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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 2021**

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\$189.6 million for the nine months ended 30 September 2021 (nine months ended 30 September 2020: approximately HK\$289.8 million), representing a decrease of approximately HK\$100.2 million (or approximately 34.6%) when compared with the same period last year.
- The gross profit margin of the Group slightly decreased to approximately 8.0% for the nine months ended 30 September 2021 (nine months ended 30 September 2020: approximately 8.8%).
- The Group recorded a net profit attributable to the owners of the Company of approximately HK\$1.0 million for the nine months ended 30 September 2021 (nine months ended 30 September 2020: approximately HK\$7.8 million), representing a decrease of approximately HK\$6.8 million (or approximately 87.6%) when compared with the same period last year.
- The board of directors (the “**Board**”) of the Company does not recommend the payment of a dividend for the nine months ended 30 September 2021 (nine months ended 30 September 2020: Nil).

QUARTERLY RESULTS

The Board hereby announces the unaudited condensed consolidated quarterly results of the Group for the nine months ended 30 September 2021, together with the comparative unaudited figures for the corresponding period in 2020, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Notes</i>	Three months ended		Nine months ended	
		30 September		30 September	
		2021	2020	2021	2020
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	4	66,983	113,307	189,554	289,794
Cost of sales		(61,993)	(105,094)	(174,457)	(264,395)
Gross profit		4,990	8,213	15,097	25,399
Other income		660	1,133	2,060	3,258
Selling and distribution costs		(2,014)	(1,762)	(4,703)	(5,042)
Administrative expenses		(3,127)	(4,399)	(10,666)	(13,136)
Research and development expenditures		(363)	(414)	(1,051)	(1,200)
Share of net profit of an associate accounted for using the equity method		164	292	440	856
Finance costs		(14)	(17)	(51)	(29)
Profit before income tax	6	296	3,046	1,126	10,106
Income tax credit/(expenses)	7	287	(540)	(166)	(2,345)
Profit for the period		583	2,506	960	7,761

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Other comprehensive income				
for the period:				
<i>Item that may be reclassified</i>				
<i>subsequently to profit or loss</i>				
Exchange differences on translation				
of foreign operations	(1,070)	2,343	(146)	2,071
<i>Item that will not be reclassified to</i>				
<i>profit or loss</i>				
Changes in the fair value of equity				
investment at fair value through				
other comprehensive income	–	–	107	(54)
Other comprehensive income				
for the period	(1,070)	2,343	(39)	2,017
Total comprehensive income for the period	<u>(487)</u>	<u>4,849</u>	<u>921</u>	<u>9,778</u>
Profit for the period attributable to:				
– Owners of the Company	583	2,506	960	7,761
– Non-controlling interests	–	–	–	–
	<u>583</u>	<u>2,506</u>	<u>960</u>	<u>7,761</u>
Total comprehensive income for the period				
attributable to:				
– Owners of the Company	(487)	4,849	921	9,756
– Non-controlling interests	–	–	–	22
	<u>(487)</u>	<u>4,849</u>	<u>921</u>	<u>9,778</u>
Earnings per share attributable to owners of				
the Company (<i>HK cents per share</i>)				
– Basic and diluted	9	2.49	10.69	4.10
		<u>33.12</u>		

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	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 reserve <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 2021 (audited)	4,687	183,006	24	14,990	(5)	(57,451)	145,251	–	145,251
Profit for the period	–	–	–	–	–	960	960	–	960
Other comprehensive income for the period ended 30 September 2021									
Exchange differences on translation of foreign operations	–	–	(146)	–	–	–	(146)	–	(146)
Changes in fair value of equity investment at fair value through other comprehensive income	–	–	–	–	107	–	107	–	107
Total comprehensive income for the period	–	–	(146)	–	107	960	921	–	921
At 30 September 2021 (unaudited)	<u>4,687</u>	<u>183,006</u>	<u>(122)</u>	<u>14,990</u>	<u>102</u>	<u>(56,491)</u>	<u>146,172</u>	<u>–</u>	<u>146,172</u>
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 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>

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, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

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

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

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 2021 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 accounting policies adopted in the preparation of the unaudited condensed consolidated financial information are same as those applied in the preparation of the Group’s annual financial statements for the year ended 31 December 2020, except for the new and revised HKFRS and interpretations issued by HKICPA that are first effective for the current accounting period of the Group. There has been no significant change to the accounting policy applied in this unaudited condensed consolidated financial information for the period presented as a result of adoption of these amendments.

