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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)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

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.

The board (the “**Board**”) of directors (the “**Directors**”) of CircuTech International Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the year ended 31 December 2022 (“**FY2022**”), together with the audited comparative figures for the year ended 31 December 2021 (“**FY2021**”) as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the year ended 31 December	
		2022	2021
	<i>Notes</i>	HK\$’000	HK\$’000
Revenue	3	368,160	349,870
Cost of sales		<u>(341,591)</u>	<u>(324,322)</u>
Gross profit		26,569	25,548
Other income	4	3,941	2,765
Selling and distribution costs		(5,518)	(9,171)
Administrative expenses		(14,181)	(14,870)
Research and development expenditures		(1,265)	(1,370)
Fair value (loss)/gain on derivative financial instrument		(1,010)	494
Share of net profit of an associate accounted for using the equity method		292	673
Finance costs		<u>(108)</u>	<u>(63)</u>
Profit before income tax		8,720	4,006
Income tax expenses	6	<u>(3,299)</u>	<u>(1,774)</u>
Profit for the year		5,421	2,232
Other comprehensive income for the year:			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation of foreign operations		(3,015)	(1,471)
<i>Item that will not be reclassified to profit or loss</i>			
Change in the fair value of equity investment at fair value through other comprehensive income		<u>146</u>	<u>(6)</u>
Other comprehensive income for the year		<u>(2,869)</u>	<u>(1,477)</u>
Total comprehensive income for the year		<u>2,552</u>	<u>755</u>
Profit for the year attributable to:			
– Owners of the Company		<u>5,421</u>	<u>2,232</u>
Total comprehensive income for the year attributable to:			
– Owners of the Company		<u>2,552</u>	<u>755</u>
Earnings per share attributable to owners of the Company (<i>HK cents per share</i>)			
– Basic and diluted	7	<u>23.13</u>	<u>9.52</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2022	2021
	Notes	HK\$'000	HK\$'000
Assets			
Non-current assets			
Property, plant and equipment		74	1,268
Right-of-use assets		3,264	690
Interest in an associate		6,053	7,537
Derivative financial instrument		8,120	9,972
Financial asset at fair value through other comprehensive income		1,597	1,451
		<u>19,108</u>	<u>20,918</u>
Current assets			
Inventories		1,563	55,525
Trade and other receivables	9	14,592	17,461
Restricted bank deposits		–	31,194
Cash and cash equivalents		138,122	98,850
		<u>154,277</u>	<u>203,030</u>
Total assets		<u>173,385</u>	<u>223,948</u>
Equity			
Share capital		4,687	4,687
Other reserves		193,669	196,538
Accumulated losses		(49,798)	(55,219)
Capital and reserves attributable to owners of the Company		<u>148,558</u>	<u>146,006</u>
Non-controlling interests		11,486	–
Total equity		<u>160,044</u>	<u>146,006</u>
Liabilities			
Current liabilities			
Trade and other payables	10	5,751	73,003
Lease liabilities		1,995	545
Contract liabilities		3,479	1,426
Tax payables		738	2,790
		<u>11,963</u>	<u>77,764</u>
Total assets less current liabilities		<u>161,422</u>	<u>146,184</u>
Non-current liabilities			
Lease liabilities		1,378	178
Total liabilities		<u>13,341</u>	<u>77,942</u>
Total equity and liabilities		<u>173,385</u>	<u>223,948</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Attributable to owners of the Company				Non-controlling interest	Total
	Share capital	Other reserves	Accumulated losses	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2021	4,687	198,015	(57,451)	145,251	–	145,251
Profit for the year	–	–	2,232	2,232	–	2,232
Other comprehensive income						
Exchange differences arising on translation of foreign operations	–	(1,471)	–	(1,471)	–	(1,471)
Change in the fair value of equity investment at fair value through other comprehensive income	–	(6)	–	(6)	–	(6)
Total comprehensive income	–	(1,477)	2,232	755	–	755
At 31 December 2021 and 1 January 2022	4,687	196,538	(55,219)	146,006	–	146,006
Profit for the year	–	–	5,421	5,421	–	5,421
Other comprehensive income						
Exchange differences arising on translation of foreign operations	–	(3,015)	–	(3,015)	–	(3,015)
Change in the fair value of equity investment at fair value through other comprehensive income	–	146	–	146	–	146
Total comprehensive income	–	(2,869)	5,421	2,552	–	2,552
Incorporation of a subsidiary	–	–	–	–	11,486	11,486
At 31 December 2022	4,687	193,669	(49,798)	148,558	11,486	160,044

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

These consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. These consolidated financial statements are for the Group consisting of CircuTech International Holdings Limited and its subsidiaries.

