*Hong Kong Exchange and Clearing Limited and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") 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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

HIGHLIGHTS

- Revenue of Q Technology (Group) Company Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2023 (the "**Year**") amounted to approximately RMB12,530,799,000, representing a decrease of approximately 8.9% as compared with the year ended 31 December 2022 (the "**Previous Year**"). The decrease in revenue was mainly because: the global sales volume of smartphones dropped in the Year as compared to the Previous Year affected by macro factors, resulting in a decline in the demand for camera modules and fingerprint recognition modules applied to smartphones, and a year-on-year decline in the sales volume of the Group's camera modules by approximately 11.9%.
- Gross profit of the Group for the Year was approximately RMB508,856,000, representing a decrease of approximately 6.0% as compared with that of the Previous Year, while gross profit margin for the Year was approximately 4.1% (2022: approximately 3.9%). The gross profit margin remained relatively low, it was mainly attributable to: (i) the decline in global sales volume of smartphones due to macro factors, intensified market competition, which squeezed unit price and profit margin. Meanwhile, the year-on-year decline in the sales volume of the Group's camera modules applied to smartphones resulting in a decrease in the Group's revenue as compared to that of the Previous Year and an increase in fixed costs such as unit product depreciation; (ii) the exchange rate of RMB against USD remained weak during the Year, with the central parity rate adjusted from 6.9646 at the beginning of 2023 to 7.0827 at the end of 2023, representing a depreciation of approximately 1.7%, and the average exchange rate for the trading days of the Year was approximately 7.0467, representing a depreciation of approximately 4.77% compared with that of approximately 6.7261 for the Previous Year, and the spot exchange rate of RMB against USD is generally higher than the above mentioned central parity rate, resulting in the high cost of USD denominated imported materials, which had a negative impact on the gross profit margin; and (iii) although the automotive camera module business has made significant progress compared with the Previous Year, it is still at the stage of investment and market development in general. Therefore, the utilization rate of production capacity has yet to be improved, which affected the comprehensive gross profit margin.
- Profit of the Group for the Year was approximately RMB83,531,000, representing a decrease of approximately 50.9% as compared to that of the Previous Year. The decrease in profit was mainly attributable to: (i) a decrease in revenue of approximately 8.9% as compared with the Previous Year; and (ii) the Group's investment in an associate which continued to operate unsatisfactorily during the Year, with losses widening compared with the Previous Year.
- Basic and diluted earnings per share for the Year were approximately RMB0.069 and RMB0.069, respectively.

FINANCIAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of the Company announces the consolidated annual results of the Group for the Year together with the relevant comparative figures for the Previous Year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023
(Expressed in Renminbi)

	Note	**2023** *RMB'000*	2022 *RMB'000*
Revenue	*2(a)*	**12,530,799**	13,759,170
Cost of sales		**(12,021,943)**	(13,217,828)
Gross profit		**508,856**	541,342
Other income	*3*	**384,067**	287,838
Selling and distribution expenses		**(19,783)**	(13,790)
Administrative and other operating expenses		**(149,254)**	(141,923)
Research and development expenses		**(435,550)**	(469,626)
Reversal of impairment loss/(impairment loss) on trade and other receivables		**702**	(243)
Profit from operations		**289,038**	203,598
Finance costs	*4(a)*	**(171,327)**	(59,874)
Share of loss of an associate		**(49,578)**	(36,640)
Profit before taxation	*4*	**68,133**	107,084
Income tax	*5(a)*	**15,398**	63,146
Profit for the year		**83,531**	170,230
Attributable to:			
Equity shareholders of the Company		**81,917**	171,151
Non-controlling interests		**1,614**	(921)
Profit for the year		**83,531**	170,230
Earnings per share (RMB Cents)			
Basic	*6(a)*	**6.9**	14.5
Diluted	*6(b)*	**6.9**	14.5

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023 (Continued)
(Expressed in Renminbi)

	2023	2022
	RMB'000	*RMB'000*
Profit for the year	**83,531**	170,230
Other comprehensive income/(loss) for the year (after tax and reclassification adjustments):		
Items that will not be reclassified to profit or loss:		
– Share of other comprehensive income of an associate	**1,003**	–
– Equity investment at fair value through other comprehensive income – net movement in fair value reserves (non-recycling)	**510**	–
Items that are or may be reclassified subsequently to profit or loss:		
– Share of other comprehensive income of an associate	**(660)**	–
– Exchange differences on translation of financial statements of operations outside Chinese Mainland	**(11,885)**	(110,477)
Other comprehensive loss for the year	**(11,032)**	(110,477)
Total comprehensive income for the year	**72,499**	59,753
Attributable to:		
Equity shareholders of the Company	**70,885**	60,674
Non-controlling interests	**1,614**	(921)
Total comprehensive income for the year	**72,499**	59,753

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023
(Expressed in Renminbi)

	Note	**2023** **RMB'000**	2022 *RMB'000*
Non-current assets			
Property, plant and equipment		**2,845,043**	3,139,819
Interest in an associate		**279,035**	325,001
Intangible assets		**22,689**	26,302
Equity securities designated at fair value through other comprehensive income		**5,600**	5,000
Financial assets measured at amortised cost		**473,976**	–
Prepayment for acquisition of non-current assets		**19,876**	20,000
Other non-current assets		**9,550**	9,550
Deferred tax assets		**180,292**	165,666
		3,836,061	3,691,338
Current assets			
Inventories		**1,777,515**	1,184,452
Contract assets		**3,637**	–
Trade and other receivables	*7*	**4,201,289**	3,436,206
Financial assets measured at fair value through profit or loss		**511,242**	1,172,751
Financial assets measured at amortised cost		**121,589**	–
Derivative financial instruments	*8*	**–**	11,111
Pledged bank deposits	*9*	**1,301,776**	919,181
Fixed deposits with banks with original maturity over three months		**296,557**	521,553
Cash and cash equivalents		**2,893,084**	1,348,884
		11,106,689	8,594,138
Current liabilities			
Short-term bank borrowings	*10*	**4,151,506**	2,615,977
Trade and other payables	*11*	**5,437,031**	4,584,043
Contract liabilities		**5,548**	16,305
Derivative financial instruments	*8*	**52,300**	8,386
Lease liabilities		**8,389**	13,131
Current tax payable		**11,708**	11,567
		9,666,482	7,249,409
Net current assets		**1,440,207**	1,344,729
Total assets less current liabilities		**5,276,268**	5,036,067

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023 (Continued)
(Expressed in Renminbi)

	Note	**2023**	2022
		RMB'000	*RMB'000*
Non-current liabilities			
Long-term bank borrowings	*10*	**219,493**	–
Lease liabilities		**7,484**	14,389
Deferred income		**212,687**	247,649
Deferred tax liabilities		**4,853**	6,624
		444,517	268,662
NET ASSETS		**4,831,751**	4,767,405
CAPITAL AND RESERVES			
Share capital		**9,486**	9,486
Reserves		**4,822,265**	4,752,970
Total equity attributable to equity shareholders of the Company		**4,831,751**	4,762,456
Non-controlling interests		**–**	4,949
TOTAL EQUITY		**4,831,751**	4,767,405

NOTES

(Expressed in Renminbi unless otherwise indicated)

1 Material accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable IFRS Accounting Standards, which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations issued by the International Accounting Standards Board (the "**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The IASB has issued certain amendments to IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2023 comprise Q Technology (Group) Company Limited (the "**Company**") and its subsidiaries (together referred to as the "**Group**") and the Group's interest in an associate.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value:

– Derivative financial instruments;

– Financial assets measured at fair value through profit or loss;

– Equity securities designated at fair value through other comprehensive income.

The consolidated financial statements are presented in Renminbi ("**RMB**"), rounded to the nearest thousand. Items included in the financial statements of each entity in the Group are measured using currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("**functional currency**"). Most of the companies comprising the Group are operating in the People's Republic of China ("**PRC**") and their functional currency is RMB, hence, RMB is used as the presentation currency of the Group.

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Changes in accounting policies

(i) New and amended IFRS Accounting Standards

The Group has applied the following new and amended IFRS Accounting Standards issued by the IASB to these financial statements for the current accounting period:

- IFRS 17, *Insurance contracts*
- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to IAS 1, *Presentation of financial statements and IFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies*
- Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to IAS 12, *Income taxes: International tax reform – Pillar Two model rules*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new and amended IFRS Accounting Standards are discussed below:

IFRS 17, *Insurance contracts*

IFRS 17, which replaces IFRS 4, sets out the recognition, measurement, presentation and disclosure requirements applicable to issuers of insurance contracts. The standard does not have a material impact on these financial statements as the Group does not have contracts within the scope of IFRS 17.

Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*

The amendments provide further guidance on the distinction between changes in accounting policies and changes in accounting estimates. The amendments do not have a material impact on these financial statements as the Group's approach in distinguishing changes in accounting policies and changes in accounting estimates is consistent with the amendments.

Amendments to IAS 1, *Presentation of financial statements and IFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies*

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. The Group has revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments.

Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

Prior to the amendments, the Group did not apply the initial recognition exemption to lease transactions and had recognised the related deferred tax, except that the Group previously determined the temporary difference arising from a right-of-use asset and the related lease liability on a net basis on the basis they arise from a single transaction. Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The change primarily impacts disclosures of components of deferred tax assets and liabilities, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under IAS 12.

Amendments to IAS 12, *Income taxes: International tax reform – Pillar Two model rules*

The amendments introduce a temporary mandatory exception from deferred tax accounting for the income tax arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("**OECD**") (income tax arising from such tax laws is hereafter referred to as "**Pillar Two income taxes**"), including tax laws that implement qualified domestic minimum top-up taxes described in those rules. The amendments also introduce disclosure requirements about such tax including the estimated tax exposure to Pillar Two income taxes. The amendments are immediately effective upon issuance and require retrospective application.

The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes and would account for the tax as current tax when incurred.

(ii) New Hong Kong Institute of Certified Public Accountants ("HKICPA") guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022 the Hong Kong SAR Government (the "**Government**") gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**"), which will come into effect from 1 May 2025 (the "**Transition Date**"). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund ("**MPF**") scheme to reduce the long service payment ("**LSP**") in respect of an employee's service from the Transition Date (the abolition of the "**offsetting mechanism**"). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of IAS 19 that previously allowed such deemed contributions to be recognised as reduction of service cost (negative service cost) in the period the contributions were made; instead these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit.

To better reflect the substance of the abolition of the offsetting mechanism, the Group has changed its accounting policy in connection with its LSP liability and has applied the above HKICPA guidance retrospectively. This change in accounting policy did not have any impact on the opening balance of equity of the Group as at 1 January 2022. It also did not have a material impact on the consolidated financial statements of the Group for the year ended 31 December 2022 and 31 December 2023.

2 Revenue and segment reporting

(a) Revenue

The principal activities of the Group are manufacturing and sales of camera modules and fingerprint recognition modules for mobile phones, automobiles, Internet of Things (IoT) and other intelligent mobile terminals. Further details regarding the Group's principal activities are disclosed in note 2(b).

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15:		
Disaggregated by major products		
– Revenue from sales of camera modules	**11,561,664**	12,561,468
– Revenue from sales of fingerprint recognition modules	**781,215**	1,063,578
– Others*	**187,920**	134,124
	12,530,799	13,759,170

* Others mainly represent revenue from sales of other products and waste materials.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in notes 2(b)(i) and 2(b)(iii), respectively.

The Group's customer base is diversified and includes three (2022: two) customers with whom transactions have exceeded 10% of the Group's revenues. For the years ended 31 December 2023 and 2022, revenue from each of these customers, including sales to entities which are known to the Group to be under common control with these customers is set out below, and arose in all geographical regions as set out in note 2(b)(iii).

	2023	2022
	RMB'000	*RMB'000*
Customer A	3,818,253	4,164,560
Customer B	3,409,573	3,391,395
Customer C	1,260,688	N/A*

* Less than 10% of the Group's revenue in the respective year.

The Group has applied the practical expedient in paragraph 121(a) of IFRS 15 to its sales contracts for camera modules and fingerprint recognition modules that had an original expected duration of one year or less and does not disclose the information related to the aggregated amount of the transaction price allocated to the remaining performance obligations.

(b) Segment reporting

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

– Camera modules: this segment engaged in design, manufacture and sales of camera modules

– Fingerprint recognition modules: this segment engaged in design, manufacture and sales of fingerprint recognition modules

(i) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and direct expenses incurred by those segments respectively. The measure used for reporting segment result is gross profit which is calculated based on revenue less cost of sales for the relevant segment.

The Group's other operating income and expenses, such as other income, selling and distribution expenses, administrative and other operating expenses, research and development expenses, reversal of impairment loss on trade and other receivables, finance costs, share of loss of an associate, and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, other operating income and expenses is presented.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2023 and 2022 is set out below.

	Camera modules *RMB'000*		**Fingerprint recognition modules** *RMB'000*		**Total** *RMB'000*	
	2023	2022	**2023**	2022	**2023**	2022
Disaggregated by timing of revenue recognition – Point in time						
Revenue from external customers	**11,561,664**	12,561,468	**781,215**	1,063,578	**12,342,879**	13,625,046
Inter-segment revenue	**7,929**	–	**–**	–	**7,929**	–
Reportable segment revenue	**11,569,593**	12,561,468	**781,215**	1,063,578	**12,350,808**	13,625,046
Reportable segment profit/(loss)	**503,409**	524,798	**(54,499)**	(43,071)	**448,910**	481,727

(ii) Reconciliation of reportable segment revenue and profit or loss

	2023	2022
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**12,350,808**	13,625,046
Elimination of inter-segment revenue	**(7,929)**	–
Other revenue	**187,920**	134,124
Consolidated revenue *(note 2(a))*	**12,530,799**	13,759,170
Profit		
Reportable segment profit	**448,910**	481,727
Elimination of inter-segment loss	**1,591**	–
Reportable segment profit derived from Group's external customers	**450,501**	481,727
Gross profit of other revenue	**58,355**	59,615
Other income	**384,067**	287,838
Selling and distribution expenses	**(19,783)**	(13,790)
Administrative and other operating expenses	**(149,254)**	(141,923)
Research and development expenses	**(435,550)**	(469,626)
Reversal of impairment loss/(impairment loss) on trade and other receivables	**702**	(243)
Finance costs	**(171,327)**	(59,874)
Share of loss of an associate	**(49,578)**	(36,640)
Consolidated profit before taxation	**68,133**	107,084

(iii) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, intangible assets and interest in an associate ("**specified non-current assets**"). The geographical location of customers is based on the location of operations of the contracting parties. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated, in the case of intangible assets, and the location of operations, in the case of interest in an associate.

	Revenue from external customers		**Specified non-current assets**	
	2023	2022	**2023**	2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Chinese Mainland	**9,972,395**	11,569,799	**2,338,011**	2,768,104
Hong Kong	**34,466**	4,185	**4,745**	5,231
India	**1,882,304**	1,456,098	**372,322**	391,804
Others	**641,634**	729,088	**431,689**	325,983
	12,530,799	13,759,170	**3,146,767**	3,491,122

3 Other income

	2023	2022
	RMB'000	*RMB'000*
Government grants*	**129,996**	150,118
Additional deduction of input value-added tax ("**VAT**")#	**48,768**	–
Interest income	**154,669**	45,240
Net foreign exchange gain	**7,988**	10,398
Net fair value changes on financial instruments at fair value through profit or loss		
– foreign exchange option contracts	**33,751**	30,730
– forward foreign exchange contracts	**(31,883)**	20,634
– wealth management products and structured deposits	**42,853**	12,081
Reversal of impairment losses on interest in an associate	**–**	22,222
Net loss on disposal of property, plant and equipment	**(3,709)**	(5,066)
Others	**1,634**	1,481
	384,067	287,838

* Government grants were received or receivable from several local government authorities as a recognition of the Group's contribution towards the local economic development.

\# According to Announcement [2023] No. 43 of the Ministry of Finance and the State Taxation Administration of PRC, with effect from 1 January 2023 to 31 December 2027, advanced manufacturing enterprises are allowed to deduct additional 5% of the current deductible input VAT from the VAT payable. Two subsidiaries of the Company, included Kunshan QTech Microelectronics Co., Ltd. ("**Kunshan QT China**") and Kunshan QTech Biological Recognition Limited ("**Kunshan BR Subsidiary**") are qualified for such additional input VAT deduction.

