

Hong Kong Exchange and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Q Tech

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)

INSIDE INFORMATION

UPDATE ON THE PROPOSED SPIN-OFF AND SEPARATE LISTING OF KUNSHAN QTECH MICROELECTRONICS CO., LTD. ON A STOCK EXCHANGE IN THE PRC

References are made to the announcements of Q Technology (Group) Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 15 December 2020, 23 April 2021, 23 June 2021, 30 June 2021, 16 December 2021, 23 February 2022 and 27 June 2022 (the “**Announcements**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as used in the Announcements. This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

FINANCIAL DATA

In accordance with the relevant provisions of the Shenzhen Stock Exchange’s “Guidelines for the Content and Format of Information Disclosure by Companies preparing Public Offering of Securities No. 28” (公開發行證券的公司資訊披露內容與格式準則第28號) and the further requirements of the Shenzhen Stock Exchange, in the reply to the opinion implementation letter (the “**Opinion Implementation Letter**”) from the Review Center of the Shenzhen Stock Exchange, Kunshan QT China is required to further supplement and disclose its four key financial information (the “**Four Key Financial Information**”) which has not been audited or reviewed by auditors: (i) expected results for the period from January to September 2022; (ii) signs of marginal improvement in the results of the third quarter of 2022; (iii) expected annual results for the year 2022; and (iv) updated expected results for the period from January to June 2022. On 3 August 2022, the reply to the Opinion Implementation Letter and the updated draft prospectus for the Listing Application submitted by Kunshan QT China were disclosed on the website of the Shenzhen Stock Exchange, and the above Four Key Financial Information is disclosed as follows:

I. EXPECTED RESULTS FOR THE PERIOD FROM JANUARY TO SEPTEMBER 2022 (NOT AUDITED OR REVIEWED):

1. Expected key financial data for the period from January to September 2022

Unit: RMB0'000

Items	January to September 2022 (Note 2)	January to September 2021 (Note 3)	Changes year-on-year
Revenue	980,000.00 to 1,020,000.00	1,261,544.58	-22.32% to -19.15%
Net profit attributable to shareholders of the parent company (Note 1)	24,000.00 to 27,000.00	74,618.11	-67.84% to -63.82%
Net profit attributable to shareholders of the parent company after deducting non- recurring gains or losses	13,000.00 to 16,000.00	69,581.19	-81.32% to -77.01%

Note 1: The parent company refers to Kunshan QT Hong Kong (the same below).

Note 2: The financial data for the period from January to September 2022 is the preliminary estimates of the management of Kunshan QT China, which has not been audited or reviewed by auditors and does not constitute profit forecasts or performance commitments made by Kunshan QT China.

Note 3: The data for the period from January to September 2021 is historical financial data not yet audited or reviewed by auditors.

From January to September 2022, the revenue of Kunshan QT China is expected to be approximately RMB9,800,000,000 to RMB10,200,000,000, representing a year-on-year decrease of approximately 22.32% to 19.15%; net profit attributable to shareholders of the parent company will be approximately RMB240,000,000 to RMB270,000,000, representing a year-on-year decrease of approximately 67.84% to 63.82% and net profit attributable to shareholders of the parent company after deducting non-recurring gains or losses will be approximately RMB130,000,000 to RMB160,000,000, representing a year-on-year decrease of approximately 81.32% to 77.01%.

The quarterly expected results of Kunshan QT China for the period from January to September 2022 are as follows:

Unit: RMB0'000

Items	First quarter	Second quarter	Third quarter average	Third quarter range
Revenue	343,603.06	320,642.85	335,754.09	315,754.09 to 355,754.09
Net profit attributable to shareholders of the parent company	12,126.63	7,792.60	5,580.77	4,080.77 to 7,080.77
Net profit attributable to shareholders of the parent company after deducting non-recurring gains or losses	5,223.41	4,379.80	4,896.79	3,396.79 to 6,396.79

Note:

Except for the data of the first quarter of 2022, which has been reviewed by the initial public offering reporting auditor of Kunshan QT China, the financial data of remaining quarters is preliminary estimates of the management of Kunshan QT China and has not been audited or reviewed by auditors and does not constitute performance commitments or profit forecasts made by Kunshan QT China.