2.1 Basis of preparation

(i) Statement of compliance

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations (hereinafter collectively referred to as the “**HKFRSs**”) as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, these consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets (including derivative instrument and financial asset at fair value through other comprehensive income) measured at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

2.2 Changes in accounting policies and disclosures

(a) *New and amended standards and interpretations as adopted by the Group from 1 January 2022*

The HKICPA has issued a number of amended HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKAS 16, Proceeds before Intended Use
Amendments to HKAS 37, Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3, Reference to the Conceptual Framework
Annual Improvements to HKFRSs 2018-2020

The adoption of the above amendments did not have any significant impact on the Group's results and financial position for the current or prior periods. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

(b) *New or amended HKFRSs that have been issued but are not yet effective*

The following new or amended HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 1, Classification of Liabilities as Current or Non-current¹
Amendments to HKAS 1, Non-current liabilities with covenants (“**2022 Amendments**”)²
HKFRS 17 – Insurance Contracts and the related Amendments¹
Amendments to HKAS 1, Presentation of financial statements and HKFRS Practice Statement 2,
Making materiality judgements: Disclosure of accounting policies¹
Amendments to HKAS 8, Accounting policies, changes in accounting estimates and errors: Definition of
accounting estimates¹
Amendments to HKAS 12, Income taxes: Deferred tax related to assets and liabilities arising
from a single transaction¹
Amendments to HKFRS 16, Leases: Liability in a Sales and Leaseback²

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods on or after 1 January 2024.

Amendments to HKAS 1, Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current clarify the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. In 2022, the HKICPA issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively. Early application is permitted.

The director of the Company is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

HKFRS 17, Insurance Contracts

The new standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes HKFRS 4, Insurance Contracts. The standard outlines a 'General Model', which is modified for insurance contracts with direct participation features, described as the 'Variable Fee Approach'. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach.

Amendments in 2020 introduced changes to simplify some of the requirements; make financial performance easier to explain and ease transition by providing additional transition reliefs. Amendments in 2022 introduced a transition option relating to comparative information about financial assets presented on initial application of HKFRS 17 to avoid temporary accounting mismatches between financial assets and insurance contract liabilities.

The directors of the Company do not anticipate that the application of these standard and amendments in the future will have an impact on the financial statements.

Amendments to HKAS 1, Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies

Amendments to HKAS 1 Disclosure of Accounting Policies require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2023 and early application is permitted. Since the guidance provided in the amendments to HKFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary.

The directors of the Company are currently revisiting the accounting policy disclosures to ensure consistency with the amendments.

Amendments to HKAS 8, Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Early application is permitted.

The directors of the Company do not anticipate that the application of the amendments and revision in the future will have an impact on the financial statements.

Amendments to HKAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction

Amendments to HKAS 12 narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Early application is permitted.

The directors of the Company do not anticipate that the application of the amendments and revision in the future will have an impact on the financial statements.

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e., 1 January 2019). Early application is permitted.

The directors of the Company do not anticipate that the application of the amendments and revision in the future will have an impact on the financial statements.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors (defined below) who make strategic decisions.

3 REVENUE AND SEGMENT INFORMATION

The Group derives the following types of revenue:

	2022	2021
	HK\$'000	HK\$'000
Sales and distribution of IT products	357,345	345,129
Repairs and service support	10,815	4,741
Total revenue	368,160	349,870

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 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 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 are provided under this part of business.

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

No sales between segments are carried out during the years ended 31 December 2022 and 2021. The revenue from external parties is measured in the same way as in the 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.

The segment information for the year ended and as at 31 December 2022 is as follows:

	For the year ended 31 December 2022		
	Sales and distribution of IT products HK\$'000	Repairs and service support HK\$'000	Total HK\$'000
Revenue from external customers	<u>357,345</u>	<u>10,815</u>	<u>368,160</u>
Time of revenue recognition			
– At a point in time	357,345	10,371	367,716
– Over time	<u>–</u>	<u>444</u>	<u>444</u>
Segment profit	<u>9,264</u>	<u>2,447</u>	11,711
Interest income from bank deposits			652
Other income			3,056
Salaries, wages and other benefits			(2,583)
Depreciation charge			(1,137)
Fair value loss on derivative financial instrument			(1,010)
Finance costs			(108)
Unallocated corporate expenses (<i>Note</i>)			<u>(2,153)</u>
Operating profit			8,428
Share of net profit of an associate accounted for using the equity method			<u>292</u>
Profit before income tax			8,720
Income tax expenses			<u>(3,299)</u>
Profit for the year			<u>5,421</u>

For the year ended 31 December 2022

	Sales and distribution of IT products <i>HK\$'000</i>	Repairs and service support <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Depreciation of property, plant and equipment	60	–	1,137	1,197
Depreciation of right-of-use assets	702	650	–	1,352
(Net reversal of provision)/net provision for inventories	(33)	79	–	46
Write-off of inventories	9	–	–	9
Research and development expenditures	1,265	–	–	1,265
Additions to non-current assets	<u>1,310</u>	<u>3,021</u>	<u>–</u>	<u>4,331</u>

As at 31 December 2022

	Sales and distribution of IT products <i>HK\$'000</i>	Repairs and service support <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets	15,171	3,219	18,390
Interest in an associate			6,053
Derivative financial instrument			8,120
Cash and cash equivalents			138,122
Unallocated corporate assets			<u>2,700</u>
Total assets per consolidated statement of financial position			<u><u>173,385</u></u>
Reportable segment liabilities	7,316	3,315	10,631
Tax payables			738
Unallocated corporate liabilities			<u>1,972</u>
Total liabilities per consolidated statement of financial position			<u><u>13,341</u></u>

The segment information for the year ended and as at 31 December 2021 is as follows:

	For the year ended 31 December 2021		
	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>345,129</u>	<u>4,741</u>	<u>349,870</u>
Time of revenue recognition			
– At a point in time	345,129	4,344	349,473
– Over time	<u>–</u>	<u>397</u>	<u>397</u>
Segment profit	<u>5,311</u>	<u>1,994</u>	7,305
Interest income from bank deposits			39
Other income			2,952
Salaries, wages and other benefits			(2,192)
Depreciation charge			(2,999)
Fair value gain on derivative financial instrument			494
Finance costs			(63)
Unallocated corporate expenses (<i>Note</i>)			<u>(2,203)</u>
Operating profit			3,333
Share of net profit of an associate accounted for using the equity method			<u>673</u>
Profit before income tax			4,006
Income tax expenses			<u>(1,774)</u>
Profit for the year			<u>2,232</u>

For the year ended 31 December 2021

	Sales and distribution of IT products <i>HK\$'000</i>	Repairs and service support <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Depreciation of property, plant and equipment	88	–	2,293	2,381
Depreciation of right-of-use assets	176	–	706	882
Net provision for inventories	370	–	–	370
Write-off of inventories	2	–	–	2
Research and development expenditures	1,370	–	–	1,370
Additions to non-current assets	<u>35</u>	<u>13</u>	<u>542</u>	<u>590</u>

As at 31 December 2021

	Sales and distribution of IT products <i>HK\$'000</i>	Repairs and service support <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets	72,078	2,278	74,356
Interest in an associate			7,537
Derivative financial instrument			9,972
Restricted bank deposits			31,194
Cash and cash equivalents			98,850
Unallocated corporate assets			<u>2,039</u>
Total assets per consolidated statement of financial position			<u><u>223,948</u></u>
Reportable segment liabilities	72,687	721	73,408
Tax payables			2,790
Unallocated corporate liabilities			<u>1,744</u>
Total liabilities per consolidated statement of financial position			<u><u>77,942</u></u>

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

The Group's business activities are conducted predominantly with customers in North America, Asia and Europe. The amount of its revenue from external customers broken down by location of the Group's customers and non-current assets based on countries where the Group's entities operate is shown in the table below.

	Revenue from external customers		Non-current assets	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
United States	207,417	110,621	–	4
Taiwan	74,070	73,216	18	39
Hong Kong	38,839	106,073	1,024	1,518
Netherlands	31,250	52,542	–	356
Australia	7,164	4,344	884	–
Japan	7,028	–	–	–
Mainland China	4	17	1,412	40
Others	2,388	3,057	–	1
	368,160	349,870	3,338	1,958

The following external customers individually contribute over 10% of the Group's total revenue and are attributable to the sales and distribution of IT products segment:

	2022 HK\$'000	2021 HK\$'000
Customer A	102,241	64,193
Customer B	47,008	*
Customer C	46,609	73,273
Customer D	39,126	*
Customer E	*	41,221

* Representing revenue contributed less than 10% of the total revenue of the Group during the year.

(a) **Contract liabilities**

The Group has recognised the following liabilities related to contracts with customers:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contract liabilities related to sales and distribution of IT products	<u>3,479</u>	<u>1,426</u>

Contract liabilities represent advance payments received from customers for goods that have not yet been delivered to the customers. As at 31 December 2022 and 2021, the contract liabilities mainly included the advance payments received from individual customers for sales of IT products after the end of respective reporting period. The contract liabilities are expected to be recognised as revenue within one year from date of inception of respective contracts.

(b) **Revenue recognised in relation to contract liabilities**

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance as at 1 January	1,426	24
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(1,426)	(24)
Increase in contract liabilities as a result of advance payments received	<u>3,479</u>	<u>1,426</u>
Balance as at 31 December	<u>3,479</u>	<u>1,426</u>

The Group's sales contracts generally have an original expected duration of one year or less and accordingly, the Group has applied the practical expedient in HKFRS 15 not to disclose the transaction price allocated to the remaining performance obligations for the contracts existed at the end of the reporting period that has an original expected duration of one year or less.

4 OTHER INCOME

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Rental income	2,400	2,400
Interest income from bank deposits	652	39
Others	<u>889</u>	<u>326</u>
	<u>3,941</u>	<u>2,765</u>

5 EXPENSES BY NATURE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Auditors' remuneration		
– Audit services	700	650
– Non-audit services	100	100
Cost of inventories sold	337,347	322,343
Depreciation charge		
– Property, plant and equipment	1,197	2,381
– Right-of-use-assets included within:		
– Leasehold land and buildings	1,297	706
– Motor vehicles	55	176
Employee benefits expenses, including directors' emoluments	12,227	13,408
Short-term lease expenses	358	386
Written off of property, plant and equipment	–	13
Gain on disposal of property, plant and equipment	–	(10)
Net foreign exchange gain	(445)	(639)
Impairment loss on interest in an associate	275	164
Net provision for inventories (included in cost of sales)	46	370
Write-off of inventories	9	2
	<u>9</u>	<u>2</u>

6 INCOME TAX EXPENSES

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the year ended 31 December 2022 (2021: 16.5%), except for one subsidiary of the Group which is a qualifying entity under the two-tier profits tax regime. The first HK\$2,000,000 (2021: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (2021: 16.5%).

Taxation on profit has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries/places in which the Group operates.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax		
– Tax for the year	3,299	2,095
– Over provision in respect of prior year	–	(321)
	<u>3,299</u>	<u>1,774</u>

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the primary tax rate of 16.5% (2021: 16.5%) applicable to profit of the majority of the consolidated entities as follows:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before income tax	<u>8,720</u>	<u>4,006</u>
Tax at the Hong Kong tax rate of 16.5% (2021: 16.5%)	1,439	661
Tax effects of:		
– Income not subject to tax	(108)	(87)
– Associate's result reported net of tax	(48)	(111)
– Expenses not deductible for tax purposes	961	520
– Difference in overseas tax rates	871	664
– Effect of special tax exemption	–	(56)
– Tax effect of tax losses not recognised	393	526
– Utilisation of previously unrecognised tax losses	(209)	(22)
– Over provision in respect of prior year	<u>–</u>	<u>(321)</u>
Income tax expenses	<u>3,299</u>	<u>1,774</u>

7 EARNINGS PER SHARE

7.1 Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	5,421	2,232
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share (<i>'000</i>)	23,434	23,434
Basic earnings per share attributable to the ordinary equity holders of the Company (<i>HK cents per share</i>)	<u>23.13</u>	<u>9.52</u>

7.2 Diluted earnings per share

Diluted earnings per share is equal to basic earnings per share as there was no dilutive potential share outstanding during the year (2021: same).

8 DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: Nil).

9 TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	6,656	13,403
Deposits and other receivables	<u>4,121</u>	<u>465</u>
Financial assets at amortised cost	10,777	13,868
Prepayments	<u>3,815</u>	<u>3,593</u>
Total trade and other receivables	<u><u>14,592</u></u>	<u><u>17,461</u></u>

The majority of the Group's sales are settled in advance. The remaining amounts are with credit terms generally ranging from 15 to 90 days. At 31 December 2022 and 2021, the ageing analysis of the trade receivables based on invoice date were as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 1 month	6,630	13,121
2 to 3 months	26	280
Over 3 months	<u>-</u>	<u>2</u>
	<u><u>6,656</u></u>	<u><u>13,403</u></u>

(a) Impaired trade receivables

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly.

In addition, the Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Impairment losses and subsequent recoveries of amounts previously written off are recognised in statement of comprehensive income within "administrative expenses".

Amounts recognised in profit or loss

During the year, no provision or reversal of provision for impairment of trade receivables was recognised in the profit or loss (2021: Nil).

(b) Fair value of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

10 TRADE AND OTHER PAYABLES

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	1,536	67,554
Deposit received	709	600
Other tax payables	994	2,200
Accruals and other payables	2,512	2,649
	<hr/> 5,751 <hr/>	<hr/> 73,003 <hr/>

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature. At 31 December 2022 and 2021, the ageing analysis of the trade payables based on invoice date were as follows:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 month	1,536	67,412
2 to 3 months	–	142
	<hr/> 1,536 <hr/>	<hr/> 67,554 <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group operates in two business segments, namely, the sales and distribution of IT products and the provision of repairs and other service support of IT products.

