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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)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2017

**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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**” and each a “**Director**”) of CircuTech International 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 of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company and its subsidiaries (collectively the “**Group**”). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

RESULTS

The board of directors (the “**Board**”) of the Company hereby announces the unaudited condensed consolidated results of the Group for the three months and six months ended 30 June 2017, together with the comparative unaudited figures for the corresponding periods in 2016, as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	Three months ended 30 June		Six months ended 30 June	
		2017	2016	2017	2016
		<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)
Revenue	3	10,713	5,897	14,628	11,607
Cost of sales		<u>(8,487)</u>	<u>(3,912)</u>	<u>(10,869)</u>	<u>(7,647)</u>
Gross profit		2,226	1,985	3,759	3,960
Other income		133	70	263	87
Selling and distribution costs		(701)	(951)	(1,385)	(1,865)
Administrative expenses		(4,402)	(5,353)	(7,620)	(7,593)
Research and development expenditure		<u>(516)</u>	<u>(766)</u>	<u>(1,010)</u>	<u>(1,238)</u>
Loss before income tax	5	(3,260)	(5,015)	(5,993)	(6,649)
Income tax	6	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Loss for the period		<u>(3,260)</u>	<u>(5,015)</u>	<u>(5,993)</u>	<u>(6,649)</u>
Other comprehensive income for the period:					
<i>Items that may be reclassified to profit or loss</i>					
Currency translation differences		<u>29</u>	<u>953</u>	<u>18</u>	<u>892</u>
Other comprehensive income for the period		<u>29</u>	<u>953</u>	<u>18</u>	<u>892</u>
Total comprehensive loss for the period		<u>(3,231)</u>	<u>(4,062)</u>	<u>(5,975)</u>	<u>(5,757)</u>

	<i>Note</i>	Three months ended 30 June		Six months ended 30 June	
		2017	2016	2017	2016
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period attributable to:					
Owners of the Company		(3,259)	(4,988)	(5,991)	(6,614)
Non-controlling interests		(1)	(27)	(2)	(35)
		<u>(3,260)</u>	<u>(5,015)</u>	<u>(5,993)</u>	<u>(6,649)</u>
Total comprehensive (loss)/income for the period attributable to:					
Owners of the Company		(3,210)	(4,073)	(5,951)	(5,772)
Non-controlling interests		(21)	11	(24)	15
		<u>(3,231)</u>	<u>(4,062)</u>	<u>(5,975)</u>	<u>(5,757)</u>
Loss per share attributable to owners of the Company (<i>HK cents per share</i>)	8				
– Basic and diluted		<u>19.47</u>	<u>29.80</u>	<u>35.79</u>	<u>39.51</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2017 <i>HK\$'000</i> (Unaudited)	As at 31 December 2016 <i>HK\$'000</i> (Audited)
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		11,537	11,627
Capitalised development costs		165	461
Available-for-sale financial asset		1,462	–
		<u>13,164</u>	<u>12,088</u>
Current assets			
Inventories		53,071	1,560
Trade and other receivables	9	5,315	2,754
Restricted bank deposits		15,583	–
Cash and cash equivalents		22,598	49,460
		<u>96,567</u>	<u>53,774</u>
LIABILITIES			
Current liabilities			
Trade and other payables	10	52,838	2,994
Net current assets		<u>43,729</u>	<u>50,780</u>
Total assets less current liabilities		<u><u>56,893</u></u>	<u><u>62,868</u></u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	11	3,348	3,348
Reserves		54,031	59,982
		57,379	63,330
Non-controlling interests		(486)	(462)
Total equity		<u><u>56,893</u></u>	<u><u>62,868</u></u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. BASIS OF PREPARATION AND PRESENTATION

The condensed consolidated interim financial statements for the six months ended 30 June 2017 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of the GEM Listing Rules.

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”).

2. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the condensed consolidated interim financial information are consistent with those of the annual financial statements for the year ended 31 December 2016, as described in those annual financial statements, except for the adoption of amendments to standards effective for the financial year ending 31 December 2017 and policies described below.

