



Vixtel Technologies Holdings Limited

飛思達科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8342)

**FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR
THE THREE MONTHS ENDED 31 MARCH 2017**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE
STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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This announcement, for which the directors (the “Directors”) of Vixtel Technologies Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (2) there are no other matters the omission of which would make any statement herein or this announcement misleading.

FINANCIAL HIGHLIGHTS

For the three months ended 31 March 2017, the Group's operations and business have achieved a significant growth when compared with those in 2016.

The revenue of the Group has increased by approximately 64.8% from approximately RMB15.9 million for the three months ended 31 March 2016 to approximately RMB26.2 million for the three months ended 31 March 2017.

The Group's net profit has increased by approximately 114.3% from approximately RMB2.1 million for the three months ended 31 March 2016 to approximately RMB4.5 million for the three months ended 31 March 2017.

The board of Directors (the “Board”) of Vixtel Technologies Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively, the “Group”) for the three months ended 31 March 2017 together with the comparative unaudited figures for the three months ended 31 March 2016 as follows:

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

For the three months ended 31 March 2017

		Three months ended	
		31 March	
	<i>Notes</i>	2017	2016
		RMB'000	RMB'000
		(unaudited)	(unaudited)
REVENUE	3	26,194	15,918
Cost of sales		<u>(10,787)</u>	<u>(6,399)</u>
Gross profit		15,407	9,519
Other income and gains	3	552	412
Selling and distribution expenses		(2,864)	(1,502)
Research and development expenses		(4,123)	(1,179)
Administrative expenses		(3,274)	(4,426)
Finance costs		<u>(438)</u>	<u>(6)</u>
PROFIT BEFORE TAX		5,260	2,818
Income tax expense	4	<u>(790)</u>	<u>(754)</u>
PROFIT FOR THE PERIOD		<u>4,470</u>	<u>2,064</u>
OTHER COMPREHENSIVE INCOME		–	–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>4,470</u>	<u>2,064</u>
Attributable to:			
Owners of the parent		<u>4,470</u>	<u>2,064</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB cents)	6	<u>0.92</u>	<u>0.54</u>

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Vixtel Technologies Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 10 November 2015 as an exempted company with limited liability under the Companies Law (2013 Revision) of the Cayman Islands. The address of the registered office of the Company is P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The shares of the Company were listed on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 15 December 2016 (the “Listing Date”).

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in providing application performance management (“APM”) solutions (the “Listing Business”) in the People’s Republic of China (the “PRC”). There has been no significant change in the Group’s principal activities during the period under review.

In preparation for the listing of the Company’s shares on the GEM of the Stock Exchange (the “Listing”), the Group underwent a corporate reorganization (the “Reorganization”), pursuant to which the Company became the holding company of the subsidiaries now comprising the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 30 November 2016 (the “Prospectus”).

2. BASIS OF PRESENTATION

The condensed consolidated financial statements of the Group have not been audited by the Company’s auditors but have been reviewed by the Company’s audit committee.

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The unaudited condensed consolidated financial statements have been prepared under the historical cost convention. They are presented in Renminbi (“RMB”), and all values are rounded to the nearest thousand except otherwise indicated.

The accounting policies adopted in preparing the unaudited condensed consolidated financial statements are consistent with those applied in the annual financial statements for the year ended 31 December 2016.

The Group has not applied any new and revised HKFRSs which have been issued and are not yet effective for the current accounting period but is in the process of assessing their impact on the results of operation and financial position of the Group.

3. REVENUE, OTHER INCOME AND GAINS

Revenue represents the value of provision of APM solutions during the three months ended 31 March 2017.

An analysis of revenue, other income and gains is as follows:

	Three months ended 31 March	
	2017	2016
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue		
Construction contracts – System integration	14,719	11,764
Construction contracts – Software development	2,776	2,094
Rendering of services	1,646	937
Sales of embedded hardware and standard APM software	7,053	1,123
	26,194	15,918
Other income and gains		
Bank interest income	13	10
Government grants – related to expense*	539	398
Others	–	4
	552	412

* Government grants received from the government of the PRC mainly represented the refund of the value-added tax previously paid. There are no unfulfilled conditions or contingencies relating to the grants.

4. INCOME TAX

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of the Cayman Islands and accordingly is not subject to income tax.

No Hong Kong profits tax has been provided since no assessable profit arose in Hong Kong during the three months ended 31 March 2017.