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 used and refurbished units that are distributed through our well-established wholesale network covering North America, Asia and Europe.

There was a surge in demand and supply in the global secondary IT products market in 2022. With the laptop and tablet prices remaining at the higher end, a larger share of consumers considered buying refurbished models which allow consumers to obtain devices across all price ranges more affordably. In addition, as greater emphasis was placed on the circular economy and sustainability, the awareness of refurbished products has been raised during the year and consumers were exposed to more benefits of choosing a pre-owned device.

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.

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 year, the Group continued to review and re-evaluate its business model, with an aim to improve efficiency and achieve a higher profit margin. 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 operates a repair centre and provides end-to-end repair services, including reverse logistics, bench repair services, spare parts storage and distribution and customer delivery. The Group aims to provide best-in-class repair and rework services so as to ensure its customers' issues are resolved quickly and with minimum impact to their business.

During the year, due to the outbreak of COVID-19, there was delay in the business plan for the expansion of the repairs and service support segment, including the set up of new repair centres. The Group will closely monitor the market situation, assess and react actively to its impacts on planned expansion of service support business.

Segment information by business line

During FY2022, the revenue from sales and distribution of IT products continued to be the largest source of income which accounted for approximately 97.1% of the total 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.

	Year ended 31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sales and distribution of IT products	357,345	345,129
Repairs and service support	<u>10,815</u>	<u>4,741</u>
Total revenue	<u>368,160</u>	<u>349,870</u>

The revenue generated from repairs and service support increased from approximately HK\$4,741,000 for FY2021 to approximately HK\$10,815,000 for FY2022. 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.

Segment information by geographical location

	Year ended 31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
United States	207,417	110,621
Taiwan	74,070	73,216
Hong Kong	38,839	106,073
Netherlands	31,250	52,542
Australia	7,164	4,344
Japan	7,028	–
Mainland China	4	17
Others	2,388	3,057
	<hr/>	<hr/>
Total revenue	<u>368,160</u>	<u>349,870</u>

During FY2022, the United States, Taiwan and Hong Kong continued to be the top three markets of the Group in terms of their respective contribution to the revenue of the Group. The United States market was the largest market and contributed approximately 56.3% (2021: 31.6%) of the Group's total revenue for FY2022. The Taiwan market contributed approximately 20.1% (2021: 20.9%) of the Group's total revenue for FY2022. The Hong Kong market contributed approximately 10.5% (2021: 30.3%) and the Netherlands market contributed approximately 8.5% (2021: 15.0%) of the Group's total revenue for FY2022. The Australia market was steadily growing during the year and contributed approximately 1.9% (2021: 1.2%) of the Group's total revenue for FY2022. The Group has also expanded its distribution business to Japan which contributed approximately 1.9% (2021: Nil) of the Group's total revenue for FY2022. The change in the composition of the revenue was due to the change of product mix driven by the demand and supply of the IT products in each of the geographical location.

PRODUCT DEVELOPMENT

Building upon the experience of the management team in international distribution, the Group has further expanded its consumer electronics product offering in multi-jurisdictions that are complementary to its current business offering. The third-party IT products include computers, communications and consumer electronics (the “**3C Products**”) which are mainly used and refurbished units. Through the Group's international distribution channels, the Group extends the 3C Products useful life in the post-sales circular economy.

The Group also launched several new products, including security camera with artificial intelligence detection, 4K DVR equipped with smart statistics functions for people/vehicles counts within a preset period and 4K professional mobile digital video recorder running on mobile network designed for vehicle security and fleet management.

BUSINESS RISK RELATING TO THE GROUP

The Group may not be able to keep up with technological changes in the video surveillance industry in order to remain competitive

The Group has continuously invested in research and development to develop updates and new products in order to maintain the Group's competitive edge in the market. The performance of the Group depends on the Group's ability to develop updates to its existing products and to develop new products, which in turn is determined by the Group's research efforts to develop technologies which keep up with the latest technological trends in the industry and the Group's timely recruitment of personnel with the relevant skills. The effect of emerging and future technological changes in relation to product specifications to the Group's research and development plans or the level of technologies is unpredictable.

In addition, our competitors may develop technologies and products that are superior to ours in terms of quality and/or price. Failure to respond to the technological developments and maintain or enhance our competitiveness within the industry or maintain our customer base may result in decrease in profit margins and loss of market share, and our financial performance and profitability may be adversely affected.

