June 2016: 91%) of the Group's total assets.

The Group's gearing ratio, as a percentage of bank and other borrowings and long term debt over total assets, as at 31 December 2016 was 0% (30 June 2016: 0%).

CAPITAL STRUCTURE

As of 31 December 2016, the Company had an authorised share capital of HK$80,000,000 divided into 20,000,000,000 shares of a par value of HK$0.004 each, of which 836,920,850 shares were in issue. No convertible securities options, warrants or similar rights by the Company or its subsidiaries were outstanding during the reporting period.

The Group did not have any borrowings during the six months ended 31 December 2016.

SIGNIFICANT INVESTMENT

The Group did not enter into any new significant investment during the six months ended 31 December 2016.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not make any material acquisitions and disposal of subsidiaries and affiliated companies for the six months ended 31 December 2016.

CHARGE OF ASSETS

As at 31 December 2016, the Group did not have any charge on its assets (30 June 2016: Nil).

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Subsequent to the year ended 30 June 2016, the Company embarked on an investment plan that aims to strengthen the Company's international distribution and fulfilment capabilities, including procurement of approximately HK$11 million of capital equipment to enable fulfilment support. Furthermore, discussions are being held with bankers to secure credit facilities that will call on pledging substantial portion of the Group's free cash.

To continue executing its investment plan of augmenting its international distribution and fulfilment capabilities, the Group may, depending on circumstances and market conditions, consider the need for fund raising and/or financing from time to time in order to strengthen its human resources, plant and equipment and working capital. This will enable the Group to not only serve the distribution and fulfilment requirements of its own products, but also acquire the capabilities to support strategic third-party equipment manufacturing partners with innovative revenue models with a view to delivering enhanced value to Shareholders.

In addition, to accelerate the Group's capabilities to offer innovative revenue models in relation to IT hardware distribution and fulfillment support, the Board may contemplate selective strategic investments by means of stock and/or cash when suitable opportunities arise.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

During the period under review, the Group's transactions were substantially denominated in either Hong Kong Dollars, United States Dollars or British Pounds. The Group did not use any financial instruments for hedging purposes during the six months ended 31 December 2016 (year ended 30 June 2016: Nil).

CONTINGENT LIABILITIES

As of 31 December 2016, the Group did not have any contingent liabilities (30 June 2016: Nil)

OTHER EVENTS

Change of Principal Place of Business in Hong Kong

The principal place of business of the Company in Hong Kong has been changed to 31/F, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong with effect from 5 August 2016.

Change of Company Name, Stock Short Name and Website

The name of the Company has been changed from "TeleEye Holdings Limited 千里眼控股有限公司" to "CircuTech International Holdings Limited 訊智海國際控股有限公司" with effect from 30 August 2016. The stock short names of the Company were changed to "CIRCUTECH" and "訊智海" with effect from 9:00 a.m. on 20 October 2016, and the new website of the Company at "www.circutech.com" commenced operation on the same date.

Change of Financial Year End Date

The Company's financial year end date has been changed from 30 June to 31 December and the reporting financial period in this announcement covers a six-month period from 1 July 2016 to 31 December 2016.

Adoption of Share Option Scheme

In order to provide the Company with the flexibility of granting share options to the Directors and employees as incentives or rewards for their contribution or potential contribution to the Group, the Board proposed to adopt a share option scheme on 30 September 2016. Further details of the share option scheme is set out in the circular of the Company dated 30 September 2016. The share option scheme was approved by the Shareholders at the annual general meeting of the Company held on 11 November 2016.

COMPETITION AND CONFLICT OF INTERESTS

For the six months ended 31 December 2016, none of the Directors, controlling shareholder or their respective close associates (as defined in the Rules Governing the Listing of Securities on GEM (the "**GEM Listing Rules**")) has any interests in a business that competes or is likely to compete either directly or indirectly with the business of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 31 December 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE CODE

During the six months ended 31 December 2016, the Company has complied with the required code provisions set out in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules except for the following:

Code Provision A.2.1. stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing.

As of the date of this announcement, Dr. Woo Kwok Fai Louis performs both roles. He is responsible for the overall business strategy and development and management of the Group. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company and is conducive to strong and consistent leadership which enables the Group to operate efficiently. The Board will meet regularly to consider major matters affecting the operations of the Group. The roles of the respective executive Directors and senior management, who are in charge of different functions, complement the role of the chairman and chief executive officer ("**CEO**") of the Company.

The Board considers that there is no imminent need to segregate the roles of chairman and CEO but will review the structure on a continuous basis if division of responsibilities between the chairman and CEO should be put in place for maintaining a balance of power and authority.

Save as disclosed above, the Board considered that the Company had complied with the code provisions set out in the Corporate Governance Code of the GEM Listing Rules during the six months ended 31 December 2016.

DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors 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. Upon the Company's specific enquiry, each of the Directors (including former Director who acted as Director during the reporting period) has confirmed that during his/her tenure as Director in the six months ended 31 December 2016, he/she had fully complied with the required standard of dealings and there was no event of non-compliance.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting ("**AGM**") will be held at 2:00 p.m. on Wednesday, 10 May 2017 at Meeting Room 4, 1/F, Core Building 1, Phase 1, Science Park, Sha Tin, New Territories, Hong Kong. Shareholders whose names are recorded in the Company's register of members as of Thursday, 4 May 2017 after close of trading sessions of the Stock Exchange will be entitled to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfer of shares accompanied by relevant share certificate must be lodged with the Hong Kong branch share registrar and transfer office in Hong Kong Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 4 May 2017.

