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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

HIGHLIGHTS

- The unaudited revenue of Q Technology (Group) Company Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2026 (the "**Period**") amounted to approximately RMB9,923,172,000, representing an increase of approximately 12.4% as compared with that for the six months ended 30 June 2025 (the "**Corresponding Period**"). The year-on-year increase in revenue was mainly attributable to the following: during the Period, the sales volumes of the Group's camera modules applied to mobile products, camera modules and LiDAR products applied to the Internet of Things (IoT) products, and camera modules and LiDAR products applied to automotive products increased by approximately 30.1%, 46.9% and 65.0% year-on-year, respectively, resulting in an increase of approximately 14.0% in the aggregate revenue from camera modules and LiDAR products as compared with the Corresponding Period, among which the aggregate revenue from camera modules and LiDAR products applied to the automotive products increased significantly by approximately 117.3% as compared with the Corresponding Period.

- Gross profit of the Group for the Period was approximately RMB651,703,000, representing a slight decrease of approximately 0.4% as compared with the Corresponding Period; while gross profit margin was approximately 6.6%, representing a year-on-year decrease of approximately 0.8 percentage points. The decrease in gross profit margin was mainly attributable to the following: (i) affected by macro factors and supply chain tightness, global smartphone shipments declined year-on-year in the first half of 2026, the specification upgrade of camera modules applied to low-to-mid-end smartphones stagnated, and market competition intensified, putting pressure on the average unit price and profit margin of camera modules. During the Period, the sales volume of the Group's mid-to-high-end mobile phone camera module products with resolutions of 32 megapixels and above decreased by approximately 7.0% year-on-year, with their proportion of the total sales volume of mobile phone camera modules decreasing by approximately 15.2 percentage points, resulting in a decrease of approximately 14.1% in the average selling price of mobile phone camera modules as compared with the Corresponding Period; and (ii) the sales volume of biological recognition modules decreased by approximately 7.9% year-on-year, resulting in a decline in capacity utilisation rate and an increase in marginal cost.

- Profit of the Group for the Period was approximately RMB276,019,000, representing a decrease of approximately 10.5% as compared with the Corresponding Period. The year-on-year decrease in profit was mainly attributable to: (i) the decrease in gross profit margin of approximately 0.8 percentage points as compared with the Corresponding Period; and (ii) the decrease in the share of gain of a joint venture and associates for the Period by approximately RMB38,625,000 as compared with the Corresponding Period.

- Basic and diluted earnings per share for the Period were approximately RMB0.232 and RMB0.231, respectively.

- The board of directors of the Company resolved to declare an interim dividend for the Period of HK$15.0 cents (equivalent to approximately RMB13.0 cents) per share to the shareholders of the Company whose names appear on the register of members of the Company on Monday, 12 October 2026.

FINANCIAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of the Company announces the unaudited consolidated interim results of the Group for the Period together with the relevant comparative figures for the Corresponding Period as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2026

		Six months ended 30 June	
		2026	2025
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue	*3*	**9,923,172**	8,831,512
Cost of sales		**(9,271,469)**	(8,177,461)
Gross profit		**651,703**	654,051
Other income	*4*	**140,578**	89,316
Selling and distribution expenses		**(20,984)**	(12,804)
Administrative and other operating expenses		**(85,511)**	(81,839)
Research and development expenses		**(346,659)**	(279,103)
Reversal of impairment loss on trade and other receivables		**33**	458
Profit from operations		**339,160**	370,079
Finance costs	*5(a)*	**(36,164)**	(55,600)
Share of gain of a joint venture and associates		**9,416**	48,041
Profit before taxation	*5*	**312,412**	362,520
Income tax	*6*	**(36,393)**	(54,168)
Profit for the period		**276,019**	308,352

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2026 (continued)

	Notes	Six months ended 30 June **2026** *RMB'000* **(unaudited)**	2025 *RMB'000* (unaudited)
Other comprehensive (expense) income:			
Items that will not be reclassified to profit or loss:			
Share of other comprehensive income of a joint venture and associates		**(65)**	(2,925)
Equity investment at fair value through other comprehensive income ("**FVTOCI**") – net movement in fair value reserves		**4,858**	4,868
		4,793	1,943
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations outside Chinese Mainland		**39,418**	25,209
Share of other comprehensive income of a joint venture and associates		**2,574**	(5,791)
		41,992	19,418
Other comprehensive income for the period		**46,785**	21,361
Total comprehensive income for the period		**322,804**	329,713
Profit for the period attributable to:			
Equity shareholders of the Company		**276,019**	308,352
Non-controlling interests		**–**	–
		276,019	308,352
Total comprehensive income for the period attributable to:			
Equity shareholders of the Company		**322,804**	329,713
Non-controlling interests		**–**	–
Total comprehensive income for the period		**322,804**	329,713
Earnings per share in Renminbi ("**RMB**") cents			
– Basic	*8*	**23.2**	26.0
– Diluted	*8*	**23.1**	25.9

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2026

	Notes	**30 June 2026 RMB'000 (unaudited)**	31 December 2025 RMB'000 (audited)
Non-current assets			
Property, plant and equipment		**2,668,972**	2,563,754
Interests in associates	*9*	**448,274**	470,652
Interests in a joint venture	*10*	**379,887**	349,972
Intangible assets		**17,793**	15,967
Equity securities designated at FVTOCI		**48,460**	26,914
Financial assets measured at fair value through profit or loss ("**FVTPL**")	*11*	**155,839**	153,706
Financial assets measured at amortised cost	*12*	**979,615**	970,636
Fixed deposits with banks with original maturity over three months		**60,826**	60,305
Prepayment for acquisition of non-current assets		**26,659**	32,889
Deferred tax assets		**49,361**	46,274
Other receivables	*13*	**258,814**	267,094
		5,094,500	4,958,163
Current assets			
Inventories		**2,017,176**	2,246,352
Contract assets		**715**	980
Trade and other receivables	*13*	**5,775,294**	6,240,280
Receivables measured at FVTOCI		**20,752**	32,562
Financial assets measured at FVTPL		**2,015,526**	1,670,379
Financial assets measured at amortised cost		**526,650**	1,548,561
Derivative financial instruments	*14*	**49,957**	23,403
Pledged bank deposits	*15*	**2,069,329**	576,588
Fixed deposits with banks with original maturity over three months		**502,690**	336,846
Cash and cash equivalents		**1,854,294**	2,139,151
		14,832,383	14,815,102
Current liabilities			
Short-term bank borrowings	*16*	**6,130,320**	4,094,924
Trade and other payables	*17*	**7,251,289**	8,934,699
Contract liabilities		**7,240**	6,749
Derivative financial instruments	*14*	**9,236**	37,265
Lease liabilities		**6,971**	3,188
Current tax payable		**14,198**	32,384
		13,419,254	13,109,209
Net current assets		**1,413,129**	1,705,893
Total assets less current liabilities		**6,507,629**	6,664,056

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 June 2026 (continued)

	Notes	**30 June 2026 *RMB'000* (unaudited)**	31 December 2025 *RMB'000* (audited)
Non-current liabilities			
Long-term bank borrowings	*16*	**–**	95,000
Lease liabilities		**7,505**	2,736
Deferred income		**133,324**	146,113
Deferred tax liabilities		**19,075**	4,192
		159,904	248,041
Net assets		**6,347,725**	6,416,015
Capital and reserves			
Share capital	*18*	**9,580**	9,532
Reserves		**6,338,145**	6,406,483
Equity attributable to Equity shareholders of the Company		**6,347,725**	6,416,015
Non-controlling interests		**–**	–
Total equity		**6,347,725**	6,416,015

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2026

1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "**IASB**") as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The directors of the Company have, at the time of approving the condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

2. Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis, except that certain financial instruments are measured at fair values.

The preparation of condensed consolidated financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

The condensed consolidated financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2025 annual financial statements. The condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards.

Other than additional/change in accounting policies resulting from application of amendments to IFRS Accounting Standards, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2026 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2025.

Application of amendments to IFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to IFRS Accounting Standards issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2026 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11

The application of the amendments to IFRS Accounting Standards in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. Revenue and Segment Information

(a) Revenue

The principal activities of the Group are manufacturing and sales of camera modules, biological recognition modules and LiDAR products used for mobile products, automotive products and Internet of Things (IoT) products, and other related products. Further details regarding the Group's principal activities are disclosed in note 3(b).

Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Revenue from contracts with customers within the scope of IFRS 15:		
Disaggregated by product type		
– Mobile products	**7,486,806**	6,864,793
– IoT products	**2,017,782**	1,785,543
– Automotive products	**288,413**	132,752
– Others*	**130,171**	48,424
	9,923,172	8,831,512

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

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Revenue from contracts with customers within the scope of IFRS 15:		
Disaggregated by the timing of revenue recognition		
– A point in time	**9,923,172**	8,831,512

Disaggregation of revenue from contracts with customers by geographic markets is disclosed in note 3(b)(ii).

3. Revenue and Segment Information (Continued)

(a) Revenue (Continued)

Disaggregation of revenue from contracts with customers (Continued)

The Group's customer base is diversified and includes four (six months ended 30 June 2025: four) customers with whom transactions have exceeded 10% of the Group's revenues. For the six months ended 30 June 2026 and 2025, 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 3(b)(ii).

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Customer A	**1,948,404**	1,739,688
Customer B	**1,511,563**	1,460,823
Customer C	**1,491,367**	N/A*
Customer D	**1,447,007**	1,869,302
Customer E	**N/A***	930,933

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

The Group has applied the practical expedient in paragraph 121(a) of IFRS 15 to its sales contracts for mobile products, automotive products, IoT products and other related products 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.

In the current period, the Group reorganized its internal reporting structure which resulted in changes to the composition of its reportable segments. In order to provide more transparent and relevant accounting information in the financial report that is reflective of the current business management structure of the Group, the Company has decided to adjust the presentation of its operating segments. Before the change in segment reporting, the Group had two reportable segments: (i) camera modules; and (ii) biological recognition modules. After the reorganization, the Group has four business segments, including mobile products, automotive products, IoT products and others. This change does not affect the financial statement data and presentation, and it only affects the presentation of segment reporting. Prior period segment disclosures have been represented to conform with the current year's presentation.

Specifically, the Group's reportable segments under IFRS 8 Operating Segments are mobile products, automotive products, IoT products and others.

Information regarding these segments is presented below.

3. Revenue and Segment Information (Continued)

(b) Segment reporting (Continued)

(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 basis:

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 gain of a joint venture and associates, 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.

The following is an analysis of the Group's revenue and results by operating and reportable segments for the six months ended 30 June 2026 and 2025.

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited) (restated)
Segment revenue		
Mobile products	**7,486,806**	6,864,793
IoT products	**2,017,782**	1,785,543
Automotive products	**288,413**	132,752
Others	**130,171**	48,424
	9,923,172	8,831,512
Segment profit/(loss)		
Mobile products	**460,118**	528,309
IoT products	**122,023**	111,501
Automotive products	**21,851**	(12,660)
Others	**47,711**	26,901
	651,703	654,051
Unallocated amounts:		
Other income	**140,578**	89,316
Reversal of impairment loss on trade and other receivables	**33**	458
Selling and distribution expenses	**(20,984)**	(12,804)
Administrative and other operating expenses	**(85,511)**	(81,839)
Research and development expenses	**(346,659)**	(279,103)
Share of gain of a joint venture and associates	**9,416**	48,041
Finance costs	**(36,164)**	(55,600)
Profit before taxation	**312,412**	362,520

3. Revenue and Segment Information (Continued)

(b) Segment reporting (Continued)

(ii) 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 a joint venture and associates ("**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 a joint venture and associates.

	Revenue from external customers		**Specified non-current assets**	
	Six months ended 30 June		**At 30 June**	At 31 December
	2026	2025	**2026**	2025
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Chinese Mainland	**8,513,947**	7,364,708	**2,618,354**	2,508,495
Hong Kong	**34,153**	12,145	**2,343**	2,383
India	**751,620**	632,207	**379,887**	349,972
Vietnam	**548,062**	668,237	**64,716**	66,950
Others	**75,390**	154,215	**449,626**	472,545
	9,923,172	8,831,512	**3,514,926**	3,400,345

4. Other Income

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest income	**61,215**	39,561
Government grants income *(i)*	**25,563**	34,479
Additional deduction of input value-added tax ("**VAT**") *(ii)*	**34,628**	11,267
Net foreign exchange loss	**(77,667)**	(11,744)
Net fair value changes on financial instruments at FVTPL:		
– foreign exchange option contracts	**(14,437)**	(15,626)
– forward foreign exchange contracts	**24,594**	27,428
– wealth management products and structured deposits	**17,615**	14,524
– foreign exchange swap contracts	**19,959**	(4,954)
Net gain/(loss) on disposal of property, plant and equipment	**2,049**	(7,383)
Decrease in provision for indemnification obligations *(Note 17(ii))*	**41,270**	–
Others	**5,789**	1,764
	140,578	89,316

(i) During the current interim period, the Group recognised government grants of RMB25,563,000 (six months ended 30 June 2025: RMB34,479,000), received from several local government authorities as a recognition of the Group's contribution towards the local economic development.

(ii) 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. Three subsidiaries of the Company included Kunshan Q Tech Microelectronics Co., Ltd. ("**Kunshan QT China**"), Kunshan Q Tech Biological Recognition Technology Limited ("**Kunshan BR Subsidiary**") and Huizhou DEPAM Precision Automation Co., Ltd. ("**Huizhou DEPAM**") are qualified for such additional input VAT deduction.

5. Profit Before Taxation

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

		Six months ended 30 June	
		2026	2025
		RMB'000	*RMB'000*
		(unaudited)	(unaudited)
(a)	**Finance costs**		
	Interest on bank borrowings	**35,867**	55,271
	Interest on lease liabilities	**297**	329
		36,164	55,600
(b)	**Staff costs**		
	Contributions to defined contribution retirement plans	**38,245**	28,906
	Salaries, wages and other benefits	**599,302**	549,579
	Equity settled share-based payment expenses	**9,954**	3,063
		647,501	581,548
(c)	**Other items**		
	Amortisation of intangible assets	**1,982**	1,944
	Depreciation charge*	**207,521**	202,373
	(Reversal of impairment loss)/impairment loss on trade receivables	**(16)**	14
	Reversal of impairment loss on other receivables	**(17)**	(472)
	Cost of inventories*	**9,429,915**	8,308,654

* Cost of inventories includes RMB673,113,000 (six months ended 30 June 2025: RMB608,797,000) relating to staff costs and depreciation expenses, which amounts are also included in the respective total amounts disclosed separately above or in note 5(b) for each of these types of expenses.

6. Income Tax

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

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax		
– PRC corporate income tax and income taxes of other tax jurisdictions	**24,817**	327
– Corporate tax payable in Hong Kong	**150**	8,705
– Corporate tax payable in India	**–**	16,714
– Top-up tax under Pillar Two Rules	**1,060**	1,700
– (Over-provision)/Under-provision in respect of prior years	**(309)**	440
	25,718	27,886
Deferred taxation	**10,675**	26,282
Total	**36,393**	54,168

The income tax rates applicable to the Company and its subsidiaries for the six months ended 30 June 2026 remained consistent with those applied in 2025.

(b) Pillar Two income tax

In 2021, the Organisation for Economic Co-operation and Development published the Global Anti-Base Erosion ("**GloBE**") Model Rules ("**Pillar Two Rules**") for a new global minimum tax reform applicable to large multinational enterprises. The Group is subject to the global minimum top-up tax Pillar Two Rules. Pillar Two Rules have become effective in the Republic of Korea, Vietnam, Singapore and Hong Kong in which certain group entities are incorporated.

For operations in Mainland China, where the annual effective income tax rate is estimated to be below 15%, a top-up tax is accrued in the current interim period using the tax rate based on the estimated adjusted covered taxes and net GloBE income for the year. The Group has recognised a current tax expense of RMB1,060,000 related to the Pillar Two Rules for the six months ended 30 June 2026 (six months ended 30 June 2025: RMB1,700,000).

Operations in the United States of America, Korea, British Virgin Islands (BVI), Taiwan, Hong Kong, Singapore, and Vietnam are eligible for safe harbours based on management's assessment. Accordingly, no top-up tax provision was recorded for the companies incorporated in those jurisdictions for the six months ended 30 June 2026.

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 accounted for the tax as current tax when incurred.

7. Dividends

During the current interim period, a final dividend of HK40.0 cents per share in respect of the year ended 31 December 2025 (six months ended 30 June 2025: HK10.0 cents per share) was declared and paid to equity shareholders of the Company. The aggregate amount of the final dividend declared and paid in the interim period amounted to RMB420,034,000 (six months ended 30 June 2025: RMB108,614,000).