The Group's insurance may be insufficient to cover all losses associated with its business operations

The Group maintains insurance policies against loss or damage to its office and business interruption, public liability and employees' compensation. The insurance coverage may be insufficient to cover all the risks associated with the Group's business and operations in the future. In the case of an uninsured loss or a loss in excess of insured limit, including those caused by natural disasters and other events beyond the Group's control, the Group may be required to pay for losses, damages and liabilities out of its own funds, which could materially and adversely affect its business, financial conditions and results of operations. Even if the insurance coverage is adequate to cover its direct losses, the Group may need to be responsible for the indirect losses. Furthermore, claim records of the Group may affect the premiums which insurance companies charge in the future.

Despite of the above, the Group considers that the current insurance coverage is sufficient for its existing operation scale and the Group will review its insurance policies from time to time.

BUSINESS OUTLOOK

The Group expects to face intense competition in the IT product distribution business and will modify its operations in response to technological advances, increased competition, and stakeholder expectations. The Group is undertaking a planned and structured process to improve its profitability and efficiency.

In order to diversify the business portfolio of the Group to avoid overconcentration on a single business segment and to generate more stable returns to the shareholders of the Company (the “**Shareholders**”), given the current contribution of the repairs and service support segment to the overall revenue of the Group and the relatively high profit margin of this segment, the Group believes that there is plenty of room for growth of the repairs and service support segment. The Group will focus on and allocate its resources to the development of the repairs and service support segment, in particular setting up repair centres to provide repair services of electronic products for renowned IT brands and service centres for its own products. Looking forward, with the relaxation of domestic epidemic prevention policies by the Chinese government, the Group aims to strengthen its position as corporate repair partners by setting up a repair centre in Guangdong Province and expanding its scope of services to cover more product types including smart devices and its related accessories. The management will closely monitor the market situation, assess and react actively to its impacts on the financial position and operating results of the Group.

The Group is also exploring suitable opportunities to invest in the “Circular Economy” business segment, from providing after-sales services of 3C products to recycling of 3C products to reproduce raw materials. The management believes that making the relevant strategic investment will enable the Group to strengthen its development foundation in “Green Technology” and enhance the Group’s business image.

FINANCIAL REVIEW

Revenue

The Group mainly engages in two business segments, namely, (i) sales and distribution of IT products; and (ii) repairs and service support. The Group’s total revenue amounted to approximately HK\$368,160,000 for FY2022, representing a slight increase of approximately 5.2% as compared to that of approximately HK\$349,870,000 for FY2021. The increase in revenue was mainly driven by the increase in revenue from the sales and distribution of IT products segment attributable to the increase in demand and supply in the global secondary IT products market as more particularly explained in “Business Review”.

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 FY2022 increased to approximately HK\$341,591,000, representing an increase of approximately 5.3%, as compared to that of approximately HK\$324,322,000 for FY2021. There was a net inventory provision (included in the cost of sales) of approximately HK\$46,000 as compared to a net inventory provision of approximately HK\$370,000 for FY2021 to account for the decrease in slow-moving inventories during the year.

Gross profit and gross profit margin

Gross profit increased by approximately HK\$1,021,000 to approximately HK\$26,569,000 for FY2022 (2021: HK\$25,548,000), which was in line with the increase in business volume. The overall gross profit margin slightly decreased from approximately 7.3% for FY2021 to approximately 7.2% for FY2022, which was mainly due to the weaker demand for smart devices in the European market when compared to FY2021.

Selling and distribution expenses

The Group managed to cut its selling and distribution expenses by approximately 39.8% for the year. Selling and distribution expenses decreased to approximately HK\$5,518,000 for FY2022 (2021: HK\$9,171,000). A major component of the selling and distribution expenses was staff costs, take-back and data wiping cost for used devices and warehousing charges. During the year, the Group has re-designed its business model for the sales and distribution business to improve efficiency and to save staff costs and devices take-back and data wiping cost.

Administrative expenses

During FY2022, administrative expenses slightly decreased by approximately 4.6% from approximately HK\$14,870,000 to approximately HK\$14,181,000. With improvements in operating efficiencies and rigorous financial policy, the Group has been able to keep its administrative expenses reasonably low at less than 5% to the revenue.

Net profit for the year

Net profit attributable to the Shareholders increased by approximately HK\$3,189,000 to approximately HK\$5,421,000. Net profit margin for the year increased to approximately 1.5% (2021: 0.6%) as a result of the improved operation efficiency and decrease in selling and distribution expenses. The Group considers that the increase in profitability is generally in line with and comparable with the financial figures for the Group for the nine months ended 30 September 2022 as disclosed in the third quarterly report of the Company.

Basic earnings per share increased to HK23.13 cents in 2022, compared with HK9.52 cents in 2021.