4 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

		2023 *RMB'000*	2022 *RMB'000*
(a)	**Finance costs**		
	Interest on bank borrowings	**170,449**	59,088
	Interest on lease liabilities	**878**	786
		171,327	59,874

		2023 *RMB'000*	2022 *RMB'000*
(b)	**Staff cost**#		
	Contributions to defined contribution retirement plan	**41,933**	50,453
	Salaries, wages and other benefits	**761,414**	854,031
	Equity settled share-based payment	**(2,153)**	(7,211)
		801,194	897,273

		2023 *RMB'000*	2022 *RMB'000*
(c)	**Other items**		
	Amortisation of intangible assets	**4,007**	3,579
	Depreciation charge#		
	– owned property, plant and equipment	**349,689**	371,884
	– right-of-use assets	**89,946**	91,435
	(Reversals of impairment losses)/impairment losses on trade receivables	**(996)**	322
	Impairment losses/(reversals of impairment losses) on other receivables	**294**	(79)
	Auditors' remuneration		
	– Audit services	**2,963**	2,207
	– Review services	**57**	57
	– A share IPO audit services*	**3,842**	3,868
	– Other services	**144**	919
	Cost of inventories#	**12,231,892**	13,407,567

Cost of inventories includes RMB965,972,000 (2022: RMB1,052,549,000) relating to staff costs and depreciation expenses, which amounts are also included in the respective total amounts disclosed separately above or in note 4(b) for each of these types of expenses.

* Kunshan QT China, which is one of the Company's subsidiaries, has submitted the listing application for the proposed initial public offering of its A shares to be listed on ChiNext of the Shenzhen Stock Exchange (the "**A Share IPO**"). Please refer to Group's relevant announcements for details. The audit fee for A Share IPO of Kunshan OT China amounted to RMB3,842,000 for the year ended 31 December 2023 (2022: RMB3,868,000).

5 Income tax in the consolidated statement of profit or loss and other comprehensive income

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2023	2022
	RMB'000	*RMB'000*
Current tax		
– PRC Corporate Income Tax and income taxes of other tax jurisdictions	**106**	2,367
– Over-provision in respect of prior years	**–**	(15,230)
	106	(12,863)
Deferred tax		
Origination and reversal of temporary differences	**(15,504)**	(52,235)
Effect on deferred tax balances at 1 January resulting from a change in tax rate	**–**	1,952
	(15,504)	(50,283)
	(15,398)	(63,146)

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("**BVI**"), the Group is not subject to any income tax in the Cayman Islands and BVI.

(ii) Kunshan Q Technology (Hong Kong) Limited ("**Kunshan QT Hong Kong**") is subject to Hong Kong Profits Tax at 16.5%.

(iii) Kunshan Q Tech Microelectronics (India) Private Limited ("**India Q Tech**"), Q Technology Korea Limited ("**Korea Q Tech**") and Q Technology (Singapore) Private Limited ("**Singapore Q Tech**") are subject to the local income tax at 25.17%, 9% and 17% respectively.

(iv) The PRC statutory income tax rate is 25%.

Kunshan QT China was qualified as a High and New Technology Enterprise ("**HNTE**") in 2009, which entitled to a preferential income tax rate of 15% according to relevant regulations in the PRC Corporate Income Tax Law. Kunshan QT China successfully renewed the HNTE qualification in May 2012, July 2015, October 2018 and November 2021 respectively and continued to enjoy a preferential income tax rate of 15% for another three years commenced from 1 January 2021.

Shenzhen Q Technology Limited ("**Shenzhen QT Subsidiary**") was qualified as a HNTE in 2019 and renewed the HNTE qualification in December 2022 to enjoy a preferential income tax rate of 15% for three years commenced from 1 January 2022.

Kunshan BR Subsidiary was qualified as a HNTE in 2022 to enjoy a preferential income tax rate of 15% for three years commenced from 1 January 2022.

Kunshan QTech Optoelectronic Technology Limited ("**QT Optoelectronic Subsidiary**") was qualified as a HNTE in 2022 to enjoy a preferential income tax rate of 15% for three years commenced from 1 January 2022.

(v) According to the two-tiered profits tax rate regime introduced under the Inland Revenue (Amendment) (No.3) Ordinance 2018 (the "**Ordinance**"), the first HK$2 million of assessable profits earned by a company will be taxed at 8.25% whilst the remaining assessable profits will continue to be taxed at 16.5%. There is an anti-fragmentation measure where each group will have to nominate only one company in the group to benefit from the progressive rates. The Ordinance was first effective from the year of assessment 2018/2019.

Accordingly, the provision of Hong Kong Profits Tax for Kunshan Q Technology International Limited ("**QT International**") for the year ended 31 December 2023 is calculated in accordance with the two-tiered profits tax rate regime, under which Profits Tax for the first HK$2 million of assessable profits is calculated at 8.25% while the remaining is calculated at 16.5%. Such tax treatment is consistent with the basis adopted for the year of assessment 2021/22 (i.e. for the year ended 31 December 2022).

(vi) According to the PRC Corporate Income Tax Law and its implementation regulations, dividends receivable by non-PRC corporate residents from PRC enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. In addition, under the Arrangement between the Chinese Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and its relevant regulations, a qualified Hong Kong tax resident will be liable for withholding tax at the rate of 5% for dividend income derived from the PRC if the Hong Kong tax resident is the "beneficial owner" and holds 25% or more of the equity interests of the PRC company.

The provision of the related deferred tax liabilities, if any, are based on the expected dividends to be distributed from these subsidiaries in the foreseeable future in respect of the profits generated since 1 January 2008. Deferred tax liabilities have not been recognised in respect of the tax that would be payable on the distribution of the retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2023	2022
	RMB'000	*RMB'000*
Profit before taxation	**68,133**	107,084
Notional tax on profit before taxation, calculated at the applicable rates in the jurisdictions concerned	**32,482**	30,294
Tax effect of PRC preferential tax treatments	**(7,487)**	(24,766)
Tax effect of additional deduction for qualified research and development expenses	**(44,516)**	(47,788)
Tax effect of non-deductible expenses	**5,218**	475
Tax effect of non-taxable income	**(1,218)**	(1,666)
Tax effect of unused tax losses not recognised	**352**	951
Tax effect of utilisation of tax losses previously not recognised	**(229)**	(1,340)
Tax effect of additional deduction on depreciation of property, plant and equipment	**–**	(6,028)
Effect on deferred tax balances at 1 January resulting from a change in tax rate	**–**	1,952
Over-provision in regards of prior years	**–**	(15,230)
Actual tax expense	**(15,398)**	(63,146)

6 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB81,917,000 (2022: RMB171,151,000) and the weighted average of 1,184,538,000 (2022: 1,183,902,000) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2023	2022
	'000	*'000*
Issued ordinary share at 1 January	**1,184,538**	1,181,986
Effect of share options exercised	**–**	1,916
Weighted average number of ordinary shares at 31 December	**1,184,538**	1,183,902

(b) Diluted earnings per share

There were no dilutive potential ordinary shares for the year ended 31 December 2023, and therefore, diluted earnings per share is equivalent to basic earnings per share for the year.

For the year ended 31 December 2022, the calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB171,151,000 and the weighted average of ordinary shares of 1,184,043,000 shares calculated as follows:

Weighted average number of ordinary shares (diluted)

	2022
	'000
Weighted average number of ordinary shares at 31 December	1,183,902
Effect of deemed issue of shares under the Company's share option schemes	141
Weighted average number of ordinary shares (diluted) at 31 December	1,184,043

7 Trade and other receivables

	2023	2022
	RMB'000	*RMB'000*
Trade receivables		
– third parties	**3,880,699**	3,295,149
– related parties	**2,229**	2,692
Bills receivable		
– third parties	**33,157**	11,226
Trade and bills receivables	**3,916,085**	3,309,067
Less: loss allowance	**(858)**	(1,837)
	3,915,227	3,307,230
Other deposits, prepayments and receivables	**286,062**	128,976
	4,201,289	3,436,206

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade and bills receivables (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 1 month	**2,815,371**	2,307,905
Over 1 month but within 3 months	**1,092,546**	868,151
Over 3 months but within 6 months	**5,150**	129,553
Over 6 months but within 1 year	**140**	1,621
More than 1 year	**2,020**	–
	3,915,227	3,307,230

Trade and bills receivable are generally due within 30 days to 90 days from the date of billing.