Subsequent to the end of the reporting period, the directors of the Company resolved to declare an interim dividend for the six months ended 30 June 2026 of HK15.0 cents per share (six months ended 30 June 2025: HK15.0 cents per share) to the shareholders of the Company whose names appear on the register of members of the Company on Monday, 12 October 2026.

8. Earnings Per Share

The calculations of the basic and diluted earnings per share are based on the following data:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit:		
Profit for the period for the purposes of calculating basic and diluted earnings per share	**276,019**	308,352

	Six months ended 30 June	
	2026	2025
	'000	*'000*
	(unaudited)	(unaudited)
Number of shares:		
Weighted average number of shares for the purposes of basic profit per share	**1,192,020**	1,187,035
Effect of dilutive potential ordinary shares:		
– Options	**1,676**	2,228
Weighted average number of shares for the purposes of diluted profit per share	**1,193,696**	1,189,263

Note: For the six months ended 30 June 2026, the calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB276,019,000 and the weighted average number of ordinary shares of 1,193,696,000 shares, including weighted average number of 1,192,020,000 ordinary shares at 30 June 2026 and effect of 1,676,000 deemed issue of shares under the Company's share option schemes.

9. Interests in Associates

	At 30 June 2026 RMB'000 (unaudited)	At 31 December 2025 RMB'000 (audited)
Investment in associates under equity method		
– Newmax Technology Co., Ltd. ("**Newmax Technology**") (新鉅科技股份有限公司) (i)	**353,524**	364,671
– poLight ASA ("**poLight**") (ii)	**94,750**	105,981
	448,274	470,652

Details of each of the Group's associates at the end of the reporting period are as follows:

Name of Associates	Form of business structure	Place of incorporation and business	Registered and paid up capital	Proportion of ownership interest: Held by the Group (%) At 30 June 2026	Held by the Group (%) At 31 December 2025	Held by the Company (%) At 30 June 2026	Held by the Company (%) At 31 December 2025	Held by a subsidiary (%) At 30 June 2026	Held by a subsidiary (%) At 31 December 2025	Principal activities
Newmax Technology	Incorporated	Taiwan	TWD 2,041,918,480	**41.79**	41.79	**37.71**	37.71	**4.08**	4.08	Design, research, development, manufacture and sales of optical lens
poLight	Incorporated	Norway	NOK 8,527,425.84	**29.90**	29.96	**29.90**	29.96	**–**	–	Offer patented, and piezo MEMS technology

(i) Newmax Technology is a company incorporated under the laws of Taiwan and listed on the Taipei Exchange as a strategic partner for the Group in developing optical lens business where Newmax Technology has extensive experience. The Group has the right to appoint three directors, representing three-eighths of the board of directors of Newmax Technology.

(ii) poLight is a company incorporated under the laws of Norway and listed on the Oslo Stock Exchange. The Company has the right to appoint two directors, representing two-sevenths of the board of directors of poLight. During the current period, poLight issued an aggregate of 417,168 new shares under its share-based incentive scheme, resulting in a dilution of the Group's shareholding in poLight from 29.96% to 29.90%.

These associates are accounted for using the equity method in the condensed consolidated financial statements.

10. Interests in a Joint Venture

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Investment in a joint venture under equity method		
– Kunshan Q Tech Microelectronics (India) Private Limited ("**Q Tech India**") *(Note)*	**379,887**	349,972

Details of Group's joint venture at the end of the reporting period are as follows:

Name of joint venture	Form of business structure	Place of incorporation and business	Registered and paid up capital	Proportion of ownership interest: Held by the Group *(%)* At 30 June 2026	Held by the Group *(%)* At 31 December 2025	Held by the Company *(%)* At 30 June 2026	Held by the Company *(%)* At 31 December 2025	Held by a subsidiary *(%)* At 30 June 2026	Held by a subsidiary *(%)* At 31 December 2025	Principal activities
Q Tech India	Incorporated	India	INR 408,538,810.00	**48.92**	48.92	**–**	–	**48.92**	48.92	Manufacture and trading of camera modules and biological recognition modules

Note: Q Tech India was a subsidiary of the Company until 26 September 2025, when the Company lost control following the disposal of a partial interest in Q Tech India. After the disposal, the Group retained a 48.92% equity interest in Q Tech India. The board of directors of Q Tech India consists of up to six directors and the Group has the right to nominate two directors and recommend one independent director, the same nomination and recommendation rights as the other shareholder, Dixon Technologies (India) Limited ("**Dixon**"). Additionally, two independent directors are appointed under applicable law and with the mutual agreement of Dixon and the Group. Accordingly, Q Tech India is accounted for as a joint venture of the Group.

The joint venture of the Group is accounted for using the equity method in the condensed consolidated financial statements.

11. Financial Assets Measured at FVTPL

	At 30 June 2026 *RMB'000* **(unaudited)**	At 31 December 2025 *RMB'000* (audited)
Non-current assets		
Wealth management products	**155,839**	153,706
Current assets		
Wealth management products and structured deposits	**2,015,526**	1,670,379

The amount represents investments in wealth management products and structured deposits issued by reputable financial institutions in the Mainland China. There are no fixed or determinable returns of these wealth management products and structured deposits.

During the current interim period, the Group entered into several contracts of unlisted financial products with banks. The unlisted financial products are managed by related banks in the PRC to invest principally in certain financial assets including bonds, trusts and cash funds, etc. The unlisted financial products have been accounted for financial assets at FVTPL on initial recognition of which the return of the unlisted financial products was determined by reference to the performance of the underlying debt instruments and treasury notes.

As at 30 June 2026, wealth management products of RMB314,306,000 held by the Group (31 December 2025: RMB412,203,000) were pledged as security for short-term bank borrowings.

12. Financial Assets Measured at Amortised Cost

	At 30 June 2026 *RMB'000* **(unaudited)**	At 31 December 2025 *RMB'000* (audited)
Non-current assets		
– Negotiable Certificate of Deposit	**979,615**	970,636
Current assets		
– Negotiable Certificate of Deposit	**526,650**	1,548,561

Annual interest rates of negotiable certificates of deposit held by the Group as at 30 June 2026 range from 1.55% to 3.25% (2025: 1.10% to 3.30%) with maturity date from July 2026 to September 2028.

As at 30 June 2026, negotiable certificates of deposit of RMB182,821,000 held by the Group (31 December 2025: RMB801,410,000) were pledged as security for short-term bank borrowings (see note 16(a)) and RMB202,531,000 held by the Group (31 December 2025: RMB382,431,000) were pledged as security for issuance of bills to suppliers.

13. Trade and Other Receivables

	At 30 June 2026 *RMB'000* **(unaudited)**	At 31 December 2025 *RMB'000* (audited)
Trade receivables		
– third parties	**4,937,916**	5,278,003
– related parties	**678,400**	663,382
Bills receivable		
– third parties	**208**	–
Trade and bills receivables	**5,616,524**	5,941,385
Less: loss allowance	**(1,016)**	(1,052)
	5,615,508	5,940,333
Other deposits, prepayments and receivables		
– third parties	**157,165**	296,552
– related parties	**261,446**	270,525
Less: loss allowance	**(11)**	(36)
	6,034,108	6,507,374
Analysed as:		
– Current	**5,775,294**	6,240,280
– Non-current	**258,814**	267,094
	6,034,108	6,507,374

13. Trade and Other Receivables (Continued)

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:

	At 30 June 2026 ***RMB'000*** **(unaudited)**	At 31 December 2025 *RMB'000* (audited)
Within 1 month	**3,461,715**	4,639,955
Over 1 month but within 3 months	**1,916,018**	1,253,175
Over 3 months but within 6 months	**236,984**	46,955
Over 6 months but within 1 year	**791**	248
	5,615,508	5,940,333

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

14. Derivative Financial Instruments

	At 30 June 2026	
	Assets ***RMB'000*** **(unaudited)**	**Liabilities** ***RMB'000*** **(unaudited)**
Foreign currency derivative instruments		
– Forward foreign exchange contracts	**26,361**	**(334)**
– Foreign exchange swap contracts	**20,105**	**(147)**
– Foreign exchange option contracts	**3,491**	**(8,755)**
	49,957	**(9,236)**

	At 31 December 2025	
	Assets *RMB'000* (audited)	Liabilities *RMB'000* (audited)
Foreign currency derivative instruments		
– Forward foreign exchange contracts	22,708	(15,661)
– Foreign exchange option contracts	695	(21,604)
	23,403	(37,265)

15. Pledged Bank Deposits

	At 30 June 2026 *RMB'000* (unaudited)	At 31 December 2025 *RMB'000* (audited)
Pledged for		
– short-term bank borrowings *(note 16)*	**1,530,207**	330,704
– derivative financial instruments	**303,910**	–
– letters of guarantee	**235,212**	245,884
	2,069,329	576,588

Pledged bank deposits carry annual interest rates from 0.00% to 3.50% (2025: 1.28% to 2.76%) and represent deposits pledged to banks to secure banking facilities granted to the Group, as well as deposits for derivative financial instrument transactions. Deposits amounting to RMB2,069,329,000 (2025: RMB576,588,000) have been pledged to secure short-term bank borrowings/derivative financial instruments/letter of guarantee and are therefore classified as current assets. The pledged bank deposits will be released upon the settlement of underlying obligations for which they serve as collateral.