- (1) The forecasted average revenue of Kunshan QT China for the third quarter of 2022 is approximately RMB3,357,540,900, increasing by approximately 4.71% compared with the second quarter of 2022, mainly due to the increase in sales volume as a result of Kunshan QT China's determined execution of its competitive strategy to expand its market share and its continuous pursuit of business opportunities;
- (2) The forecasted average net profit attributable to shareholders of the parent company of Kunshan QT China for the third quarter of 2022 is approximately RMB55,807,700, declining by approximately 28.38% compared with the second quarter of 2022, mainly due to the non-recurring gains or losses of Kunshan QT China for the second quarter of 2022, which included gains from fair value changes generated from exchange rate fluctuation. Therefore, net profit attributable to shareholders of the parent company for the second quarter was relatively higher. However, Kunshan QT China conservatively estimates the fair value changes in the third quarter;

- (3) The expected average net profit attributable to shareholders of the parent company after deducting non-recurring gains or losses of Kunshan QT China for the third quarter of 2022 is approximately RMB48,967,900, increasing by approximately 11.80% compared with the second quarter of 2022, mainly due to the gradual alignment of upstream raw material price changes with the products unit sales price changes of Kunshan QT China and the enhancement of lean management in Kunshan QT China.

For the third quarter of 2022, the forecasted average revenue and net profit attributable to the shareholders of the parent company after deducting non-recurring gains or losses of Kunshan QT China is expected to improve from that of the second quarter and there is room for marginal improvement in the results of the third quarter.

2. Expected key operation data for the period from January to September 2022

As Kunshan QT China adheres to the implementation of the competitive strategy on expanding market shares and continues to attain the business opportunities, which result in the increase of the sales volume, the shipment volume of camera module is expected to be approximately 125,288,900 units in the third quarter of 2022, increasing by approximately 24.79% as compared with the second quarter of 2022.

According to the voluntary announcement related to the shipment volume of the major products of the Company and the forecasts of Kunshan QT China, the shipment volume of camera module of Kunshan QT China will be increased gradually from July to September 2022, and the year-on-year decline ratio of the shipment volume of camera module for the period from January to September 2022 will be decreased to approximately 2.42%. In August and September 2022, the shipment volume of camera modules of Kunshan QT China will be increased by approximately 6.96% and 4.80% year-on-year, respectively, and the details are as follows:

Time	The shipment volume of camera module (1,000 units)	Changes year-on-year
January 2022	47,723.00	31.02%
February 2022	26,208.00	-17.77%
March 2022	38,706.00	7.32%
April 2022	33,624.00	-21.45%
May 2022	36,685.00	-4.14%
June 2022	30,091.00	-21.60%
Total from January to June 2022	213,037.00	-4.82%
Forecasts for July 2022	36,644.80	-6.42%
Forecasts for August 2022	43,594.65	6.96%
Forecasts for September 2022	45,049.46	4.80%
Total from January to September 2022	338,325.91	-2.42%

Note: The data for January to June 2022 is derived from the Company's announcements and has not been audited or reviewed by auditors; and the data for July to September is estimates of Kunshan QT China.

In August 2022 and September 2022, the expected year-on year increase in the shipment volume of camera module of Kunshan QT China is mainly attributable to that Kunshan QT China has actively developed high-quality customers in the industry such as Samsung, Lenovo, Honor and BYD, which is expected to significantly increase its shipment volume and boost its market share in the smartphone camera module. Kunshan QT China has also actively expanded the automotive and IoT markets to effectively alleviate the negative impact of the weak phone camera module market.

II. SIGNS OF MARGINAL IMPROVEMENT IN THE RESULTS OF KUNSHAN QT CHINA IN THE THIRD QUARTER OF 2022 (DATA IS NOT AUDITED OR REVIEWED):

Signs of marginal improvement have been seen in the results of Kunshan QT China for the third quarter of 2022, where the basis for the marginal improvement was analyzed from a data perspective:

1. Orders on hand: the amount of orders on hand (tax exclusive) of camera module products of Kunshan QT China as at 15 July 2022 was approximately RMB2,326,086,800, increasing by approximately RMB11,919,600 from the amount of orders on hand (tax exclusive) of approximately RMB2,314,167,200 as at 30 June 2022, having more orders on hand.

As at 15 July 2022 and 30 June 2022, the orders on hand (tax exclusive) of camera module products of Kunshan QT China from major customers were as follows:

Unit: RMB0'000

Name of customers	As at 15 July 2022		As at 30 June 2022	
	Amount of orders on hand	Percentage	Amount of orders on hand	Percentage
vivo	60,580.40	26.04%	66,390.96	28.69%
OPPO	49,883.89	21.45%	49,808.36	21.52%
Lenovo	24,214.00	10.41%	23,727.19	10.25%
Honor	17,952.70	7.72%	18,543.81	8.01%
Samsung	15,744.61	6.77%	14,762.79	6.38%
DJI	14,869.66	6.39%	13,888.64	6.00%
BYD	12,145.50	5.22%	10,966.49	4.74%
Huawei	10,286.26	4.42%	8,847.16	3.82%
Wingtech	6,717.68	2.89%	6,775.79	2.93%
Huaqin	5,056.11	2.17%	5,036.88	2.18%
Xiaomi	5,334.09	2.29%	4,293.01	1.86%
Others	9,823.79	4.22%	8,375.66	3.62%
Total	232,608.68	100.00%	231,416.72	100.00%