Pursuant to the PRC Income Tax Law and the respective regulations, Vixtel Technologies Limited is subject to Corporate Income Tax at a rate of 25% on the taxable profit. Preferential tax treatment is available to Vixtel Technologies Limited, which was recognized as a High and New Technology Enterprise in 2010 in PRC and a lower PRC corporate income tax of 15% has been applied since then. The certificate of High and New Technology Enterprise has to be re-applied every three years. The Company has re-applied for and obtained the certificate of High and New Technology Enterprise on 1 December 2016 and is entitled to preferential income tax rate of 15% for the year of 2016, 2017 and 2018.

	Three months ended 31 March	
	2017	2016
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current – PRC	790	754
Total tax charge for the three months	790	754

5. INTERIM DIVIDENDS

The Directors do not recommend payment of any dividend for the three months ended 31 March 2017.

Prior to the Reorganization, dividends of RMB10,000,000 have been declared and RMB1,300,000 have been paid by Vixtel Technologies Limited, one of the subsidiaries of the Company, to its then shareholders for the three months ended 31 March 2016.

6. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the respective profit attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the three months ended 31 March 2016 and 2017.

The number of ordinary shares for the purpose of calculating basic earnings per share has been retrospectively adjusted for the capitalization issue as if the shares have been in issue throughout all periods presented.

There were no potentially dilutive ordinary shares in issue during the three months ended 31 March 2016 and 2017, and therefore the diluted earnings per share amount is equivalent to the basic earnings per share.

The calculations of basic and diluted earnings per share are based on:

	Three months ended 31 March	
	2017	2016
	(unaudited)	(unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent (RMB'000)	<u>4,470</u>	<u>2,064</u>
Shares		
Weighted average number of ordinary shares in issue	<u>486,745,000</u>	<u>383,945,000</u>
Basic and diluted earnings per share (RMB cents)	<u><u>0.92</u></u>	<u><u>0.54</u></u>

7. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2017

	Attributable to owners of the parent					Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Accumulated loss/ Retained profits RMB'000	
At 1 January 2016	65	–	30,674	662	5,961	37,362
Profit for the three months ended 31 March 2016	–	–	–	–	2,064	2,064
Total comprehensive income for the three months ended 31 March 2016	–	–	–	–	2,064	2,064
Transfer from retained profits	–	–	–	613	(613)	–
Dividends declared before reorganization	–	–	–	–	(10,000)	(10,000)
Issue of Vixtel Technologies Limited shares	–	–	5,838	–	–	5,838
At 31 March 2016 (unaudited)	<u>65</u>	<u>–</u>	<u>36,512</u>	<u>1,275</u>	<u>(2,588)</u>	<u>35,264</u>
At 1 January 2017	4,341	71,194	30,674	3,339	3,505	113,053
Profit for the three months ended 31 March 2017	–	–	–	–	4,470	4,470
Total comprehensive income for the three months ended 31 March 2017	–	–	–	–	4,470	4,470
Transfer from retained profits	–	–	–	702	(702)	–
At 31 March 2017 (unaudited)	<u>4,341</u>	<u>71,194</u>	<u>30,674</u>	<u>4,041</u>	<u>7,273</u>	<u>117,523</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is a market leader in China's APM industry and is also the only China-based APM products and services provider which provides solutions to a commodity exchange in the PRC. The Group is principally engaged in the following businesses: (i) system integration services; (ii) software development services; (iii) technical services; and (iv) sales of embedded hardware and standard APM software.

The Shares were successfully listed on GEM (the "Listing") on 15 December 2016 (the "Listing Date"). Since the Listing, the Group has a stronger financial position. In the coming year, the Group will continue to seize the opportunity from the blooming APM market in China to promote its business development and to consolidate the Company's position as a leading company in the APM industry.

For the three months ended 31 March 2017, the Group's operations and business have achieved a significant growth when compared with those in 2016. The revenue of the Group has increased by approximately 64.8% from approximately RMB15.9 million for the three months ended 31 March 2016 to approximately RMB26.2 million for the three months ended 31 March 2017. The Group's net profit has increased by approximately 114.3% from approximately RMB2.1 million for the three months ended 31 March 2016 to approximately RMB4.5 million for the three months ended 31 March 2017.

OUTLOOK

The Company will continue to invest in research and development to promote the integration of newly designed version with our customers' specific systems and network environment of APM technology in order to adapt to the strong demand for APM products from cloud computing and Internet of things ("IoT") and to expand the user base.

