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**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)**

### **PROFIT WARNING**

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 Part XIVA of the Securities and Futures Ordinance (Chapter 571, the laws of Hong Kong).

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 information currently available to the Company and the preliminary review by the Board on the unaudited management accounts of the Group for the year ended 31 December 2022, which have not been reviewed or audited by the independent auditors and/or the audit committee of the Company, it is expected that the consolidated profit of the Group attributable to the Shareholders for the year ended 31 December 2022 (the “**Year**”) may decrease by approximately 70% to 80% as compared to the consolidated profit of the Group attributable to the Shareholders of approximately RMB862,976,000 for the year ended 31 December 2021.

The Board believes that the expected year-on-year decrease in the profit attributable to the Shareholders is primarily due to the following factors: (i) the poor global market demand of the smartphones, especially the high-end models as a result of the resurgence of the COVID-19 pandemic and the slowdown in the global economic growth, which led to the year-on-year decrease in the sales volume of camera modules and fingerprint recognition modules applied in mobile phones, as well as the decline in the proportion of high-end products. As a result, the capacity utilization rate of the Group declined, resulting in the increase of unit product manufacturing cost, which had a negative impact on the gross profit margin; (ii) the revenue contribution of Group’s strategic IoT and automotive camera module products increased, but such businesses continued to make losses due to the products are still in the market development stage, affecting the consolidated gross profit margin; and (iii) the sharp fluctuations in the exchange rate of RMB against USD in the Year, the central parity rate recorded an downward adjustment of approximately 9.2% from 6.3757 at the beginning of the Year to 6.9646 at the end of the Year, which led to a significant increase in the cost of imported materials denominated and settled in US dollars, and thus had a negative impact on gross profit margin.

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 Year, which have not been reviewed or audited by the independent auditors and/or the audit committee of the Company. Therefore, the actual financial results of the Group for the Year 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 annual results for the Year, which is expected to be published in mid-March 2023 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, 19 January 2023

*As at the date of this announcement, the executive directors of the Company 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.*