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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 six months ended 30 June 2023, which have not been reviewed or audited by the independent auditors and/or the audit committee, it is expected that the consolidated profit of the Group attributable to the Shareholders for the six months ended 30 June 2023 (the “**Period**”) may decrease by approximately 60% to 80% as compared to the consolidated profit of the Group attributable to the Shareholders for the six months ended 30 June 2022 (the “**Corresponding Period**”).

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) affected by the prolonged post-COVID-19 effect and the slowdown in global economic growth, the sales of global smartphones remained weak and the competition was intensified. As a result, the sales volume of camera modules for mobile phones decreased year-on-year, resulting in a year-on-year decline in the Group’s revenue compared to the Corresponding Period, as well as the production capacity utilization rate, which led to an increase in the manufacturing cost per unit product and imposed negative impact on gross profit margin; (ii) the exchange rate of RMB against USD remained weak during the Period, the central parity rate recorded an downward adjustment of approximately 3.8% from 6.9646 at the beginning of the Period to 7.2258 at the end of the Period, and the cost of materials settled in USD imports remained high, which negatively affected the gross profit margin; and (iii) the Group continued to invest more in R&D and expansion of vehicle modules, domain controllers, etc. The sales volume of camera module products in the non-mobile phone segment has increased significantly, but it has not yet achieved profitability because it is still in the market development stage. However, the Board is pleased to release that the competitive landscape in the camera module industry has improved gradually, and the demand for a range of high-end camera module products featuring optical image stabilization, periscope, variable aperture and large size sensor ultra-high pixels is expected to back on the right track. Therefore, the Board maintains high confidence in the long-term prospects of the Group’s business development.

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 Period, 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 Period 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 Period, which is expected to be published in early August 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, 17 July 2023

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.