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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)

QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2019

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

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

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

*This announcement, for which the directors (“**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 GEM of the Stock Exchange (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.*

HIGHLIGHTS

The operating results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the three months ended 31 March 2019 are highlighted as follows:

- The Group recorded a turnover of approximately HK\$50.4 million for the three months ended 31 March 2019 (three months ended 31 March 2018: approximately HK\$90.2 million), representing a decrease of approximately HK\$39.8 million or approximately 44.1% when compared with the same period last year.
- The gross profit margin of the Group increased to approximately 9.6% for the three months ended 31 March 2019 (three months ended 31 March 2018: approximately 7.8%).
- The Group recorded a net loss attributable to the owners of the Company of approximately HK\$10,000 for the three months ended 31 March 2019 (three months ended 31 March 2018: Profit of approximately HK\$0.4 million), representing a swing of approximately HK\$0.4 million when compared with the corresponding period last year. The board (the “**Board**”) of Directors considers that this is in line with the financial figures of the Group for the year ended 31 December 2018 as disclosed in the annual report of the Company for the year 2018. The Group recorded a net loss of approximately HK\$14.6 million for the year ended 31 December 2018.
- The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2019 (three months ended 31 March 2018: Nil).

QUARTERLY RESULTS

The Board hereby announces the unaudited condensed consolidated quarterly results of the Group for the three months ended 31 March 2019, together with the comparative unaudited figures for the corresponding period in 2018, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Three months ended	
		31 March	
	Note	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	3	50,433	90,247
Cost of sales		<u>(45,599)</u>	<u>(83,163)</u>
Gross profit		4,834	7,084
Other income		767	49
Selling and distribution costs		(1,341)	(1,203)
Administrative expenses		(3,893)	(4,642)
Research and development expenditure		(388)	(374)
Finance costs		<u>(25)</u>	<u>—</u>
Operating (loss)/profit		(46)	914
Share of net profit of an associate accounted for using the equity method		<u>120</u>	<u>—</u>
Profit before income tax	5	74	914
Income tax expenses	6	<u>(84)</u>	<u>(500)</u>
(Loss)/profit for the period		<u>(10)</u>	<u>414</u>
Other comprehensive income for the period:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences arising on translating foreign operations		<u>95</u>	<u>70</u>
Other comprehensive income for the period		<u>95</u>	<u>70</u>
Total comprehensive income for the period		<u>85</u>	<u>484</u>

		Three months ended	
		31 March	
		2019	2018
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
	(Unaudited)	(Unaudited)	
(Loss)/profit for the period attributable to:			
– Owners of the Company	(10)	414	
– Non-controlling interests	<u>–</u>	<u>–</u>	
	<u>(10)</u>	<u>414</u>	
Total comprehensive income/(loss) for the period attributable to:			
– Owners of the Company	103	510	
– Non-controlling interests	<u>(18)</u>	<u>(26)</u>	
	<u>85</u>	<u>484</u>	
(Loss)/earnings per share attributable to owners of the Company (<i>HK cents per share</i>)			
– Basic and diluted	(0.04)	1.77	
	<u>(0.04)</u>	<u>1.77</u>	

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company						Non-controlling interests	Total
	Share capital	Share premium	Translation reserve	Special reserve	Financial asset at FVOCI	Accumulated losses		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2019 (audited)	4,687	183,006	(1,731)	14,990	30	(68,889)	132,093	131,602
Change in accounting policy (Note 2)	–	–	–	–	–	(48)	(48)	(48)
Balance at 1 January 2019 (restated)	4,687	183,006	(1,731)	14,990	30	(68,937)	132,045	131,554
Loss for the period	–	–	–	–	–	(10)	(10)	(10)
Other comprehensive income/(loss) for the period ended 31 March 2019								
Exchange differences arising on translating foreign operations	–	–	113	–	–	–	113	95
Total comprehensive income/(loss) for the period	–	–	113	–	–	(10)	103	85
Balance at 31 March 2019 (unaudited)	4,687	183,006	(1,618)	14,990	30	(68,947)	132,148	131,639
Balance at 1 January 2018 (audited)	4,687	183,006	250	14,990	–	(54,288)	148,645	148,141
Profit for the period	–	–	–	–	–	414	414	414
Other comprehensive income/(loss) for the period ended 31 March 2018								
Exchange differences arising on translating foreign operations	–	–	96	–	–	–	96	70
Total comprehensive income/(loss) for the period	–	–	96	–	–	414	510	484
Balance at 31 March 2018 (unaudited)	4,867	183,006	346	14,990	–	(53,874)	149,155	148,625

