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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8051)

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

*This announcement, for which the directors (“**Directors**” and each a “**Director**”) of CircuTech International Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company and its subsidiaries (collectively the “**Group**”). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

HIGHLIGHTS

- The Group recorded a turnover of approximately HK\$349.6 million for the nine months ended 30 September 2022 (nine months ended 30 September 2021: approximately HK\$189.6 million), representing an increase of approximately HK\$160.0 million when compared with the same period last year.
- The gross profit margin of the Group slightly decreased to approximately 6.2% for the nine months ended 30 September 2022 (nine months ended 30 September 2021: approximately 8.0%).
- The Group recorded a net profit attributable to the owners of the Company of approximately HK\$5.7 million for the nine months ended 30 September 2022 (nine months ended 30 September 2021: approximately HK\$1.0 million), representing an increase of approximately HK\$4.7 million when compared with the same period last year. The board (the “**Board**”) of Directors considers that the increase in net profit of the Group for the nine months ended 30 September 2022 was mainly attributable to the increase in business volume from the distribution of third-party IT products and the profit generated from the repair centre of the Group.
- The Board does not recommend the payment of a dividend for the nine months ended 30 September 2022 (nine months ended 30 September 2021: Nil).

QUARTERLY RESULTS

The Board hereby announces the unaudited condensed consolidated quarterly results of the Group for the nine months ended 30 September 2022, together with the comparative unaudited figures for the corresponding period in 2021, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Notes</i>	Three months ended		Nine months ended	
		30 September		30 September	
		2022	2021	2022	2021
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	4	33,722	66,983	349,562	189,554
Cost of sales		(28,952)	(61,993)	(327,820)	(174,457)
Gross profit		4,770	4,990	21,742	15,097
Other income		900	660	2,702	2,060
Selling and distribution costs		(588)	(2,014)	(4,312)	(4,703)
Administrative expenses		(2,059)	(3,127)	(10,356)	(10,666)
Research and development expenditures		(309)	(363)	(938)	(1,051)
Share of net profit/(loss) of an associate accounted for using the equity method		(14)	164	227	440
Finance costs		(35)	(14)	(68)	(51)
Profit before income tax	6	2,665	296	8,997	1,126
Income tax (expenses)/credit	7	(154)	287	(3,294)	(166)
Profit for the period		<u>2,511</u>	<u>583</u>	<u>5,703</u>	<u>960</u>

	Three months ended		Nine months ended	
	30 September		30 September	
	2022	2021	2022	2021
Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Other comprehensive income				
for the period:				
<i>Items that may be reclassified</i>				
<i>subsequently to profit or loss</i>				
Exchange differences arising on				
translation of foreign operations	(2,408)	(1,070)	(3,286)	(146)
<i>Items that will not be reclassified to</i>				
<i>profit or loss</i>				
Change in the fair value of equity				
investment at fair value through				
other comprehensive income	–	–	146	107
Other comprehensive income				
for the period	(2,408)	(1,070)	(3,140)	(39)
Total comprehensive income for the period	<u>103</u>	<u>(487)</u>	<u>2,563</u>	<u>921</u>
Earnings per share attributable to owners of				
the Company (<i>HK cents per share</i>)				
– Basic and diluted	9 <u>10.72</u>	<u>2.49</u>	<u>24.34</u>	<u>4.10</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company						Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Special reserve HK\$'000	Financial asset at fair value through other comprehensive income HK\$'000	Accumulated losses HK\$'000	
At 1 January 2022 (audited)	4,687	183,006	(1,447)	14,990	(11)	(55,219)	146,006
Profit for the period	-	-	-	-	-	5,703	5,703
Other comprehensive income for the period ended 30 September 2022							
Exchange differences on translation of foreign operations	-	-	(3,286)	-	-	-	(3,286)
Change in the fair value of equity investment at fair value through other comprehensive income	-	-	-	-	146	-	146
Total comprehensive income for the period	-	-	(3,286)	-	146	5,703	2,563
At 30 September 2022 (unaudited)	<u>4,687</u>	<u>183,006</u>	<u>(4,733)</u>	<u>14,990</u>	<u>135</u>	<u>(49,516)</u>	<u>148,569</u>
At 1 January 2021 (audited)	4,687	183,006	24	14,990	(5)	(57,451)	145,251
Profit for the period	-	-	-	-	-	960	960
Other comprehensive income for the period ended 30 September 2021							
Exchange differences on translation of foreign operations	-	-	(146)	-	-	-	(146)
Change in the fair value of equity investment at fair value through other comprehensive income	-	-	-	-	107	-	107
Total comprehensive income for the period	-	-	(146)	-	107	960	921
At 30 September 2021 (unaudited)	<u>4,687</u>	<u>183,006</u>	<u>(122)</u>	<u>14,990</u>	<u>102</u>	<u>(56,491)</u>	<u>146,172</u>

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 nine months ended 30 September 2022 has been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable requirements of the GEM Listing Rules. This unaudited condensed consolidated financial information does not include all information and disclosures as required in the annual financial statements.

3. ACCOUNTING POLICIES

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

4. REVENUE

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

	Three months ended		Nine months ended	
	30 September		30 September	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales and distribution of IT products	29,182	65,365	341,366	186,657
Repairs and service support	4,540	1,618	8,196	2,897
Total revenue	<u>33,722</u>	<u>66,983</u>	<u>349,562</u>	<u>189,554</u>

5. SEGMENT INFORMATION

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

The chief operating decision-makers have been identified as the executive directors of the Company (the “**Executive Directors**”). The Executive Directors have determined the operating segments based on the information reviewed by them that are used to make strategic decisions.

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

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

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

No sales between segments are carried out during the nine months ended 30 September 2022 and 2021. The revenue from external parties is measured in the same way as in the unaudited condensed consolidated statement of comprehensive income.

Interest income from bank deposits, interest on lease liabilities and corporate expenses are not allocated to segments, as these types of activities are driven by the central treasury function, which manages the cash position of the Group.

Segment revenue and results

The segment information provided to the Executive Directors for the reportable segments for the nine months ended 30 September 2022 and 2021 is as follows:

Nine months ended 30 September 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>341,366</u>	<u>8,196</u>	<u>349,562</u>
Time of revenue recognition			
– At a point in time	341,366	8,135	349,501
– Over time	<u>–</u>	<u>61</u>	<u>61</u>
Segment profit	<u>10,100</u>	<u>2,227</u>	12,327
Bank interest			149
Other income			2,319
Salaries, wages and other benefits			(1,733)
Depreciation charge			(2,075)
Unallocated corporate expenses (<i>note</i>)			(2,149)
Finance costs			<u>(68)</u>
Operating profit			8,770
Share of net profit of an associate accounted for using the equity method			<u>227</u>
Profit before income tax			<u>8,997</u>

Three months ended 30 September 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	29,182	4,540	33,722
Time of revenue recognition			
– At a point in time	29,182	4,479	33,661
– Over time	–	61	61
Segment profit	2,493	1,067	3,560
Bank interest			107
Other income			795
Salaries, wages and other benefits			(507)
Depreciation charge			(333)
Unallocated corporate expenses (<i>note</i>)			(908)
Finance costs			(35)
Operating profit			2,679
Share of net loss of an associate accounted for using the equity method			(14)
Profit before income tax			2,665

Nine months ended 30 September 2021 (unaudited)

	Sales and distribution of IT products <i>HK\$'000</i>	Repairs and service support <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	<u>186,657</u>	<u>2,897</u>	<u>189,554</u>
Time of revenue recognition			
– At a point in time	186,657	103	186,760
– Over time	<u>–</u>	<u>2,794</u>	<u>2,794</u>
Segment profit	<u>2,184</u>	<u>1,438</u>	3,622
Other income			1,878
Salaries, wages and other benefits			(1,550)
Depreciation charge			(1,838)
Unallocated corporate expenses (<i>note</i>)			(1,375)
Finance costs			<u>(51)</u>
Operating profit			686
Share of net profit of an associate accounted for using the equity method			<u>440</u>
Profit before income tax			<u>1,126</u>

