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CircuTech International Holdings Limited
訊智海國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8051)

QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2023

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 (the “**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\$13.4 million for the three months ended 31 March 2023 (three months ended 31 March 2022: approximately HK\$179.4 million), representing a decrease of approximately HK\$166.0 million when compared with the same period last year.
- The overall gross profit margin increased from approximately 4.8% for the three months ended 31 March 2022 to approximately 25.0% for the three months ended 31 March 2023. The increase in overall gross profit margin was mainly due to the growth in repair and service support segment which generates better gross profit margin than the sales and distribution segment.
- The Group recorded a profit attributable to the owners of the Company of approximately HK\$0.9 million for the three months ended 31 March 2023 (three months ended 31 March 2022: approximately HK\$0.9 million).
- The board (the “**Board**”) of Directors of the Company does not recommend the payment of an interim dividend for the three months ended 31 March 2023 (three months ended 31 March 2022: Nil).

QUARTERLY RESULTS

The Board hereby announces the unaudited condensed consolidated quarterly results of the Group for the three months ended 31 March 2023, together with the comparative unaudited figures for the corresponding period in 2022, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Notes</i>	Three months ended	
		31 March	
		2023	2022
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	3	13,403	179,427
Cost of sales		(10,057)	(170,813)
Gross profit		3,346	8,614
Other income		1,126	789
Selling and distribution costs		(416)	(2,150)
Administrative expenses		(3,071)	(4,507)
Research and development expenditures		(217)	(310)
Share of net profit of an associate accounted for using the equity method		439	130
Finance costs		(41)	(14)
Profit before income tax	5	1,166	2,552
Income tax expenses	6	(301)	(1,638)
Profit for the period		865	914
Other comprehensive income for the period:			
Item that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		1,049	11
Other comprehensive income for the period		1,049	11
Total comprehensive income for the period		1,914	925
Earnings per share attributable to owners of the Company			
<i>(HK cents per share)</i>			
– Basic and diluted	7	3.69	3.90

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	Share capital	Share premium	Translation reserve	Special reserve	Financial asset at fair value through other comprehensive income reserve	Accumulated losses	Total	Non-controlling interest	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2023 (audited)	4,687	183,006	(4,462)	14,990	135	(49,798)	148,558	11,486	160,044
Profit for the period	-	-	-	-	-	865	865	-	865
Other comprehensive income for the period ended 31 March 2023:									
Exchange differences arising on translation of foreign operations	-	-	1,049	-	-	-	1,049	51	1,100
Total comprehensive income for the period	-	-	1,049	-	-	865	1,914	51	1,965
At 31 March 2023 (unaudited)	<u>4,687</u>	<u>183,006</u>	<u>(3,413)</u>	<u>14,990</u>	<u>135</u>	<u>(48,933)</u>	<u>150,472</u>	<u>11,537</u>	<u>162,009</u>
At 1 January 2022 (audited)	4,687	183,006	(1,447)	14,990	(11)	(55,219)	146,006	-	146,006
Profit for the period	-	-	-	-	-	914	914	-	914
Other comprehensive income for the period ended 31 March 2022									
Exchange differences arising on translation of foreign operations	-	-	11	-	-	-	11	-	11
Total comprehensive income for the period	-	-	11	-	-	-	925	-	925
At 31 March 2022 (unaudited)	<u>4,687</u>	<u>183,006</u>	<u>(1,436)</u>	<u>14,990</u>	<u>(11)</u>	<u>(54,305)</u>	<u>146,931</u>	<u>-</u>	<u>146,931</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.

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 three months ended 31 March 2023 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.

The principal accounting policies applied in the preparation of this unaudited condensed consolidated financial information are consistent with those of the financial statements for the year ended 31 December 2022, except for the adoption of new and amended standards and interpretation effective for the financial year ending 31 December 2023. The following new and amended standards and interpretation are mandatory for the first time for the financial year beginning on 1 January 2023.

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

HKFRS 17 – Insurance Contracts and the related Amendments

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

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

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

The adoption of the above amended standards and interpretation did not have a material impact on the Group’s unaudited condensed consolidated financial information for the three months ended 31 March 2023.

3. REVENUE

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

	Three months ended	
	31 March	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Sales and distribution of IT products	10,910	177,632
Repairs and service support	2,493	1,795
Total revenue	<u>13,403</u>	<u>179,427</u>

4. SEGMENT INFORMATION

The Group is principally engaged in the sales and distribution of IT products, and the provision of repairs and other service support of IT products.

The chief operating decision-makers 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.