2. The structure of products delivered but not yet recognised as revenue has improved:

As at 30 June 2022, the details of products delivered but not yet recognised as revenue of Kunshan QT China were as follows:

Unit: RMB0'000

Product categories	As at 30 June 2022	
	Amount	Percentage
Smartphone camera modules	25,382.53	98.92%
Among which: Above 32M	17,004.78	66.27%
10-32M	3,510.67	13.68%
Below 10M	4,867.08	18.97%
IoT camera modules	247.72	0.97%
Automotive camera modules	28.39	0.11%
Total	25,658.64	100.00%

As at 30 June 2022, the total amount of the camera modules products delivered but not yet recognised as revenue (tax exclusive) of Kunshan QT China was approximately RMB256,586,400, in which the amount of camera modules of above 32M and high-end application (including IoT and automotive camera modules) accounted for approximately 67.35% of the sales amount of camera modules, which was approximately 2.61 percentage points higher than the proportion of approximately 64.74% taking up by the annual sales amount of such category of product in 2021. As such, the structure of products delivered but not yet recognised as revenue showed marginal improvement.

III. EXPECTED ANNUAL RESULTS FOR 2022 (NOT AUDITED OR REVIEWED):

Unit: RMB0'000

Items	2022 (Note 1)	2021	Changes year-on-year
Revenue	1,330,000.00 to 1,390,000.00	1,707,835.28	-22.12% to -18.61%
Net profit attributable to shareholders of the parent company	30,000.00 to 34,000.00	90,557.34	-66.87% to -62.45%
Net profit attributable to shareholders of the parent company after deducting non-recurring gains or losses	18,000.00 to 22,000.00	84,139.00	-78.61% to -73.85%

Note 1: The annual financial data for 2022 is the preliminary estimates of the management of Kunshan QT China, which has not been audited or reviewed by auditors and does not constitute profit forecasts or performance commitments made by Kunshan QT China.

According to the expected results of Kunshan QT China, for the year 2022, revenue of Kunshan QT China is expected to be approximately RMB13,300,000,000 to RMB13,900,000,000, decreasing by approximately 18.61% to 22.12% as compared with 2021; net profit attributable to shareholders of the parent company is expected to be approximately RMB300,000,000 to RMB340,000,000, decreasing by approximately 62.45% to 66.87% as compared with 2021; net profit attributable to shareholders of the parent company after deducting non-recurring gains or losses is expected to be approximately RMB180,000,000 to RMB220,000,000, decreasing by approximately 73.85% to 78.61% as compared with 2021.

It is expected that the decline in the results of Kunshan QT China will be eased to a certain extent in the fourth quarter of 2022, and the expected results of each quarter of 2022 are as follows:

Unit: RMB0'000

Items	The first quarter	The second quarter	The third quarter	The fourth quarter
Revenue	343,603.06	320,642.85	315,754.09 to 355,754.09	330,000.00 to 390,000.00
Net profit attributable to the shareholders of the parent company	12,126.63	7,792.60	4,080.77 to 7,080.77	4,500.00 to 8,500.00
Net profit attributable to the shareholders of the parent company after deducting non-recurring gains or losses	5,223.41	4,379.80	3,396.79 to 6,396.79	3,500.00 to 7,500.00

Note: Except for the data of the first quarter of 2022, which has been reviewed by the initial public offering reporting auditor of Kunshan QT China, the financial data of the remaining quarters is the preliminary estimates of the management of Kunshan QT China, which has not been audited or reviewed by auditors and does not constitute performance commitments or profit forecasts made by Kunshan QT China.

Revenue and net profit attributable to the shareholders of the parent company after deducting non-recurring gains or losses and other results indicators of Kunshan QT China in the fourth quarter of 2022 are expected to record an increase of a certain degree as compared with the second quarter and third quarter of 2022. Compared with the whole year of 2021, the risks of results decline are expected to remain in the whole year of 2022, but there is a possibility of marginal improvement in the results.