2.1 Available-for-sale financial assets

(i) Classification

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(ii) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Available-for-sale financial assets are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the condensed consolidated statement of comprehensive income as “gains and losses from investment securities”.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the condensed consolidated statement of comprehensive income as part of other income. Dividends on available-for-sale equity instruments are recognised in the condensed consolidated statement of comprehensive income as part of other income when the Group’s right to receive payments is established.

(iii) Impairment of financial assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is reclassified from equity and recognised in profit or loss. Impairment losses recognised in the condensed consolidated statement of comprehensive income on equity instruments are not reversed through the condensed consolidated statement of comprehensive income.

2.2 Amendments to standards adopted by the Group

The following amended standards are mandatory for the first time for the financial year beginning 1 January 2017.

Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKAS 7	Disclosure Initiative
Amendment to HKFRS 12	Disclosure of interest in other entities

The adoption of the above amended standards did not have a material impact on the Group’s condensed consolidated interim financial information.

2.3 New and amended standards not yet adopted by the Group

A number of new and amended standards are effective for annual periods beginning after 1 January 2017 and have not been adopted in preparing the condensed consolidated interim financial information.

		Effective for accounting periods beginning on or after
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to HKAS 40	Investment Property	1 January 2018
HK (IFRIC) – Int 22	Foreign Currency Transactions and advance consideration	1 January 2018
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments to HKFRS 15	Clarifications to HKFRS 15	1 January 2018
HKFRS 16	Leases	1 January 2019

None of the above is expected to have a significant effect on the Group's consolidated financial statements, except the following:

(i) *HKFRS 9 "Financial instruments"*

HKFRS 9 "Financial instruments" replaces the whole of HKAS 39. HKFRS 9 has three financial asset classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics.

Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.

HKFRS 9 also introduces a new model for the recognition of impairment losses – the expected credit losses ("ECL") model, which constitutes a change from the incurred loss model in HKAS 39. HKFRS 9 contains a "three stage" approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. The new rules mean that on initial recognition of a non-credit impaired financial asset carried at amortised cost a day-1 loss equal to the 12-month ECL is recognised in profit or loss. In the case of accounts receivables this day-1 loss will be equal to their lifetime ECL.

Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL.

(ii) *HKFRS 15 “Revenue from contracts with customers”*

HKFRS 15 “Revenue from Contracts with Customers” – this new standard replaces the previous revenue standards: HKAS 18 “Revenue” and HKAS 11 “Construction Contracts”, and the related Interpretations on revenue recognition. HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach:

- (1) Identify the contract(s) with customer;
- (2) Identify separate performance obligations in a contract;
- (3) Determine the transaction price;
- (4) Allocate transaction price to performance obligations; and
- (5) Recognise revenue when performance obligation is satisfied.

The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an “earnings processes” to an “asset liability” approach based on transfer of control. HKFRS 15 provides specific guidance on capitalisation of contract cost, license arrangements and principal versus agent considerations. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers. Meanwhile, there will be additional disclosure requirement under HKFRS 15 upon its adoption. HKFRS 15 is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted.

(iii) *HKFRS 16 “Leases”*

HKFRS 16 was issued in January 2016. It will results in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group’s operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK\$897,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group’s profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

The Group is in the process of making an assessment of what the impact of these new standards and amendments to existing standards would be in the period of initial application, but not yet in a position to state whether they would have a significant impact to the Group's results and financial position.

3. REVENUE

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

	Three months ended		Six months ended	
	30 June		30 June	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales and distribution of IT products	10,707	5,897	14,618	11,607
Repairs and service support	6	–	10	–
	<u>10,713</u>	<u>5,897</u>	<u>14,628</u>	<u>11,607</u>

4. SEGMENT INFORMATION

The Group is principally engaged in the sales and distribution of IT products, and the provision of repairs and other service support of IT products.

The chief operating decision-makers have been identified as the executive directors of the Company (the “**Executive Directors**”). The Executive Directors have determined the operating segments based on the information reviewed by them that are used to make strategic decisions.

Management considers the business from a product perspective whereby management assesses the performance of sales and distribution of IT products and repairs and service support.

During the six months ended 30 June 2017 and 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 repairs, maintenance and other service support for electronic products

Segment revenue and results

The segment information provided to the Executive Directors for the reportable segments for the six months ended 30 June 2017 and 2016 is as follows:

Six months ended 30 June 2017 (unaudited)

	Sales and distribution of IT products <i>HK\$'000</i>	Repairs and service support <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue			
External sales and segment revenue	<u>14,618</u>	<u>10</u>	<u>14,628</u>
Segment profit	<u>38</u>	<u>9</u>	47
Interest income from bank deposits			1
Unallocated corporate expenses (<i>Note</i>)			<u>(6,041)</u>
Loss before income tax			<u>(5,993)</u>

Six months ended 30 June 2016 (unaudited)

	Sales and distribution of IT products <i>HK\$'000</i>	Repairs and service support <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue			
External sales and segment revenue	<u>11,607</u>	<u>–</u>	<u>11,607</u>
Segment loss	<u>(2,518)</u>	<u>–</u>	(2,518)
Interest income from bank deposits			5
Unallocated corporate expenses (<i>Note</i>)			<u>(4,136)</u>
Loss before income tax			<u>(6,649)</u>

Note:

Unallocated corporate expenses represent general corporate expenses such as executive salaries and other unallocated general and administrative expenses.

Geographical information

The Group's revenue is mainly derived from customers located in Asia, Europe and Africa, while the Group's business activities are conducted predominantly in Hong Kong, the People's Republic of China and the United Kingdom.

	Six months ended	
	30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Asia	10,170	8,077
Europe	3,819	2,227
Africa	628	1,175
Others	11	128
	<u>14,628</u>	<u>11,607</u>

Revenue is allocated based on the countries where the Group's customers are located.

5. LOSS BEFORE INCOME TAX

Loss before income tax is stated after charging and crediting the following:

	Three months ended		Six months ended	
	30 June		30 June	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Reversal of)/provision for inventories (included in cost of sales)	(113)	(786)	53	(531)
Amortisation of capitalised development costs (included in research and development expenditure)	148	823	296	1,050
Depreciation of property, plant and equipment	26	30	57	60
Loss on disposal of property, plant and equipment	51	4	61	5
Interest income	–	(3)	(1)	(5)
Net foreign exchange (gain)/loss	(109)	1,158	(117)	1,157
Reversal of provision on trade receivables	(25)	(34)	(29)	(52)

6. INCOME TAX

Hong Kong and overseas profits tax is calculated at the rate of 16.5% (2016:16.5%) and at the rates of taxation prevailing in the countries in which the Group operates respectively. No profits tax was provided as there was no assessable profits for the period (2016: Nil).

7. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2017 (2016: Nil).

8. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by weighted average number of ordinary shares in issue during the periods.

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company	<u>(3,259)</u>	<u>(4,988)</u>	<u>(5,991)</u>	<u>(6,614)</u>
Weighted average number of ordinary shares (<i>thousands</i>)	<u>16,738</u>	<u>16,738</u>	<u>16,738</u>	<u>16,738</u>
Basic loss per share (<i>HK cents per share</i>)	<u>19.47</u>	<u>29.80</u>	<u>35.79</u>	<u>39.51</u>

(b) Diluted

Diluted loss per share is equal to basic loss per share as there was no dilutive potential share outstanding in both periods presented.

The weighted average number of ordinary shares for the purpose of basic loss per share for the three and six months ended 30 June 2017 has been adjusted for the share consolidation on 6 February 2017 (*Note 11*). Hence, the comparative figures for the basic loss per share for the three and six months ended 30 June 2017 are adjusted to take into the account of the effect of the above share consolidation during the period retrospectively as if it had taken place before the beginning of the comparative period.

9. TRADE AND OTHER RECEIVABLES

	As at 30 June 2017 <i>HK\$'000</i> (Unaudited)	As at 31 December 2016 <i>HK\$'000</i> (Audited)
Trade receivables, net of provision	1,171	1,540
Prepayments, deposits and other receivables	4,144	1,214
	5,315	2,754

The credit period granted to trade customers ranging from 0 to 30 days. At 30 June 2017 and 31 December 2016, the ageing analysis of the trade receivables based on due date were as follows:

	As at 30 June 2017 <i>HK\$'000</i> (Unaudited)	As at 31 December 2016 <i>HK\$'000</i> (Audited)
Current and less than 1 month	1,129	1,231
1 to 3 months	42	309
	1,171	1,540

10. TRADE AND OTHER PAYABLES

	As at 30 June 2017 <i>HK\$'000</i> (Unaudited)	As at 31 December 2016 <i>HK\$'000</i> (Audited)
Trade payables	49,924	624
Accruals and other payables	<u>2,914</u>	<u>2,370</u>
	<u>52,838</u>	<u>2,994</u>

At 30 June 2017 and 31 December 2016, the ageing analysis of the trade payables based on due date were as follows:

	As at 30 June 2017 <i>HK\$'000</i> (Unaudited)	As at 31 December 2016 <i>HK\$'000</i> (Audited)
Current and less than 1 month	49,911	585
1 to 3 months	7	–
Over 3 months	<u>6</u>	<u>39</u>
	<u>49,924</u>	<u>624</u>

11. SHARE CAPITAL

	Number of shares		Share capital	
	30 June	31 December	30 June	31 December
	2017	2016	2017	2016
			HK\$ '000	HK\$ '000
Ordinary shares				
Authorised:				
At the beginning of the period/year	20,000,000,000	20,000,000,000	80,000	80,000
Share consolidation (<i>Note</i>)	(19,600,000,000)	—	—	—
At the end of the period/year	<u>400,000,000</u>	<u>20,000,000,000</u>	<u>80,000</u>	<u>80,000</u>
Issued and fully paid:				
At the beginning of the period/year	836,920,850	836,920,850	3,348	3,348
Share consolidation (<i>Note</i>)	(820,182,433)	—	—	—
At the end of the period/year	<u>16,738,417</u>	<u>836,920,850</u>	<u>3,348</u>	<u>3,348</u>

Note:

With the approval of the shareholders at an 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 share with a par value of HK\$0.20 each in the share capital of the Company, became effective on 6 February 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2017 (2016: Nil).

FINANCIAL REVIEW

For the six months ended 30 June 2017, the Group recorded a turnover of approximately HK\$14,628,000, representing an increase of approximately 26% as compared with a turnover of approximately HK\$11,607,000 of the same period in 2016. The loss attributable to owners of the Company was approximately HK\$5,991,000 for the six months ended 30 June 2017 (30 June 2016: HK\$6,614,000), representing a decrease of approximately 9% when compared with the same period in last year. The Board considers that the improvement is mainly attributable to (i) the strengthened control over operations which streamlined operating procedures and increased the cost efficiency to achieve better performance for the continuous development of the Group; and (ii) augmented product offerings after the Group has started to sell and distribute third parties IT products in April 2017.

BUSINESS REVIEW

The Group mainly engages in two business segments, namely i) sales and distribution of IT products; and ii) repairs and service support. During the six months ended 30 June 2017, the Group achieved growth in the sales and distribution segment with a 26% increase in turnover. The business volume growth is attributable to the expansion of Asian and European markets due to broadening of product offerings and successful operational efficiencies implemented in 2017 that continued to improve the Group's performance.

BUSINESS OUTLOOK

The Group has broadened its customer base and augmented its products offering in the second quarter of 2017. Furthermore, the Group continues to expand its repairs and service support network in order to pursue new, strategic customers to grow the Group's turnover and enhance shareholders' returns.