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

No sales between segments are carried out during the three months ended 31 March 2023 and 2022. 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 three months ended 31 March 2023 and 2022 is as follows:

Three months ended 31 March 2023 (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>10,910</u>	<u>2,493</u>	<u>13,403</u>
Time of revenue recognition			
– At a point in time	10,910	2,493	13,403
– Over time	<u>–</u>	<u>–</u>	<u>–</u>
Segment profit	<u>458</u>	<u>1,029</u>	<u>1,487</u>
Interest income from bank deposits			479
Other income			647
Finance costs			(41)
Salaries, wages and other benefits			(707)
Depreciation charges			(244)
Unallocated corporate expenses (<i>Note</i>)			<u>(894)</u>
Operating profit			727
Share of net profit of an associate accounted for using the equity method			<u>439</u>
Profit before income tax			1,166
Income tax expenses			<u>(301)</u>
Profit for the period			<u>865</u>

Three months ended 31 March 2022 (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>177,632</u>	<u>1,795</u>	<u>179,427</u>
Time of revenue recognition			
– At a point in time	177,632	1,734	179,366
– Over time	<u>–</u>	<u>61</u>	<u>61</u>
Segment profit	<u>3,465</u>	<u>439</u>	3,904
Interest income from bank deposits			21
Other income			768
Finance costs			(14)
Salaries, wages and other benefits			(789)
Depreciation charges			(866)
Unallocated corporate expenses (<i>Note</i>)			<u>(602)</u>
Operating profit			2,422
Share of net profit of an associate accounted for using the equity method			<u>130</u>
Profit before income tax			2,552
Income tax expenses			<u>(1,638)</u>
Profit for the period			<u>914</u>

Note:

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

5. PROFIT BEFORE INCOME TAX

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

	Three months ended	
	31 March	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	15	587
Depreciation of right-of-use assets	506	293
Interest expenses on lease liabilities	41	14
Short term lease expenses	98	118
Interest income	(479)	(21)
Net foreign exchange losses	145	100
(Net reversal of provision)/provision for inventories (included in cost of sales)	(107)	802
Rental income	(600)	(600)
	<u>15</u>	<u>587</u>

6. INCOME TAX EXPENSES

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the year ending 31 December 2023 (2022: 16.5%), except for one subsidiary of the Group which is a qualifying entity under the two-tier profits tax rates regime. For the year ending 31 December 2023, the first HK\$2,000,000 (2022: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 16.5%).

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

	Three months ended	
	31 March	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current income tax:		
– Hong Kong taxation	92	–
– Overseas taxation	209	1,638
	<u>301</u>	<u>1,638</u>
Income tax expenses	<u>301</u>	<u>1,638</u>

7. EARNINGS PER SHARE

(a) 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 period:

	Three months ended	
	31 March	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	865	914
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share ('000)	23,434	23,434
Basic earnings per share attributable to the ordinary equity holders of the Company (<i>HK cents per share</i>)	<u>3.69</u>	<u>3.90</u>

(b) Diluted earnings per share

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

INTERIM DIVIDEND

The Board does not recommend the payment of a dividend for the three months ended 31 March 2023 (three months ended 31 March 2022: Nil).

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.

The Group undertook a planned and structured process to develop and strengthen its repairs and service support segment to improve its profitability and return on capital employed. During the period, the Group has also adjusted its business model for the sales and distribution segment to focus on distribution of IT products with higher gross margin to improve the Group's liquidity. The management will allocate more resources for further development of its repairs and service support segment and explore for suitable investment opportunities in "Circular Economy".

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.

With an aim to improve the return on working capital employed, the management has increased the expected gross margin for the sales transactions. As a result, the segment revenue has dropped when compared to the same period of last year and the segment profit to segment revenue ratio has increased from approximately 2.0% to approximately 4.2%.

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. 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 network services so as to ensure its customers' issues are resolved quickly and with minimum impact to their business.

During the period, a repair centre in Shenzhen commenced operation and started to provide end-to-end repair services. The management expects the repairs and service support segment to grow steadily in the coming quarters.

FINANCIAL REVIEW

Revenue

The Group's total revenue was approximately HK\$13.4 million for the three months ended 31 March 2023, representing a decrease of approximately HK\$166.0 million as compared to revenue of approximately HK\$179.4 million for the three months ended 31 March 2022. The decrease in revenue was mainly due to the drop in segment revenue of the sales and distribution segment following the adjusted business model as explained in the paragraph headed "Business Review" above.