16. Bank Borrowings

	At 30 June 2026 *RMB'000* (unaudited)	At 31 December 2025 *RMB'000* (audited)
Long-term bank borrowings		
– unsecured	**–**	95,000
Short-term bank borrowings		
– secured	**1,763,078**	1,645,205
– unsecured	**4,367,242**	2,449,719
	6,130,320	4,094,924
	6,130,320	4,189,924

Bank borrowings bear annual interest rates ranging from 0.65% to 4.19% as at 30 June 2026 (31 December 2025: 0.51% to 5.60%).

During the current interim period, the Group obtained new bank loans amounting to RMB5,125,781,000 (six months ended 30 June 2025: RMB2,149,440,000). The loans carry annual interest rates ranging from 0.65% to 3.81% and are repayable within one year.

16. Bank Borrowings (Continued)

(a) Assets pledged as security for bank borrowings

At 30 June 2026, the secured bank borrowings of RMB1,763,078,000 (31 December 2025: RMB1,645,205,000) were secured by the following assets of the Group:

	At 30 June 2026 ***RMB'000*** **(unaudited)**	At 31 December 2025 *RMB'000* (audited)
Pledged bank deposits	**1,530,207**	330,704
Wealth management products	**314,306**	412,203
Negotiable certificates of deposit	**182,821**	801,410
	2,027,334	1,544,317

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

	At 30 June 2026 ***RMB'000*** **(unaudited)**	At 31 December 2025 *RMB'000* (audited)
Within 1 year or on demand	**6,130,320**	4,094,924
Over 1 year but within 2 years	**–**	95,000
	6,130,320	4,189,924

(c) In respect of bank borrowings with carrying amount of RMB100,000,000 as at 30 June 2026, Kunshan BR Subsidiary is required to comply with the following financial covenants which are tested on a quarterly basis:

- the ratio of the liabilities to the assets shall not exceed 75%; and
- the ratio of the current assets to the current liabilities shall not be less than 1.00.

The Group regularly monitors its compliance with these covenants. The Group has complied with the relevant covenants as of each testing date during and up to the end of the reporting period.

17. Trade and Other Payables

	At 30 June 2026 *RMB'000* (unaudited)	At 31 December 2025 *RMB'000* (audited)
Trade payables		
– third parties	**5,173,572**	6,680,135
– related parties	**36,600**	34,845
Bills payable (i)		
– third parties	**1,186,394**	1,690,524
– related parties	**331,501**	–
Trade and bills payables	**6,728,067**	8,405,504
Accrued payroll	**113,446**	152,255
Provision for indemnification obligations (ii)	**35,692**	76,962
Other payables and accruals	**374,084**	299,978
	7,251,289	8,934,699

(i) These relate to trade payables in which the Group has issued bills to the relevant suppliers for settlement of trade payables. The suppliers can obtain the invoice amounts from the bank on the maturity date of the bills. The Group continues to recognise these trade payables as the Group is obliged to make payments to the relevant banks on due dates of the bills, under the same conditions as agreed with the suppliers without further extension. In the consolidated statement of cash flows, settlements of these bills by the Group are included within operating cash flows based on the nature of the arrangements.

(ii) This represents indemnification obligation recognised in connection with the disposal of the Group's controlling interest in Q Tech India to Dixon for the potential tax disputes for the tax year ended 31 March 2020, 2021 and 2022 in India and other legal claims. The provision was initially measured based on management's best estimate of the expected outcome as at the disposal date, considering the terms of the share subscription and purchase agreement entered into by and between the Group and Dixon and the status of the underlying proceedings.

On 20 January 2026, the Income-tax Appellate Tribunal in India (the "**ITAT**") ruled that the relevant Indian authorities that issued the final assessment order for the tax year ended 31 March 2021 ("**TY 20-21 FAO**") has no jurisdiction over Q Tech India and therefore the corresponding TY20-21 FAO is legally invalid and thus has been quashed. However, both Q Tech India and the relevant Indian authorities may file an appeal to the High Court of India within 120 days from the date on which Q Tech India or the relevant Indian authorities received ITAT's ruling. Subsequently, on 8 March 2026, Q Tech India further received a revised income tax computation form and notice of demand (the "**Revised Tax Computation and Demand Notice**") issued by the relevant Indian tax authority pursuant to the ruling of ITAT, according to which the relevant Indian tax authority adjusted the tax payable by Q Tech India for the tax year ended 31 March 2021 to nil. Based on the Revised Tax Computation and Demand Notice and after considering the opinions from the Indian legal counsel, the Company has resolved to reverse the provision previously made by the Company in respect of the dispute arising from the TY20-21 FAO, with an aggregate amount of approximately RMB80,797,000, resulting in a reduction of RMB41,270,000 provision for indemnification obligations.

Two other tax dispute proceedings initiated by Q Tech India in relation to the final assessment orders for the tax year ended 31 March 2020 and 2022 ("**TY 19-20 FAO and TY 21-22 FAO**") are still pending. Accordingly, the Company has not made any adjustments or reversal to the provision amounts made for those two proceedings.

17. Trade and Other Payables (Continued)

(ii) (Continued)

Based on the above development and applying the expected value method, management has updated its best estimate of Q Tech India's total loss exposure arising from the ongoing Indian tax disputes as of 30 June 2026. The revised estimate reflects the removal of the previously uncertain outcome for tax year ended 31 March 2021 and includes RMB68,207,000 provision for TY19-20 FAO and TY 21-22 FAO as well as RMB1,669,000 for other legal claims. These amounts are multiplied by Dixon's ownership interest in Q Tech India of 51.08%, resulting in an indemnification obligation payable to Dixon of RMB34,840,000 and RMB852,000, respectively.

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:

	At 30 June 2026 *RMB'000* **(unaudited)**	At 31 December 2025 *RMB'000* (audited)
Within 3 months	**5,087,098**	6,647,648
Over 3 months but within 6 months	**1,135,054**	1,083,102
Over 6 months but within 1 year	**10,907**	12,059
Over 1 year	**18,760**	3,822
	6,251,819	7,746,631

As at 30 June 2026, the accrued trade payables which represented the amounts with no invoice received by the end of the reporting period, amounted to RMB476,248,000 (31 December 2025: RMB658,873,000).

18. Share Capital

	Number of Shares *'000*	**Amount** *HK$'000*
Authorised:		
Ordinary shares of HKD0.01 each		
At 1 January 2025 (audited), 30 June 2025 (unaudited), 1 January 2026 (audited) and 30 June 2026 (unaudited)	50,000,000	500,000

	Number of shares *'000*	**Nominal value of ordinary shares** *HK$'000*	*RMB'000*
Ordinary shares issued and fully paid:			
At 30 June 2025 (unaudited) and 1 January 2026 (audited)	1,189,531	11,895	9,532
Exercise of share options	5,360	54	48
At 30 June 2026 (unaudited)	1,194,891	11,949	9,580

19. Share-Based Payment

(a) Share-based payment on 5 June 2024

On 5 June 2024, the Company granted share options to 506 eligible participants to subscribe for a total of 10,280,000 ordinary shares in accordance with the terms and conditions of the post-IPO share option scheme adopted by the Company on 13 November 2014.

The number and weighted average exercise prices of share options are as follows:

	Six months ended 30 June 2026	
	Weighted average exercise price *HKD*	**Number of options**
Outstanding at the beginning of the period	**3.518**	**4,839,000**
Exercised during the period	**3.518**	**(4,785,500)**
Forfeited during the period	**3.518**	**(53,500)**
Outstanding at the end of the period		**–**

In respect of the share options exercised during the period, the weighted average share price at the dates of exercise was HKD7.84.

(b) Share-based payment on 27 June 2025

On 27 June 2025, the Company granted share options to 700 eligible participants to subscribe for a total of 14,688,000 ordinary shares in accordance with the terms and conditions of the share scheme adopted by the Company on 28 June 2024.

The number and weighted average exercise prices of share options are as follows:

	Six months ended 30 June 2026	
	Weighted average exercise price *HKD*	**Number of options**
Outstanding at the beginning of the period	**8.23**	**14,233,250**
Exercised during the period	**8.23**	**(573,750)**
Forfeited during the period	**8.23**	**(736,500)**
Outstanding at the end of the period	**8.23**	**12,923,000**
Exercisable at the end of the period	**8.23**	**6,160,500**

In respect of the share options exercised during the period, the weighted average share price at the dates of exercise was HKD7.98.

The options outstanding at 30 June 2026 had an exercise price of HKD8.23 per share and a weighted average remaining contractual life of 1 year.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Looking back on the Period, the global economy maintained modest growth amid a complex and volatile macro environment, but the momentum of global economic recovery continued to face challenges due to factors such as geopolitical risks, uncertainties in the trade environment and volatility in energy prices. On one hand, persistent geopolitical conflicts across the globe, with the Russia-Ukraine military conflict yet to cease and geopolitical tensions reemerging in the Middle East, led to severe volatility in global energy and precious metal prices, periodically intensifying inflationary pressure and adversely affecting the global economy and foreign exchange markets, while international trade barriers showed no substantive improvement, amplifying the uncertainty of the economic outlook. According to the World Economic Situation and Prospects 2026: Mid-Year Update published by the United Nations in May 2026, global economic growth for 2026 is projected to slow as compared with the forecast made at the beginning of the year, with the full-year growth forecast revised down from 2.7% to 2.5%. In particular, the US economy is expected to remain resilient, with its 2026 gross domestic product (GDP) growth rate forecast maintained at 2.0%, while China's economy is expected to maintain stable growth, with its 2026 GDP growth rate forecast maintained at 4.6%. In terms of actual performance, according to data released by the US Bureau of Economic Analysis (BEA) on 30 July 2026, the US real GDP grew by 2.1% and 1.5% year-on-year in the first and second quarters, respectively, showing signs of slowdown. According to data published by China's National Bureau of Statistics on 16 July 2026, China's GDP achieved year-on-year growth of 4.7% in the first half of 2026, with the national economy withstanding pressure and operating within a reasonable range, new quality productive forces being cultivated and strengthened, and high-quality development advancing towards greater innovation and excellence. The divergence in growth rates between the two major economies of China and the US has further complicated the layout of global industrial chains and capital flows. On the other hand, the accelerating penetration of artificial intelligence ("**AI**") technology into global socio-economic life has driven the global technology industry into a new cycle of innovation centred around AI, resulting in rapid development of industries related to AI development and application. While driving global economic growth, this has also brought shocks to certain industries, in particular memory chips and related components used in the consumer electronics sector, the prices of which rose sharply, affecting industry demand for smartphones, smart vehicles and IoT intelligent terminals. Nevertheless, this has also created opportunities for the structural upgrade of such intelligent terminal products and created new consumption demand highlights, with opportunities and challenges continuing to coexist.

In terms of smartphones

During the Period, the global smartphone market performed below expectations. According to data released in July 2026 by International Data Corporation ("**IDC**"), an independent third-party advisory institution, global smartphone shipments in the second quarter of 2026 amounted to 277.5 million units, representing a year-on-year decrease of 6.7%, marking two consecutive quarters of year-on-year decline, mainly due to the continued impact of the sharp increase in memory chip prices on the market, which not only significantly pushed up the material costs of smartphones and compressed profit margins across the smartphone industry, but also prompted certain smartphone brands to proactively curtail product supply in order to avoid inventory stagnation amid weak demand. Meanwhile, the latest report released by another independent third-party advisory institution, Counterpoint Research, in July 2026 also showed that with the shortage in supply and increase in prices of DRAM and NAND applied to smartphones becoming increasingly severe, global smartphone shipments in the second quarter of 2026 decreased by 11% year-on-year, marking the lowest second-quarter level since 2013. Although the two institutions adopted different statistical bases, both findings reflect that, affected by the tight supply of memory chips pushing up costs and creating supply chain bottlenecks, coupled with macroeconomic uncertainty and weak consumer demand, the global smartphone market faced pressure on overall shipments in the first half of 2026.

In terms of IoT intelligent terminals

AI is driving IoT intelligent terminals from "device connectivity" to the "era of visual intelligence", with cameras gradually evolving from traditional imaging components into an important perception gateway for AI terminals, and the related market presenting a multi-pronged growth trend.

(i) In terms of agricultural drones, the Chinese government has in recent years vigorously supported the digital and intelligent transformation of agriculture, driving the rapid growth of the agricultural robotics industry. The 2026 No. 1 Central Document included drones and robots in the policy framework for the first time, explicitly proposing to "promote the integration of artificial intelligence with agricultural development, and expand application scenarios for drones, the Internet of Things, robots and the like", placing the development of intelligent agricultural equipment on a "fast track". Benefiting from the digital transformation of agriculture, rising labour costs and the maturing of AI vision technology, the agricultural drone market continues to expand in scale, becoming an important vehicle for precision agriculture.

(ii) In terms of handheld smart imaging devices, according to publicly available information from IDC, global handheld smart camera shipments reached 4.14 million units in the first quarter of 2026, representing a year-on-year increase of 33%, with sales revenue exceeding RMB10.5 billion, representing a year-on-year increase of 20%. In the Chinese market, the handheld smart imaging device market demonstrated strong performance. According to online monitoring data from All View Cloud (AVC), during the first round of the "618" sales campaign in 2026, sales of handheld smart cameras in China got off to a strong start, with retail sales volume through traditional e-commerce channels reaching 280,000 units, representing a year-on-year increase of 25.6%, and retail sales value of RMB735 million, representing a year-on-year increase of 20.6%. Against the backdrop of the overall consumer market returning to rationality, this segment continued to maintain relatively rapid growth, reflecting robust underlying demand.

(iii) In terms of AI smart glasses, according to publicly available information from IDC, the global smart glasses market recorded impressive year-on-year growth of 130.1% in the first quarter of 2026, with the China market ranking third globally with growth of 23.5%. In particular, lightweight display glasses gradually entered the consumer market, driving year-on-year growth of 168.6% in the Augmented Reality (AR) and Extended Reality (ER) market, becoming an important variable in the change in market structure in the first quarter. It is worth noting that the Chinese government incorporated smart glasses as a category eligible for consumer goods subsidies for the first time in 2026, which, coupled with the roll-out of AI large models and intensive new product launches, has accelerated the industry's evolution from "feature stacking" to "scenario-based value creation", becoming a new growth direction in the consumer electronics sector.

In terms of smart vehicles

In the first half of 2026, the global automotive industry was in a period of structural adjustment, with demand for traditional automobiles under pressure, while new energy vehicles and intelligent technology continued to drive industry upgrades. According to data from the China Association of Automobile Manufacturers ("**CAAM**"), China's automobile sales in the first half of 2026 amounted to approximately 15.017 million units, representing a year-on-year decrease of 4.1%, among which sales of new energy vehicles amounted to approximately 7.446 million units, representing a year-on-year increase of 7.3%, with the retail penetration rate continuing to rise to 49.9%. In terms of exports, China's automobile exports in the first half of the year reached 5.096 million units, representing a year-on-year increase of 65.3% and maintaining relatively rapid growth, among which exports of new energy vehicles amounted to 2.355 million units, representing a year-on-year increase of 1.2 times; in June 2026 alone, exports of new energy vehicles reached 499,000 units, representing a year-on-year increase of 152.7% and accounting for 56.9% of total exports, a record high, demonstrating the global competitiveness of China's new energy vehicle industry chain.

Intelligence has become the primary battleground of competition in the automotive industry. According to publicly available information released by Gasgoo Automotive Research Institute, a third-party advisory institution, in July 2026, the penetration rate of L2+ advanced driver assistance systems (ADAS) functions in domestic passenger vehicles reached 70% from January to May 2026, with L2+ functions having extended to vehicles in the RMB100,000 price segment, indicating rapid progress in the popularisation of driving assistance. High-level intelligent driving has shifted from being a configuration selling point to a core capability of the vehicle, with the industry moving from a technology demonstration phase into a new phase of scaled implementation. In addition, to enhance the standardisation of safety requirements for L2 combined driving assistance systems, the Ministry of Industry and Information Technology issued on 27 June 2026 a mandatory national standard entitled "Safety Requirements for Combined Driver Assistance Systems for Intelligent and Connected Vehicles" (GB 47955 — 2026), which proposed the incorporation of LiDAR into China's standard system for combined driving assistance systems of intelligent connected vehicles for the first time, signifying that the safety and reliability of this technology has been recognised under a national-level standard. With the accelerating application of AI, large models and intelligent driving technology, the focus of competition in the automotive industry has gradually extended from electrification to intelligence, with intelligent cockpits, advanced driving assistance and in-vehicle vision systems that rely on Camera modules and LiDAR as key perception components becoming an important growth direction for the automotive electronics industry chain.

