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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)

**THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020**

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 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.*

HIGHLIGHTS

- The Group recorded a turnover of approximately HK\$289.8 million for the nine months ended 30 September 2020, representing an increase of approximately HK\$74.7 million or approximately 34.7% when compared with the same period last year.
- The gross profit margin of the Group increased to approximately 8.8% for the nine months ended 30 September 2020 (nine months ended 30 September 2019: approximately 7.0%).
- The Group recorded a net profit attributable to the owners of the Company of approximately HK\$7.8 million for the nine months ended 30 September 2020, as compared to a net profit of approximately HK\$0.3 million for the nine months ended 30 September 2019.
- The board of Directors (the “**Board**”) does not recommend the payment of a dividend for the nine months ended 30 September 2020 (nine months ended 30 September 2019: Nil).

QUARTERLY RESULTS

The Board hereby announces the unaudited condensed consolidated quarterly results of the Group for the nine months ended 30 September 2020, together with the comparative unaudited figures for the corresponding period in 2019, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Three months ended		Nine months ended	
		30 September		30 September	
		2020	2019	2020	2019
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Notes</i>	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	4	113,307	102,125	289,794	215,124
Cost of sales		(105,094)	(96,572)	(264,395)	(200,118)
Gross profit		8,213	5,553	25,399	15,006
Other income		1,133	722	3,258	2,285
Selling and distribution costs		(1,762)	(1,345)	(5,042)	(4,040)
Administrative expenses		(4,399)	(4,126)	(13,136)	(11,613)
Research and development expenditures		(414)	(411)	(1,200)	(1,185)
Finance costs		(17)	(17)	(29)	(62)
Operating profit		2,754	376	9,250	391
Share of net profit of an associate accounted for using the equity method		292	31	856	213
Profit before income tax	6	3,046	407	10,106	604
Income tax expenses	7	(540)	(315)	(2,345)	(345)
Profit for the period		<u>2,506</u>	<u>92</u>	<u>7,761</u>	<u>259</u>

	Three months ended		Nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Note	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Other comprehensive income				
for the period:				
<i>Items that may be reclassified</i>				
<i>subsequently to profit or loss</i>				
Exchange differences arising on				
translation of foreign operations	2,343	(119)	2,071	(424)
<i>Items that will not be reclassified to</i>				
<i>profit or loss</i>				
Change in the fair value of equity				
investment at fair value through				
other comprehensive income	—	—	(54)	—
Other comprehensive income				
for the period	2,343	(119)	2,017	(424)
Total comprehensive income for the period	<u>4,849</u>	<u>(27)</u>	<u>9,778</u>	<u>(165)</u>
Profit for the period attributable to:				
– Owners of the Company	2,506	92	7,761	259
– Non-controlling interests	—	—	—	—
	<u>2,506</u>	<u>92</u>	<u>7,761</u>	<u>259</u>
Total comprehensive income for the period				
attributable to:				
– Owners of the Company	4,849	(43)	9,756	(187)
– Non-controlling interests	—	16	22	22
	<u>4,849</u>	<u>(27)</u>	<u>9,778</u>	<u>(165)</u>
Earnings per share attributable to owners of				
the Company (<i>HK cents per share</i>)				
– Basic and diluted	10.69	0.39	33.12	1.11

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Special reserve <i>HK\$'000</i>	Financial asset at FVOCI <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2020 (audited)	4,687	183,006	(2,424)	14,990	49	(66,448)	133,860	(495)	133,365
Profit for the period	-	-	-	-	-	7,761	7,761	-	7,761
Other comprehensive income for the period ended 30 September 2020									
Exchange differences arising on translation of foreign operations	-	-	2,049	-	-	-	2,049	22	2,071
Changes in fair value of equity investment at fair value through other comprehensive income	-	-	-	-	(54)	-	(54)	-	(54)
Total comprehensive income for the period	-	-	2,049	-	(54)	7,761	9,756	22	9,778
Deregistration of a subsidiary	-	-	-	-	-	-	-	473	473
At 30 September 2020 (unaudited)	<u>4,687</u>	<u>183,006</u>	<u>(375)</u>	<u>14,990</u>	<u>(5)</u>	<u>(58,687)</u>	<u>143,616</u>	<u>-</u>	<u>143,616</u>
At 1 January 2019 (audited)	4,687	183,006	(1,731)	14,990	30	(68,889)	132,093	(491)	131,602
Change in accounting policy	-	-	-	-	-	(48)	(48)	-	(48)
At 1 January 2019 (restated)	4,687	183,006	(1,731)	14,990	30	(68,937)	132,045	(491)	131,554
Profit for the period	-	-	-	-	-	259	259	-	259
Other comprehensive income for the period ended 30 September 2019									
Exchange difference arising on translation of foreign operations	-	-	(446)	-	-	-	(446)	22	(424)
Total comprehensive income for the period	-	-	(446)	-	-	259	(187)	22	(165)
At 30 September 2019 (unaudited)	<u>4,687</u>	<u>183,006</u>	<u>(2,177)</u>	<u>14,990</u>	<u>30</u>	<u>(68,678)</u>	<u>131,858</u>	<u>(469)</u>	<u>131,389</u>

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.