Inventories and trade receivables

As at 31 December 2022, the inventory level decreased to approximately HK\$1,563,000 (31 December 2021: HK\$55,525,000). The significant reduction in inventory balance was attributable to strengthened inventory management control through reducing the inventory turnover days, which helps release investment capital and reduce warehousing costs. The Group will continue to monitor the inventory level and reduce the inventory risk, with an aim to shorten the cash conversion cycle.

Trade receivables dropped to approximately HK\$6,656,000 as at 31 December 2022 (31 December 2021: HK\$13,403,000). Such decrease in trade receivables was attributable to the Group's execution of strict control on credit line granted to customers. During the year, customers of the Group maintain good credit history and no material impairment of trade receivables is recognised.

Key financial performance

The above financial data were chosen to be presented in this annual results announcement as they represent a material financial impact on the consolidated financial statements of the Group for the current financial year and/or the previous financial year, that a change of which could affect the revenue and profit conspicuously. It is believed that the Group can effectively explain the financial performance of the Group for the year by presenting the changes of these financial data.

DIVIDENDS

The Board does not recommend the payment of a final dividend for FY2022 (2021: Nil).

DIVIDEND POLICY

The Company does not have a fixed dividend policy. It shall consider, the following factors before declaring or recommending dividends:

- the general financial condition of the Group;
- the Group's actual and future operations and liquidity position;
- the Group's expected working capital requirements and future expansion plans;
- the Group's debt to equity ratios and the debt level;
- the restrictions on payment of dividends that may be imposed by the Group's lenders (if any);

- the retained earnings and distributable reserves of the Company and each of the members of the Group;
- the general market conditions; and
- any other factors that the Board deems appropriate.

Declaration of dividend by the Company is also subject to any restrictions under the laws of Cayman Islands, the memorandum and articles of association of the Company and any applicable laws, rules and regulations.

EMPLOYEE AND REMUNERATION POLICY

As of 31 December 2022, the Group employed 17 (31 December 2021: 20) employees in Hong Kong and 15 (31 December 2021: 15) employees in the People's Republic of China and overseas offices. The staff costs of the Group, including directors' emoluments, employees' salaries and commissions, retirement benefit scheme contributions and other benefits amounted to approximately HK\$12,227,000 for FY2022 (2021: approximately HK\$13,408,000).

Employees are remunerated in accordance with individual's responsibility and performance, also taking into account the prevailing market rates to ensure competitiveness. Other fringe benefits such as medical insurance, retirement benefits and discretionary bonus are offered to all employees.

The Group provides training programmes for staff professional development so that the employees are better equipped and work efficiently which are favourable to the long-term development of the Group. Training programmes are classified into two types based on target and purpose: internal training and external training. For example, external training programmes related to Dangerous Goods Regulations are attended by our employees who need to deal with those IT products that should be handled with care. Whereas for internal training, the Company organises team building activities and workshops regularly in the Hong Kong office in order to enhance team spirit. The Group supports staff training programmes by offering employees to attend continuing professional development and training courses during working days and training sponsorship.

A share option scheme was approved and adopted at the annual general meeting of the Company on 11 November 2016.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During FY2022, the Group financed its daily operations with internally generated resources. As at 31 December 2022, the Group had net current assets of approximately HK\$142,314,000 (31 December 2021: approximately HK\$125,266,000) and cash and cash equivalents of approximately HK\$138,122,000 (31 December 2021: approximately HK\$98,850,000). The Group had no borrowings outstanding as at 31 December 2022.

As at 31 December 2022, the gearing ratio, which is calculated on the basis of total debts over total equity of the Group, was approximately 8.3% (2021: approximately 53.4%).

CAPITAL STRUCTURE

As at 31 December 2022, the Company had an authorised share capital of HK\$80,000,000 divided into 400,000,000 shares of a par value of HK\$0.20 each, of which 23,433,783 shares of the Company were in issue. No convertible securities options, warrants or similar rights by the Company or its subsidiaries were outstanding during the year.

The Group did not have any borrowings during FY2022.

SIGNIFICANT INVESTMENT

The Group did not hold any significant investments during FY2022.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not make any material acquisitions and disposals of subsidiaries and affiliated companies for FY2022.

CHARGE OF ASSETS

As at 31 December 2022, no bank deposit was pledged to a bank for bank facility. As at 31 December 2021, a bank deposit of US\$4,000,000 (equivalent to approximately HK\$31,194,000) was pledged to a bank for the bank facility amounting to US\$8,000,000 (equivalent to approximately HK\$62,388,000) granted to the Group. Such bank facility was drawn by the Group to issue a standby letter of credit to the key supplier of the Group in FY2021.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

To continue executing its investment plan of augmenting its international distribution and fulfilment capabilities, the Group may, depending on circumstances and market conditions, consider the need for fundraising and/or financing from time to time in order to strengthen its human resources, plant and equipment and working capital. This will enable the Group to not only serve the distribution and fulfilment requirements of its own products, but also acquire the capabilities to support strategic third-party business partners with innovative revenue models with a view to delivering enhanced value to the Shareholders.

