Q TECHNOLOGY (GROUP) COMPANY LIMITED
丘鈦科技（集團）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1478)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to inform the Shareholders and potential investors that, based on the preliminary review by the Board on the unaudited management accounts of the Group for the four months ended 30 April 2018, which have not been reviewed or audited by the independent auditors and/or the audit committee, and the information currently available to the Board, it is expected that the Group's consolidated profit attributable to the Shareholders before tax for the six months ending 30 June 2018 may decrease by approximately 50% or more as compared with that of the corresponding period of the previous year.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Q Technology (Group) Company Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the "**SFO**").

The board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that, based on the preliminary review by the Board on the unaudited management accounts of the Group for the four months ended 30 April 2018, which have not been reviewed or audited by the independent auditors and/or the audit committee, and taking into consideration the sales and shipping plan of the Group for May and June 2018 and the information currently available to the Board, it is expected that the Group's consolidated profit attributable to the Shareholders before tax for the six months ending 30 June 2018 may decrease by approximately 50% or more as compared with that of the corresponding period of the previous year.

The Board believes that the expected decrease in profit is primarily attributable to the following factors:

1. A decrease in the consolidated gross profit margin during the period due to the following causes:

   i. The smartphone market in China recorded a decline in the sales volume during the first four months of the year 2018 and the Group has periodically adopted a more aggressive pricing strategy to further optimize its customer mix and product mix as well as to expand the scale of product sales due to the more intensified competition;

   ii. An increasing demand for miniaturization of camera modules in the market which promotes a wider adoption of integrated lens set, whilst the yield of such products manufactured by the Group was lower than expected leading to a decrease in the overall camera modules product yield of the Group;

   iii. The product capacity of camera modules and fingerprint recognition modules of the Group has increased more than 50% as compared with that of the corresponding period of the previous year, but the lower than expected utilization rate resulted in a higher overall depreciation cost of the products;

   iv. A decline in the overall average selling prices for both camera modules and fingerprint recognition modules; and

2. A significant loss was recorded by an associated company of the Company as of the end of April 2018, whilst there was no such loss in the corresponding period of the previous year.

As the Company has not yet prepared the consolidated financial results of the Group for the six months ending 30 June 2018, the information contained in this announcement is only based on the information currently available to the Company and the preliminary review by the Board on the unaudited management accounts of the Group for the four months ended 30 April 2018, which have not been reviewed or audited by the independent auditors and/or the audit committee of the Company. The actual financial results of the Group for the six months ended 30 June 2018 may differ from what is disclosed in this announcement. Shareholders and potential investors are advised to read carefully about the announcement of the Company for the interim results for the six months ending 30 June 2018, which is expected to be published in mid-to-late August 2018 in accordance with the requirements of the Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Q Technology (Group) Company Limited
He Ningning
Chairman and Executive Director

Hong Kong, 10 May 2018

As at the date of this announcement, the Executive Directors are Mr. He Ningning (Chairman), Mr. Wang Jianqiang (Chief Executive Officer) and Mr. Hu Sanmu; and the Independent Non-executive Directors are Mr. Ko Ping Keung, Mr. Chu Chia-Hsiang and Mr. Ng Sui Yin.