AUDIT COMMITTEE

The Audit Committee has adopted written terms of reference in compliance with Code Provision C.3.3. of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting, risk management and internal control systems of the Group. The Audit Committee has been assisted by the professional accounting firm engaged by the Group, which will conduct regular internal audits and report to the Audit Committees, review the Company's annual report and financial statements, quarterly reports and half-yearly report and provide advice and comments thereon to the Board.

During the six months ended 31 December 2016, members of the Audit Committee comprised of 3 independent non-executive Directors, namely Ms. Wu Yi Shuan (chairman), Mr. Yeung Wai Hung Peter and Mr. Miao Benny Hua-ben and our former non-executive Director, Mr. Tse Tik Yang Denis (who also resigned as a member of Audit Committee on 9 February 2017). The Audit Committee held two meetings during the six months ended 31 December 2016 and was responsible for reviewing annual reports for the year ended 30 June 2016, quarterly report for the three months ended 30 September 2016 and results announcements for the respective period for submission to the Board for approval.

The external auditor performs independent statutory audit on the Group's financial statements and as part of the audit engagement, reports to the Audit Committee any significant deficiencies (if any) in the Group's internal control system which might come to their attention during the course of audit.

The annual results, including the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and related notes thereto for the six months ended 31 December 2016 have been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

The Remuneration Committee has adopted written terms of reference in compliance with Code Provision B.1.2 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules.

During the six months ended 31 December 2016, members of the Remuneration Committee comprised of 5 Directors, namely Mr. Yeung Wai Hung Peter (chairman), Ms. Wu Yi Shuan, Mr. Miao Benny Hua-ben (each an independent non-executive Director), Dr. Woo Kwok Fai Louis (an executive Director) and Mr. Tse Tik Yang Denis (former non-executive Director who also resigned as a member of Remuneration Committee on 9 February 2017). The Remuneration Committee held two meetings during the reporting period and was responsible for formulating and making recommendations to the Board on the Company's policy and structure for the remuneration of the Directors and senior management, assessing performance of the executive Directors, approving the terms of letter of appointment of Directors, and on the establishment of a formal and transparent procedure for developing policy on such remuneration.

Following the resignation of Mr. Tse Tik Yang Denis as a non-executive Director, Mr. Cheng Michael Ichiang has been appointed as a member of the Remuneration Committee in place of Mr. Tse Tik Yang Denis on 9 February 2017.

NOMINATION COMMITTEE

The Nomination Committee has adopted written terms of reference in compliance with Code Provision A.5.2. of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the Nomination Committee are to implement the Group's Board Diversity Policy by reviewing the composition of the Board, identifying suitable candidates for the appointment and re-election of Directors, assessing the independence of independent non-executive Directors and monitoring the succession planning of Directors.

During the six months ended 31 December 2016, members of the Nomination Committee were Mr. Miao Benny Hua-ben (chairman), Mr. Yeung Wai Hung Peter and Ms. Wu Yi Shuan (each an independent non-executive Director), and Mr. Tse Tik Yang Denis (former non-executive Director who also resigned as a member of Nomination Committee on 9 February 2017). The Nomination Committee held one meeting during the reporting period and was responsible for evaluating and making recommendations for the re-election of directors at the 2016 annual general meeting held on 11 November 2016 and identifying suitably qualified candidates to become members of the Board.

Following the resignation of Mr. Tse Tik Yang Denis, Mr. Cheng Michael Ichiang has been appointed as a member of the Nomination Committee in place of Mr. Tse Tik Yang Denis on 9 February 2017.

EVENTS AFTER THE REPORTING PERIOD

Share Consolidation and Change in Board Lot Size

With the approval of the Shareholders at the extraordinary general meeting held on 3 February 2017, the share consolidation, pursuant to which every 50 issued and unissued ordinary shares with a par value of HK$0.004 each were consolidated into 1 consolidated ordinary share with a par value of HK$0.20 each in the share capital of the Company (the "**Share Consolidation**"), became effective on 6 February 2017. Following the Share Consolidation becoming effective, the board lot size for trading on the Stock Exchange has changed from 10,000 shares with a par value of HK$0.004 each to 200 consolidated shares with a par value of HK$0.20 each.

Please also refer to the circular of the Company dated 13 January 2017 and the announcement of the Company dated 3 February 2017 for further details of the Share Consolidation and the change in board lot size.

Change of Directors and Authorised Representative

With effect from 9 February 2017, Mr. Tse Tik Yang Denis has resigned as a non-executive Director and Mr. Cheng Michael Ichiang has been appointed as an executive Director. Mr. Cheng Michael Ichiang will retire, in accordance with Article 86(3) of the articles of association of the Company, and being eligible, offers himself for re-election by the shareholders of the Company at the forthcoming AGM of the Company.

Mr. Cheng Michael Ichiang has also been appointed as an authorised representative of the Company in place of Mr. Tse Tik Yang Denis with effect from 9 February 2017.

By order of the Board of
CircuTech International Holdings Limited
Dr. Woo Kwok Fai Louis
Chairman and chief executive officer

Hong Kong, 24 March 2017

As at the date of this announcement, the executive Directors are Dr. Woo Kwok Fai Louis, Mr. Hui Lap Shun, Mr. Chien Yi-Pin, Ms. Chen Ching-Hsuan, Mr. Cheng Michael Ichiang and Mr. Chen Haining; and the independent non-executive Directors are Mr. Yeung Wai Hung Peter, Ms. Wu Yi Shuan and Mr. Miao Benny Hua-ben.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. 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.

This announcement will remain at the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least seven days from the date of its posting and on the website of the Company at www.circutech.com.

In the event of any discrepancies between the English version and the Chinese version, the English version shall prevail.

Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments.