



VIXTEL TECHNOLOGIES HOLDINGS LIMITED
飛思達科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 8342



2018

Third Quarterly Report

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This report, for which the directors (the “Directors”) of Vixtel Technologies 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 (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (1) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; (2) there are no other matters the omission of which would make any statement herein or this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This report will remain on the Stock Exchange’s website at www.hkexnews.hk on the “Latest Company Announcements” page for at least seven days from the date of its posting. This report will also be published on the Company’s website at www.vixtel.com.

FINANCIAL HIGHLIGHTS

For the nine months ended 30 September 2018, the Group's operations and business remained stable when compared with those for the same period in 2017.

The revenue of the Group was relative stable, amounted to approximately RMB80,265,000 and RMB80,660,000 for the nine months ended 30 September 2017 and 2018 respectively.

The Group's net profit has increased by approximately 20.5% from approximately RMB13,563,000 for the nine months ended 30 September 2017 to approximately RMB16,341,000 for the nine months ended 30 September 2018.

The basic earnings per Share for the nine months ended 30 September 2018 was approximately RMB3.3 cents (for the nine months ended 30 September 2017: approximately RMB2.79 cents).

The board of Directors (the “Board”) of Vixtel Technologies Holdings Limited is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively, the “Group”) for the nine months ended 30 September 2018 together with the comparative unaudited figures for the nine months ended 30 September 2017 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 30 September 2018

	Notes	Nine months ended 30 September	
		2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
REVENUE	3	80,660	80,265
Cost of sales		<u>(33,685)</u>	<u>(33,287)</u>
Gross profit		46,975	46,978
Other income and gains	3	8,492	3,653
Selling and distribution expenses		(6,339)	(6,563)
Research and development expenses		(16,020)	(14,156)
Administrative expenses		(13,931)	(11,008)
Other expenses		<u>(33)</u>	<u>(2,373)</u>
PROFIT BEFORE TAX		19,144	16,531
Income tax expense	4	<u>(2,803)</u>	<u>(2,968)</u>
PROFIT FOR THE PERIOD		<u>16,341</u>	<u>13,563</u>
OTHER COMPREHENSIVE INCOME		–	–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>16,341</u>	<u>13,563</u>
Attributable to:			
Owners of the parent		<u>16,341</u>	<u>13,563</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB cents)	6	<u>3.30</u>	<u>2.79</u>

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Vixtel Technologies Holdings Limited was incorporated in the Cayman Islands on 10 November 2015 as an exempted company with limited liability under the Companies Law (2013 Revision) of the Cayman Islands. The address of the registered office of the Company is P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The shares of the Company were listed on GEM on 15 December 2016 (the “Listing Date”).

The Company is an investment holding company. The Group is principally engaged in providing application performance management (“APM”) solutions in the People’s Republic of China (the “PRC”). There has been no significant change in the Group’s principal activities during the period under review.

In preparation for the listing of the Company’s ordinary shares (the “Shares”) on the GEM (the “Listing”), the Group underwent a corporate reorganization (the “Reorganization”), pursuant to which the Company became the holding company of the subsidiaries now comprising the Group. Details of the Reorganization are set out in the prospectus of the Company dated 30 November 2016 (the “Prospectus”).

2. BASIS OF PRESENTATION

The condensed consolidated financial statements of the Group have not been audited by the Company’s auditors but have been reviewed by the Company’s audit committee (“Audit Committee”).

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The unaudited condensed consolidated financial statements have been prepared under the historical cost convention. They are presented in Renminbi (“RMB”), and all values are rounded to the nearest thousand except otherwise indicated.

The accounting policies adopted in preparing the unaudited condensed consolidated financial statements are consistent with those applied in the annual financial statements for the year ended 31 December 2017.

The Group has applied new and revised HKFRSs which have been issued and are effective for the current accounting period and is in the process of making adjustments based on their impact on the financial position and results of operations of the Group.