Three months ended 30 September 2021 (unaudited)

	Sales and distribution of IT products <i>HK\$'000</i>	Repairs and service support <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	<u>65,365</u>	<u>1,618</u>	<u>66,983</u>
Time of revenue recognition			
– At a point in time	65,365	98	65,463
– Over time	<u>–</u>	<u>1,520</u>	<u>1,520</u>
Segment profit	<u>310</u>	<u>853</u>	1,163
Other income			554
Salaries, wages and other benefits			(581)
Depreciation charge			(607)
Unallocated corporate expenses (<i>note</i>)			(383)
Finance costs			<u>(14)</u>
Operating profit			132
Share of net profit of an associate accounted for using the equity method			<u>164</u>
Profit before income tax			<u>296</u>

Note: Unallocated corporate expenses represent general corporate expenses.

6. PROFIT BEFORE INCOME TAX

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

	Three months ended		Nine months ended	
	30 September		30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	15	592	1,183	1,794
Depreciation of right-of-use assets	326	218	922	665
Interest expenses on lease liabilities	35	14	68	51
Short-term lease expenses	60	95	283	293
Gain on disposal of property, plant and equipment	–	–	–	(10)
Interest income	(103)	(8)	(149)	(30)
Net foreign exchange gain	(671)	(521)	(698)	(125)
Reversal of impairment loss on interest in an associate	–	–	–	(302)
Net provision/(net reversal of provision) for inventories (included in cost of sales)	(1,269)	(234)	210	(629)
Rental income	(600)	(600)	(1,800)	(1,800)
Government subsidy (<i>note</i>)	(120)	–	(360)	–

Note: The government subsidies were granted under the Employment Support Scheme (“ESS”) as the second round of the Anti-epidemic Fund, which aims to retain staff employment. The Group is required to undertake to employ sufficient number of employees with a monthly wage of HK\$8,000 or above is no less than the chosen “full subsidy headcount” and to spend all the wage subsidies on paying wages to the employees. For the nine months ended 30 September 2022, the Group recognised government subsidies from the ESS of approximately HK\$360,000 as “Other income” in the unaudited condensed consolidated statement of comprehensive income (nine months ended 30 September 2021: Nil).

7. INCOME TAX EXPENSES/(CREDIT)

No Hong Kong Profits Tax has been provided for the nine months ended 30 September 2022. In the prior period, Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits, except for one subsidiary of the Group which is a qualifying entity under the two-tier profits tax rates regime. The first HK\$2,000,000 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profit are taxed at 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.

8. DIVIDEND

The Board does not recommend the payment of a dividend for the nine months ended 30 September 2022 (nine months ended 30 September 2021: Nil).

9. EARNINGS PER SHARE

(a) Basic

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

	Three months ended		Nine months ended	
	30 September		30 September	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Profit for the period attributable to owners of the Company	<u>2,511</u>	<u>583</u>	<u>5,703</u>	<u>960</u>
Weighted average number of ordinary shares (<i>thousands</i>)	<u>23,434</u>	<u>23,434</u>	<u>23,434</u>	<u>23,434</u>
Basic earnings per share (<i>HK cents per share</i>)	<u>10.72</u>	<u>2.49</u>	<u>24.34</u>	<u>4.10</u>

(b) Diluted

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

MANAGEMENT DISCUSSION AND ANALYSIS

DIVIDEND

The Board does not recommend the payment of a dividend for the nine months ended 30 September 2022 (nine months ended 30 September 2021: 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.

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.

The global secondary IT products market saw a surge in demand as well as supply in the first half of 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 more emphasis were placed on the circular economy and sustainability, the awareness of refurbished products has been raised during the period 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 period, the Group continued to review and fine-tune its strategies and re-evaluating its business model, client and products mix to achieve a higher profit margin. The Group will closely monitor the market situations and make necessary adjustments by balancing the business volume and profit margin.