Segment information by geographical location

	Three months ended	
	31 March	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Japan	6,581	988
Hong Kong	2,970	10,729
Australia	1,418	1,734
United States	1,413	104,333
Taiwan	–	45,469
Netherlands	–	15,804
Others	1,021	370
	<u>13,403</u>	<u>179,427</u>
Total revenue	<u>13,403</u>	<u>179,427</u>

For the three months ended 31 March 2023, Japan market contributed approximately 49.1% (three months ended 31 March 2022: approximately 0.6%) of the Group's revenue. Hong Kong market contributed approximately 22.2% (three months ended 31 March 2022: approximately 6.0%) and Australia market contributed approximately 10.6% (three months ended 31 March 2022: approximately 1.0%) of the Group's revenue for the three months ended 31 March 2023. The change in contribution of revenue by geographical locations was due to the adjustment in the Group's business model to develop its repairs and service support segment and the change of product mix driven by the demand and supply of the IT products of the sales and distribution segment 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 business volume, the cost of sales for the three months ended 31 March 2023 decreased to approximately HK\$10.0 million, as compared to that of approximately HK\$170.8 million for the same period in 2022. There was a net reversal of provision of inventories (included in the cost of sales) amounted to approximately HK\$0.1 million as compared to a net inventory provision of approximately HK\$0.8 million for the period ended 31 March 2022 to account for the decrease in slow-moving inventories.

Gross profit and gross profit margin

Gross profit decreased by approximately HK\$5.3 million for the three months ended 31 March 2023, which was caused by the decrease in business volume. The overall gross margin increased from approximately 4.8% for the three months ended 31 March 2022 to approximately 25.0% for the three months ended 31 March 2023. The increase in overall gross margin was mainly due to the growth in repairs and service support segment which generates better gross profit margin than the sales and distribution segment.

Selling and distribution expenses

The Group managed to cut its selling and distribution expenses by approximately 80.7% for the period. 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 period, the Group has adjusted its business model for the sales and distribution business to improve efficiency and to save staff costs.

Administrative expenses

Administrative expenses decreased by approximately 31.9% to approximately HK\$3.1 million during the three months ended 31 March 2023. 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\$0.9 million and HK\$0.9 million for the three months ended 31 March 2023 and 2022, respectively. The slight decrease in net profit was mainly due to the decrease in segment revenue from the sales and distribution segment as a result of a lower sales volume which was partially offset by the increase in segment revenue from the repairs and service support segment.

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 develop and strengthen its repairs and service support segment 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, 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 an additional 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.

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 organisation structure, and potential capital expenditures if it is deemed to strategically enhance our capabilities.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

The Group had net current assets of approximately HK\$143.5 million (31 March 2022: approximately HK\$126.4 million) and cash and cash equivalents amounted to approximately HK\$135.9 million as at 31 March 2023 (31 March 2022: approximately HK\$86.1 million). The Group had no borrowings outstanding as at 31 March 2023.

As at 31 March 2023, the gearing ratio, which is calculating on the basis of total debts over total equity of the Group, was approximately 6.4% (31 March 2022: approximately 51.5%).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As of 31 March 2023, none of the Directors and chief executives of the Company was interested in, or had short positions in, any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) which were required under Divisions 7 and 8 of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) to be notified to the Company and the Stock Exchange, or which were recorded in the register required to be kept by the Company under section 352 of the SFO, or which were required under Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the three months ended 31 March 2023 was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the Directors, their spouses or children under the age of eighteen, had any rights to subscribe for securities of the Company, or had exercised any such right during the three months ended 31 March 2023.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY

As at 31 March 2023, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Long position in shares as at 31 March 2023

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 of the Company held by Foxconn (Far East) Limited under the SFO.

Save as disclosed above, as at 31 March 2023, the Company had not been notified by any other persons (other than a Director or chief executive of the Company) who had interests or short positions in any shares and the underlying shares of the Company, which were required to be disclosed 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.

COMPETING BUSINESS

During the three months ended 31 March 2023, none of the Directors, controlling shareholders of the Company 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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the three months ended 31 March 2023.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors (the “**Company’s Code**”) 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 in the three months ended 31 March 2023, he/she had fully complied with the required standard of dealings and the Company’s Code and there was no event of non-compliance.

CORPORATE GOVERNANCE CODE

The Company has adopted the principles and the code provisions in the Corporate Governance Code (the “**CG Code**”) as set out in Part 2 of Appendix 15 to the GEM Listing Rules. During the three months ended 31 March 2023, the Company has complied with the CG Code.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) 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 interim 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 three months ended 31 March 2023, this announcement and the quarterly report, and has provided advice and comments thereon.

By order of the Board

CircuTech International Holdings Limited

Mr. Chang Chuan-Wang

Chairman

Hong Kong, 11 May 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 will remain at 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.