In addition, to accelerate the Group's capabilities to offer innovative revenue models in relation to IT hardware distribution and fulfilment support, the Board may contemplate selective strategic investments by means of stock and/or cash when suitable opportunities arise.

FOREIGN EXCHANGE EXPOSURE

The Group mainly operates in Hong Kong, Taiwan, US and Europe with most of the transactions settled in HK\$, United States dollars (“**USD**”) and Euro. The Group is exposed to foreign exchange risk from various currencies, primarily with respect to USD and Euro. The management has a policy to manage the foreign exchange risk against the functional currencies of the Group. It mainly includes managing the foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and would consider the use of foreign exchange contracts to manage foreign exchange risks, where appropriate. The Group did not enter into any foreign currency derivative financial instruments for FY2022. The Group did not use any financial instruments for hedging purposes during FY2022 (2021: Nil).

CONTINGENT LIABILITIES

As of 31 December 2022, the Group did not have any material contingent liabilities (31 December 2021: Nil).

COMPETING BUSINESS

For FY2022, none of the Directors, controlling shareholder of the Company or their respective close associates (as defined in the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”)) has any interests in a business that competes or may compete either directly or indirectly with the business of the Group.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Group had no other significant event subsequent to FY2022.

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

During FY2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE CODE

The Board and senior management of the Company commit to achieve a high standard of corporate governance, to maintain good corporate governance practice for improvement of accountability and transparency in operations and to strengthen the internal control and risk management systems from time to time so as to protect the rights of the Shareholders and enhance Shareholder value. The Company has adopted the principles and the code provisions in the Corporate Governance Code as set out in Part 2 of Appendix 15 to the GEM Listing Rules (the “**Corporate Governance Code**”) as its own code of corporate governance. During FY2022, the Company has complied with the code provisions set out in Part 2 of the Corporate Governance Code.

DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Upon the Company's specific enquiry, each of the Directors has confirmed that during his/her tenure as Director for FY2022, he/she had fully complied with the required standard of dealings and there was no event of non-compliance.

AUDIT COMMITTEE

The audit committee of the Company (“**Audit Committee**”) has adopted written terms of reference in compliance with code provision D.3.3. of the Corporate Governance Code.

During FY2022, members of the Audit Committee were Mr. Li Robin Kit Ling (chairman), Mr. Yeung Wai Hung Peter and Mr. Miao Benny Hua-ben, all of whom are independent non-executive Directors. At the discretion of the Audit Committee, executive Directors and/or senior management personnel overseeing the Group's finance may be invited to attend meetings of the Audit Committee. The Audit Committee normally meets four times a year and also meets the external auditors twice without the presence of the executive Directors.

The duties of the Audit Committee include, among other things, reviewing and monitoring the financial and internal control aspects, risk management system, audit plan and relationship with external auditors, arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, and internal control or other matters of the Company. The Audit Committee reviews the truth and fairness of the Company's financial statements, annual report, interim report and quarterly reports, discusses with the external auditors the nature and scope of audit before the audit commences as well as the findings and recommendations raised by the auditors during and after completion of the audit. The Audit Committee conducts an assessment, at least annually, of the effectiveness of the Group's internal control and financial controls system, risk management system, scope of work and appointment of external auditors and arrangements for employees to raise concerns about possible improprieties. This allows the Board to monitor the Group's overall financial position and to protect its assets. The chairman of the Audit Committee summarises activities of the Audit Committee, highlights issues arising therefrom, and provides recommendations for reporting to the Board after each meeting.

The external auditors perform independent statutory audit on the Group's financial statements and as part of the audit engagement, report to the Audit Committee any significant deficiencies (if any) in the Group's internal control system which might come to their attention during the course of audit.

During the year, the Audit Committee reviewed the annual results of the Group for the year ended 31 December 2021, quarterly results of the Group for three months ended 31 March 2022, interim results of the Group for six months ended 30 June 2022 and quarterly results of the Group for nine months ended 30 September 2022, including the consolidated statement of financial position, consolidated statement of comprehensive income and consolidated statement of changes in equity and related notes thereto. The Audit Committee also reviewed the risk management and internal control systems.

FIGURES IN THIS ANNOUNCEMENT AGREED BY AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, and consolidated statement of changes in equity and the related notes thereto for FY2022 as set out in this announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

By order of the Board

CircuTech International Holdings Limited

Mr. Hong Sung-Tai

Chairman

Hong Kong, 14 March 2023

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, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company and its subsidiaries. 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.

This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at www.hkexnews.hk 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.