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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)

**CONTINUING CONNECTED TRANSACTION
IN RELATION TO THE SERVICE AGREEMENT**

THE SERVICE TRANSACTION

After trading hours of the Stock Exchange on 28 April 2023, the Company entered into the Service Agreement with Hon Hai, a controlling shareholder of the Company, which sets out the terms and conditions on which Hon Hai agreed to provide the Services to the Company.

Subject to the satisfaction of the condition precedent to the Service Agreement as specified below, the Service Agreement shall be for a term commencing on the Effective Date and expiring on 31 December 2025, unless terminated earlier in accordance with the terms of the Service Agreement.

The Annual Caps in respect of the Service Transaction for each of the years ending 31 December 2023, 2024 and 2025 will be HK\$8,500,000, HK\$8,900,000 and HK\$9,300,000, respectively.

GEM LISTING RULES IMPLICATION

As at the date of this announcement, Hon Hai is a controlling shareholder of the Company, indirectly holding 50.58% of the issued Shares. Accordingly, Hon Hai is a connected person of the Company and the Service Transaction constitutes continuing connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

As the highest applicable percentage ratio (other than profits ratio) in respect of the largest Annual Cap for the Service Transaction is less than 25% and the total consideration is less than HK\$10,000,000 on an annual basis, the Service Transaction is subject to the reporting, announcement and annual review requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The Board announces that, on 28 April 2023 (after trading hours), the Company entered into the Service Agreement with Hon Hai, a controlling shareholder of the Company, in respect of the Service Transaction.

THE SERVICE AGREEMENT

Date 28 April 2023 (after trading hours)

Parties (1) The Company; and

(2) Hon Hai Precision Industry Co., Ltd., being a controlling shareholder of the Company indirectly holding 50.58% of the issued Shares. Its principal businesses are electronics manufacturing and provision of technological solutions.

Term

A term commencing on the Effective Date and expiring on 31 December 2025, unless terminated earlier in accordance with the terms of the Service Agreement (i.e. the Service Term).

Subject matter

The Service Agreement sets out the terms and conditions on which Hon Hai agreed to provide the Services to the Company.

Condition precedent

The Service Agreement is conditional upon the Company having complied with all necessary requirements on disclosure, the Board approval (including approval by independent non-executive Directors) and/or independent Shareholders' approval under the GEM Listing Rules on the Service Agreement, the Service Transaction and the Annual Caps.

As the highest applicable percentage ratio (other than profits ratio) in respect of the largest Annual Cap for the Service Transaction is less than 25% and the total consideration is less than HK\$10,000,000 on an annual basis, the Service Transaction is subject to the reporting, announcement and annual review requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Accordingly, the condition precedent is satisfied and the Service Agreement takes effect on the date of the Service Agreement following the publication of this announcement.

Pricing basis

The service fee for each individual order placed with Hon Hai shall be agreed by the contracting parties after arm's length negotiations with reference to the then market price and Hon Hai's Price List. The service fee shall not be higher than the price charged by Hon Hai of its other customers for similar services.

Internal control

The Company will take the following measures to negotiate the best available terms, in particular the service fee:–

- (a) the Company's finance department will gather information on and review the market price and invite at least 3 sub-contractors (including Hon Hai) for quotation every 6 months from the Effective Date for the purpose of conducting a periodic review on the service fee chargeable under Hon Hai's Price List;
- (b) the Company's finance department will compare the quotations provided by the sub-contractor(s) based on their fee amount and terms and conditions with Hon Hai's Price List;
- (c) the quotations comparison will be reviewed by the Board; and
- (d) after review, the Board will select the suitable sub-contractor and further negotiate/accept the service fee under its quotation.

Annual Caps

The Annual Caps set for the Service Term are as follows:

	From the Effective Date to 31 December 2023	For the year ending 31 December 2024	For the year ending 31 December 2025
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Annual Cap	8,500,000	8,900,000	9,300,000

The Annual Caps were determined based on:

- (i) expected contract value of the Group to be entered with its customer for the year ending 31 December 2023; and
- (ii) an expected growth of 5% on the Annual Caps for the years ending 31 December 2024 and 2025 with reference to the Group's sales forecast and future growth prospects of the market.

Shareholders should note that the Annual Caps represent the best estimate by the Directors of the amount of the relevant transactions based on the information currently available. The Annual Caps bear no direct relationship to, nor should be taken to have any direct bearing to, the Group's financial or potential financial performance.

REASONS FOR AND BENEFITS OF THE TRANSACTION

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.

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 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 its resources on the development of the repairs and service support segment, in particular setting up repair centers to provide repair services of electronic products for renowned IT brands and their service centers.

It takes time to set up the Group's own repair centers. At the initial stage of expansion, the Board considers sub-contracting such repairs service to sub-contractors will be more cost-efficient in building up the reputation of the Group in the repairs sector. The Board considers that the Service Transaction can support the development of the aforesaid extended business.

The Board (including the independent non-executive Directors) is of the view that the terms of the Service Agreement and the Annual Caps are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group and that, it is in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As at the date of this announcement, Hon Hai is a controlling shareholder indirectly holding 50.58% of the issued Shares. Accordingly, Hon Hai is a connected person of the Company and the Service Transaction constitute continuing connected transaction for the Company under Chapter 20 of the GEM Listing Rules.

As the highest applicable percentage ratio (other than profits ratio) in respect of the largest Annual Cap is less than 25% and the total consideration is less than HK\$10,000,000 on an annual basis, the Service Transaction is subject to the reporting, announcement and annual review requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

No Director has any material interest in the transactions contemplated under the Service Agreement and accordingly, no Director is required to abstain from voting on the resolution(s) approving the Service Agreement.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Annual Cap(s)”	the proposed annual cap(s) in respect of the Service Transaction
“Board”	the board of Directors
“Company”	CircuTech International Holdings Limited (stock code: 8051), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules and the word “connected” shall be construed accordingly
“controlling shareholder”	has the meaning ascribed thereto under the GEM Listing Rules
“Directors”	the directors of the Company
“Effective Date”	the date on which the Service Agreement becoming unconditional and taking effect

“Group”	the Company and its subsidiaries
“Hon Hai”	Hon Hai Precision Industry Co., Ltd. (鴻海精密工業股份有限公司), a company incorporated in Taiwan with limited liability and the shares of which are listed on the Taiwan Stock Exchange Corporation, and a controlling shareholder of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Price List”	the price list (which may be updated by Hon Hai from time to time) for service fee charged by Hon Hai for the Services pursuant to the Service Agreement
“Services”	maintenance and value-added services (including checking, maintenance, assembly, testing, packaging, warehousing, logistic, related custom declaration services and sourcing of required material) for electronic products (including but not limited to mobile phone, mobile phone display, and Bluetooth earpieces)
“Service Agreement”	the service framework agreement made between the Company and Hon Hai and dated 28 April 2023 in respect of the Service Transaction
“Service Term”	a term commencing on the Effective Date and expiring on 31 December 2025, unless terminated earlier in accordance with the terms of the Service Agreement
“Service Transaction”	provision of the Services by Hon Hai to the Company upon the terms of the Service Agreement
“Share(s)”	ordinary share(s) of HK\$0.2 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board
CircuTech International Holdings Limited
Mr. Chang Chuan-Wang
Chairman

Hong Kong, 28 April 2023

As at the date of this announcement, the executive Directors are Ms. Chen Ching-Hsuan and Mr. Han Chun-Wei; the non-executive Directors are Mr. Chang Chuan-Wang and 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. 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.