IV. UPDATED EXPECTED RESULTS FOR THE PERIOD FROM JANUARY TO JUNE 2022 (NOT AUDITED OR REVIEWED):

1. Updated expected results for the period from January to June 2022

Unit: RMB0'000

Items	Expected financial results for the period from January to June 2022 (Note 1)	Updated expected financial results for the period from January to June 2022 (Note 2)	Financial results for the period from January to June 2021	Updated changes year-on-year
Revenue	668,720.10	664,245.91	848,330.28	-21.70%
Net profit attributable to shareholders of the parent company	17,718.75	19,919.23	56,876.40	-64.98%
Net profit attributable to shareholders of the parent company after deducting non-recurring gains or losses	9,782.28	9,603.21	54,777.48	-82.47%

Note 1: The relevant data is the data disclosed in the announcement of the Company dated 27 June 2022.

Note 2: The financial data for the period from January to June 2022 is the preliminary estimates of the management of Kunshan QT China, which has not been audited or reviewed by auditors and does not constitute profit forecasts or performance commitments made by Kunshan QT China.

2. Reasons for differences between the updated expected results data for the period from January to June 2022 and previous disclosures

There are minor differences between the updated expected results data (the “**Updated Data**”) for the period from January to June 2022 and those disclosed in the Company’s announcement dated 27 June 2022 (the “**Original Data**”), and the details are as follows:

Unit: RMB0’000

Items	Expected results data from January to June 2022 (Updated Data)	Expected results data from January to June 2022 (Original Data)	Percentage of differences
Revenue	664,245.91	668,720.10	-0.67%
Net profit attributable to shareholders of the parent company	19,919.23	17,718.75	12.42%
Net profit attributable to shareholders of the parent company after deducting non-recurring gains or losses	9,603.21	9,782.28	-1.83%

Note: The above-mentioned financial data is the preliminary estimates of the management of Kunshan QT China, which has not been audited or reviewed by auditors and does not constitute performance commitments or profit forecasts made by Kunshan QT China.

The above differences are mainly due to the fact that when Kunshan QT China conducted its results forecast for the first half year on 22 June 2022, the deadline for the results forecast period to 30 June 2022 had not yet arrived and Kunshan QT China had not yet closed its accounts, while the reply to the Opinion Implementation Letter was issued by Kunshan QT China on 21 July 2022 and the deadline for the results forecast period had passed and Kunshan QT China had closed its accounts. Net profit attributable to shareholders of the parent company was higher than the Original Data by 12.42%, due to the fact that: as gain or loss from changes in the fair value of the derivative financial instruments was affected by the foreign exchange forward rates as of 30 June 2022 at the end of the period, Kunshan QT China was relatively conservative in estimating results on 22 June 2022, and in the reply to the Opinion Implementation Letter, Kunshan QT China has made corresponding adjustments in accordance with the foreign exchange forward rates as of 30 June 2022.

The Proposed Listing is conditional upon, among other things, the approvals of the CSRC and the Shenzhen Stock Exchange. The terms of the Offering, including the final size and price range of the Offering, and the timetable of the Proposed Listing have not yet been fixed as at the date of this announcement. The Company will make further announcement in relation to the Proposed Spin-off as and when appropriate pursuant to the relevant requirements of the Listing Rules.

Shareholders of the Company and potential investors should note that, expected results of Kunshan QT China for the period from January to June 2022, January to September 2022 and the whole year of 2022 are preliminary estimates made by the management of Kunshan QT China based on the current available information of Kunshan QT China, which has not been reviewed or audited by independent auditors; and orders on hand, the breakdown of products delivered but not yet recognised as revenue and the shipment volume of camera modules as at 30 June 2022, as well as orders on hand as at 15 July 2022 have not been reviewed or audited by independent auditors. The Four Key Financial Information have not been reviewed or audited by the Audit Committee of the Company, and do not constitute profit forecasts or performance commitments made by Kunshan QT China, nor constitute profit forecasts or performance commitments made by the Company. The actual performance of Kunshan QT China may be different from the above data and the above data does not represent the final actual performance of the Group for the period from January to June 2022, January to September 2022 and the whole year of 2022 either due to the difference between the accounting standards applicable to Kunshan QT China and those applicable to the Company.

The Proposed Listing is subject to, inter alia, the prevailing market conditions and approvals from relevant authorities, including the CSRC and the Shenzhen Stock Exchange. Accordingly, there is no assurance as to whether and when the Proposed Listing will proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 4 August 2022

As at the date of this announcement, the executive Directors are Mr. He Ningning (chairman), Mr. Hu Sanmu (chief executive officer) and Mr. Fan Fuqiang; and the independent non-executive Directors are Mr. Chu Chia-Hsiang, Mr. Ko Ping Keung and Mr. Ng Sui Yin.