SEGMENT INFORMATION

Asia

Turnover from Asia (inclusive of Hong Kong, Singapore, Middle East and other Asian countries) as a whole for the six months ended 30 June 2017 amounted to approximately HK\$10,170,000 (2016: HK\$8,077,000) or 70% (2016: 70%) of the Group's turnover.

Europe

Turnover from Europe for the six months ended 30 June 2017 amounted to approximately HK\$3,819,000 (2016: HK\$2,227,000) or 26% (2016: 19%) of the Group's turnover.

Africa

Turnover from Africa for the six months ended 30 June 2017 amounted to approximately HK\$628,000 (2016: HK\$1,175,000) or 4% (2016: 10%) of the Group's turnover.

Others

Other geographic segments mainly included the Americas and Australia. Turnover from other geographic areas for the six months ended 30 June 2017 amounted to approximately HK\$11,000 (2016: HK\$128,000).

EMPLOYEE INFORMATION

As at 30 June 2017, the Group employed 22 (2016: 22) full time employees in Hong Kong and 6 (2016: 5) full time employees in the PRC and overseas offices. The Group's staff costs, including directors' emoluments, employees' salaries and retirement benefits schemes contributions amounted to approximately HK\$4,682,000 (2016: HK\$4,411,000).

Employees are remunerated in accordance with individual's responsibility and performance, which remain competitive with the prevailing market rates. Other fringe benefits such as medical insurance, retirement benefits schemes and discretionary bonus are offered to all employees. Share options are granted at the Directors' discretion and under the terms and conditions of share option scheme.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

The Group mainly used its internal resources to finance its operations during the six months ended 30 June 2017.

The Group had bank balances, deposits and cash of approximately HK\$22,598,000 as at 30 June 2017 (31 December 2016: HK\$49,460,000).

As at 30 June 2017, the Group did not have any outstanding borrowings. Hence, no gearing ratio of the Group has been presented (31 December 2016: Nil).

CAPITAL STRUCTURE

The Group did not have any borrowings during the six months ended 30 June 2017 (31 December 2016: Nil).

SIGNIFICANT INVESTMENT

The Group did not enter into any new significant investment during the six months ended 30 June 2017 (31 December 2016: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not make any material acquisition and disposal of subsidiaries and affiliated companies for the six months ended 30 June 2017 (31 December 2016: Nil).

CHARGE ON ASSETS

As at 30 June 2017, a bank deposit of HK\$15,583,000 (or equivalent to US\$2,000,000) was pledged to the bank for the bank facility amounting to US\$4,000,000 granted to the Group.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Up to the current moment, the Group does not have any other plan for material investments or capital assets.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

During the six months ended 30 June 2017, the Group's transactions were substantially denominated in either Hong Kong dollars, United States dollars or Euros. The Group did not use any financial instruments for hedging purposes (31 December 2016: Nil).

CONTINGENT LIABILITIES

As at 30 June 2017, the Group did not have any contingent liabilities (31 December 2016: Nil).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As of 30 June 2017, none of the Directors and chief executive of the Company was interested in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required under Divisions 7 and 8 of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under section 352 of the SFO, or which were required under Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the six months ended 30 June 2017 was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the Directors, their spouses or children under the age of eighteen, had any rights to subscribe for securities of the Company, or had exercised any such rights during the six months ended 30 June 2017.

SUBSTANTIAL SHAREHOLDERS

As of 30 June 2017, so far as is known to the Directors and chief executive of the Company, the interests and short positions of the persons or corporations in the shares and underlying shares of 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 under section 336 of the SFO, were as follows:

Long position in shares of the Company (“Shares”)

Name of shareholders	Capacity	Percentage of the issued share capital of the Company (approximate)	
		Number of Shares held/ interested	
Foxconn (Far East) Limited	Beneficial owner	8,381,602	50.07%
Hon Hai Precision Industry Co., Ltd	Interest of a controlled corporation	8,381,602	50.07%

Note:

Foxconn (Far East) Limited is a wholly-owned subsidiary of Hon Hai Precision Industry Co Ltd., a company incorporated in Taiwan and listed on the Taiwan Stock Exchange (stock code: 2317.TW). Hon Hai Precision Industry Co Ltd. is deemed to be interested in the Shares held by Foxconn (Far East) Limited under the SFO.