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	
	2021	2020	2021	2020
	<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	65,365	113,240	186,657	289,580
Repairs and service support	1,618	67	2,897	214
Revenue from contracts with customers	<u>66,983</u>	<u>113,307</u>	<u>189,554</u>	<u>289,794</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.

The Executive Directors have identified two reportable segments of the Group's business:

- (i) Sales and distribution of IT products: designs, manufactures and markets video surveillance systems and distributes third-party IT products; and
- (ii) Repairs and service support: repairs, maintenance and other service support for electronic products.

No operating segments have been aggregated in arriving at the reportable segments of the Group.

No sales between segments are carried out during the nine months ended 30 September 2021 and 2020. The revenue from external parties is measured in the same way as in the unaudited condensed consolidated statement of comprehensive income.

Interest income from bank deposits, interest on lease liabilities and corporate expenses are not allocated to segments, as these types of activities are 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 nine months ended 30 September 2021 and 2020 is as follows:

Nine months ended 30 September 2021 (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>186,657</u>	<u>2,897</u>	<u>189,554</u>
Time of revenue recognition			
– At a point in time	186,657	103	186,760
– Over time	<u>–</u>	<u>2,794</u>	<u>2,794</u>
	<u>186,657</u>	<u>2,897</u>	<u>189,554</u>
Segment profit	<u>2,184</u>	<u>1,438</u>	3,622
Other income			1,878
Salaries, wages and other benefits			(1,550)
Depreciation charge			(1,838)
Unallocated corporate expenses (<i>note</i>)			(1,375)
Finance costs			<u>(51)</u>
Operating profit			686
Share of net profit of an associate accounted for using the equity method			<u>440</u>
Profit before income tax			<u>1,126</u>

Three months ended 30 September 2021 (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	65,365	1,618	66,983
Time of revenue recognition			
– At a point in time	65,365	98	65,463
– Over time	–	1,520	1,520
	65,365	1,618	66,983
Segment profit	310	853	1,163
Other income			554
Salaries, wages and other benefits			(581)
Depreciation charge			(607)
Unallocated corporate expenses (<i>note</i>)			(383)
Finance costs			(14)
Operating profit			132
Share of net profit of an associate accounted for using the equity method			164
Profit before income tax			296

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	<u>289,580</u>	<u>214</u>	<u>289,794</u>
Time of revenue recognition			
– At a point in time	289,580	–	289,580
– Over time	<u>–</u>	<u>214</u>	<u>214</u>
	<u>289,580</u>	<u>214</u>	<u>289,794</u>
Segment profit	<u>13,540</u>	<u>39</u>	13,579
Other income			2,822
Salaries, wages and other benefits			(1,535)
Depreciation charge			(1,959)
Unallocated corporate expenses (<i>note</i>)			(3,628)
Finance costs			<u>(29)</u>
Operating profit			9,250
Share of net profit of an associate accounted for using the equity method			<u>856</u>
Profit before income tax			<u>10,106</u>

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	<u>113,240</u>	<u>67</u>	<u>113,307</u>
Time of revenue recognition			
– At a point in time	113,240	–	113,240
– Over time	<u>–</u>	<u>67</u>	<u>67</u>
	<u>113,240</u>	<u>67</u>	<u>113,307</u>
Segment profit	<u>3,851</u>	<u>11</u>	3,862
Other income			962
Salaries, wages and other benefits			(636)
Depreciation charge			(587)
Unallocated corporate expenses (<i>note</i>)			(830)
Finance costs			<u>(17)</u>
Operating profit			2,754
Share of net profit of an associate accounted for using the equity method			<u>292</u>
Profit before income tax			<u>3,046</u>