8 Derivative financial instruments

	2023	
	Assets	**Liabilities**
	RMB'000	***RMB'000***
Foreign currency derivative instruments		
– Forward foreign exchange contracts	**–**	**(43,771)**
– Foreign exchange option contracts	**–**	**(8,529)**
Total	**–**	**(52,300)**

	2022	
	Assets	Liabilities
	RMB'000	*RMB'000*
Foreign currency derivative instruments		
– Forward foreign exchange contracts	11,111	(7,656)
– Foreign exchange option contracts	–	(730)
	11,111	(8,386)

9 Pledged bank deposits

	2023	2022
	RMB'000	*RMB'000*
Pledged for		
– short-term bank borrowings (note 10)	**967,979**	904,742
– letters of guarantee	**333,797**	14,439
	1,301,776	919,181

10 Bank borrowings

	2023	2022
	RMB'000	*RMB'000*
Long-term bank borrowings		
– unsecured	**219,493**	–
Short-term bank borrowings		
– secured (note (a))	**977,190**	926,185
– unsecured	**3,174,316**	1,689,792
	4,151,506	2,615,977
	4,370,999	2,615,977

Bank borrowings bear interest ranging from 2.40% to 5.77% per annum as at 31 December 2023 (31 December 2022: 1.44% to 5.62%).

(a) Assets pledged as security for bank borrowings

At 31 December 2023, the secured bank borrowings of RMB977,190,000 (2022: RMB926,185,000) were secured by the following assets of the Group:

	2023	2022
	RMB'000	*RMB'000*
Pledged by shares of an associate	**111,660**	130,143
Pledged bank deposits	**967,979**	904,742
	1,079,639	1,034,885

(b) The analysis of the repayment schedule of bank borrowings is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 1 year or on demand	**4,151,506**	2,615,977
After 1 year but within 2 years	**138,821**	–
After 2 year but within 5 years	**80,672**	–
	4,370,999	2,615,977

(c) Several banking facilities and borrowings of the Group are subject to the fulfilment of covenants relating to certain of the Group's subsidiaries' statement of financial position ratio. This requirement is commonly found in lending arrangements with banks and financial institutions. If the Group was to breach the covenants the drawn down facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants.

11 Trade and other payables

	2023	2022
	RMB'000	*RMB'000*
Trade payables		
– third parties	**4,209,719**	3,438,861
– related parties	**24,529**	43,573
Bills payable		
– third parties	**993,424**	704,691
Trade and bills payables	**5,227,672**	4,187,125
Accrued payroll	**78,321**	77,775
Other payables and accruals	**131,038**	319,143
	5,437,031	4,584,043

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

As of the end of the reporting period, the ageing analysis of the trade and bills payables (which are included in trade and other payables), based on the invoice date, is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**4,032,954**	3,329,777
Over 3 months but within 6 months	**482,518**	378,834
Over 6 months but within 1 year	**3,160**	4,259
Over 1 year	**2,386**	1,499
	4,521,018	3,714,369

As at 31 December 2023, trade and bills payables include accrued trade payables of RMB706,654,000 with no invoice received (31 December 2022: RMB472,756,000).

12 Dividends

(i) Dividends payable to equity shareholders of the Company attributable for the year

The Directors of the Company did not recommend the payment of any dividend for the year ended 31 December 2023 (2022: nil).

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

No dividends in respect of the previous financial year was approved or paid during the financial year ended 31 December 2023 and 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Looking back on the Year, the instability of global social and economic development has further intensified. The ongoing geopolitical conflicts, the rising international trade protectionism and the continuous tightening monetary policies of major developed countries and economies have made the global macroeconomic situation more complicated and challenging, and many major economies fell into the unfavorable situation of high inflation and low growth. According to the World Economic Outlook Report released by the International Monetary Fund on 31 January 2024, it is estimated that the global economic growth for the Year shall be approximately 2.9%, which is far lower than the 3.4% expected on 31 January 2023, which is also lower than the average growth rate of 3.8% from 2000 to 2019. It showed that the sluggish growth of global economic development affected the global sales of smartphones, automobiles and Internet of Things (IoT) terminals and other intelligent mobile terminal products. According to data released by the National Bureau of Statistics of China on 17 January 2024, China's gross domestic product (GDP) growth rate for the Year was 5.2%, representing a significant recovery of 2.2 percentage points from the Previous Year. However, the total import and export of goods for the Year was only 0.2% higher than that of the Previous Year, of which the amount of exports of goods increased by 0.6%. Poor overseas demand also affected the sales of smartphone in China and other intelligent mobile terminal products. According to the publicly available information, the report in January 2024 from International Data Corporation (IDC), an independent third-party research organization, stated that the global smartphone shipment volume in 2023 was approximately 1.17 billion units, which once again set the new lowest record in shipment volume since 2013, representing a year-on-year decrease of approximately 3.2%. The decline in the smartphone shipment volume had a direct impact on the sales of camera modules and fingerprint recognition modules applied to smartphones.

At the same time, affected by the macroeconomic situation and changes in the situation of semiconductor industry, the sales of IoT intelligent terminals were also unsatisfactory. According to the report released by IDC on 20 December 2023, the shipment volume of augmented reality (AR) and virtual reality (VR) headsets was estimated to be 8.1 million units, representing a year-on-year decrease of 8.3%, thereby affecting the number of camera modules sold for application in IoT intelligent terminals.

Under various unfavourable factors, the sales volume of the Group's camera modules and fingerprint recognition modules applied to mobile phones for the Year declined by approximately 12.3% and 1.1% year-on-year, respectively, and further contributed to the regrettable decline in the Group's operating results, with revenue for the Year amounting to approximately RMB12,530,799,000, representing a decrease of approximately 8.9% as compared to RMB13,759,170,000 in the Previous Year. Meanwhile, the Group's gross profit for the Year amounted to approximately RMB508,856,000, representing a decrease of approximately 6.0% as compared to the Previous Year, and the gross profit margin for the Year was approximately 4.1% (2022: approximately 3.9%). The gross profit margin remained relatively low, which was mainly due to: (i) the decline in global sales volume of smartphones due to macro factors, intensified market competition, which squeezed unit price and profit margin. Meanwhile, the year-on-year decline in the sales volume of the Group's camera modules applied to smartphones resulted in a decrease in the Group's revenue as compared to that of the Previous Year and an increase in fixed costs such as unit product depreciation; (ii) the exchange rate of RMB against USD remained weak during the Year, with the central parity rate adjusted from 6.9646 at the beginning of 2023 to 7.0827 at the end of 2023, representing a depreciation of approximately 1.7%, and the average exchange rate for the trading days of the Year was approximately 7.0467, representing a depreciation of approximately 4.77% compared with that of approximately 6.7261 for the Previous Year, and the spot exchange rate of RMB against USD is generally higher than the above mentioned central parity rate, resulting in the high cost of USD denominated imported materials, which had a negative impact on the gross profit margin; and (iii) although the automotive camera module business has made significant progress compared with the Previous Year, it is still at the stage of investment and market development in general. Therefore, the utilization rate of production capacity has yet to be improved, which affected the comprehensive gross profit margin. During the Year, the Group's profit was approximately RMB83,531,000, representing a decrease of approximately 50.9% compared to the Previous Year. The decrease in profit was mainly attributable to: (i) a decrease in revenue of approximately 8.9% as compared with the Previous Year; and (ii) the Group's investment in an associate which continued to operate unsatisfactorily during the Year, with losses widening compared with the Previous Year.

Despite all kinds of unfavourable factors, the management and all employees of the Group remained confident in the long-term development. With perseverance and resilience, and the trust and support of our customers, the Group has, on the one hand, always adhered to the strategy of upgrading its product structure with a focus on the development of mid-to-high-end camera modules, including promoting the market expansion of mid-to-high-end camera modules such as those of 32 megapixels and above, with optical stabilization, periscope zoom, large-size Complementary Metal Oxide Semiconductor (CMOS), automotive modules, and IoT terminal application modules. The shipment proportion of mid-to-high-end camera modules reached approximately 41.6%, representing an increase of 11.6 percentage points as compared to approximately 30.0% in 2022, fully achieving the business target of the product structure optimization proposed by the Company in March 2023 and August 2023 successively. It also drove the unit price of the Group's camera modules to stop falling and rebound. The average sales unit price of camera modules for the Year increased from approximately RMB29.63 in the Previous Year to approximately RMB30.95, of which the average unit price was approximately RMB29.49 for the first half of 2023 and approximately RMB32.16 for the second half of 2023, which showed a significant increase in the second half of the Year. On the other hand, the IoT and automotive camera modules in which the Group made strategical layout showed a steady increase in sales volume, representing an increase of approximately 15.4% as compared with the Previous Year, and the proportion of revenue increased significantly, gradually showing the results of the strategic layout. In particular, in terms of the automotive modules business, the Group has established business relationships with seven automobile brands which ranked among the top ten automobile brands in terms of the number of new energy vehicles shipped in the PRC as announced by the China Passenger Cars Association (the "**CPCA**") for the Year. The Group has also established business relationships with a number of leading intelligent driving system solution companies in Europe, the United States and the PRC, and has become an automotive module core supplier for various hot-selling new energy vehicles, providing various types of automotive modules for intelligent driving, such as advanced driving assistance system (ADAS), Surround View (環視) and Intelligent Cockpit.