During the Period, under the complex and volatile macro environment and the industry environment marked by sharp increases in memory chip prices, the management and all employees of the Group adhered to the unchanging vision of "illuminate things", continuing to advance large-scale intelligent manufacturing, research and development ("**R&D**") of new technologies and vertical chain integration, and steadfastly pursuing its platform strategy, device strategy and system integration strategy. Efforts were made to strengthen the Group's comprehensive capabilities in optical design, structural design, self-developed equipment and algorithm integration for camera modules, while consistently positioning technological leadership, quality leadership and cost leadership as its core competitive advantages in providing quality services to customers, enabling the Group to stand out amid intense competition. On one hand, the Group continued to leverage its leading technology, favourable international presence and leading vertical integration capabilities for intelligent vision system products to further increase the market share of camera modules applied to smartphones, with sales remaining resilient despite the off-season, and sales volume of camera modules applied to mobile products increasing by approximately 30.1% year-on-year; at the same time, the Group intensified its efforts to expand its camera module and LiDAR business applied to non-handset fields such as automotive and IoT products. By the end of the Period, the Group had established partnerships with 7 globally leading smart driving solution providers (Tier 1 suppliers), obtained supplier certifications from 40 globally leading automotive and/or new energy vehicle brands, and gradually initiated business collaborations; meanwhile, the Group had also become a core camera module supplier for the world's leading drone and action camera brands, resulting in an increase of approximately 52.3% in the sales volume of camera modules and LiDAR products applied to non-handset fields such as automotive and IoT as compared with the Corresponding Period, with their proportion of the total sales volume of camera modules and LiDAR products increasing from approximately 4.2% in the Corresponding Period to approximately 4.9%, serving as a second growth driver for the growth of the Group's business.

Supported by both scale expansion and product mix optimisation, the Group's gross profit during the Period reached approximately RMB651,703,000 (Corresponding Period: approximately RMB654,051,000), representing a slight year-on-year decrease of approximately 0.4%; while gross profit margin was approximately 6.6% (Corresponding Period: approximately 7.4%), representing a year-on-year decrease of approximately 0.8 percentage points. The year-on-year decrease in gross profit margin was mainly attributable to the following: (i) affected by macro factors and supply chain tightness, global smartphone shipments declined year-on-year in the first half of 2026, the specification upgrade of camera modules applied to low-to-mid-end smartphones stagnated, and market competition intensified, putting pressure on the average unit price and profit margin of camera modules. During the Period, the sales volume of the Group's mid-to-high-end mobile phone camera module products with resolutions of 32 megapixels and above decreased by approximately 7.0% year-on-year, with their proportion of the total sales volume of mobile phone camera modules decreasing by approximately 15.2 percentage points, resulting in a decrease of approximately 14.1% in the average selling price of mobile phone camera modules as compared with the Corresponding Period; and (ii) the sales volume of biological recognition modules decreased by approximately 7.9% year-on-year, resulting in a decline in capacity utilisation rate and an increase in marginal cost.

During the Period, the profit of the Group was approximately RMB276,019,000, representing a decrease of approximately 10.5% as compared with the Corresponding Period. The decrease in profit was mainly attributable to: (i) the decrease in gross profit margin of approximately 0.8 percentage points as compared with the Corresponding Period; and (ii) the decrease in the share of gain of a joint venture and associates for the Period of approximately RMB38,625,000 as compared with the Corresponding Period.

The Group published the Strategic Plan for the Second Five-Year (2026-2030) Operation and Development of Q Technology (Group) Company Limited (《丘鈦科技(集團)有限公司第二個五年(2026-2030年)經營發展戰略規劃》) (the "**Second Five-year Strategic Plan**") in the 2025 annual results announcement of the Company, setting out a development blueprint for the next five years. In the first half of 2026, all employees of the Group forged ahead in accordance with this strategic deployment, striving towards the Group's goals in the mobile, IoT and automotive sectors. During the Period, the management team led all employees to focus their efforts on further increasing the market share of camera modules and biological recognition modules applied to mobile products, strengthening the market expansion of camera modules and LiDAR products applied to IoT and automotive products, strengthening the Group's international presence, strengthening the application of digital and intelligent transformation in precision manufacturing, and strengthening vertical chain integration and systematic product capability building, resulting in a marked increase in the Group's market share among leading smartphone brands and smart driving solution companies in China and internationally, an increasingly refined vertical integration layout centred around camera modules, and steady growth in the sales of camera modules applied to both mobile phones and non-handset fields. Based on this solid foundation, the Group will steadfastly accomplish its strategic objectives, face challenges head-on and mobilise all resources to fulfil the objectives outlined in its Second Five-year Strategic Plan by the end of 2030.

PROSPECTS

Looking ahead, the global macro political and economic landscape remains subject to a degree of uncertainty, and the recovery of consumption demand, the international trade environment and industrial chain adjustments will continue to present periodic challenges. Meanwhile, the rapid development of AI, large models and intelligent technology is accelerating the upgrade of intelligent terminals and their related industry chains. The Directors believe that, as an important technological foundation for environmental perception, human-machine interaction and intelligent decision-making in the AI era, the application value of intelligent vision systems will continue to increase. As demand for visual capabilities continues to grow across smartphones, IoT intelligent terminals, smart vehicles and other innovative application fields, the Group expects that the application fields of intelligent vision products will continue to expand, and product specifications and technical requirements are also expected to be upgraded steadily, providing support for the Group's long-term business development.

In terms of the international environment, global trade tensions have eased somewhat from their previous peak, with the United States continuing to hold consultations with China, the European Union and other major economies on trade and tariff arrangements, although a degree of uncertainty remains in global trade policy and industrial chain adjustments. According to the World Economic Outlook Update released by the International Monetary Fund ("**IMF**") in July 2026, global economic growth for 2026 and 2027 is projected to be 3.0% and 3.4%, respectively, broadly unchanged from the forecast made in April 2026. The report noted that geopolitical conflicts continue to weigh on energy-importing countries and vulnerable economies, while AI-driven demand has boosted economic growth in countries integrated into the global technology value chain. The downward trend in global inflation has largely stalled, and while risks are more evenly balanced as compared with April 2026, downside risks from renewed conflict escalation and financial market repricing remain. On the domestic front, China's economy maintained stable operation in the first half of 2026, with GDP growing by approximately 4.7% year-on-year, in line with the full-year economic growth target, and the Chinese government will continue to pursue progress while maintaining stability and enhancing quality and efficiency in the second half of the year, while continuing to expand domestic demand.

The resilience of economic growth and the rapid development of AI technology will help drive intelligent upgrades across industries, bringing long-term development opportunities for smartphones, smart vehicles and IoT intelligent terminals. The Group also notes that, affected by growth in demand for AI infrastructure construction and high-performance computing, the tight supply-demand situation for memory chips is unlikely to see material improvement in the short term, and rising memory chip prices will continue to exert cost pressure on the consumer electronics industry chain. Nevertheless, the continued penetration of AI technology into terminal devices is driving the upgrade of intelligent terminal products towards higher performance, higher specifications and greater intelligence, which will in turn be conducive to expanding demand for intelligent vision system products in the smartphone, smart vehicle and IoT intelligent terminal application fields. As demand for image perception, human-machine interaction and intelligent functionality continues to increase across various sub-segments, leading industry players with technological advantages, scale capabilities, international presence and deep vertical chain integration capabilities are expected to seize new development opportunities.