The Company plans to expand the APM business from large enterprises to small and medium-enterprises through the new software-as-a-service ("SaaS") platform and to enhance the growth of the APM online service revenue of the Company. The Company has clear development goals and will continue to follow the products and investment strategies set out in the Prospectus:

For the telecom operator APM business, the Group plans to:

1. develop the application of APM technologies in OTT and IPTV video, seize the current trend of rapid development of online video services and expand the Company's market share and revenue in the industry.
2. invest in big data analysis technologies, make full use of accumulated millions of user data of the Company and provide customers with value-added services based on user behavior, user portrait and user perception.

In SaaS, our focus will be on:

1. improving the channels and means of marketing, establishing a sub-industry and multi-level distributor system and expanding the user base.
2. establishing partnerships with leading companies in converged communications, CDN and cloud computing industry and promoting the Company's online services through system integration approach. In overseas markets, the Company will carefully examine countries and regions which are suitable for the Company's products and sales channels, and take Southeast Asia as the core place to promote the Company's products and services.

FINANCIAL REVIEW

Revenue

The Group's revenue for the three months ended 31 March 2017 amounted to approximately RMB26.2 million, representing a significant growth of approximately RMB10.3 million or 64.8% as compared with that of approximately RMB15.9 million recorded for the three months ended 31 March 2016. The increase was mainly attributable to the combined effect of: (i) the increase in revenue generated from the provision of system integration services of approximately RMB2.9 million; (ii) the increase in revenue generated from the provision of software development services of approximately RMB0.7 million; (iii) the increase in revenue generated from rendering of technical services of approximately RMB0.7 million; and (iv) the increase in revenue generated from the provision of sales of embedded hardware and standard APM software of approximately RMB6.0 million.

The following analysis sets forth a breakdown of the Group's revenue by service type for three months ended 31 March 2016 and 2017, respectively:

System integration services

This segment provides system integration services by tailor-making our APM products to allow our customers to better manage and monitor their applications and networks. The Group has recorded a growth in revenue generated from system integration services of approximately 24.6% from approximately RMB11.8 million for the three months ended 31 March 2016 to approximately RMB14.7 million for the three months ended 31 March 2017. This was primarily due to an expansion of our customer base to cover more customers in telecommunications industry as well as the radio and television industry, through our continuing marketing efforts and word-of-mouth and personal references among the customers.

Software development services

The Group's software development services typically involve developing customized supporting software for upgrade and expansion of the APM products already integrated with our customers' systems and networks. Our revenue derived from software development services has increased by approximately 33.3% from approximately RMB2.1 million for the three months ended 31 March 2016 to approximately RMB2.8 million for the three months ended 31 March 2017. Such increase was primarily due to the increased customer base in the past year which has created an increasing demand for software development services to upgrade and expand their existing APM systems.

Technical services

This segment provides operational support for our APM products, system maintenance, network analysis and optimization, and research study of specific topics on application and network performance. Our revenue derived from technical services has increased by approximately 77.8% from approximately RMB0.9 million for the three months ended 31 March 2016 to approximately RMB1.6 million for the three months ended 31 March 2017. Such increase was primarily attributable to the increase in demand from customers for our in-depth Internet APM analysis and consulting services to enhance the applications performance over their Mobile Internet and Broadband networks.

Sales of embedded hardware and standard APM software

We have from time to time sell embedded hardware and standard APM software to customers who do not require tailor-making services. Our revenue generated from the sales of embedded hardware and standard APM software has increased by approximately 545.5% from approximately RMB1.1 million for the three months ended 31 March 2016 to approximately RMB7.1 million for the three months ended 31 March 2017. Such increase was primarily due to the fact that more and more existing customers are deploying embedded hardware agents to fully cover their province for the Internet and broadband application performance monitoring and management.

Cost of sales

The Group's cost of sales has increased by approximately 68.8% from approximately RMB6.4 million for the three months ended 31 March 2016 to approximately RMB10.8 million for the three months ended 31 March 2017, which was in line with the increase in our revenue. The increase was primarily due to (1) higher labour costs resulting from an increased headcount and compensation base; and (2) higher hardware costs derived from the increased business volume in system integration services.