Provision of repairs and other service support of IT products

The Group provides full range of after sales maintenance supporting services for video surveillance products carrying our own brand name. Smart device applications were also developed by the Group to provide remote control and monitoring of the video surveillance products. The Group operates a repair centre and provides end-to-end repair services, from reverse logistics, bench repair services and spare parts storage and distribution to customer delivery.

The Group aims to provide best-in-class repair and rework services to ensure that our customers' issues are resolved quickly and with minimum impact to their business.

FINANCIAL REVIEW

Revenue

The Group's total revenue amounted to approximately HK\$349.6 million for the nine months ended 30 September 2022, representing an increase of approximately HK\$160.0 million as compared to that of approximately HK\$189.6 million for the nine months ended 30 September 2021.

	Nine months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Sales and distribution of IT products	341,366	186,657
Repairs and service support	<u>8,196</u>	<u>2,897</u>
Total revenue	<u><u>349,562</u></u>	<u><u>189,554</u></u>

Sales and distribution of IT products

For the nine months ended 30 September 2022, the revenue from sales and distribution of IT products continued to be the largest source of income of the Group which accounted for approximately 97.7% of the total revenue of the Group. Revenue from sales and distribution of IT products consists of third-party IT products and video surveillance products carrying our own brand name. The increase in revenue was mainly due to increase in demand and supply as explained in "Business Review".

Provision of repairs and other service support of IT products

For the nine months ended 30 September 2022, the revenue generated from repairs and service support increased from approximately HK\$2.9 million to approximately HK\$8.2 million. The increase in revenue was mainly due to the expanded service support of IT products in addition to video surveillance products carrying our own brand name.

Revenue by geographical location

	Nine months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
United States	207,773	32,081
Taiwan	74,001	31,361
Hong Kong	31,573	98,160
Netherlands	26,850	23,204
Others	9,365	4,748
	<u>349,562</u>	<u>189,554</u>
Total revenue	<u>349,562</u>	<u>189,554</u>

For the nine months ended 30 September 2022, the United States market overtook the Hong Kong market and contributed approximately 59.4% (nine months ended 30 September 2021: approximately 16.9%) of the Group's total revenue. The Taiwan market contributed approximately 21.2% (nine months ended 30 September 2021: approximately 16.5%) of the Group's total revenue and the Hong Kong market contributed approximately 9.0% (nine months ended 30 September 2021: approximately 51.8%) of the Group's total revenue for the nine months ended 30 September 2022. The change in the composition of the revenue was due to the change of product mix driven by the demand and supply of IT products in each of the geographical location.

Cost of sales

A major component of the cost of sales was the cost of inventories. In line with the increase in revenue, the cost of sales for the nine months ended 30 September 2022 increased to approximately HK\$327.8 million, as compared to that of approximately HK\$174.5 million for the corresponding period in 2021. There was a net provision for inventories, included in the cost of sales amounted to approximately HK\$0.2 million as compared to a net reversal of provision of approximately HK\$0.6 million for the same period in 2021 to account for the increase in slow-moving inventories during the period.

Gross profit and gross profit margin

Gross profit increased by approximately HK\$6.6 million for the nine months ended 30 September 2022 as compared to that of the nine months ended 30 September 2021 which is attributable to the increase in business volume during the period. The gross profit margin of the Group decreased to approximately 6.2% for the nine months ended 30 September 2022 (nine months ended 30 September 2021: approximately 8.0%). During the period, the Group's largest market, the United States, is experiencing a high inflation rate and consumers are more conservative on spending. As a result, the Group has reasonably lowered its gross margin to improve the inventory turnover rate and respond to the occasional increase in supply in the United States.