Note: Unallocated corporate expenses represent general corporate 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	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	592	591	1,794	1,771
Depreciation of right-of-use assets	218	210	665	860
Interest expenses on lease liabilities	14	17	51	29
Short-term lease expenses	95	40	293	100
(Gain)/loss on disposal of property, plant and equipment	–	–	(10)	7
Loss on deregistration of a subsidiary	–	–	–	473
Interest income	(8)	(30)	(30)	(350)
Net foreign exchange (gain)/loss	(521)	177	(125)	433
Reversal of impairment loss on interest in an associate	–	–	(302)	–
Net (reversal of)/provision of inventories (included in cost of sales)	(234)	(665)	(629)	280
Rental income	(600)	(600)	(1,800)	(1,800)
Government subsidy (<i>note</i>)	–	(475)	–	(648)
	<u>–</u>	<u>(475)</u>	<u>–</u>	<u>(648)</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 retain staff employment. The Group is required to undertake not to make redundancies by 31 August 2020 and to spend all the wage subsidies on paying wages to the employees. For the nine months ended 30 September 2020, the Group recognised government subsidies from the ESS of approximately HK\$648,000 as “Other income” in the unaudited condensed consolidated statement of comprehensive income. No government subsidy was recognised during the nine months ended 30 September 2021.

7. INCOME TAX (CREDIT)/EXPENSES

Hong Kong and overseas profits tax has been provided at the rate of 16.5% (2020: 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	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current tax				
– Hong Kong Profits Tax	(289)	316	145	515
– Overseas taxation	2	224	21	1,830
	<u>–</u>	<u>540</u>	<u>166</u>	<u>2,345</u>
Income tax (credit)/expenses	<u>(287)</u>	<u>540</u>	<u>166</u>	<u>2,345</u>

8. DIVIDEND

The Board does not recommend the payment of a dividend for the nine months ended 30 September 2021 (nine months ended 30 September 2020: 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	2020	30 September	2020
	2021	2020	2021	2020
	<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>583</u>	<u>2,506</u>	<u>960</u>	<u>7,761</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>2.49</u>	<u>10.69</u>	<u>4.10</u>	<u>33.12</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 2021 (nine months ended 30 September 2020: 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 under 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 Asia, North America and Europe. During the period, both supply and demand for refurbished and end-of-life products were weaker when compared with the same period last year. Furthermore, our major supplier introduced its own proprietary silicon, a new ground-breaking chip design reputed to have the world's fastest CPU core "in low power silicon" and the world's best CPU performance per watt chip (SoC) in the fourth quarter of 2020 thus causing severe drop in prices on refurbished and end-of-life products, resulting in the decrease in revenue of the Group.

The Group also developed an online trade-in platform and cooperated with international brands as their trade-in partners for certain IT products. The trade-in volume has been steadily growing and has partially made up the decrease in revenue from distribution of refurbished and end-of-life products, and resulting in a smaller decrease in the total revenue of the Group.

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

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 is worldwide well-known and has strong business bond with numbers of international brands. 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.

During the period, the Group continued to review and re-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, particularly, in light of lessons learnt from Covid-led supply constrains that have highlighted the need to focus more on other sustainable and stable lines of business.

Provision of repairs and other service support of IT products

The Group provides full range of after sales maintenance supporting services 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. During the period, a repair centre of the Group commenced operation and started to provide end-to-end repair services, from reverse logistics, bench repair services and spare parts storage and distribution, and customer delivery. The Group aims to provide best-in-class repair and rework services to ensure that our customers' issues are resolved quickly and with minimum impact to their business.

The Group is currently approaching a number of target customers and their service centres with an aim to providing service support business of electronic products.

FINANCIAL REVIEW

Revenue

The Group's total revenue amounted to approximately HK\$189.6 million for the nine months ended 30 September 2021, representing a decrease of approximately HK\$100.2 million (or approximately 34.6%) as compared to that of approximately HK\$289.8 million for the nine months ended 30 September 2020.

	Nine months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Sales and distribution of IT products	186,657	289,580
Repairs and service support	2,897	214
Revenue from contracts with customers	<u>189,554</u>	<u>289,794</u>

Sales and distribution of IT products

For the nine months ended 30 September 2021, the revenue from sales and distribution of IT products continued to be the largest source of income of the Group which accounted for approximately 98.5% of the revenue of the Group. Revenue from sales and distribution of IT products is generated from sales and distribution of third-party IT products and video surveillance products carrying our own brand name. The decrease in revenue from this segment was mainly due to decrease in the quantity and the price of the third-party IT products as a result of advancement of technology as more particularly explained in "Business Review".