The unaudited condensed consolidated financial information has not been audited by the Company’s auditors.

This 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 nine months ended 30 September 2020 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.

3. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of this unaudited condensed consolidated financial information are consistent with those of the annual financial statements for the year ended 31 December 2019, except for the adoption of amendments to standards and interpretation effective for the financial year ending 31 December 2020. The following amended standards and interpretation are mandatory for the first time for the financial year beginning on 1 January 2020.

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 7, HKFRS 9 and HKAS 39	Interest Rate Benchmark Reform
Amendments to HKAS 1 and HKAS 8	Definition of Material
Conceptual Framework for Financial Reporting (Revised)	

The adoption of the above amended standards did not have a material impact on the Group’s unaudited condensed consolidated financial information for the nine months ended 30 September 2020.

4. REVENUE

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

	Three months ended		Nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales and distribution of IT products	113,240	102,028	289,580	214,857
Repairs and service support	67	97	214	267
	<u>113,307</u>	<u>102,125</u>	<u>289,794</u>	<u>215,124</u>

5. 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 nine months ended 30 September 2020 and 2019, the Group's operating and reporting segments are as follows:

Sales and distribution of IT products	–	Designs, manufactures and markets video surveillance systems and distributes 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 nine months ended 30 September 2020 and 2019 is as follows:

Nine months ended 30 September 2020 (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 from external customers	289,580	214	289,794
Time of revenue recognition			
– At a point in time	289,580	–	289,580
– Over time	–	214	214
	289,580	214	289,794
Segment profit	14,310	39	14,349
Other income			3,258
Unallocated corporate expenses (<i>note</i>)			(8,328)
Interest expenses on lease liabilities			(29)
Operating profit			9,250
Share of net profit of an associate accounted for using the equity method			856
Profit before income tax			10,106

Three months ended 30 September 2020 (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 from external customers	113,240	67	113,307
Time of revenue recognition			
– At a point in time	113,240	–	113,240
– Over time	–	67	67
	113,240	67	113,307
Segment profit	4,621	11	4,632
Other income			1,133
Unallocated corporate expenses (<i>note</i>)			(2,994)
Interest expenses on lease liabilities			(17)
Operating profit			2,754
Share of net profit of an associate accounted for using the equity method			292
Profit before income tax			3,046

Nine months ended 30 September 2019 (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 from external customers	<u>214,857</u>	<u>267</u>	<u>215,124</u>
Time of revenue recognition			
– At a point in time	214,857	–	214,857
– Over time	<u>–</u>	<u>267</u>	<u>267</u>
	<u>214,857</u>	<u>267</u>	<u>215,124</u>
Segment profit	<u>5,345</u>	<u>40</u>	5,385
Other income			2,285
Unallocated corporate expenses (<i>note</i>)			(7,217)
Interest expenses on lease liabilities			<u>(62)</u>
Operating profit			391
Share of net profit of an associate accounted for using the equity method			<u>213</u>
Profit before income tax			<u>604</u>

Three months ended 30 September 2019 (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 from external customers	<u>102,028</u>	<u>97</u>	<u>102,125</u>
Time of revenue recognition			
– At a point in time	102,028	–	102,028
– Over time	<u>–</u>	<u>97</u>	<u>97</u>
	<u>102,028</u>	<u>97</u>	<u>102,125</u>
Segment profit	<u>2,086</u>	<u>7</u>	2,093
Other income			722
Unallocated corporate expenses (<i>note</i>)			(2,422)
Interest expenses on lease liabilities			<u>(17)</u>
Operating profit			376
Share of net profit of an associate accounted for using the equity method			<u>31</u>
Profit before income tax			<u>407</u>

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

6. PROFIT BEFORE INCOME TAX

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

	Three months ended		Nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	591	593	1,771	1,776
Depreciation of right-of-use assets	210	352	860	1,015
Interest expenses on lease liabilities	17	17	29	62
Short-term lease expenses	40	27	100	39
Loss on disposal of property, plant and equipment	–	–	7	–
Loss on deregistration of a subsidiary	–	–	473	–
Interest income	(30)	(100)	(350)	(425)
Net foreign exchange loss	177	319	433	309
Net (reversal of)/provision of inventories (included in cost of sales)	(665)	(919)	280	(609)
Rental income	(600)	(600)	(1,800)	(1,800)
Government subsidies (<i>note</i>)	(475)	–	(648)	–
	<u>591</u>	<u>593</u>	<u>1,771</u>	<u>1,776</u>

Note: The government subsidies were granted under the Employment Support Scheme (“ESS”) as the second round of the Anti-epidemic Fund, which aims to provide financial support to employers to retain employees. The Group is required to undertake not to make redundancies during the subsidy period and to spend all the wage subsidies on paying wages to the employees. For the nine months ended 30 September 2020, the Group recognized government subsidies from the ESS of approximately HK\$648,000 as “Other income” in the unaudited condensed consolidated statement of comprehensive income.