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

CircuTech International Holdings Limited (the “**Company**”) and its subsidiaries (together, 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 Company is a limited liability company incorporated in the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company has its primary listing on GEM of The Stock Exchange of Hong Kong Limited.

These unaudited condensed consolidated financial information is presented in Hong Kong dollars (“**HK\$**”), unless otherwise stated.

2. BASIS OF PREPARATION

This unaudited condensed consolidated financial information for the three months ended 31 March 2019 has been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable requirements of the GEM Listing Rules. This unaudited condensed consolidated financial information does not include all information and disclosures as required in the annual financial statements.

Except as described below, the principal accounting policies applied in the preparation of this unaudited condensed consolidated financial information are consistent with those of the financial statements for the year ended 31 December 2018, except for the adoption of new and amended standards and interpretations effective for the financial year ending 31 December 2019. The following new and amended standards and interpretations are mandatory for the first time for the financial year beginning on 1 January 2019.

Annual improvements project (amendments)	Annual improvements 2015-2017 cycle
HKAS 19 (amendments)	Plan amendment, curtailment or settlement
HKAS 28 (amendments)	Long-term interests in associates and joint ventures
HKFRS 9 (amendments)	Prepayment features with negative compensation
HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over income tax treatments

Except as described below, the adoption of the above new and amended standards and interpretations did not have a material impact on the Group's unaudited condensed consolidated financial information for the three months ended 31 March 2019.

HKFRS 16 Leases

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate. Lease payments include the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable; and
- variable lease payments that are based on an index or a rate.

The Group measured the rights-of-use assets as if HKFRS 16 had always been applied by using the incremental borrowing rate at initial application date. The opening balances of lease liabilities and the corresponding right-of-use assets have been adjusted as at 1 January 2019.

Each lease payment is allocated between the principal repayment of lease liability and finance cost. The finance cost is charged to the condensed consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

In accordance with the transition provisions in HKFRS 16, the Group has adopted HKFRS 16 retrospectively without restatement, with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained profits as at 1 January 2019. Comparative information has not been restated. In addition, the Group elected the practical expedient for not applying the new accounting model to short-term leases and leases of low-value assets. Furthermore, the Group has used the practical expedient to account for leases for which the lease term ends within 12 months from the date of initial application as short-term lease.

The adoption of HKFRS 16 from 1 January 2019 resulted in changes in accounting policies and adjustments to the amounts recognised in the condensed consolidated financial information. In accordance with the transitional provisions in HKFRS 16, comparative figures have not been restated.

The following table shows the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

	31 December 2018 HK\$'000	HKFRS 16 HK\$'000 (Unaudited)	1 January 2019 (Restated) HK\$'000 (Unaudited)
Condensed consolidated statement of financial position (extract)			
Non-current assets			
Right-of-use assets	<u>–</u>	<u>2,013</u>	<u>2,013</u>
Current liabilities			
Lease liabilities	<u>–</u>	<u>(1,348)</u>	<u>(1,348)</u>
Non-current liabilities			
Lease liabilities	<u>–</u>	<u>(713)</u>	<u>(713)</u>
Equity			
Accumulated losses	<u>(68,889)</u>	<u>(48)</u>	<u>(68,937)</u>

The amount by each financial statements line item affected in the current period and period to date by the application of HKFRS 16 as compared to HKAS 17 that was previously in effect before the adoption of HKFRS 16 is as follows:

	For the period ended 31 March 2019		
	Amounts without the adoption of HKFRS 16 HK\$'000 (Unaudited)	Effects of the adoption of HKFRS 16 HK\$'000 (Unaudited)	Amounts as reported HK\$'000 (Unaudited)
Condensed consolidated statement of comprehensive income (extract)			
Administrative expenses			
Operating lease charges	<u>(370)</u>	<u>361</u>	<u>(9)</u>
Depreciation	<u>(590)</u>	<u>(339)</u>	<u>(929)</u>
Finance costs	<u>–</u>	<u>(25)</u>	<u>(25)</u>
Loss for the period attributable to:			
– Owners of the Company	<u>(7)</u>	<u>(3)</u>	<u>(10)</u>

As at 31 March 2019

	Amounts without the adoption of HKFRS 16 <i>HK\$'000</i> (Unaudited)	Effects of the adoption of HKFRS 16 <i>HK\$'000</i> (Unaudited)	Amounts as reported <i>HK\$'000</i> (Unaudited)
Condensed consolidated statement of financial position (extract)			
Non-current assets			
Right-of-use assets	<u>–</u>	<u>1,676</u>	<u>1,676</u>
Current liabilities			
Lease liabilities	<u>–</u>	<u>(1,341)</u>	<u>(1,341)</u>
Non-current liabilities			
Lease liabilities	<u>–</u>	<u>(386)</u>	<u>(386)</u>
Equity			
Accumulated losses	<u>(68,896)</u>	<u>(51)</u>	<u>(68,947)</u>

3. REVENUE

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

	Three months ended 31 March	
	2019 <i>HK\$'000</i> (unaudited)	2018 <i>HK\$'000</i> (unaudited)
Sales and distribution of IT products	50,346	90,156
Repairs and service support	<u>87</u>	<u>91</u>
	<u>50,433</u>	<u>90,247</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 were 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.

The Executive Directors examine the Group’s performance from a product perspective, and have identified two reportable segments of the Group’s business:

- (i) sales and distribution of IT products: this part of business includes the design, manufacturing and marketing of video surveillance systems and the distribution of third party IT products; and
- (ii) repairs and service support: repairs, maintenance and other service support for electronic products are provided under this part of business.

No sales between segments are carried out during the three months ended 31 March 2019 and 2018. The revenue from external parties is measured in the same way as in the condensed consolidated statement of comprehensive income.

Interest income from bank deposits and corporate expenses are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

Segment revenue and results

The segment information provided to the Executive Directors for the reportable segments for the three months ended 31 March 2019 and 2018 is as follows:

Three months ended 31 March 2019

	Sales and distribution of IT products <i>HK\$'000</i> (unaudited)	Repairs and service support <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Revenue			
External sales and segment revenue	<u>50,346</u>	<u>87</u>	<u>50,433</u>
Time of revenue recognition			
– At a point in time	50,346	–	50,346
– Over time	<u>–</u>	<u>87</u>	<u>87</u>
Segment profit	<u>1,795</u>	<u>23</u>	<u>1,818</u>
Other income			767
Unallocated corporate expenses (<i>Note</i>)			(2,606)
Finance costs			<u>(25)</u>
Operating loss			(46)
Share of net profit of an associate accounted for using the equity method			<u>120</u>
Profit before income tax			74
Income tax expenses			<u>(84)</u>
Loss for the period			<u>(10)</u>

	Sales and distribution of IT products <i>HK\$'000</i> (unaudited)	Repairs and service support <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Revenue			
External sales and segment revenue	<u>90,156</u>	<u>91</u>	<u>90,247</u>
Time of revenue recognition			
– At a point in time	90,156	–	90,156
– Over time	<u>–</u>	<u>91</u>	<u>91</u>
Segment profit	<u>4,198</u>	<u>39</u>	4,237
Other income			2
Unallocated corporate expenses (<i>Note</i>)			<u>(3,325)</u>
Profit before income tax			914
Income tax expenses			<u>(500)</u>
Profit for the period			<u>414</u>

Note:

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

5. PROFIT BEFORE INCOME TAX

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

	Three months ended	
	31 March	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	590	594
Depreciation of right-of-use assets	339	–
Interest expenses on lease liabilities	25	–
Interest income	(167)	(2)
Net foreign exchange (gains)/losses	(77)	77
Provision for inventories (included in cost of sales)	203	339
Provision for impairment of trade receivables	–	7
Rental income	(600)	–
	<u> </u>	<u> </u>

6. INCOME TAX EXPENSES

Hong Kong and overseas profits tax has been provided at the rate of 16.5% (2018: 16.5%) and at the rates of taxation prevailing in the countries in which the Group operates respectively.