Provision of repairs and other service support of IT products

For the nine months ended 30 September 2021, the revenue generated from repairs and service support increased from approximately HK\$0.2 million to approximately HK\$2.9 million. The increase in revenue from this segment was mainly due to the expanded service support of electronic products in addition to video surveillance products carrying our own brand name.

Revenue by geographical location

	Nine months ended	
	30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Hong Kong	98,160	91,701
United States	32,081	99,853
Taiwan	31,361	10,653
Netherlands	23,204	85,835
Others	4,748	1,752
	<u>189,554</u>	<u>289,794</u>

For the nine months ended 30 September 2021, the Hong Kong market overtook the United States market and contributed approximately 51.8% (nine months ended 30 September 2020: approximately 31.6%) of the Group's revenue. The United States market contributed approximately 16.9% (nine months ended 30 September 2020: approximately 34.5%) of the Group's revenue and the Taiwan market contributed approximately 16.5% (nine months ended 30 September 2020: approximately 3.7%) of the Group's revenue for the nine months ended 30 September 2021. The change in the composition of the revenue was due to the change of product mix driven by the demand and supply of IT products in each of the geographical location.

Cost of sales

A major component of the cost of sales was the cost of inventories. In line with the decrease in revenue, the cost of sales for the nine months ended 30 September 2021 decreased by approximately 34.0% to approximately HK\$174.5 million, as compared to that of approximately HK\$264.4 million for the corresponding period in 2020. There was a net reversal of provision of inventories, included in the cost of sales amounted to approximately HK\$0.6 million as compared to a net provision of approximately HK\$0.3 million for the same period in 2020 to account for the decrease in slow-moving inventories.

Gross profit and gross profit margin

Gross profit decreased by approximately HK\$10.3 million for the nine months ended 30 September 2021 as compared to that of the nine months ended 30 September 2020. The overall gross profit margin decreased to approximately 8.0% for the nine months ended 30 September 2021 which was caused by severe drop in prices on the refurbished and end-of-life products following the launch of new chip technology, resulting in the dilution of overall gross margin.

Selling and distribution expenses

Selling and distribution expenses decreased by approximately 6.7% to approximately HK\$4.7 million for the nine months ended 30 September 2021. A major component of the selling and distribution expenses was staff costs and commission and warehousing charges.

Administrative expenses

Administrative expenses decreased by approximately 18.8% to approximately HK\$10.7 million for the nine months ended 30 September 2021. With improvements in operating efficiencies and rigorous financial discipline, the Group has been able to keep its administrative expenses reasonably low.

Net profit for the period

The Group recorded a net profit of approximately HK\$1.0 million and net profit of approximately HK\$7.8 million for the nine months ended 30 September 2021 and 2020, respectively. 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 six months ended 30 June 2021 as disclosed in the interim report of the Company. The Group recorded a net profit of approximately HK\$0.4 million for the six months ended 30 June 2021.

BUSINESS OUTLOOK

Building upon the foundation and experience gained in 2020, 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 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 a certain delay in the business plan for the expansion of the repairs and service support segment, including the set-up of new overseas repair centres. 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 organisation structure, and potential capital expenditures if it is deemed to strategically enhance its capabilities.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During the nine months ended 30 September 2021, the Group financed its daily operations with internally generated resources and net proceeds from the rights issue completed on 20 October 2017. As at 30 September 2021, the Group had net current assets of approximately HK\$124,285,000 (31 December 2020: HK\$122,177,000) and cash and cash equivalents amounted to approximately HK\$66,683,000 (31 December 2020: HK\$104,695,000).

As at 30 September 2021, the gearing ratio, which is calculating on the basis of total debts over total equity of the Group was 47.7% (31 December 2020: 33.7%). The increase in gearing ratio was mainly due to an increase in trade payables. The global logistics systems are disrupted and stretched due to COVID-19 which resulted in certain delivery delays. Trade payables and inventory levels of the Company are therefore comparatively higher when compared with the same period last year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As of 30 September 2021, none of the Directors and chief executive 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 to be disclosed 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 2021 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 2021.

SUBSTANTIAL SHAREHOLDERS

As of 30 September 2021, so far as is known to the Directors and chief executives 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 as at 30 September 2021

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 2021, 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 2021, 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.

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

The Company did not redeem any of its listed securities during the nine months ended 30 September 2021. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities during the nine months ended 30 September 2021.

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 (chairman), 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 2021, 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, 10 November 2021

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.