Save as disclosed above, as of 30 June 2017, the Company had not been notified by any other person (other than a Director or chief executive of the Company) who had interests or short positions in the shares and the underlying shares of 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 under section 336 of the SFO.

SHARE OPTION SCHEME

A share option scheme was adopted by the shareholders of the Company and was effective on 11 November 2016 (the “**2016 Option Scheme**”). Unless otherwise cancelled or amended, the 2016 Option Scheme will remain in force for a period of 10 years from the date of its adoption.

No share options were granted by the Company since the date of adoption of the 2016 Option Scheme.

COMPETITION AND CONFLICT OF INTERESTS

During the six months ended 30 June 2017, the Directors were not aware of any business or interest of the Directors, controlling shareholders of the Company and their close associates that competes or may compete with the business of the Group or any other conflicts of interests which any such person has or may have with the Group.

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

During the six months ended 30 June 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors (the “**Company's Code**”) 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 has confirmed that during his/her tenure as Director in the six months ended 30 June 2017, he/she had fully complied with the required standard of dealings and the Company's Code and there was no event of non-compliance.

CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2017, 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 Code Provisions A.2.1, which 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 the roles of the chairman and chief executive officer. 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 of the Company.

AUDIT COMMITTEE

The Audit Committee has three members comprising three independent non-executive Directors, namely, Ms. Wu Yi Shuan (chairman), Mr. Yeung Wai Hung Peter and Mr. Miao Benny Hua-ben.

The primary duties of the Audit Committee are to review and supervise the financial reporting system, risk management and internal control systems and the effectiveness of the internal audit function of the Group. The Audit Committee is also responsible for, among other things, reviewing the Company's annual report and financial statements, quarterly reports and half-yearly report and providing advice and comments thereon to the Board.

Review of Interim financial Information

Such unaudited interim financial information has been reviewed by the Company's auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountant.

The Audit Committee has reviewed the condensed consolidated financial statement of the Group, this announcement and the interim result announcement, and has provided advice and comments thereon.

REMUNERATION COMMITTEE

The members of the Remuneration Committee comprises of five 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 and Mr. Cheng Michael Ichiang (each an executive Director).

The Remuneration Committee 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 executive Directors, and on the establishment of a formal and transparent procedure for developing policy on such remuneration.

NOMINATION COMMITTEE

The members of the Nomination Committee are Mr. Miao Benny Hua-ben (chairman), Mr. Yeung Wai Hung Peter, Ms. Wu Yi Shuan (each an independent non-executive Director) and Mr. Cheng Michael Ichiang (an executive Director).

The Nomination Committee was responsible for selecting and nominating individuals for directorship as well as making recommendations to the Board on nomination policy.

OTHER EVENTS

Retirement of Director

Mr. Chen Haining was not re-elected at the Annual General Meeting (“AGM”) held on 10 May 2017 and thus retired as an executive Director upon conclusion of the AGM.

Change of Company Secretary

Ms. Lau Yee Wa was appointed as the company secretary of the Company with effect from 12 April 2017. She resigned on 23 June 2017.

Mr. Tam Hoi Kwong and Ms. Wong Sau Ping were appointed as joint company secretaries of the Company with effect from 23 June 2017 in place of Ms. Lau Yee Wa.

Change of principal place of business

The principal place of business of the Company in Hong Kong has been changed to 36/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong with effect from 23 June 2017.

By order of the Board

CircuTech International Holdings Limited

Dr. Woo Kwok Fai Louis

Chairman and Chief Executive Officer

Hong Kong, 11 August 2017

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

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.