7. INCOME TAX EXPENSES

Hong Kong and overseas profits tax has been provided at the rate of 16.5% (2019: 16.5%) and at the rates of taxation prevailing in the countries in which the Group operates respectively.

	Three months ended		Nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current tax				
– Hong Kong Profits Tax	316	220	515	250
– Overseas taxation	224	95	1,830	95
	<u>316</u>	<u>220</u>	<u>515</u>	<u>250</u>
Income tax expenses	<u>540</u>	<u>315</u>	<u>2,345</u>	<u>345</u>

8. DIVIDEND

The Board does not recommend the payment of a dividend for the nine months ended 30 September 2020 (nine months ended 30 September 2019: Nil).

9. EARNINGS PER SHARE

(a) Basic

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

	Three months ended		Nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Profit for the period attributable to owners of the Company	<u>2,506</u>	<u>92</u>	<u>7,761</u>	<u>259</u>
Weighted average number of ordinary shares (thousands)	<u>23,434</u>	<u>23,434</u>	<u>23,434</u>	<u>23,434</u>
Basic earnings per share (<i>HK cents per share</i>)	<u>10.69</u>	<u>0.39</u>	<u>33.12</u>	<u>1.11</u>

(b) Diluted

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

MANAGEMENT DISCUSSION AND ANALYSIS

DIVIDEND

The Board does not recommend the payment of a dividend for the nine months ended 30 September 2020 (nine months ended 30 September 2019: Nil).

BUSINESS REVIEW

Sales and distribution of IT products

The core business segment of the Group is sales and distribution of IT products. It includes distribution of renowned third-party IT products and video surveillance systems carrying our own brand name.

The third-party IT products are mainly refurbished and end-of-life units that are distributed through our well-established wholesale network covering the North America, Asia and Europe. During the period, we have further expanded the range of products offering and broadened the customer base to fuel the growth in revenue and reduce the customer concentration risk. In addition, we have developed our online trade-in platform and cooperated with a renowned IT brand as our trade-in partner for certain smart devices.

The Group's advantages to compete against other global distributors are management's expertise and proven track record, together with being a member of the Foxconn Technology Group that has strong business bond with this renowned IT brand. The Group will continue to manage its tied up working capital by improving the inventory turnover days and mitigating the inventory risk, with an aim to shorten the cash conversion cycle.

The sales and distribution of video surveillance systems is highly competitive, in particular, the Group directly and indirectly competes with large global vendors in form of pricing, range of services provided and information technology.

During the period, the Group continued to review and evaluate its business model, with an aim to improve efficiency, and achieve a higher profit margin in the long run. The Group will continue to closely monitor the market situations and make necessary adjustments to its strategies and operations.

Provision of repairs and other service support of IT products

The Group provides full range of after sales maintenance for video surveillance products carrying our own brand name. Smart device applications were also developed by the Group to provide remote control and monitoring of the video surveillance products. The Group is currently approaching a number of target customers and their service centers with an aim to providing service support business of electronic products.

FINANCIAL REVIEW

Revenue

The Group's total revenue amounted to approximately HK\$289.8 million for the nine months ended 30 September 2020, representing an increase of approximately 34.7% as compared to that of approximately HK\$215.1 million for the nine months ended 30 September 2019, attributable to the expanded range of products offering and broadened customer base in the sales and distribution segment as aforesaid.

Segment revenue by business line

	Nine months ended	
	30 September	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Sales and distribution of IT products	289,580	214,857
Repairs and services support	<u>214</u>	<u>267</u>
	<u>289,794</u>	<u>215,124</u>

For the nine months ended 30 September 2020, the revenue from sales and distribution of IT products continued to be the largest source of income of the Group which accounted for approximately 99.9% of the revenue of the Group. Revenue from sales and distribution of IT products consists of third-party IT products and video surveillance products carrying our own brand name. The business volume growth was attributable to the increase in global demand and further expanded range of third-party branded product offerings.