Gross profit and gross profit margin

The Group's gross profit has increased by approximately 62.1% from approximately RMB9.5 million for the three months ended 31 March 2016 to approximately RMB15.4 million for the three months ended 31 March 2017. The increase was primarily due to the increase in business volume of system integration services and sales of embedded hardware and standard APM software. The Group's gross profit margin decreased slightly from approximately 59.8% for three months ended 31 March 2016 to approximately 58.8% for the three months ended 31 March 2017. Such decrease was primarily due to the increase in business volume of the provision of system integration services which in general have a lower gross profit margin than the other types of services due to its relatively higher cost of sales.

Other income and gains

The Group recorded other income and gains of approximately RMB0.4 million and approximately RMB0.6 million for the three months ended 31 March 2016 and 2017, respectively. Such increase was due to the increased value-added tax refund which was in line with our business growth.

Selling and distribution expenses

The Group's selling and distribution expenses has increased by approximately 93.3% from approximately RMB1.5 million for the three months ended 31 March 2016 to approximately RMB2.9 million for the three months ended 31 March 2017. Such increase was primarily due to our enhanced efforts in marketing our APM services and products to build up broader customer awareness.

Research and development expenses

The Group's research and development ("R&D") expenses has increased by approximately 241.7% from approximately RMB1.2 million for the three months ended 31 March 2016 to approximately RMB4.1 million for the three months ended 31 March 2017. Such increase was primarily due to the increase in the headcount of R&D engineers and the purchase of equipment to conduct development and tests for new R&D projects.

Administrative expenses

The Group's administrative expenses has decreased by approximately 25.0% from approximately RMB4.4 million for the three months ended 31 March 2016 to approximately RMB3.3 million for the three months ended 31 March 2017, which was primarily due to the incurrence of Listing expenses for the three months ended 31 March 2016.

Finance costs

The Group's finance costs has increased from approximately RMB nil million for the three months ended 31 March 2016 to approximately RMB0.4 million for the three months ended 31 March 2017. The increase was primarily due to the exchange differences of the deposit in Hong Kong dollars.

Profit before tax

The Group's profit before tax has increased by approximately 89.3% from approximately RMB2.8 million for the three months ended 31 March 2016 to approximately RMB5.3 million for the three months ended 31 March 2017.

Income tax expenses

The Group's income tax expenses was approximately RMB0.8 million for the three months ended 31 March 2016 and 2017. The income tax expenses for both periods are similar due to the huge investment incurred in R&D for the three months ended 31 March 2017 which resulted in an additional 50.0% of R&D costs being deductible from the taxable income. The Group's effective tax rate was approximately 26.8% and 15.0% for the same periods, respectively. The higher effective income tax rate in 2016 was due to the one-off Listing expenses incurred which reduced our profit before tax.

Profit for the three months

As a result of the foregoing reasons, the Group's net profit has increased by approximately 114.3% from approximately RMB2.1 million for the three months ended 31 March 2016 to approximately RMB4.5 million for the three months ended 31 March 2017. The Group's net profit margin increased from approximately 13.0% for the three months ended 31 March 2016 to approximately 17.1% for the three months ended 31 March 2017. The increase in net profit and net profit margin was due to the increase in market demand of Internet APM solutions and the expansion in customer base.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 31 March 2017, 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) have to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long position in Shares

Name of Directors	Capacity/nature of interests	Number of Shares held	Approximate percentage of shareholding
Mr. Yue Yong (Notes 1 and 2)	Interest in a controlled corporation; interest held jointly with another person	310,040,000	63.70%
Mr. Sie Tak Kwan (Notes 1 and 3)	Interest in a controlled corporation; interest held jointly with another person	310,040,000	63.70%
Mr. Guan Haiqing (Notes 1 and 4)	Interest in a controlled corporation; interest held jointly with another person	310,040,000	63.70%
Mr. Liang Judong (Notes 1 and 5)	Interest in a controlled corporation; interest held jointly with another person	310,040,000	63.70%

Notes:

1. Pursuant to the deed of concert parties dated 11 August 2016 as supplemented by a supplemental deed dated 10 November 2016, Mr. Yue Yong, Mr. Sie Tak Kwan, Mr. Guan Haiqing and Mr. Liang Judong confirm, agree and acknowledge among other things, that they are parties acting in concert in respect of the Group since 29 December 2010. As such, pursuant to the deed of concert parties, each of Mr. Yue Yong, Mr. Sie Tak Kwan, Mr. Guan Haiqing and Mr. Liang Judong is deemed to be interested in 63.70% of the issued share capital of the Company.
2. Shares in which Mr. Yue Yong is interested consist of (i) 103,335,000 Shares held by Worldgate Ventures Limited, a company wholly-owned by him, in which Mr. Yue Yong is deemed to be interested under the SFO; and (ii) 206,705,000 Shares in which Mr. Yue Yong is deemed to be interested as a result of being a party acting-in-concert with Mr. Sie Tak Kwan, Mr. Guan Haiqing and Mr. Liang Judong.
3. Shares in which Mr. Sie Tak Kwan is interested consist of (i) 103,335,000 Shares held by Cohort Investments Limited, a company wholly-owned by him, in which Mr. Sie Tak Kwan is deemed to be interested under the SFO; and (ii) 206,705,000 Shares in which Mr. Sie Tak Kwan is deemed to be interested as a result of being a party acting-in-concert with Mr. Yue Yong, Mr. Guan Haiqing and Mr. Liang Judong.
4. Shares in which Mr. Guan Haiqing is interested consist of (i) 72,365,000 Shares held by Copious Link Investments Limited, a company wholly-owned by him, in which Mr. Guan Haiqing is deemed to be interested under the SFO; and (ii) 237,675,000 Shares in which Mr. Guan Haiqing is deemed to be interested as a result of being a party acting-in-concert with Mr. Sie Tak Kwan, Mr. Yue Yong and Mr. Liang Judong.
5. Shares in which Mr. Liang Judong is interested consist of (i) 31,005,000 Shares held by Hugemind Investments Limited, a company wholly-owned by him, in which Mr. Liang Judong is deemed to be interested under the SFO; and (ii) 279,035,000 Shares in which Mr. Liang Judong is deemed to be interested as a result of being a party acting-in-concert with Mr. Sie Tak Kwan, Mr. Yue Yong and Mr. Guan Haiqing.

Save as disclosed above, as at 31 March 2017, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or was required to be recorded in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES DISCLOSEABLE UNDER THE SFO

As at 31 March 2017, Shareholders (other than the Directors and the chief executive of the Company) who had interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company 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 under section 336 of the SFO were as follows:

Long position in Shares

Name of Shareholder	Capacity/Nature of Interest	Number of Shares held	Approximate percentage of shareholding (Note 1)
Worldgate Ventures Limited (Note 2)	Beneficial owner	103,335,000	21.23%
Ms. Li Duan (Note 3)	Interest of spouse	310,040,000	63.70%
Cohort Investments Limited (Note 4)	Beneficial owner	103,335,000	21.23%
Ms. Chen Baozhu (Note 5)	Interest of spouse	310,040,000	63.70%
Copious Link Investments Limited (Note 6)	Beneficial owner	72,365,000	14.87%
Ms. Gu Wei (Note 7)	Interest of spouse	310,040,000	63.70%
Hugemind Investments Limited (Note 8)	Beneficial owner	31,005,000	6.37%
Ms. Bai Xiaoqian (Note 9)	Interest of spouse	310,040,000	63.70%
Sino Impact Limited	Beneficial owner	54,710,000	11.24%
Mr. Kwan Shan (Note 10)	Interest in a controlled corporation; Interest of spouse	54,710,000	11.24%
Ms. Tam Suk Fan Cindy (Note 10)	Interest in a controlled corporation; Interest of spouse	54,710,000	11.24%

Note(s):

1. As at 31 March 2017, the Company had 486,745,000 Shares in issue.
2. Worldgate Ventures Limited is wholly-owned by Mr. Yue Yong. Under the SFO, Mr. Yue Yong is deemed to be interested in the Shares held by Worldgate Ventures Limited.
3. Ms. Li Duan is the spouse of Mr. Yue Yong. Under the SFO, Ms. Li Duan is deemed to be interested in the same number of Shares in which Mr. Yue Yong is interested.
4. Cohort Investments Limited is wholly-owned by Mr. Sie Tak Kwan. Under the SFO, Mr. Sie Tak Kwan is deemed to be interested in the Shares held by Cohort Investments Limited.
5. Ms. Chen Baozhu is the spouse of Mr. Sie Tak Kwan. Under the SFO, Ms. Chen Baozhu is deemed to be interested in the same number of Shares in which Mr. Sie Tak Kwan is interested.
6. Copious Link Investments Limited is wholly-owned by Mr. Guan Haiqing. Under the SFO, Mr. Guan Haiqing is deemed to be interested in the Shares held by Copious Link Investments Limited.
7. Ms. Gu Wei is the spouse of Mr. Guan Haiqing. Under the SFO, Ms. Gu Wei is deemed to be interested in the same number of Shares in which Mr. Guan Haiqing is interested.
8. Hugemind Investments Limited is wholly-owned by Mr. Liang Judong. Under the SFO, Mr. Liang Judong is deemed to be interested in the Shares held by Hugemind Investments Limited.
9. Ms. Bai Xiaoqian is the spouse of Mr. Liang Judong. Under the SFO, Ms. Bai Xiaoqian is deemed to be interested in the same number of Shares in which Mr. Liang Judong is interested.
10. Mr. Kwan Shan and Ms. Tam Suk Fan Sindy, each holds 50% of Sino Impact Limited, which directly holds 54,710,000 Shares. By virtue of the SFO, Mr. Kwan Shan and Ms. Tam Suk Fan Sindy are deemed to be interested in the 54,710,000 Shares in which Sino Impact Limited is interested.