	Three months ended	
	31 March	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Current income tax		
– Overseas taxation	84	500
	<u> </u>	<u> </u>

7. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the relevant period:

	Three months ended	
	31 March	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
(Loss)/profit attributable to the ordinary equity holders of the Company used in calculating basic (loss)/earnings per share	(10)	414
Weighted average number of ordinary shares used as the denominator in calculating basic (loss)/earnings per share ('000)	23,434	23,434
Basic (loss)/earnings per share attributable to the ordinary equity holders of the Company (<i>HK cents per share</i>)	<u>(0.04)</u>	<u>1.77</u>

Diluted (loss)/earnings per share

Diluted (loss)/earnings per share is equal to basic (loss)/earnings per share as there was no dilutive potential share outstanding during the period (three months ended 31 March 2018: same).

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The Board does not recommend the payment of a dividend for the three months ended 31 March 2019 (three months ended 31 March 2018: Nil).

BUSINESS REVIEW

The Group principally engages in the sales and distribution of IT products, and the provision of repairs and other service support of IT products. The Group offers a comprehensive and wide range of video surveillance products which have unique technologies, including five layers hacker resistance and best-in-class video compression technology developed by the Group. These technologies are complementary to one another, and provide customers with dedicated cost efficient solutions. The video surveillance systems industry is highly competitive. The Group directly and indirectly competes with large global vendors in form of pricing, range of services provided and information technology. Nevertheless, the Group is committed to continuously developing new technologies for targeted market to strengthen its market position and to improve profitability. The Group has also addressed the commoditisation of video surveillance systems by broadening its products offering through distributing third party IT products through its well established network covering the North America, Asia, Europe and Africa, which however contributes a lower profit margin than the products carrying our own brand. During the period, the Group has put some efforts to review and re-evaluate its business model, and its segment, client and product mix, with an aim to position the Group in the spectrum that is more optimal to the operation of the Group, and to achieve a higher profit margin in the long run. The side effect of the abovementioned adjustment in strategies is the impact on the revenue of the Group in the short run as a result of the decrease in segment revenue from the sales and distribution of IT products caused by the drop in business volume of third party IT products distributed by the Group. The Group will closely monitor the market situations and make necessary adjustments to its strategies and operations.

FINANCIAL REVIEW

Revenue

The Group's total revenue amounted to approximately HK\$50.4 million for the three months ended 31 March 2019, representing a decrease of approximately 44.1% as compared to that of approximately HK\$90.2 million for the three months ended 31 March 2018, attributable to the adjustment in strategies as aforesaid.

Cost of sales

A major component of the cost of sales was the cost of inventories. In line with the decrease in business volume, the cost of sales for the three months ended 31 March 2019 decreased to approximately HK\$45.6 million, as compared to that of approximately HK\$83.2 million for the corresponding period in 2018. The reversal of provision for inventories, which was included in the cost of sales, was approximately HK\$1.4 million to account for the decrease in slow-moving inventories.

Gross profit and gross profit margin

Gross profit decreased by approximately HK\$2.3 million for the three months ended 31 March 2019 as compared to that of the three months ended 31 March 2018, which was in line with the decrease in business volume. The overall gross profit margin, however, increased from approximately 7.8% for the three months ended 31 March 2018 to approximately 9.6% for the three months ended 31 March 2019 due to the Group's recent efforts in fine-tuning its strategies and re-evaluating its business model, and its segment, client and product mix so as to achieve a higher profit margin in the long run.

Administrative expenses

Administrative expenses decreased by approximately 16.1% to approximately HK\$3.9 million during the three months ended 31 March 2019. The Board considers that the improvement is mainly attributable to 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.