The Group had published the Strategic Planning for the Five-Year (2021-2025) Operation and Development of Q Technology (Group) Company Limited (《丘鈦科技(集團)有限公司五年(2021-2025年)經營發展戰略規劃》) (the "**Five-year Strategic Planning**") for the first time in the 2021 interim results announcement of the Company, setting out a development blueprint for the next five years. Entering the third year, although the external environment is full of thorns, all employees of the Group had faith in the future and followed this strategic deployment to make great progress, actively seeking changes, and making progress and reinforcing strengths while seeking changes. During the Year, the management had an early insight into the impact of the macro environment and weak consumption on global smartphone market, and clearly realized that being caught up in irrational price competition was not in line with the Group's long-term development strategy, thus focusing on improving the product structure and enhancing the quality of revenue. On the one hand, the Group has been vigorously expanding its overseas market and its share of camera modules in various overseas smartphone brands has continued to increase. On the other hand, the Group has focused on strengthening the technological development and customer expansion of high-end camera modules products applied to smartphones, such as 32 mega pixels and above, optical stabilization, periscope zoom and large-size CMOS. In particular, the Group has been vigorously promoting the market expansion of camera modules in the non-handset field such as smart cars and IoT intelligent terminals. The Group has not only successfully become the core camera module supplier of the world's leading commercial drone brand, but also made strategic breakthroughs in the camera modules applied to smart cars, and have successively established business relationships with nearly 30 automobile brands or intelligent driving solution providers, for which we have provided various types of automotive modules such as ADAS, Surround View and Smart Cockpit. Based on this solid foundation, the Group will steadfastly accomplish its strategic objectives, face challenges and organize all resources in an effort to achieve the goals set out in its five-year strategic plan.

PROSPECTS

In 2024, global macro situation remains confusing, with both challenges and opportunities. On the one hand, the Russian-Ukrainian military conflict is still ongoing, and the risk of war in the Middle East has intensified tensions in geopolitical, economic relations and the global security situation. At the same time, the situation of economic globalization is constantly being reversed as a result of the game between major powers, soaring total global debt, a decline in global inflation that is still at a high level in certain countries, and intensified international trade protectionism. The world is gradually developing from a "flat" to a "square" or even a "torn" world, and economic cooperation has become more difficult, with global economic growth continuing to face various challenges. On the other hand, the global economy continues to show "impressive" resilience, with an increased possibility of a "soft landing". The "World Economic Outlook Report" released by the International Monetary Fund (IMF) on 30 January 2024 indicates the growth rate of the global economy to be 3.1% in 2024, representing an increase of 0.2 percentage points from the 2.9% forecast made in October 2023. The IMF continued to be optimistic about the growth momentum in China, the United States and various emerging markets and developing economies, and the global economic growth rate is expected to be 3.2% in 2025, with a stable mid-term development trend. Meanwhile, the IMF raised its forecast for China's economic growth in 2024 to 4.6%, representing an increase of 0.4 percentage point from the 4.2% forecast made in October 2023, to reflect the continuation of the higher-than-expected growth momentum of China's economy in 2023 and the driving force of the relevant policies introduced by the Chinese government.

The resilience of economic growth will help restore the confidence of various industries and consumers, which will benefit the increased demand for consumer goods such as smartphones, smart cars and IoT terminals, and leading companies in these sectors will continue to enjoy better development opportunities.

In terms of smartphones, according to the report from IDC, a third-party research institute, in January 2024, although global smartphone shipments declined year-on-year in 2023, market demand has rebounded since the second half of the Year. In the fourth quarter of 2023, global smartphone shipments increased by 8.5% year-on-Year, reaching 326.1 million units, higher than the previous expected growth rate of 7.3%, of which, China's smartphone market shipped approximately 73.63 million units, representing a year-on-year increase of 1.2%, rebounding for the first time after 10 consecutive quarters of year-on-year decline. The high-end market share of smartphones with a per unit price of over US$600 increased by 3.7 percentage points year-on-year to 27.4%. IDC further forecasts that China's smartphone market shipment will reach 287 million units in 2024, representing a year-on-year increase of 3.6%. Counterpoint, another third-party research institute, also believes that market demand is gradually recovering and expects global smartphone shipments in 2024 to grow by 3% year-on-year.

In terms of IoT terminals, despite the year-on-year decrease in global augmented reality (AR) and virtual reality (VR) headset shipments in 2023, according to the report from IDC in December 2023, IDC believes AR/VR headset shipments in 2024 are expected to increase by 46.4% year-on-year, driven by Meta's Quest3 and Apple's VisionPro headset. In this regard, China's AR shipments will continue to grow rapidly, with growth rate expected to be 101%. In addition, demand in China's smart home market is set to pick up gradually, with device shipments in 2024 expected to increase by 6.5% year-on-year. Rising demand for IoT intelligent terminals is expected to bring good market opportunities for camera modules. In addition, the artificial intelligence (AI) industry has grown significantly in the past, with several applications not only attracting widespread interest from consumers and public opinion, but also bringing more concrete guidance on the direction of the AI industry. Perceptual intelligence is a highly significant part of artificial intelligence, and machine vision is the most significant part of perceptual intelligence. As the most significant and mature means of implementation of machine vision, camera module will also usher in their own opportunities in the era of artificial intelligence, equipped with artificial intelligence mobile phones, IoT terminals, bionic robots, smart cars, and other AI devices are conducive to increase the number of camera modules. Also out of the perceived need for intelligent upgrading may bring more advanced demands on the functions and performance of the camera modules, thus contributing to the improvement of the specifications and added value of the camera module.

In terms of passenger vehicles, according to the CPCA in January 2024, the retail sales of China's passenger car market in 2023 were approximately 21.699 million units, representing a year-on-year increase of approximately 5.6%, of which domestic retail sales of new energy passenger vehicle were 7.736 million units, representing a year-on-year growth of 36.2%, with the penetration rate for the Year at 35.7%, representing a year-on-year increase of 8.1 percentage points; export sales amounted to 1.048 million units, representing a year-on-year increase of 72.0%. The rapid development of new energy passenger cars has significantly accelerated the development of the autonomous driving industry, and the rapid development of autonomous driving and driving assistance has provided a good opportunity for the rapid development of the automotive camera module business. According to the industry's commonly used technical analysis, automotive camera is a necessary sensor for the ADAS perception layer, while L2 level autonomous driving often requires to carry 5-8 camera modules, and upgraded to L3 level usually requires to carry 8-16 camera modules. According to public information, vehicles including AITO M7, XPeng G6 and P7 are equipped with more than 10 camera modules. In the second half of 2023, the Ministry of Industry and Information Technology, the Ministry of Public Security, the Ministry of Transport of the PRC and other ministries jointly issued the Notice on Launching the Pilot Work of Intelligent Connected Vehicle Access and Road Use (《關於開展智能網聯汽車准入和上路通行試點工作的通知》), which specified that intelligent connected vehicles in the pilot work will be equipped with the autonomous driving functions of Level 3 (conditional autonomous driving) and Level 4 (high autonomous driving) in the national standard "Taxonomy of driving automation for vehicles", which are commonly referred to as the "L3" and "L4" autonomous driving systems. This will further support the development of China's automatic driving industry, which will not only benefit the growth of the number of automotive camera modules, but also the specifications of automotive camera modules in terms of function and performance. The proportion of application of chip on board (COB) process in automotive camera modules will continue to increase, and companies with large-scale and reliable packaging and testing history for handset camera modules will obtain more market opportunities, which will be beneficial to the development of the Group's automotive camera module business.

To sum up, the recovery of demand in industries such as smartphones, meta-universes and IoT intelligent terminals and the rapid growth of the smart car industry will bring impetus to the growth in the number of camera modules and fingerprint recognition modules. Meanwhile, the restoration of consumer purchasing power and consumer confidence is conducive to the sales of high-end mobile phones, thereby bringing positive help to camera modules and fingerprint recognition modules to get back on track with specification upgrades. As such, the business development of the Group is expected to develop in a positive direction. In particular, the camera module business in the field of intelligent driving is expected to achieve sustained and rapid growth in the future after years of accumulation, which will provide a new impetus for the development of the Group's comprehensive development.

In summary, the Directors believe that development opportunities and challenges coexist in the intelligent vision industry in the future. In the long run, the optical design, structural design and integration of key components and algorithms of camera modules became more important and complex, and smart vision product manufacturers that can provide overall intelligent vision solutions that are both technology-rich and cost-advantaged are expected to keep up with the needs of the times and stand out in the fierce competition. In this regard, the Group will continue to promote large-scale intelligent manufacturing and research and development (the "**R&D**") of new technology and vertical integration, in firmly propelling the strategies in platform, components and system integration, in adhering to a customer-centric service strategy, and provide high-end and high-quality products and quick-response services to our general customers. The Group will also continue to focus on increasing the sales proportion of products with resolutions of 32 mega pixels and above, especially rapidly expanding the business scale of camera module applied to the non-handset field such as smart cars and IoT intelligent terminals rapidly. The Group will strive to achieve the following targets in the year 2024: (i) the combined sales volume of camera modules with resolutions of 32 megapixels and above applied to mobile phones and camera modules applied to other fields accounting for more than 45% of the total sales volume of camera modules, which was approximately 40% during the Year; (ii) a year-on-year increase of not less than 50% in the sales volume of camera modules applied to the non-handset fields such as automotive and IoT; and (iii) a year-on-year increase of not less than 5% in the sales volume of camera modules applied to mobile phones. Taking into account the market conditions and the Group's actual development and comprehensive capabilities, the Directors are confident in leading the Group to embrace the challenges in the year ahead, make further efforts to achieve good development, endeavor to advance the five-year strategic planning, uphold the vision of the Group as "to illuminate machines" and strive to create greater value for the shareholders of the Company (the "**Shareholders**").

AWARDS AND HONOURS

During the Year, the Group continued to adhere to our customer-oriented service strategies, constantly considered the provision of good personal experience for customers as our operation direction and devoted our best efforts to satisfy customers' needs in product R&D, sales delivery, after-sales service, product quality and technology innovation, and gained high recognition of the Group's comprehensive ability, products and services from the local governments, industry and our customers. The major honors the Group has recently received are as follows:

In April 2023, Kunshan QTech Microelectronics Co., Ltd.(昆山丘鈦微電子科技股份有限公司) ("**Kunshan QT China**"), a subsidiary of the Company, was awarded the "Excellence in Delivery Award 2022" by Honor, the world's leading smartphone brand.

In May 2023, the Company received the "Outstanding Serviceability" award at the 2023 Lenovo Group Global Supplier Conference.

In June 2023, Mr. He Ningning, the chairman of the Board and an executive Director of the Company, was awarded the "Friends of Suzhou Honour Award" by the Suzhou Municipal People's Government.

In October 2023, the Company was awarded the "Quality Operation Award" at the 10th Supplier Quality Forum of Lenovo Group.

In January 2024, Kunshan QT China, a subsidiary of the Company, was awarded the "Automotive Camera Outstanding Partner Award" by Huawei, one of the world's leading companies in smart cars.

In February 2024, Kunshan QT China was awarded the "Kunshan Outstanding Contribution Enterprise Award for Industrial Output 2023" by the Kunshan Municipal People's Government, Jiangsu Province.

In February 2024, Kunshan QTech Biological Recognition Technology Limited (昆山丘鈦生物識別科技有限公司) ("**QT Biological Recognition**"), a subsidiary of the Company, was awarded the "Kunshan Outstanding Contribution Enterprise Award for Research and Development Investment 2023" by the Kunshan Municipal People's Government, Jiangsu Province.

FINANCIAL REVIEW

Revenue

During the Year, the revenue of the Group was approximately RMB12,530,799,000, representing a year-on-year decrease of approximately 8.9% as compared with approximately RMB13,759,170,000 in 2022. The decrease in revenue was mainly attributable to the fact that, due to the impact of macro factors, the sales volume of smartphones worldwide dropped in the Year as compared with that of the Previous Year, resulting in a decrease in the demand for camera modules and fingerprint recognition modules applied to smartphones, and the sales volume of the Group's camera modules declined by approximately 11.9% year-on-year.

Cost of sales

During the Year, the cost of sales of the Group was approximately RMB12,021,943,000, representing a year-on-year decrease of approximately 9.0% as compared with approximately RMB13,217,828,000 in 2022. The decrease in cost of sales was primarily attributable to the year-on-year decline in revenue during the Year which has resulted in a corresponding decline in various costs of sales such as materials cost, utilities and direct labour.

Gross profit and gross profit margin

For the Year, gross profit of the Group was approximately RMB508,856,000 (2022: approximately RMB541,342,000), representing a decrease of approximately 6.0% as compared with that in 2022, while gross profit margin was approximately 4.1% (2022: approximately 3.9%). The gross profit margin remained relatively low, it was mainly because: (i) the sales volume of smartphones worldwide dropped affected by macro factors, intensified market competition, and unit price and profit margin were squeezed. Meanwhile, the sales volume of the Group's camera modules applied to smartphone declined year-on-year, representing a decrease in the Group's revenue as compared to that of the Previous Year and an increase in fixed costs such as unit product depreciation; (ii) the continued weakness of the exchange rate of RMB against USD during the Year, with the central parity rate adjusted from 6.9646 at the beginning of 2023 to 7.0827 at the end of 2023, representing a depreciation of approximately 1.7%, and the average exchange rate for the trading days of the Year was approximately 7.0467, representing a depreciation of approximately 4.77% as compared with that of approximately 6.7261 for the Previous Year, and the spot exchange rate of RMB against USD is generally higher than the above mentioned central parity rate, resulting in the high cost of materials imported and settled in USD, which led to a negative impact on gross profit margin; and (iii) although the automotive camera modules business has made significant progress as compared to the Previous Year, it was still at the stage of investment and market development in general, therefore the production capacity utilization rate still needed to be improved, which affected the comprehensive gross profit margin.

Other income

During the Year, other income of the Group was approximately RMB384,067,000, representing an increase of approximately 33.4% as compared with approximately RMB287,838,000 in 2022. The increase in other income was mainly attributable to: (i) the increase in bank deposits and the Group's flexibility in arranging deposit term and deposit currencies with commercial banks to secure better interest rates resulted in an increase in interest income of approximately RMB109,429,000 as compared to that of the Previous Year; (ii) in accordance with a new policy issued by the PRC government, the Group was entitled to an additional deduction of 5% for value-added tax input tax, resulting in an income of approximately RMB48,768,000, and there was no such policy in the Previous Year; (iii) in accordance with the income and expenditure plan, the Group arranged wealth management products and structured deposits in accordance with the Company's financial policy under circumstances with the insurance of safety, resulting in an increase in income of approximately RMB30,772,000 as compared with that of the Previous Year; which was partially offset by (iv) the fair value changes of the outstanding forward exchange contracts at FVPL incurred loss of approximately RMB31,883,000 as compared with a gain of approximately RMB20,634,000 in the Previous Year.

Selling and distribution expenses

For the Year, selling and distribution expenses of the Group amounted to approximately RMB19,783,000, representing an increase of approximately 43.5% as compared with approximately RMB13,790,000 in 2022. The ratio of selling and distribution expenses to revenue was approximately 0.2% (2022: 0.1%). The year-on-year increase in selling and distribution expenses for the Year was mainly due to the increase in travel expenses and agency fees of the sales department in order to speed up business expansion in overseas markets.

Administrative and other operating expenses

During the Year, the total of administrative and other operating expenses of the Group was approximately RMB149,254,000, representing an increase of approximately 5.2% as compared with approximately RMB141,923,000 in 2022. The increase in administrative and other operating expenses was mainly attributable to: (i) in order to strengthen the construction of the Group's project operation management and control system, the Group engaged external organisations to provide process construction services, resulting in an increase of approximately RMB8,170,000 in external service fees as compared with that of the Previous Year; and (ii) in order to improve the office environment for employees, the Group commissioned its new administration building in Kunshan City, resulting in an increase in depreciation and amortization of approximately RMB5,363,000 as compared with that of the Previous Year.