Segment revenue by geographical location

	Nine months ended	
	30 September	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Asia	103,645	84,077
North America	99,853	80,666
Europe	86,167	49,554
Africa	122	827
Other	7	–
	<hr/>	<hr/>
	289,794	215,124
	<hr/> <hr/>	<hr/> <hr/>

For the nine months ended 30 September 2020, the Asia market continued to be the largest market of the Group's sales and contributed approximately 35.8% (nine months ended 30 September 2019: 39.1%) of the Group's revenue. North America contributed approximately 34.5% (nine months ended 30 September 2019: 37.5%) of the Group's revenue. Europe contributed approximately 29.7% (nine months ended 30 September 2019: 23.0%) of the Group's revenue.

Cost of sales

A major component of the cost of sales was the cost of inventories. In line with the increase in business volume, the cost of sales for the nine months ended 30 September 2020 increased to approximately HK\$264.4 million, as compared to that of approximately HK\$200.1 million for the corresponding period in 2019. There was a net provision of inventories (included in the cost of sales) amounted to approximately HK\$0.3 million as compared to a net reversal of provision of approximately HK\$0.6 million for the same period in 2019 to account for the increase in slow-moving inventories.

Gross profit and gross profit margin

Gross profit increased by approximately HK\$10.4 million for the nine months ended 30 September 2020 as compared to that of the nine months ended 30 September 2019, attributable to the adjustment in strategies as aforesaid. The overall gross profit margin increased to approximately 8.8% for the nine months ended 30 September 2020 due to the strengthened global wholesale network and efforts in fine-tuning the Group's strategies, client and product mix so as to achieve a higher profit margin.

Selling and distribution expenses

Selling and distribution expenses slightly increased to approximately HK\$5.0 million for the nine months ended 30 September 2020. A major component of the selling and distribution expenses was staff costs and commission and warehousing charges.

Administrative expenses

Administrative expenses increased by approximately 13.1% to approximately HK\$13.1 million for the nine months ended 30 September 2020. It was mainly due to the professional fee incurred in relation to a continuing connected transaction with a subsidiary of the Company's controlling shareholders for provision of certain repair services and the loss on deregistration of a subsidiary.

Net profit for the period

The Group recorded a net profit of approximately HK\$7.8 million and net profit of approximately HK\$0.3 million for the nine months ended 30 September 2020 and 2019, respectively. The net profit for the nine months ended 30 September 2020 was generated from the operation and attributable to the improvement in the segment of sales and distribution of IT products. The Board considers that the profitability in the third quarter is generally in line with and comparable with the financial figures of the Group for the three months ended 30 June 2020 as disclosed in the interim report of the Company.

BUSINESS OUTLOOK

The Group expects to face keen competition in the IT product distribution business and the management will closely monitor the IT product distribution business and may adjust the Group's business portfolio in a bid to increase customer base and generate better and more stable returns to the shareholders.

In order to diversify the business portfolio of the Group and to avoid overconcentration on a single business segment, given the current contribution of the repairs and service support segment to the overall revenue of the Group, the Group believes that there is plenty of room for growth of the repairs and service support segment. Due to the outbreak of COVID-19, there is delay in the business plan for the expansion of the repairs and service support segment, including the set-up of a new repair center. The management will closely monitor the development of COVID-19, assess and react actively to its impacts on the financial position and operating results of 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 organization structure, and potential capital expenditures if it is deemed to strategically enhance its capabilities.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS

As of 30 September 2020, none of the Directors and chief executives of the Company had any interests or short positions 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 nine months ended 30 September 2020 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 nine months ended 30 September 2020.

SUBSTANTIAL SHAREHOLDERS

As of 30 September 2020, so far as is known to the Directors and chief executive of the Company, the interests and short positions of the persons or corporations (other than Directors and chief executives 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 as at 30 September 2020

Name of shareholders	Capacity	Number of Shares held/ interested	Percentage of the issued share capital of the Company (approximate)
Foxconn (Far East) Limited	Beneficial owner	11,853,524	50.58%
Hon Hai Precision Industry Co., Ltd.	Interest in a 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 of 30 September 2020, 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.

COMPETITION AND CONFLICT OF INTERESTS

During the nine months ended 30 September 2020, the Directors were not aware of any business or interest of the Directors, controlling shareholders of the Company and their respective 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 nine months ended 30 September 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee of the Company consists of three members, all of whom are 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 information of the Group for the nine months ended 30 September 2020, this announcement and the quarterly report, and has provided advice and comments thereon.

By order of the Board

CircuTech International Holdings Limited

Mr. Hong Sung-Tai

Chairman

Hong Kong, 6 November 2020

As at the date of this announcement, the executive Directors are Mr. Hong Sung-Tai, Ms. Chen Ching-Hsuan, Mr. Han Chun-Wei and Mr. Tsai Biing-Hann; the non-executive Director is Mr. Kao Chao Yang; 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 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.