Selling and distribution expenses

Selling and distribution expenses decreased by approximately 8.3% to approximately HK\$4.3 million for the nine months ended 30 September 2022. A major component of the selling and distribution expenses was staff costs and commission and warehousing charges.

Administrative expenses

Administrative expenses decreased by approximately 2.9% to approximately HK\$10.4 million for the nine months ended 30 September 2022. 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\$5.7 million and approximately HK\$1.0 million for the nine months ended 30 September 2022 and 2021, respectively. The Board considers that the profitability in the third quarter of 2022 is generally in line with and comparable with the financial figures of the Group for the six months ended 30 June 2022 as disclosed in the interim report of the Company. The Group recorded a net profit of approximately HK\$3.2 million for the six months ended 30 June 2022.

BUSINESS OUTLOOK

Building upon the foundation and experience gained in 2021, 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 experiencing a planned and structured process to become more profitable and efficient.

In order to diversify the business portfolio of the Group and to avoid overconcentration on a single business segment, given the current contribution of the repairs and service support segment to the overall revenue of the Group 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. The management will closely monitor the development of COVID-19, assess and react actively to its impacts on the financial position and operating results of the Group.

The Group 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 Group will continuously strengthen the management team, expand the international footprint and broaden its customer base. The management anticipates additional fundraising may from time to time be required to support the working capital expenditure for such business growth. This entails investment in expanding and revamping overseas organisation structure, and potential capital expenditures if it is deemed to strategically enhance its capabilities.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During the nine months ended 30 September 2022, the Group financed its daily operations with internally generated resources. As at 30 September 2022, the Group had net current assets of approximately HK\$130,767,000 (31 December 2021: approximately HK\$125,266,000) and cash and cash equivalents amounted to approximately HK\$120,603,000 (31 December 2021: approximately HK\$98,850,000).

As at 30 September 2022, the gearing ratio, which is calculating on the basis of total debts over total equity of the Group was 10.6% (31 December 2021: 53.4%). The decrease in gearing ratio was mainly due to a decrease in trade payables.

DIRECTORS’ AND CHIEF EXECUTIVES’ INTERESTS IN SHARES

As of 30 September 2022, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) which were required to be disclosed under Divisions 7 and 8 of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under section 352 of the SFO, or which were required under Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the nine months ended 30 September 2022 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 rights during the nine months ended 30 September 2022.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2022, 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 of the Company (the “Shares”)

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

Note:

Foxconn (Far East) Limited is a wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd., a company incorporated in Taiwan and listed on the Taiwan Stock Exchange (stock code: 2317.TW). Hon Hai Precision Industry Co., Ltd. is deemed to be interested in the Shares held by Foxconn (Far East) Limited under the SFO.

Save as disclosed above, as of 30 September 2022, the Company and the Stock Exchange had not been notified by any other person (other than a Director or chief executive of the Company) who had interests or short positions in any Shares and the underlying shares of the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO.

COMPETITION AND CONFLICT OF INTERESTS

During the nine months ended 30 September 2022, 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 purchased, sold or redeemed any of the Company's listed securities during the nine months ended 30 September 2022.

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 nine months ended 30 September 2022, 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 nine months ended 30 September 2022, 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 half-yearly report, reviewing significant financial reporting judgments contained therein and providing advice and comments thereon to the Board.

The Audit Committee has reviewed the unaudited condensed consolidated financial information of the Group for the nine months ended 30 September 2022, this announcement and the quarterly report, and has provided advice and comments thereon.

By order of the Board

CircuTech International Holdings Limited

Mr. Hong Sung-Tai

Chairman

Hong Kong, 9 November 2022

As at the date of this announcement, the executive Directors are Mr. Hong Sung-Tai, Ms. Chen Ching-Hsuan, Mr. Han Chun-Wei and Mr. Tsai Biing-Hann; the non-executive Director is Mr. Kao Chao Yang; and the independent non-executive Directors are Mr. Yeung Wai Hung Peter, Mr. Li Robin Kit Ling and Mr. Miao Benny Hua-ben.

This announcement will remain 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.