R&D expenses

During the Year, total R&D expenses of the Group were approximately RMB435,550,000, representing a decrease of approximately 7.3% as compared with approximately RMB469,626,000 in 2022. The decrease in R&D expenses was mainly attributable to the Group's improvement of R&D efficiency, enhancement of the utilization management of R&D materials and reduction of investment in R&D, such as material requisition.

Finance costs

During the Year, the finance costs of the Group were approximately RMB171,327,000, representing an increase of approximately 186.1% as compared with approximately RMB59,874,000 in 2022. The increase in finance costs was mainly attributable to the increase in bank borrowings drawn by the Group as compared to the Previous Year and the increase in interest rates on USD borrowings as the Group adhered to the policy of maintaining sufficient liquidity during the Year in order to better cope with the complex and volatile macro-environment. On the other hand, however, the Group's bank deposits, wealth management products and the balance of cash and cash equivalents also increased significantly as at the end of the Year.

Share of loss of an associate

During the Year, Newmax Technology Co., Ltd, an associate of the Company, recorded a loss. The share of loss of an associate attributable to the Company was approximately RMB49,578,000, representing an increase of approximately 35.3% as compared with the loss of RMB36,640,000 in 2022.

Income tax expenses

During the Year, the Group recorded income tax income of approximately RMB15,398,000, while the income tax revenue in 2022 were approximately RMB63,146,000. This was mainly attributable to: the amount of deferred tax arising from and reversal of temporary differences for the Year was approximately RMB15,504,000, representing a decrease of approximately RMB34,779,000 as compared to approximately RMB50,283,000 in 2022.

Profit for the Year

Based on the foregoing, the profit of the Group for the Year amounted to approximately RMB83,531,000 (2022: approximately RMB170,230,000), representing a decrease of approximately 50.9% as compared with that of 2022. The decrease in profit was mainly attributable to: (i) a decrease in revenue of approximately 8.9% as compared with the Previous Year; and (ii) the Group's investment in an associate continued to operate unsatisfactorily during the Year, with losses widening compared with the Previous Year.

LIQUIDITY AND FINANCIAL RESOURCES

Bank Borrowings

As at 31 December 2023, the Group's bank borrowings amounted to approximately RMB4,370,999,000, an increase of approximately 67.1% from approximately RMB2,615,977,000 as at 31 December 2022. Among the bank borrowings, short-term borrowings repayable within one year or on demand were approximately RMB4,151,506,000 whereas long-term borrowings were approximately RMB219,493,000.

As at 31 December 2023, the Group's bank borrowings were mainly denominated in Renminbi and/or USD. The cash flow overview of the Group for the Year and 2022 was set out as follows:

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Net cash (used in)/generated from operating activities	**(378,783)**	1,048,352
Net cash generated from/(used in) investing activities	**366,724**	(1,941,098)
Net cash generated from financing activities	**1,550,685**	468,475

As of 31 December 2023, the cash and cash equivalents of the Group amounted to approximately RMB2,893,084,000, representing an increase of approximately RMB1,544,200,000 from approximately RMB1,348,884,000 as at 31 December 2022. The increase in cash and cash equivalents was mainly attributable to management appropriately increasing bank borrowings based on its analysis of the international situation and taking into account factors such as financing costs and deposit rates, thereby leading to an increase in cash reserves.

Operating activities

During the Year, the Group recorded a net cash outflow used in operating activities of approximately RMB378,783,000, while a net cash inflow of approximately RMB1,048,352,000 was recorded in 2022, which was mainly attributable to the increase in outstanding receivables as a result of the significant improvement in sales in the fourth quarter of the Year, as well as the increase in inventories of spare parts and payments to chips and other suppliers based on future customer demand, which in turn affected cash flow from operating activities for the Year.

Investing activities

The net cash inflow generated from investing activities of the Group during the Year amounted to approximately RMB366,724,000 (2022: net cash outflow amounted to approximately RMB1,941,098,000), and such cash generated from investment activities was mainly derived from: (i) the net cash generated from the purchase and redemption of other financial assets such as wealth management products of approximately RMB704,362,000; (ii) the net cash generated of approximately RMB238,189,000 as the redemption amount on maturity of time deposits with a maturity of over three months was greater than the amount of new mandates; (iii) the net cash outflow for the entrustment and redemption of large transferable time deposits of approximately RMB590,000,000; and (iv) payment of amounts due for acquisition of fixed assets such as equipment of approximately RMB136,314,000.

Financing activities

The net cash inflow generated from the financing activities of the Group during the Year amounted to approximately RMB1,550,685,000, while the net inflow recorded in the year 2022 was approximately RMB468,475,000, which was mainly attributable to the excess of proceeds from bank borrowings over the repayment amount of bank borrowings by approximately RMB1,687,593,000.

Adjusted net debt-to-capital ratio

The adjusted net debt-to-capital ratio of the Group as at 31 December 2023, as defined by the total balance of bank borrowings and lease liabilities less cash and cash equivalents divided by total equity at the end of the Year, was approximately 30.9%, representing an increase of 3.7 percentage points from approximately 27.2% as at 31 December 2022, which was mainly attributable to the increase in the balance of bank borrowings (including long-term bank borrowings) by approximately 67.1% from approximately RMB2,615,977,000 as at 31 December 2022 to approximately RMB4,370,999,000 as at 31 December 2023.

TREASURY POLICIES

The Group's treasury policy was disclosed in the prospectus of the Company dated 20 November 2014 (the "**Prospectus**"), and was amended by the risk management committee of the Company (the "**Risk Management Committee**") on 24 March 2016 and 6 December 2022, the details of which were disclosed under the "Management Discussion and Analysis" section of the 2016 to 2022 annual reports.

The Board, the Risk Management Committee and the staff of the Company at the relevant positions always remain alert to the performance and risk assessment of the wealth management products. At the same time, the Company also pays close attention to the liquidity and debt asset position of the Group in order to ensure the sufficiency of its working capital and maintain the debt asset ratio at a reasonable level.

MATERIAL ACQUISITION AND DISPOSAL

On 15 December 2020, the Company submitted an application in relation to a possible spin-off and separate listing of Kunshan QT China on the Shenzhen Stock Exchange or Shanghai Stock Exchange in the PRC (the "**Proposed Spin-off**") to the Stock Exchange for approval pursuant to Practice Note 15 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), and received the approval from the Stock Exchange on 23 April 2021. On 23 June 2021, Kunshan QT China submitted an application to the ChiNext Market of Shenzhen Stock Exchange for the proposed listing (the "**Proposed Listing**"), and has received approval from the listing committee of the ChiNext Market of the Shenzhen Stock Exchange on 17 August 2022. Kunshan QT China has also submitted the registration application to the China Securities Regulatory Commission (the "**CSRC**") for the Proposed Listing, and has received the official notice of acceptance from the CSRC on 30 December 2022, and is still undergoing the relevant approval process. For details, please refer to the announcements of the Company dated 15 December 2020, 23 April 2021, 23 June 2021, 30 June 2021, 16 December 2021, 23 February 2022, 27 June 2022, 4 August 2022, 17 August 2022, 29 September 2022, 2 December 2022, 30 December 2022 and 11 September 2023.

Save as disclosed above, the Group did not have any material acquisitions or disposals of its subsidiaries, associates and joint ventures for the year ended 31 December 2023.

SIGNIFICANT INVESTMENT

The Group did not hold any significant investment for the year ended 31 December 2023.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no any plan authorized by the Board for other material investments or additions of capital assets as at 31 December 2023.

CONTINGENCIES

Kunshan Q Tech Microelectronics (India) Private Limited ("**India Q Tech**") has been involved in inspections initiated by relevant Indian authorities including the Income Tax Department and the Directorate of Revenue Intelligence in relation to compliance with relevant income tax regulations and custom duties regulations.

In connection with one of the inspections mentioned above, on 30 December 2023, India Q Tech, a subsidiary of the Company, received a draft assessment order ("**DAO**") from Government of India Ministry of Finance Income Tax Department Office of The Assistant Commissioner of Income Tax, Central Circle 30, Delhi ("**the relevant Indian authorities**"). The DAO is looking into the treatment of costs and expenses, including purchase costs of raw material and machineries paid to companies within the Group, when computing its taxable income during the year ended 31 March 2021.