In terms of smartphones

According to publicly available information released by IDC in June 2026, as mobile phone brands gradually deplete their previously stockpiled low-cost memory chip inventories, cost pressure is expected to be concentrated in the second half of the year, with mobile phone brands progressively raising prices for new models to offset cost pressure. The year-on-year decline in China's smartphone shipments in the second half of 2026 is expected to widen to approximately 20%; looking ahead to 2027, memory chip prices are unlikely to see any material pullback, and the overall market will continue to face severe challenges. Nevertheless, consumer demand for mobile phones has not disappeared but has merely been deferred, and as mobile phones remain indispensable devices used by virtually everyone, their core position will not be shaken. The market is expected to see a recovery around 2028 to 2029 as a new device replacement cycle arrives. Counterpoint Research also expects global smartphone shipments to decline by approximately 14% year-on-year for the full year of 2026, with the global memory chip shortage expected to persist into 2027; supported by factors such as instalment payment plans, brand ecosystem stickiness and AI-driven retail experiences, the trend towards premiumisation is expected to remain relatively robust for the remainder of 2026, with global foldable smartphone shipments in 2026 expected to increase by 21% year-on-year. As AI functionality gradually expands from chat-based interaction to daily workflows, foldable designs will become more valuable, with document summarisation, content editing, schedule management and cross-app information flow all set to benefit from larger screen real estate and more flexible interface layouts. Meanwhile, the deeper involvement, or even direct entry, of more software developers and large language model companies is expected to reshape the competitive landscape of the smartphone industry. The concept of the "AI Agent" mobile phone is expected to become a key direction for breaking the industry impasse, thereby providing a stronger industry foundation for growth in sales volume of, and upgrades to the specifications of, camera modules applied to smartphones.

In terms of IoT intelligent terminals

(i) Agricultural drones: China has introduced strategic policy documents to support the intelligent development of agriculture, with the agricultural low-altitude economy incorporated into plans relating to the agriculture and rural modernisation, and agricultural drones are seeing an increasingly clear policy environment and broader scope for application. Meanwhile, other countries around the world are also placing increasing importance on the application of drones in large-scale agricultural production. According to publicly available information from Frost & Sullivan, the global agricultural unmanned aerial vehicle market grew from RMB1.6 billion in 2019 to RMB5.5 billion in 2024, representing a CAGR of 28.8%. It is expected that, by 2029, the global agricultural unmanned aerial vehicle market will grow at a CAGR of 35.2% to reach RMB24.8 billion.

(ii) Handheld smart imaging devices: according to publicly available information from IDC, with continuous improvements to user experience of products and a gradual decline in unit prices, the global handheld smart camera market is expected to exceed 40 million units by 2030, representing a five-year CAGR of close to 18%. The penetration rate of the handheld smart camera market remains relatively low, leaving significant room for future growth, with the five-year CAGR for each sub-segment expected to exceed 15%.

(iii) AI smart glasses: according to research data released by market research institution Omdia in June 2026, the global near-eye display market is expected to return to growth in 2026, with market revenue projected to reach US$675 million, representing a year-on-year increase of 12%, and shipments projected to reach 14.53 million units, representing a year-on-year increase of 16%. Among which, AR glasses will be the primary growth driver, with AR display shipments projected to reach 4.10 million units, representing a year-on-year increase of 154%, reflecting that AI technology and lightweight smart glasses products are driving the XR industry into a new stage of application.

(iv) Smart robots: according to publicly available information released by market research institution TrendForce in July 2026, driven by government policy support, China's embodied robotics industry is developing towards standardisation and application scenario segmentation, focusing on three major technology pillars – embodied AI, motion control and core hardware – while leveraging the advantages of the new energy vehicle and intelligent manufacturing industry chains to drive the localisation of core components.

Camera modules and LiDAR, serving as important perception gateways for various IoT intelligent terminals, provide key data support for AI models by collecting visual and spatial information, driving the evolution of intelligent terminals from information interaction towards intelligent perception and autonomous decision-making.

In terms of smart vehicles

China's new energy vehicle industry is at a critical inflection point in 2026. According to forecast data released by CAAM in January 2026, China's passenger vehicle market in 2026 is expected to follow a U-shaped trend of "high at the start, low in the middle and high towards the end", with full-year sales broadly in line with domestic retail sales volume in 2025; exports are expected to maintain relatively high growth of over 10%.

Meanwhile, intelligence has become the focal point of competition in the automotive industry. According to the 2026 McKinsey China Auto Consumer Insights Report released by market research institution McKinsey in May 2026, intelligent driving and in-vehicle intelligent agents are becoming a genuine "must-have configuration", with consumers no longer satisfied with a simple accumulation of functions but instead focusing on stability, boundary consistency and continuous evolution capability in real-world scenarios, gradually forming a habit of "reviewing before purchase, experiencing during purchase, and monitoring OTA (Over-The-Air) updates after purchase" – technology is no longer confined to pre-production R&D but extends to the continued delivery and enhancement of functionality after the vehicle is purchased. According to publicly available data from independent third-party consulting institution China Insights Consultancy, LiDAR is mainly applied to vehicles with L2+ and above levels of automated driving that have higher requirements for vehicle safety and comfort. It is expected that by 2030, vehicles equipped with L2+ and L3 will account for 68.3% of total smart vehicle shipments, reaching 49.2 million units; the global LiDAR solutions market is expected to grow from US$3.5 billion in 2025 to US$41.3 billion in 2030, representing a CAGR of 63.7%. In addition, with the issuance in July 2026 of the mandatory national standard "Safety Requirements for Automated Driving Systems for Intelligent and Connected Vehicles" (GB 44721 — 2026), the safety standard system for the intelligent driving industry is expected to be further enhanced, thereby promoting the development of intelligent vehicles towards higher standardisation and intelligence, while driving demand for high-end perception sensors.

The Group's technological expertise and production capacity in chip on board (COB) packaging processes are well-positioned to meet the higher functional and performance requirements for automotive camera module specifications. Currently, the Group has not only established partnerships with a number of Tier 1 suppliers and/or automotive brands in relation to automotive camera modules, but has also progressively commenced business collaboration with a number of Tier 1 suppliers and/or automotive brands in relation to LiDAR and domain controllers. Such developments are expected to bring more business opportunities to the Group in the rapidly growing smart driving market.

In summary, the Directors believe that the intelligent vision industry will face both opportunities and challenges going forward. In the long term, the rigid demand for smartphones, the rapid growth of smart driving, the flourishing diversity of IoT intelligent terminals, and the accelerating adoption of consumer electronics products, including AI/AR glasses, by consumers will create growing demand for, and impose increasingly stringent requirements on, intelligent vision products. The development potential of intelligent vision products is vast. Meanwhile, the optical design, structural design, integration of key components and algorithm integration in camera modules will become more critical and complex, and only manufacturers capable of providing comprehensive intelligent vision solutions that are both technologically advanced and cost-competitive are likely to keep pace with the demands of the times and stand out amid intense competition. To this end, the Group will, centred around the goal of building leading technological capability, leading quality capability and leading cost capability, continue to advance large-scale intelligent manufacturing, R&D of new technologies and vertical chain integration, steadfastly pursue its platform strategy, device strategy and system integration strategy, and firmly adhere to a customer-centric service approach, so as to provide premium, high-quality products and responsive services to its broad customer base. The Group will continue to focus on increasing the business scale of camera modules and LiDAR products applied to automotive, IoT intelligent terminals and other fields, accelerate the development of intelligent vision product solutions for innovative segments such as AI glasses and embodied robots, while expediting vertical chain integration efforts.

The Directors are confident in leading the Group to face challenges head-on and continue to strive for sound development in the second half of the year, working hard to advance the implementation of the Second Five-year Strategic Plan, upholding the Group's vision of "illuminate things" and striving to create greater value for the shareholders of the Company (the "**Shareholders**").

FINANCIAL REVIEW

Revenue

During the Period, the revenue of the Group amounted to approximately RMB9,923,172,000, representing a year-on-year increase of approximately 12.4% as compared with approximately RMB8,831,512,000 in the Corresponding Period. The year-on-year increase in revenue was mainly attributable to the following: during the Period, the sales volumes of the Group's camera modules applied to mobile products, camera modules and LiDAR products applied to IoT products, and camera modules and LiDAR products applied to automotive products increased by approximately 30.1%, 46.9% and 65.0% year-on-year, respectively, resulting in an increase of approximately 14.0% in the aggregate revenue from camera modules and LiDAR products as compared with the Corresponding Period, among which the aggregate revenue from camera modules and LiDAR products applied to automotive products increased significantly by approximately 117.3% as compared with the Corresponding Period.

Cost of sales

During the Period, the cost of sales of the Group amounted to approximately RMB9,271,469,000, representing an increase of approximately 13.4% as compared with approximately RMB8,177,461,000 in the Corresponding Period. The year-on-year increase in cost of sales was mainly attributable to the growth in sales revenue, which resulted in increases in material costs, labour costs and other costs.