Net (loss)/profit for the period

The Group recorded a net loss of approximately HK\$10,000 and net profit of HK\$414,000 for the three months ended 31 March 2019 and 2018, respectively. The Board considers that this is in line with the financial figures of the Group for the year ended 31 December 2018 as disclosed in the annual report of the Company for the year 2018. The Group recorded a net loss of approximately HK\$14.6 million for the year ended 31 December 2018. The net loss for the three months ended 31 March 2019 was substantially due to the decrease in business volume.

BUSINESS OUTLOOK

The Group expects the IT product distribution business continues to be very competitive. The management is currently conducting a strategic review on its business operations and may adjust its business portfolio in a bid to generate better returns to the shareholders. The Group may allocate more resources to ramp-up the repair and services support business. This will entail sourcing spare parts of electronic products for its customers, which include renowned IT brands and their services centers. Subject to the results of the strategic review, the Group may execute a series of strategic initiatives in the coming quarters and bringing in new opportunities to the Group.

The Group will continuously strengthen the management team, expand the international footprint and broaden its customer base. The management anticipates additional fundraising may from time to time be required to support the working capital expenditure for such business growth. This entails investment in expanding and revamping overseas organisation structure, and potential capital expenditures if it is deemed to strategically enhance its capabilities.

LIQUIDITY AND FINANCIAL RESOURCES

During the period under review, the Group financed its daily operations with internally generated resources and net proceeds from the rights issue completed on 20 October 2017. The Group had net current assets of approximately HK\$106 million (31 March 2018: HK\$137 million) and cash and cash equivalents amounted to approximately HK\$84 million as at 31 March 2019 (31 March 2018: HK\$35 million). The Group had no borrowings outstanding as at 31 March 2019.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

As of 31 March 2019, none of the Directors and chief executive of the Company was interested in, or had short positions in, any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were required to be disclosed under Divisions 7 and 8 of Part XV 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 three months ended 31 March 2019 was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors 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 right during the three months ended 31 March 2019.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS IN SHARES

As of 31 March 2019, so far as is known to the Directors, the interests and short positions of the persons or corporations (other than a Director or chief executive of the Company) 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	Number of Shares held/ interested	Percentage of
			the issued share capital of the Company (approximately)
Foxconn (Far East) Limited	Beneficial owner	11,853,524	50.58%
Hon Hai Precision Industry Co., Ltd. (Note)	Interest in controlled corporation	11,853,524	50.58%

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 at 31 March 2019, the Company had not been notified by any other persons (other than a Director or chief executive of the Company) who had interests or short positions in the Shares and the underlying Shares, which were required to be disclosed under the provisions of Division 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.

COMPETITION AND CONFLICT OF INTERESTS

During the three months ended 31 March 2019, none of the Directors, controlling shareholders or their respective close associates (as defined in the GEM Listing Rules) had any interests in a business that competes or may compete either directly or indirectly with the business of the Group.

PURCHASES, SALE OR REDEMPTION OF SECURITIES

The Company had not redeemed any of its shares during the three months ended 31 March 2019. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the three months ended 31 March 2019.

AUDIT COMMITTEE

The Audit Committee of the Company consists of three members, being the three independent non-executive Directors, namely Mr. Li Robin Kit Ling (chairperson), Mr. Yeung Wai Hung Peter and Mr. Miao Benny Hua-ben.

The primary duties of the Audit Committee are to review and oversee the financial reporting system, risk management and internal control systems 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, reviewing significant financial reporting judgments contained therein and providing advice and comments thereon to the Board.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2019, this announcement and the quarterly report, and has provided advice and comments thereon.

By order of the Board

CircuTech International Holdings Limited

Dr. Woo Kwok Fai Louis

Chairman and Chief Executive Officer

Hong Kong, 10 May 2019

As at the date of this announcement, the executive Directors are Dr. Woo Kwok Fai Louis, Ms. Chen Ching-Hsuan and Mr. Cheng Michael Ichiang; the non-executive Director is Mr. Hong Sung-Tai; and the independent non-executive Directors are Mr. Yeung Wai Hung Peter, Mr. Li Robin Kit Ling 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.