



**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)

2017
THIRD
QUARTERLY
REPORT

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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.

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*This report, 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 the 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 report 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 report misleading.*

HIGHLIGHTS

For the nine months ended 30 September 2017, operating results of the Group were as follows:

- The Group recorded a turnover of approximately HK\$49.3 million (2016: HK\$16.3 million), representing an increase of HK\$33.0 million as compared with that of the corresponding period in 2016;
- Loss before income tax amounted to approximately HK\$9.7 million (2016: HK\$9.7 million); and
- The board of directors (the “**Board**”) did not recommend the payment of a dividend for the nine months ended 30 September 2017 (2016: Nil).

QUARTERLY RESULTS

The Board hereby announces the unaudited condensed consolidated quarterly results of the Group for the nine months ended 30 September 2017, together with the comparative unaudited figures for the corresponding period in 2016, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Three months ended 30 September		Nine months ended 30 September	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue	3	34,627	4,688	49,255	16,295
Cost of sales		(32,951)	(2,765)	(43,820)	(10,412)
Gross profit		1,676	1,923	5,435	5,883
Other income		162	70	425	157
Selling and distribution costs		(698)	(924)	(2,083)	(2,789)
Administrative expenses		(4,273)	(3,313)	(11,893)	(10,906)
Research and development expenditure		(544)	(817)	(1,554)	(2,055)
Loss before income tax	5	(3,677)	(3,061)	(9,670)	(9,710)
Income tax	6	-	-	-	-
Loss for the period		(3,677)	(3,061)	(9,670)	(9,710)
Other comprehensive income for the period: <i>Items that may be reclassified to profit or loss:</i> Currency translation differences		125	15	143	907
Other comprehensive income for the period		125	15	143	907
Total comprehensive loss for the period		(3,552)	(3,046)	(9,527)	(8,803)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(continued)*

	Three months ended		Nine months ended	
	30 September		30 September	
<i>Note</i>	2017 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)
Loss for the period attributable to:				
Owners of the Company	(3,676)	(3,047)	(9,667)	(9,661)
Non-controlling interests	(1)	(14)	(3)	(49)
	<u>(3,677)</u>	<u>(3,061)</u>	<u>(9,670)</u>	<u>(9,710)</u>
Total comprehensive (loss)/income for the period attributable to:				
Owners of the Company	(3,550)	(3,046)	(9,501)	(8,818)
Non-controlling interests	(2)	–	(26)	15
	<u>(3,552)</u>	<u>(3,046)</u>	<u>(9,527)</u>	<u>(8,803)</u>
Loss per share attributable to owners of the Company <i>(HK cents per share)</i>		(Restated)		
– Basic and diluted	(19.66)	(16.29)	(51.70)	(51.66)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company					Total	Non-controlling interests	Total
	Share capital	Share premium	Translation reserve	Special reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2017 (audited)	3,348	85,917	153	14,990	(41,078)	63,330	(462)	62,868
Loss for the period	-	-	-	-	(9,667)	(9,667)	(3)	(9,670)
Other comprehensive income/(loss) for the period ended 30 September 2017								
Currency translation differences	-	-	166	-	-	166	(23)	143
Total comprehensive income/(loss) for the period	-	-	166	-	(9,667)	(9,501)	(26)	(9,527)
Balance at 30 September 2017 (unaudited)	3,348	85,917	319	14,990	(50,745)	53,829	(488)	53,341
Balance at 1 January 2016 (unaudited)	3,348	85,917	(792)	14,990	(26,947)	76,516	(491)	76,025
Loss for the period	-	-	-	-	(9,661)	(9,661)	(49)	(9,710)
Other comprehensive income for the period ended 30 September 2016								
Currency translation differences	-	-	843	-	-	843	64	907
Total comprehensive income/(loss) for the period	-	-	843	-	(9,661)	(8,818)	15	(8,803)
Balance at 30 September 2016 (unaudited)	3,348	85,917	51	14,990	(36,608)	67,698	(476)	67,222

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL

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 Group has operations mainly in Hong Kong, the People's Republic of China and Europe.

The Company is a limited liability company incorporated in the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company has its primary listing on the GEM of the Stock Exchange.

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 2017 has been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") 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 six months ended 31 December 2016, except for the adoption of amendments to standards effective for the financial year ending 31 December 2017 and policies described below.

2. BASIS OF PREPARATION *(continued)*

Available-for-sale financial assets

(i) Classification

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(ii) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Available-for-sale financial assets are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the condensed consolidated statement of comprehensive income as "gains and losses from investment securities". Interest on available-for-sale securities calculated using the effective interest method is recognised in the condensed consolidated statement of comprehensive income as part of other income. Dividends on available-for-sale equity instruments are recognised in the condensed consolidated statement of comprehensive income as part of other income when the Group's right to receive payments is established.

2. BASIS OF PREPARATION *(continued)*

Available-for-sale financial assets *(continued)*

(iii) Impairment of financial assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is reclassified from equity and recognised in profit or loss. Impairment losses recognised in the condensed consolidated statement of comprehensive income on equity instruments are not reversed through the condensed consolidated statement of comprehensive income.

The following amended standards are mandatory for the first time for the financial year beginning 1 January 2017.

Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKAS 7	Disclosure Initiative
Amendment to HKFRS 12	Disclosure of interest in other entities

The adoption of the above amended standards did not have a material impact on the Group's condensed consolidated financial information.

The Group has not applied early the revised and new HKFRSs that have been issued but are not yet effective as of the date of this report. The Directors anticipate that the application of these revised and new HKFRSs will have no material impact on the results and the financial position of the Group.

The condensed consolidated financial statements have not been audited by the Company's auditors, but have been reviewed by the audit committee of the Company.

3. REVENUE

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

	Three months ended 30 September		Nine months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Sales and distribution of IT products	34,624	4,688	49,242	16,295
Repairs and service support	3	-	13	-
	34,627	4,688	49,255	16,295

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.

Management considers the business from a product perspective whereby management assesses the performance of sales and distribution of IT products and repairs and service support.

During the periods ended 30 September 2017 and 2016, the Group's operating and reporting segments are as follows:

Sales and distribution of IT products	-	Design, manufacturing and marketing of video surveillance systems and distribution of third party IT products
Repairs and service support	-	Provision of repairs, maintenance and other service support for electronic products

4. SEGMENT INFORMATION *(continued)*

Segment revenue and results

The segment information provided to the Executive Directors for the reportable segments for the periods ended 30 September 2017 and 2016 is as follows:

Nine months ended 30 September 2017

	Sales and distribution of IT products <i>HK\$'000</i> (Unaudited)	Repairs and service support <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Revenue			
External sales and segment revenue	49,242	13	49,255
Segment (loss)/profit	(208)	10	(198)
Interest income from bank deposits			2
Unallocated corporate expenses <i>(Note)</i>			(9,474)
Loss before income tax			(9,670)

4. **SEGMENT INFORMATION** *(continued)*

Segment revenue and results *(continued)*

Three months ended 30 September 2017

	Sales and distribution of IT products <i>HK\$'000</i> (Unaudited)	Repairs and service support <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Revenue			
External sales and segment revenue	34,624	3	34,627
Segment (loss)/profit	(246)	1	(245)
Interest income from bank deposits			1
Unallocated corporate expenses <i>(Note)</i>			(3,433)
Loss before income tax			(3,677)

4. SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

Nine months ended 30 September 2016

	Sales and distribution of IT products <i>HK\$'000</i> (Unaudited)	Repairs and service support <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Revenue			
External sales and segment revenue	16,295	–	16,295
	<u>16,295</u>	<u>–</u>	<u>16,295</u>
Segment loss	(3,409)	–	(3,409)
	<u>(3,409)</u>	<u>–</u>	<u>(3,409)</u>
Interest income from bank deposits			6
Unallocated corporate expenses (Note)			(6,307)
			<u>(6,307)</u>
Loss before income tax			(9,710)
			<u>(9,710)</u>

4. SEGMENT INFORMATION *(continued)*

Segment revenue and results *(continued)*

Three months ended 30 September 2016

	Sales and distribution of IT products <i>HK\$'000</i> (Unaudited)	Repairs and service support <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Revenue			
External sales and segment revenue	4,688	–	4,688
	<u>4,688</u>	<u>–</u>	<u>4,688</u>
Segment loss			
	(891)	–	(891)
	<u>(891)</u>	<u>–</u>	<u>(891)</u>
Interest income from bank deposits			1
Unallocated corporate expenses <i>(Note)</i>			(2,171)
			<u>(2,171)</u>
Loss before income tax			(3,061)
			<u>(3,061)</u>

Note:

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

5. LOSS BEFORE INCOME TAX

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

	Three months ended 30 September		Nine months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Provision/(reversal of provision) on trade receivables	75	25	46	(27)
Provision/(reversal of provision) for inventories (included in cost of sales)	1,348	75	1,401	(456)
Amortisation of capitalised development costs (included in research and development expenditure)	148	148	444	1,198
Depreciation of property, plant and equipment	591	27	648	87
Loss on disposal of property, plant and equipment	-	33	61	38
Interest income	(1)	(1)	(2)	(6)
Net foreign exchange losses/(gains)	30	41	(87)	1,198
	30	41	(87)	1,198

6. INCOME TAX

Hong Kong and overseas profits tax is calculated at the rate of 16.5% (2016: 16.5%) and at the rates of taxation prevailing in the countries in which the Group operates respectively. No profits tax was provided as there was no assessable profits for the period (2016: Nil).

