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)

POSITIVE PROFIT ALERT

This announcement is made by Q Technology (Group) Company Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2)(a) 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 of the Laws of Hong Kong).

The board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that, based on the information currently available to the Company and the preliminary review by the Board on the unaudited management accounts of the Group for the year ended 31 December 2024 (the "**Year**"), it is expected that the consolidated profit of the Group for the Year increased by approximately 200% to 280% as compared to the consolidated profit of the Group of approximately RMB83,531,000 for the year ended 31 December 2023 (the "**Corresponding Year**").

The Board believes that the expected significant year-on-year increase in the consolidated profit is primarily due to the following factors: (i) during the Year, artificial intelligence has further entered consumer scenarios, with the markets for smartphones, smart driving and Internet of Things smart terminals continuing to improve. At the same time, the Group's shares of camera modules and fingerprint recognition modules in these markets increased, leading to an increase in the sales volume of related products and driving the year-on-year growth in revenue; (ii) the Group continued to adhere to the business strategy of focusing on mid-to-high end camera modules, and the combined sales volume of camera modules applied to mobile phones with resolutions of 32 megapixels and above and camera modules applied to other fields accounted for a significant increase in the total sales volume of camera modules. Additionally, the product mix of fingerprint recognition module products has also improved. The increase in the proportion of high-end products helped improve the added value of the Group's products and further contributed to the improvement of gross profit margin; (iii) the recovery in demand and upgrading of specifications for camera modules and fingerprint recognition modules have led to a significant improvement in the Group's capacity utilisation rate as compared to the Corresponding Year, which helped to reduce marginal cost; and (iv) during the Year, the operating results of an associate invested by the Group improved compared to that of the Corresponding Year, with a year-on-year decrease in the share of loss of the associate attributable to the Group.

However, Kunshan Q Tech Microelectronic (India) Private Limited ("**India Q Tech**"), a wholly-owned subsidiary of the Company, is currently involved in a tax dispute with the Indian tax authority, with the aggregate amount payable by India Q Tech having been adjusted to approximately INR1,295,387,000 (equivalent to approximately RMB110,349,000), which is subject to further adjustments (for details, please refer to the Company's inside information announcements dated 22 November 2024 and 14 January 2025). Taking into account the current progress and the advice of the Indian legal counsel and tax advisers of India Q Tech with respect to the tax dispute, the Company is currently assessing the making of a provision for the relevant tax amount and an adjustment of the deferred tax assets of India Q Tech in connection with the relevant events (the "**Provision and Deferred Tax Asset Adjustment**"), which affected the consolidated profit of the Group for the Year. The Provision and Deferred Tax Asset Adjustment is only a preliminary assessment of the Company's management account based on currently available information. India Q Tech still has objections to the rationale of tax assessment and applicable financial data used to calculate the tax and interest payable, and has appealed to the Income Tax Appeal Tribunal in Delhi, India. As of the date of this announcement, the appeal proceedings are still ongoing.

The information contained in this announcement is only based on the information currently available to the Company and the preliminary review by the Board on the unaudited management accounts of the Group for the Year, which have not been reviewed or audited by the independent auditors and/or the audit committee of the Company. Therefore, the actual financial results of the Group for the Year may differ from what is disclosed in this announcement. Shareholders and potential investors are advised to read carefully about the announcement of the Company for the annual results for the Year, which is expected to be published in mid-to-late March 2025 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, 14 January 2025

As at the date of this announcement, the executive directors of the Company are Mr. He Ningning (chairman), Mr. Hu Sanmu (chief executive officer) and Mr. Fan Fuqiang; and the independent non-executive directors are Mr. Chu Chia-Hsiang, Mr. Ko Ping Keung and Ms. Hui Hiu Ching.