3. REVENUE, OTHER INCOME AND GAINS

Revenue represents the value of provision of APM solutions during the nine months ended 30 September 2018. An analysis of revenue, other income and gains is as follows:

	Nine months ended 30 September	
	2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
Revenue		
Construction contracts – Integrated APM system solutions	50,009	44,823
Construction contracts – Software development services	11,013	16,638
Rendering of technical services	11,701	8,241
Sales of embedded hardware and standard APM software	7,937	10,563
	<hr/>	<hr/>
	80,660	80,265
	<hr/>	<hr/>
Other income and gains		
Bank interest income	58	157
Government grants – related to gain*	6,370	3,427
Net exchange gains	2,061	–
Others	3	69
	<hr/>	<hr/>
	8,492	3,653
	<hr/>	<hr/>

* Government grants received from the government of the PRC mainly represented the refund of the value-added tax previously paid. There are no unfulfilled conditions or contingencies relating to the grants.

4. INCOME TAX

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of the Cayman Islands and accordingly is not subject to income tax.

No Hong Kong profits tax has been provided since no assessable profit arose in Hong Kong during the nine months ended 30 September 2018.

Pursuant to the PRC Income Tax Law and the respective regulations, Vixtel Technologies Limited is subject to corporate income tax at a rate of 25% on the taxable profit. Preferential tax treatment is available to Vixtel Technologies Limited, which was recognized as a High and New Technology Enterprise in 2010 in PRC and a lower PRC corporate income tax of 15% has been applied since then. The certificate of High and New Technology Enterprise has to be re-applied every three years. The Company has re-applied for and obtained the certificate of High and New Technology Enterprise on 1 December 2016 and is entitled to preferential corporate income tax rate of 15% for the years 2016, 2017 and 2018.

	Nine months ended 30 September	
	2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
Current – PRC	2,803	2,968
Total tax charge for the nine months	2,803	2,968

5. INTERIM DIVIDENDS

The Board does not recommend payment of any interim dividend for the nine months ended 30 September 2018.

The shareholders of the Company (the “Shareholders”) resolved in an extraordinary general meeting held on 31 August 2018 to declare and pay an interim dividend of HK0.60 cents per ordinary share out of the share premium account of the Company, for the six months ended 30 June 2018 to the Shareholders whose names appeared on the register of members of the Company as at 11 September 2018.

6. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the respective profit attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the nine months ended 30 September 2017 and 2018.

There were no potentially dilutive ordinary shares in issue during the nine months ended 30 September 2017 and 2018, and therefore the diluted earnings per share amount is equivalent to the basic earnings per share.

The calculations of basic and diluted earnings per share are based on:

	Nine months ended 30 September	
	2018 (unaudited)	2017 (unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent (RMB'000)	16,341	13,563
Shares		
Weighted average number of ordinary shares in issue	495,562,000	486,745,000
Basic and diluted earnings per share (RMB cents)	3.30	2.79

7. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2018

	Attributable to owners of the parent					Total
	Share capital	Share premium	Capital reserve	Statutory surplus	Accumulated loss/Retained profits	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2017	4,341	71,194	30,674	3,339	3,505	113,053
Profit for the nine months ended 30 September 2017	-	-	-	-	13,563	13,563
Total comprehensive income for the nine months ended 30 September 2017	-	-	-	-	13,563	13,563
Dividends declared for the nine months ended 30 September 2017	-	-	-	-	(2,553)	(2,553)
Transfer from retained profits	-	-	-	2,073	(2,073)	-
At 30 September 2017 (unaudited)	<u>4,341</u>	<u>71,194</u>	<u>30,674</u>	<u>5,412</u>	<u>12,442</u>	<u>124,063</u>
At 1 January 2018	4,341	71,194	30,674	6,503	19,963	132,675
Adjusted retained profits in accordance with HKFRS 15	-	-	-	-	1,561	1,561
Profit for the nine months ended 30 September 2018	-	-	-	-	16,341	16,341
Total comprehensive income for the nine months ended 30 September 2018	-	-	-	-	16,341	16,341
Issuance of shares	173	18,104	-	-	-	18,277
Dividends declared for the nine months ended 30 September 2018	-	(7,368)	-	-	-	(7,368)
Transfer from retained profits	-	-	-	3,629	(3,629)	-
At 30 September 2018 (unaudited)	<u>4,514</u>	<u>81,930</u>	<u>30,674</u>	<u>10,132</u>	<u>34,236</u>	<u>161,486</u>



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is a market leader in China's Application Performance Management ("APM") industry which principally provides APM products and services solutions to telecommunication operators and large enterprises in the PRC. The Group is principally engaged in the following businesses: (1) integrated APM system solutions; (2) software development services; (3) technical services; and (4) sales of embedded hardware and standard APM software.

The first nine months of 2018 is challenging for all high-tech industries, especially the information and communication high-tech industry. Due to the economic condition and the impact of the international situation, investment in the information and communication industry has fallen into a cyclical downturn. Despite of such difficult situation, our performance remained stable with an increase in net profit of 20.5%. This was mainly due to the continuous growth of the digital home business, and the huge client-end user base, which enabled the Company to avoid the impact of the reduced investment in the main equipment, contributing to a stable revenue for the Company. The self-developed big data analysis platform has been widely recognized after a period of operation, which significantly enhanced the processing efficiency and analysis capabilities of customers in the digital home field, enabling the Company to enter the operational analysis sector. Based on this, the Company began to receive big data analysis orders, and it became the fulcrum of the competitive advantages of our APM product.

In addition, we began to receive orders for software-as-a-service ("SaaS") business from enterprises and city level companies of operators which began to procure services through cloud SaaS, including cloud performance monitoring and Content Delivery Network ("CDN") performance monitoring services. Although the current order size is relatively small, the number of orders is expected to increase significantly. The Company believes that the performance of SaaS business in the first nine months of 2018 indicated the turning point of the APM Cloud SaaS service, is about to appear.

OUTLOOK

With the acceleration of the 5G strategy of telecom operators, the construction climax for 5G is coming. Based on the current form, the Company has put forward the strategic goal of “Focus on 5G” in the third quarter of 2018, and strives to take the lead in 5G business, laying the foundation for the performance growth in the next few years. Based on this, the Company will expand the research and development of 5G, launch performance management products for 5G core network, and increase investment in the 5G Internet of Things performance management products. Meanwhile, the Company will enter the integrated 5G performance management and monitoring solution market, for which a more flexible strategy will be adopted to establish broad alliance with companies in the industry.

In addition to 5G services, the Company is also actively deploying new internet services. The Company plans to establish a finance and blockchain Research and Development (“R&D”) center in Hong Kong with a focus on developing blockchain-based APM technology. The Company believes that the establishment of a finance and technology R&D department in Hong Kong will help promote the growth of the Company’s APM technology in the financial sector, realize the Company’s commitment to create value and employment opportunities for Hong Kong, and expand overseas business leveraging on the geographical advantages of Hong Kong.

FINANCIAL REVIEW

Revenue

The Group’s total revenue for the nine months ended 30 September 2017 and 2018 amounted to approximately RMB80.3 million and RMB80.7 million respectively, which remained stable.

The following analysis sets forth a breakdown of the Group’s revenue by service type for the nine months ended 30 September 2017 and 2018, respectively:

Integrated APM System Solutions

This segment provides integrated APM system solutions by tailor-making our APM products to allow our customers to better manage and monitor their applications and networks. The Group has recorded a growth in revenue generated from integrated APM system solutions of approximately 11.6% from approximately RMB44.8 million for the nine months ended 30 September 2017 to approximately RMB50.0 million for the nine months ended 30 September 2018. The increase was primarily due to the constant launch of new Internet applications and the trend that more traditional network applications are transferring to cloud platforms, which led to continuously growing demand in integrated APM system solutions.

Software development services

The Group's software development services typically involve developing customized supporting software for upgrade and expansion of the APM products already integrated with our customers' systems and networks. Our revenue derived from software development services has decreased by approximately 33.7% from approximately RMB16.6 million for the nine months ended 30 September 2017 to approximately RMB11.0 million for the nine months ended 30 September 2018. Such decrease was primarily due to the fact that more customers are upgrading and expanding their existing APM system when deploying their integrated APM system solutions.

Technical services

This segment provides operational support, system maintenance, network analysis and optimization, and research study of specific topics on application and network performance. Our revenue derived from the provision of technical services increased by approximately 42.7% from approximately RMB8.2 million for the nine months ended 30 September 2017 to approximately RMB11.7 million for the nine months ended 30 September 2018. Such increase was primarily attributable to the increase in the demand from customers for our in-depth internet APM big data analysis and consulting services to enhance the applications performance over their mobile internet and digital home.