7. LOSS PER SHARE

(a) Basic

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

	Three months ended 30 September		Nine months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Loss for the period attributable to owners of the Company	(3,676)	(3,047)	(9,667)	(9,661)
		(Restated)		
Weighted average number of ordinary shares (thousands) (Notes (i) and (ii))	18,700	18,700	18,700	18,700
		(Restated)		
Basic loss per share (HK cents per share)	(19.66)	(16.29)	(51.70)	(51.66)

7. LOSS PER SHARE *(continued)*

(b) Diluted

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

Notes:

- (i) The weighted average number of ordinary shares for the purpose of calculating the basic and diluted loss per share for the three and nine months ended 30 September 2017 has been adjusted for the share consolidation on 6 February 2017. Hence, the comparative figures for the basic and diluted loss per share for the three and nine months ended 30 September 2017 are adjusted to take into account the effect of the above share consolidation during the period retrospectively as if it had taken place before the beginning of the comparative period.
- (ii) On 4 September 2017, the Company has proposed an issuance of rights shares, and it has been completed on 20 October 2017 (Note 8). Therefore, the weighted average number of ordinary shares for the purpose of calculating the basic and diluted loss per share for the three and nine months ended 30 September 2017 has been adjusted for the bonus elements arose from the rights issue. The comparative figures for the basic and diluted loss per share for the three and nine months ended 30 September 2017 are adjusted to take into account the effect of the above bonus elements from the rights issue retrospectively as if it had taken place before the beginning of the comparative period.

8. EVENT AFTER THE REPORTING PERIOD

Reference was made to the announcements of the Company dated 4 September 2017, 14 September 2017 and 19 October 2017, and the prospectus dated 26 September 2017.

On 4 September 2017, the Company proposed rights issue on the basis of two (2) rights shares for every five (5) existing shares in issue on the record date at the rights issue price of HK\$15.0 per rights share (the "**Rights Issue**").

On 12 October 2017, (i) a total of 15 valid acceptances of provisional allotments had been received for a total of 5,520,498 rights shares, representing approximately 82.5% of the total number of rights shares available for subscription under the Rights Issue; and (ii) a total of 23 valid applications for excess rights shares had been received for a total of 19,452,461 rights shares, representing approximately 290.5% of the total number of rights shares available for subscription under the Rights Issue. In aggregate, a total of 38 valid acceptances and applications in respect of 24,972,959 rights shares had been received.

Based on the above results of acceptance and application, the Rights Issue was over-subscribed by 18,277,593 rights shares, representing approximately 273.0% of the total number of 6,695,366 rights shares available for subscription under the Rights Issue.

Completion of the Rights Issue took place on 20 October 2017. Dealings in the rights shares were commenced on the GEM of the Stock Exchange on 23 October 2017.

The proceeds from the Rights Issue amounted to approximately HK\$100.4 million (before deducting the relevant expenses).

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The Board does not recommend the payment of a dividend for the nine months ended 30 September 2017 (2016: Nil).

FINANCIAL REVIEW

The Group's revenue amounted to approximately HK\$49.3 million and HK\$16.3 million for the nine months ended 30 September 2017 and 2016 respectively. The increase was contributed by the broadening of product offerings as compared to the corresponding period in 2016 and the lowering of the gross profit margin to attract new customers. As a result, the gross profit margin decreased from 36.1% in the corresponding period in 2016 to 11.0% in the current period.

The administrative expenses increased by approximately HK\$1.0 million or 9.1% as compared with that of the nine months ended 30 September 2016. The increase in administrative expenses was mainly attributable to the legal and professional fee incurred for the Rights Issue.

Loss before income tax for the nine months ended 30 September 2017 was approximately HK\$9.7 million, whereas it was HK\$9.7 million for the corresponding period in 2016.

BUSINESS REVIEW

The Group mainly engages in two business segments, namely i) sales and distribution of IT products; and ii) repairs and service support. During the nine months ended 30 September 2017, the Group achieved growth in the sales and distribution segment with a 202.3% increase in turnover. The business volume growth is attributable to the rapid expansion of European and North American markets fueled by our expanded range of product offerings.

OTHER EVENTS

CHANGE OF EXECUTIVE DIRECTORS AND APPOINTMENT OF NON-EXECUTIVE DIRECTOR

Mr. Chin Yin-Shen was appointed as an executive Director and Mr. Hong Sung-Tai was appointed as a non-executive Director, both with effect from 23 October 2017. Each of them will retire, in accordance with the articles of association of the Company, and being eligible, each of them, will offer themselves for re-election by the shareholders of the Company at the forthcoming annual general meeting of the Company.

With effect from 23 October 2017, Mr. Hui Lap Shun and Mr. Chien Yi-Pin resigned as executive Directors.

For details, please refer to the announcement issued by the Company on 23 October 2017.

BUSINESS OUTLOOK

The Group sees challenges in the industry's short-term development. The competitive environment of the Group's industry is very intense and aggressive pricing is a common business dynamic. Nonetheless, the management has broadened the categories of goods traded and increased the size of trading volume with a view to achieving economies of scale.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

As of 30 September 2017, none of the Directors and chief executive of the Company were interested in, or had short positions in, any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be disclosed under Divisions 7 and 8 of Part XV 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 2017 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 nine months ended 30 September 2017.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSON'S INTERESTS IN SHARES

As of 30 September 2017, and having taken into consideration the completion of the Rights Issue in October 2017, so far as is known to the Directors, the interests and short positions of the persons or corporations (other than a Director or chief executive of the Company) in the shares and underlying shares of the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under section 336 of the SFO, were as follows:

Long position in shares of the Company ("Shares")

Name of shareholders	Capacity	Number of Shares held/interested	Percentage of the issued share capital of the Company (approximately)
Foxconn (Far East) Limited	Beneficial owner	11,734,242 (Note 2)	50.07% (Note 3)
Hon Hai Precision Industry Co., Ltd. (Note 1)	Interest in controlled corporation	11,734,242 (Note 2)	50.07% (Note 3)

Note:

1. 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.
2. Hon Hai Precision Industry Co., Ltd. is deemed to be interested in the Shares held by Foxconn (Far East) Limited under Part XV of the SFO which consist of (i) 8,381,602 Shares beneficially owned by Foxconn (Far East) Limited as of 30 September 2017; and (ii) 3,352,640 rights shares allotted and issued to Foxconn (Far East) Limited upon completion of the Rights Issue in October 2017.

3. The percentage of shareholding is calculated on the basis of 23,433,783 Shares in issue after completion of Rights Issue in October 2017.

Save as disclosed above, as of 30 September 2017, the Company had not been notified by any other person (other than a Director or chief executive of the Company) who had interests or short positions in the shares and the underlying shares of the Company under the provisions of Division 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 2017, the Directors were not aware of any business or interest of the Directors, controlling shareholders of the Company (as defined in the GEM Listing Rules) and their close associates that competes or may compete with the business of the Group or any other conflicts of interests which any such person has or may have with the Group.

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

During the nine months ended 30 September 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE CODE

During the nine months ended 30 September 2017, the Company had complied with the required code provisions set out in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules except for Code Provisions A.2.1, which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing.

As of the date of this report, Dr. Woo Kwok Fai Louis performs both the role of the chairman and chief executive officer. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company and is conducive to strong and consistent leadership which enables the Group to operate efficiently. The Board will meet regularly to consider major matters affecting the operations of the Group. The roles of the respective executive Directors and senior management, who are in charge of different functions, complement the role of the chairman and chief executive officer of the Company.

AUDIT COMMITTEE

The Audit Committee of the Company consists of three members, comprising three independent non-executive Directors, namely Ms. Wu Yi Shuan (chairperson), 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 system and internal control system of the Group. The Audit Committee has been assisted by the professional accounting firm engaged by the Group, which will conduct regular internal audits and report to the Audit Committee. 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, this report and the quarterly results announcement, and has provided advice and comments thereon.

By order of the Board

CircuTech International Holdings Limited

Dr. Woo Kwok Fai Louis

Chairman and Chief Executive Officer

Hong Kong, 13 November 2017

As at the date hereof, the executive Directors of the Company are Dr. Woo Kwok Fai Louis, Mr. Chin Yin-Shen, Ms. Chen Ching-Hsuan and Mr. Cheng Michael Ichiang; the non-executive Director is Mr. Hong Sung-Tai; and the independent non-executive Directors are Mr. Yeung Wai Hung Peter, Ms. Wu Yi Shuan and Mr. Miao Benny Hua-ben.