Save as disclosed above, as at 31 March 2017, the Company has not been notified by any persons (other than the Directors or chief executive of the Company) who held an interest or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company 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 under section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Since the Shares of the Company were listed on GEM on 15 December 2016, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any listed securities of the Company during the three months ended 31 March 2017 save for those related to the Reorganisation.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for dealing in securities of the Company by the Directors in accordance with the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Code of Conduct"). The Company has made specific enquiries with all the Directors and the Directors have confirmed that they have complied with the Code of Conduct during the three months ended 31 March 2017.

INTERESTS OF THE COMPLIANCE ADVISER

As confirmed by the Group's compliance adviser, KGI Capital Asia Limited (the "Compliance Adviser"), as at 31 March 2017 save for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 10 August 2016 in connection with the Listing, none of the Compliance Adviser or its directors, employees or associates (as defined in the GEM Listing Rules) had any interest in the Group or in the share capital of any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

DEED OF NON-COMPETITION BY CONTROLLING SHAREHOLDERS

On 21 November 2016, Cohort Investments Limited, Copious Link Investments Limited, Hugemind Investments Limited, Worldgate Ventures Limited, Mr. Yue Yong, Mr. Sie Tak Kwan, Mr. Guan Haiqing and Mr. Liang Judong (the "Controlling Shareholders") entered into a deed of non-competition ("Deed of Non-Competition") in favour of the Company (for itself and as trustee for each of its subsidiaries), pursuant to which each Controlling Shareholder, jointly and severally, warrants and undertakes to the Company that, from the Listing Date, he/it shall not, and shall procure his/its close associates any company directly or indirectly controlled by him/it (other than members of the Group) not to directly or indirectly, carry on, participate, engage or otherwise be interested in any business in anywhere or place which is or may be in competition with the business of any members of the Group from time to time. For details of the Deed of Non-Competition, please refer to the section headed "Relationship with Our Controlling Shareholders" in the Prospectus.

Each Controlling Shareholder has confirmed to the Company of its/his compliance with the Deed of Non-Competition during the three months ended 31 March 2017. The independent non-executive Directors have also reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-Competition have been complied by each of the Controlling Shareholders during the three months ended 31 March 2017.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established on 21 November 2016 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and the code provision C.3.3 of the Corporate Governance Code in Appendix 15 to the GEM Listing Rules. The Audit Committee comprises three independent non-executive Directors, namely Mr. Cheung Hon Fai, Professor Lam Kin Man and Mr. Shen Qi. The chairman of the Audit Committee is Mr. Cheung Hon Fai, who holds the appropriate professional qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules. None of the members of the Audit Committee are former partners of the Company's existing external auditors.

The Group's unaudited condensed consolidated financial results for the three months ended 31 March 2017 have been reviewed by the Audit Committee and the management, which were of the view that the preparation of such financial results have complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

By order of the Board
Vixtel Technologies Holdings Limited
Yue Yong
Chairman and executive Director

Hong Kong, 8 May 2017

As at the date of this announcement, the executive Directors are Mr. Yue Yong, Mr. Sie Tak Kwan and Mr. Guan Haiqing; the non-executive Director is Mr. Liang Judong; and the independent non-executive Directors are Mr. Cheung Hon Fai, Professor Lam Kin Man and Mr. Shen Qi.

This announcement will remain on the Stock Exchange's website at www.hkexnews.hk on the "Latest Company Announcements" page for at least seven days from the date of its posting. This announcement will also be published on the Company's website at www.vixtel.com.