Sales of embedded hardware and standard APM software

We have from time to time sold embedded hardware and standard APM software to customers who do not require tailor-making services. Our revenue generated from the sales of embedded hardware and standard APM software has decreased by approximately 24.5% from approximately RMB10.6 million for the nine months ended 30 September 2017 to approximately RMB8.0 million for the nine months ended 30 September 2018. Such decrease was primarily due to the fact that more existing customers are acquiring new software systems and expanding hardware equipment together when deploying their integrated APM system solutions.

Cost of sales

The Group's cost of sales was approximately RMB33.3 million and approximately RMB33.7 million, respectively for the nine months ended 30 September 2017 and 2018. The cost of sales for the two periods remained stable.

Gross profit and gross profit margin

The Group's gross profit was approximately RMB47.0 million and approximately RMB47.0 million, respectively for the nine months ended 30 September 2017 and 2018. The gross profit for the two periods is basically unchanged. The Group's gross profit margin was approximately 58.5% and approximately 58.2%, respectively for the nine months ended 30 September 2017 and 2018. The gross profit margin for the two periods remained stable.

Other income and gains

The Group recorded other income and gains of approximately RMB3.7 million and approximately RMB8.5 million for the nine months ended 30 September 2017 and 2018, respectively. Such increase was primarily due to (1) the increase in the value-added tax refund in line with our business growth; and (2) the net increase in exchange gains for the year.

Selling and distribution expenses

The Group's selling and distribution expenses were approximately RMB6.6 million and approximately RMB6.3 million, respectively, for the nine months ended 30 September 2017 and 2018. The selling and distribution expenses for the two periods remained stable.

R&D expenses

The Group's R&D expenses increased by approximately 12.7% from approximately RMB14.2 million for the nine months ended 30 September 2017 to approximately RMB16.0 million for the nine months ended 30 September 2018, which was primarily due to the higher labour costs resulting from an increased R&D headcount and compensation base.

Administrative expenses

The Group's administrative expenses increased by approximately 26.4% from approximately RMB11.0 million for the nine months ended 30 September 2017 to approximately RMB13.9 million for the nine months ended 30 September 2018, which was primarily due to the increase in professional consulting fees for the nine months ended 30 September 2018 for the Company's application for the proposed transfer of listing from GEM to the main board of the Stock Exchange.

Profit before tax

The Group's profit before tax increased by approximately 15.8% from approximately RMB16.5 million for the nine months ended 30 September 2017 to approximately RMB19.1 million for the nine months ended 30 September 2018.

Income tax expenses

The Group's income tax expenses decreased by approximately 6.7% from approximately RMB3.0 million for the nine months ended 30 September 2017 to approximately RMB2.8 million for the nine months ended 30 September 2018.

Profit for the nine months

As a result of the foregoing reasons, the Group's net profit has increased by approximately 20.5% from approximately RMB13.6 million for the nine months ended 30 September 2017 to approximately RMB16.3 million for the nine months ended 30 September 2018. The Group's net profit margin increased from approximately 16.9% for the nine months ended 30 September 2017 to approximately 20.2% for the nine months ended 30 September 2018. Such increase in the net profit and net profit margin was primarily due to the increase in other gains of the Group.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 30 September 2018, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")), which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long position in Shares

Name of Directors	Capacity/nature of interests	Number of Shares held	Approximate percentage of shareholding
Mr. Yue Yong <i>(Notes 1 and 2)</i>	Interest in a controlled corporation; interest held jointly with another person	310,040,000	61.03%
Mr. Sie Tak Kwan <i>(Notes 1 and 3)</i>	Interest in a controlled corporation; interest held jointly with another person	310,040,000	61.03%
Mr. Guan Haiqing <i>(Notes 1 and 4)</i>	Interest in a controlled corporation; interest held jointly with another person	310,040,000	61.03%
Mr. Liang Judong <i>(Notes 1 and 5)</i>	Interest in a controlled corporation; interest held jointly with another person	310,040,000	61.03%

Notes:

1. Pursuant to the deed of concert parties dated 11 August 2016 as supplemented by a supplemental deed dated 10 November 2016, Mr. Yue Yong, Mr. Sie Tak Kwan, Mr. Guan Haiqing and Mr. Liang Judong confirm, agree and acknowledge among other things, that they are parties acting in concert in respect of the Group since 29 December 2010. As such, pursuant to the deed of concert parties, each of Mr. Yue Yong, Mr. Sie Tak Kwan, Mr. Guan Haiqing and Mr. Liang Judong is deemed to be interested in 61.03% of the issued share capital of the Company.
2. Shares in which Mr. Yue Yong is interested consist of (i) 103,335,000 Shares held by Worldgate Ventures Limited, a company wholly-owned by him, in which Mr. Yue Yong is deemed to be interested under the SFO; and (ii) 206,705,000 Shares in which Mr. Yue Yong is deemed to be interested as a result of being a party acting-in-concert with Mr. Sie Tak Kwan, Mr. Guan Haiqing and Mr. Liang Judong.
3. Shares in which Mr. Sie Tak Kwan is interested consist of (i) 103,335,000 Shares held by Cohort Investments Limited, a company wholly-owned by him, in which Mr. Sie Tak Kwan is deemed to be interested under the SFO; and (ii) 206,705,000 Shares in which Mr. Sie Tak Kwan is deemed to be interested as a result of being a party acting-in-concert with Mr. Yue Yong, Mr. Guan Haiqing and Mr. Liang Judong.
4. Shares in which Mr. Guan Haiqing is interested consist of (i) 72,365,000 Shares held by Copious Link Investments Limited, a company wholly-owned by him, in which Mr. Guan Haiqing is deemed to be interested under the SFO; and (ii) 237,675,000 Shares in which Mr. Guan Haiqing is deemed to be interested as a result of being a party acting-in-concert with Mr. Sie Tak Kwan, Mr. Yue Yong and Mr. Liang Judong.
5. Shares in which Mr. Liang Judong is interested consist of (i) 31,005,000 Shares held by Hugemind Investments Limited, a company wholly-owned by him, in which Mr. Liang Judong is deemed to be interested under the SFO; and (ii) 279,035,000 Shares in which Mr. Liang Judong is deemed to be interested as a result of being a party acting-in-concert with Mr. Sie Tak Kwan, Mr. Yue Yong and Mr. Guan Haiqing.

Save as disclosed above, as at 30 September 2018, none of the Directors and chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or was required to be recorded in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES DISCLOSEABLE UNDER THE SFO

As at 30 September 2018, Shareholders (other than the Directors and the chief executives of the Company) who had interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to 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 by the Company under section 336 of the SFO were as follows:

Long position in Shares

Name of Shareholder	Capacity/Nature of Interest	Number of Shares held	Approximate percentage of shareholding (Note 1)
Worldgate Ventures Limited (Note 2)	Beneficial owner	103,335,000	20.34%
Ms. Li Duan (Note 3)	Interest of spouse	310,040,000	61.03%
Cohort Investments Limited (Note 4)	Beneficial owner	103,335,000	20.34%
Ms. Chen Baozhu (Note 5)	Interest of spouse	310,040,000	61.03%
Copious Link Investments Limited (Note 6)	Beneficial owner	72,365,000	14.25%
Ms. Gu Wei (Note 7)	Interest of spouse	310,040,000	61.03%
Hugemind Investments Limited (Note 8)	Beneficial owner	31,005,000	6.10%
Ms. Bai Xiaoqian (Note 9)	Interest of spouse	310,040,000	61.03%
Sino Impact Limited	Beneficial owner	54,710,000	10.77%
Mr. Kwan Shan (Note 10)	Interest in a controlled corporation; Interest of spouse	54,710,000	10.77%
Ms. Tam Suk Fan Sindy (Note 10)	Interest in a controlled corporation; Interest of spouse	54,710,000	10.77%

Notes:

1. As at 30 September 2018, the Company had 508,000,000 Shares in issue.
2. Worldgate Ventures Limited is wholly-owned by Mr. Yue Yong. Under the SFO, Mr. Yue Yong is deemed to be interested in the Shares held by Worldgate Ventures Limited.
3. Ms. Li Duan is the spouse of Mr. Yue Yong. Under the SFO, Ms. Li Duan is deemed to be interested in the same number of Shares in which Mr. Yue Yong is interested.
4. Cohort Investments Limited is wholly-owned by Mr. Sie Tak Kwan. Under the SFO, Mr. Sie Tak Kwan is deemed to be interested in the Shares held by Cohort Investments Limited.
5. Ms. Chen Baozhu is the spouse of Mr. Sie Tak Kwan. Under the SFO, Ms. Chen Baozhu is deemed to be interested in the same number of Shares in which Mr. Sie Tak Kwan is interested.
6. Copious Link Investments Limited is wholly-owned by Mr. Guan Haiqing. Under the SFO, Mr. Guan Haiqing is deemed to be interested in the Shares held by Copious Link Investments Limited.
7. Ms. Gu Wei is the spouse of Mr. Guan Haiqing. Under the SFO, Ms. Gu Wei is deemed to be interested in the same number of Shares in which Mr. Guan Haiqing is interested.
8. Hugemind Investments Limited is wholly-owned by Mr. Liang Judong. Under the SFO, Mr. Liang Judong is deemed to be interested in the Shares held by Hugemind Investments Limited.
9. Ms. Bai Xiaoqian is the spouse of Mr. Liang Judong. Under the SFO, Ms. Bai Xiaoqian is deemed to be interested in the same number of Shares in which Mr. Liang Judong is interested.
10. Mr. Kwan Shan and Ms. Tam Suk Fan Sindy, each holds 50% of Sino Impact Limited, which directly holds 54,710,000 Shares. By virtue of the SFO, Mr. Kwan Shan and Ms. Tam Suk Fan Sindy are deemed to be interested in the 54,710,000 Shares in which Sino Impact Limited is interested.

Save as disclosed above, as at 30 September 2018, the Company has not been notified by any persons (other than the Directors or chief executives of the Company) who held an interest or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.



PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any listed securities of the Company during the nine months ended 30 September 2018.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for dealing in securities of the Company by the Directors in accordance with the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Code of Conduct"). The Company has made specific enquiries with all the Directors and the Directors have confirmed that they have complied with the Code of Conduct during the nine months ended 30 September 2018.

INTERESTS OF THE COMPLIANCE ADVISER

As confirmed by the Group's compliance adviser, KGI Capital Asia Limited (the "Compliance Adviser"), save for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 10 August 2016 in connection with the Listing, as at 30 September 2018, none of the Compliance Adviser or its directors, employees or associates (as defined in the GEM Listing Rules) had any interest in the share capital of the Group or any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

DEED OF NON-COMPETITION BY CONTROLLING SHAREHOLDERS

On 21 November 2016, Cohort Investments Limited, Copious Link Investments Limited, Hugemind Investments Limited, Worldgate Ventures Limited, Mr. Yue Yong, Mr. Sie Tak Kwan, Mr. Guan Haiqing and Mr. Liang Judong (the "Controlling Shareholders") entered into a deed of non-competition ("Deed of Non-Competition") in favour of the Company (for itself and as trustee for each of its subsidiaries), pursuant to which each Controlling Shareholder, jointly and severally, warrants and undertakes to the Company that, from the Listing Date, he/it shall not, and shall procure his/its close associates and any company directly or indirectly controlled by him/it (other than members of the Group) not to directly or indirectly, carry on, participate, engage or otherwise be interested in any business in anywhere or place which is or may be in competition with the business of any members of the Group from time to time. For details of the Deed of Non-Competition, please refer to the section headed "Relationship with Our Controlling Shareholders" in the Prospectus.

Each Controlling Shareholder has confirmed to the Company of its/his compliance with the Deed of Non-Competition during the nine months ended 30 September 2018. The independent non-executive Directors have also reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-Competition have been complied by each of the Controlling Shareholders during the nine months ended 30 September 2018.

AUDIT COMMITTEE

The Audit Committee was established with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and the code provision C.3.3 of the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules. The Audit Committee comprises three independent non-executive Directors, namely Mr. Cheung Hon Fai, Professor Lam Kin Man and Mr. Shen Qi. The chairman of the Audit Committee is Mr. Cheung Hon Fai, who holds the appropriate professional qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules. None of the members of the Audit Committee are former partners of the Company's existing external auditors.

The Group's unaudited condensed consolidated financial results for the nine months ended 30 September 2018 have been reviewed by the Audit Committee of the Company and the management of the Group, which were of the view that the preparation of such financial results have complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

On behalf of the Board
Vixtel Technologies Holdings Limited
Yue Yong
Chairman and Executive Director

Hong Kong, 8 November 2018

As at the date of this report, the executive Directors are Mr. Yue Yong, Mr. Sie Tak Kwan and Mr. Guan Haiqing; the non-executive Director is Mr. Liang Judong; and the independent non-executive Directors are Mr. Cheung Hon Fai, Professor Lam Kin Man and Mr. Shen Qi.