Management assessed the aforesaid matter related to India Q Tech, taking into considerations of all relevant facts and circumstances including opinions from tax advisors, and concluded India Q Tech has valid grounds to object to the relevant Indian authorities. The Group, hence, has not made any provision as of 31 December 2023 pertaining to the matter.

Tax disputes of this nature is expected to take a long period of time and involve various levels of government and court authorities before a judgment or settlement can be reached. The Group could receive judgments or enter into settlements that may adversely affect its operating results or cash flows. Considering the current early stage of proceedings, quantifying the related financial effects is not practicable at this stage.

PLEDGE OF ASSETS

As at 31 December 2023, the assets pledged by the Group included bank deposits and shares of associates of approximately RMB1,413,436,000, representing an increase of approximately RMB364,112,000 as compared with approximately RMB1,049,324,000 as at 31 December 2022. These pledged assets were used as guarantee for bank borrowings and bank guarantee letters.

EMPLOYEE POLICIES AND REMUNERATION

As at 31 December 2023, the number of staff of the Group was 9,629 (the "**Staff**", including contractual staff and non-contractual staff such as staff under internship agreements and labour service agreements) (as at 31 December 2022: 7,780). The Group is committed to providing all Staff with fair working environment, providing newly recruited staff with induction training and job technical counseling to help them to adapt to job requirements quickly, providing all Staff with clear job responsibilities guidelines and for employees at different positions with on-the-job training together with other training programmes to help improving their skills and knowledge, and strived to provide all staff with competitive remuneration packages. For the Year, the remuneration of the employees (including staff under labour service agreements and internship agreements) of the Group was approximately RMB801,194,000 (2022: approximately RMB897,273,000). Apart from basic salary, the package also includes performance bonus, medical insurance, share options and provident fund (staff under labour service agreements and internship agreements are treated according to the laws and regulations of the PRC).

FOREIGN EXCHANGE EXPOSURE

The Group is exposed to currency risk primarily due to certain receivables, payables, cash balances and loans that are denominated in foreign currencies other than RMB arising from the operating activities such as bank borrowings, product sales and purchase of raw materials. The Group is also exposed to currency risk from the exchange or translation of USD and Hong Kong Dollars into RMB and USD into Indian rupees ("**INR**"). During the Year, the sales income of the Group was still mainly settled in RMB, but there was a significant increase in sales income settled in INR. Various raw materials for production and some equipment for production were purchased from overseas and settled in USD. Therefore, any depreciation in the value of RMB and/or INR against the USD would not be favourable to the Group. During the Year, the exchange rate of the INR against USD depreciated from 0.01209 at the beginning of 2023 to 0.01201 at the end of 2023, but remained largely stable. Affected by various factors, despite the favorable rebound of the economy in China after the pandemic, the central parity rate of RMB against USD still adjusted from 6.9646 at the beginning of 2023 to 7.0827 at the end of 2023, representing a depreciation of approximately 1.7%, and the average exchange rate for the trading days of the Year was about 7.0467, representing a depreciation of approximately 4.77% as compared to approximately 6.7261 of the Previous Year. The spot exchange rate of RMB against USD is generally higher than the above mentioned central parity rate. The trend of exchange rate which deviated from the economic growth increased the difficulties in foreign exchange risk management, however, the foreign exchange option contracts and foreign exchange forward contracts adopted by the Group effectively cured part of the exchange rate cost of RMB against USD and recorded an aggregate net income of approximately RMB1,868,000 for the Year (2022: recorded an aggregate net income of approximately RMB51,364,000). As affected by multiple factors such as politics, economic, and supply and demand, the trend of RMB against USD and INR against USD in the future is subject to great uncertainties. It is difficult to adjust the business model of the Group in the short run. Therefore, the profit or loss of the Group may still be affected by exchange rate fluctuation in the future. The Group will, on one hand, continuously strive to strengthen the expansion of overseas business in an effort to increase the revenue in USD; on the other hand, the Group will continuously enhance daily monitoring of the exchange rate, and fix the future foreign exchange costs by properly using financial instruments, so as to strengthen the management of foreign exchange risks and strive to reduce foreign exchange loss. However, the Group is also clearly aware that there are many factors affecting exchange rates, and the mechanism to determine exchange rate is complicated and fickle, making it is difficult to estimate its trend. Therefore, the profit or loss of the Group may still be affected by exchange rate fluctuation.

DIVIDEND

Given that the Proposed Spin-off has not yet been completed, taking into consideration of the capital expenditure required by the Group's plan to continue to expand camera module capacity planning and increase investment in camera module business for automotive and IoT fields, the Board recommended not to declare any final dividend for the year ended 31 December 2023 (for the year ended 31 December 2022: Nil).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the eligibility to attend the annual general meeting (the "**AGM**") to be held on 24 May 2024, the register of members of the Company will be closed from 21 May 2024 to 24 May 2024 (both days inclusive). All transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on 20 May 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

ENVIRONMENTAL PROTECTION MANAGEMENT

The Group has strictly complied with the applicable environmental protection laws and policies in the jurisdictions where the respective members of the Group are located. During the Year, the Group had continued to revise, improve and implement a number of internal rules and regulations in relation to environmental protection management such as the implementation of Wastewater Management Regulations, Waste Gas Management Regulations and Greenhouse Gas Management Measures, and to further perfect the wastewater, waste gas and greenhouse gas treatment system in order to strengthen its management and control in production and domestic sewage so as to ensure that the wastewater discharge is in compliance with statutory requirements, and clarified the ranges, procedure and instrument of collecting the data of greenhouse gas for the effective management of greenhouse gas of the Group in the long run and prepared for reducing carbon emissions. At the same time, the Group had also amended and implemented certain regulations and measures including improving the Fire Safety Management Regulations and Emergency Plan, held fire drills with particular focus on strengthening of self-check of the fire control facilities and improving the fire prevention and control capability, and Kunshan QT China and QT Biological Recognition successfully obtained the compliance certificate in terms of work safety granted by Administration of Work Safety and Environmental Protection of Kunshan Hi-tech Park.

Particulars of the environmental protection management of the Company will be disclosed in the Environmental, Social and Governance Report set out in the 2023 annual report of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules. The Directors have been aware and have confirmed that they had complied with the required standard for securities transactions by Directors set out in the Model Code during the Year.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining a high standard of corporate governance, and protecting and enhancing Shareholders' value through good corporate governance. For the Year, the Company has fully complied with the code provisions set out in Part 2 of Appendix C1 of the Listing Rules. The roles of the Chairman and the Chief Executive Officer are performed by different individuals to enhance the respective roles' independence, accountability and responsibility.

The Board is primarily responsible for overseeing and supervising the management of the business affairs and the overall performance of the Group, setting the Group's values and standards, formulating the business plans and strategies, deciding all significant financial and operational issues, developing, monitoring and reviewing the Group's corporate governance. The Board has established the audit committee (the "**Audit Committee**"), the nomination committee, the remuneration committee and the risk management committee, and all or the majority of members of the committees consist of independent non-executive directors. The respective terms of reference for such committees have been published on the respective websites of the Stock Exchange and the Company.

Particulars of the principal corporate governance practices adopted by the Company will be disclosed in the Corporate Governance Report set out in the 2023 annual report of the Company.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The Company has established the Audit Committee in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Part 2 of Appendix C1 of the Listing Rules. The Audit Committee comprises three members, namely Mr. Ng Sui Yin (chairman of Audit Committee), Mr. Ko Ping Keung and Mr. Chu Chia-Hsiang, all being independent non-executive directors. The Audit Committee and the independent auditor of the Company had reviewed and agreed with the annual results of the Company for the year ended 31 December 2023.

EVENTS AFTER THE REPORTING YEAR

Save as disclosed in this announcement and/or other announcements of the Company, there were no other important events affecting the Group that had occurred after 31 December 2023 and up to the date of this announcement.

ANNUAL REPORT

The annual results announcement of the Company is published on the respective websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.qtechsmartvision.com). The annual report for the year 2023 will be available on the above websites and despatched to Shareholders in due course.

APPRECIATION

The Company would like to take this opportunity to express its sincere thanks and gratitude to the Shareholders, and various parties for their continuous support as well as the Directors and its staff for their dedication and hard work.

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

Hong Kong, 25 March 2024

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.