Gross profit and gross profit margin

During the Period, the gross profit of the Group amounted to approximately RMB651,703,000 (Corresponding Period: approximately RMB654,051,000), representing a slight year-on-year decrease of approximately 0.4%; while the gross profit margin was approximately 6.6% (Corresponding Period: approximately 7.4%), representing a year-on-year decrease of approximately 0.8 percentage points. The decrease in gross profit margin was mainly attributable to the following: (i) affected by macro factors and supply chain tightness, global smartphone shipments declined year-on-year in the first half of 2026, the specification upgrade of camera modules applied to low-to-mid-end smartphones stagnated, and market competition intensified, putting pressure on the average unit price and profit margin of camera modules. During the Period, the sales volume of the Group's mid-to-high-end mobile phone camera module products with resolutions of 32 megapixels and above decreased by approximately 7.0% year-on-year, with their proportion of the total sales volume of mobile phone camera modules decreasing by approximately 15.2 percentage points, resulting in a decrease of approximately 14.1% in the average selling price of mobile phone camera modules as compared with the Corresponding Period; and (ii) the sales volume of biological recognition modules decreased by approximately 7.9% year-on-year, resulting in a decline in capacity utilisation rate and an increase in marginal cost.

Other income

During the Period, the other income of the Group amounted to approximately RMB140,578,000, representing an increase of approximately 57.4% as compared with approximately RMB89,316,000 in the Corresponding Period. The increase in other income was mainly attributable to: (i) the additional deduction of input value-added tax for the Period of approximately RMB34,628,000, representing an increase of approximately RMB23,361,000 as compared with approximately RMB11,267,000 in the Corresponding Period; (ii) interest income for the Period of approximately RMB61,215,000, representing an increase of approximately RMB21,654,000 as compared with approximately RMB39,561,000 in the Corresponding Period; (iii) during the Period, the Company reversed approximately RMB41,270,000 of a provision previously made for indemnification obligations in respect of a tax dispute involving its joint venture, Q Tech India (a former subsidiary of the Company); and (iv) the Group recorded a net fair value gain on financial instruments at fair value through profit or loss of approximately RMB47,731,000, representing an increase of approximately RMB26,359,000 as compared with approximately RMB21,372,000 in the Corresponding Period. However, affected by fluctuations in the exchange rate of RMB against USD, the Group recorded a net foreign exchange loss of approximately RMB77,667,000 for the Period, representing an increase of approximately RMB65,923,000 as compared with the net loss of approximately RMB11,744,000 in the Corresponding Period.

Selling and distribution expenses

During the Period, the selling and distribution expenses of the Group amounted to approximately RMB20,984,000, representing an increase of approximately 63.9% as compared with approximately RMB12,804,000 in the Corresponding Period, with the ratio of selling and distribution expenses to revenue being approximately 0.2% (Corresponding Period: approximately 0.1%). The year-on-year increase in selling and distribution expenses was mainly attributable to the increase in business travel and customer communication activities during the Period, as well as the corresponding increase in selling-related staff costs and business entertainment expenses, all driven by the Group's market expansion and sales growth.

Administrative and other operating expenses

During the Period, the total administrative and other operating expenses of the Group amounted to approximately RMB85,511,000, representing an increase of approximately 4.5% as compared with approximately RMB81,839,000 in the Corresponding Period. The increase in administrative and other operating expenses was mainly attributable to: (i) the increase in the remuneration of management staff as compared with the Corresponding Period, in line with the expansion of the Group's business scale and the optimisation of the management team; and (ii) the increase in the number of letters of credit arranged by the Group during the Period, resulting in a corresponding rise in bank handling charges.

R&D expenses

During the Period, the total R&D expenses of the Group amounted to approximately RMB346,659,000, representing an increase of approximately 24.2% as compared with approximately RMB279,103,000 in the Corresponding Period. The year-on-year increase in R&D expenses was mainly attributable to the Group's active recruitment of R&D talent and increased investment in R&D projects during the Period, with a particular focus on R&D of products applied to smart vehicles, embodied robots, AI/AR glasses, optical communications and optical modules, resulting in an increase in R&D staff costs and direct material expenses.

Finance costs

During the Period, the finance costs of the Group amounted to approximately RMB36,164,000, representing a decrease of approximately 35.0% as compared with approximately RMB55,600,000 in the Corresponding Period. The year-on-year decrease in finance costs was mainly attributable to the Group's flexible structuring of its financing mix during the Period based on its actual business operations and the features of various bank financing products, with new bank borrowings mainly comprising letter of credit and bill discounting financing, which carried relatively lower interest rates than general bank borrowings.

Share of gain of a joint venture and associates

During the Period, the Company recorded a share of gain of a joint venture and associates of approximately RMB9,416,000, representing a decrease of approximately 80.4% as compared with approximately RMB48,041,000 in the Corresponding Period, mainly attributable to the following: (i) during the Period, the Company recorded a share of loss from an associate, Newmax Technology, of approximately RMB13,926,000, whereas a share of gain from Newmax Technology of approximately RMB50,171,000 was recorded in the Corresponding Period; (ii) during the Period, the Company recorded a share of loss from an associate, poLight, of approximately RMB11,366,000, representing an increase of approximately RMB9,236,000 as compared with the share of loss of approximately RMB2,130,000 in the Corresponding Period; and (iii) during the Period, the Company recorded a share of gain of a joint venture, Q Tech India, of approximately RMB34,708,000, whereas Q Tech India remained a subsidiary of the Company in the Corresponding Period and accordingly no such share of gain of a joint venture was recorded in the Corresponding Period.

Income tax expenses

During the Period, the income tax expenses of the Group amounted to approximately RMB36,393,000, representing a decrease of approximately 32.8% as compared with approximately RMB54,168,000 in the Corresponding Period. The decrease in income tax expenses was mainly attributable to: (i) the decrease of approximately 13.8% in profit before taxation for the Period as compared with the Corresponding Period; and (ii) the decrease in deferred income tax expense of approximately RMB15,607,000 compared with that of the Corresponding Period.

Profit for the Period

Based on the foregoing, the profit of the Group for the Period amounted to approximately RMB276,019,000 (Corresponding Period: approximately RMB308,352,000), representing a decrease of approximately 10.5% as compared with the Corresponding Period. The year-on-year decrease in profit was mainly attributable to: (i) the decrease in gross profit margin of approximately 0.8 percentage points as compared with the Corresponding Period; and (ii) the decrease in the share of gain of a joint venture and associates for the Period of approximately RMB38,625,000 as compared with the Corresponding Period.

LIQUIDITY AND FINANCIAL RESOURCES

Bank borrowings

As at 30 June 2026, the bank borrowings of the Group amounted to approximately RMB6,130,320,000, representing an increase of approximately 110.9% as compared with approximately RMB2,907,225,000 as at 30 June 2025, and an increase of approximately 46.3% as compared with approximately RMB4,189,924,000 as at 31 December 2025. As of 30 June 2026, bank borrowings were short-term borrowings repayable within one year or on demand.

As at 30 June 2026, the bank borrowings of the Group were mainly denominated in RMB and/or USD.

The following is an overview of the Group's cash flows during the Period and in the Corresponding Period:

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Net cash used in/generated from operating activities	**(535,688)**	1,147,028
Net cash used in investing activities	**(64,609)**	(1,460,476)
Net cash generated from financing activities	**318,170**	576,804

As at 30 June 2026, the cash and cash equivalents of the Group amounted to approximately RMB1,854,294,000, representing an increase of approximately RMB141,090,000 as compared with approximately RMB1,713,204,000 as at 30 June 2025, and a decrease of approximately RMB284,857,000 as compared with approximately RMB2,139,151,000 as at 31 December 2025. The decrease in cash and cash equivalents as compared with the end of the previous year was mainly attributable to the Group's increased arrangement of fixed bank deposits and increased settlement of trade and other payables during the Period.

Operating activities

During the Period, the Group recorded a net cash outflow from operating activities of approximately RMB535,688,000 (Corresponding Period: a net cash inflow of approximately RMB1,147,028,000), mainly attributable to the settlement cycle of customer projects during the Period and the Group's payment of significant amounts of trade payables as they fell due, with the balance of trade and other payables decreasing from approximately RMB8,934,699,000 as at the end of the previous year to approximately RMB7,251,289,000 as at the end of the Period, representing a decrease of approximately RMB1,683,410,000.

Investing activities

During the Period, the Group recorded a net cash outflow from investing activities of approximately RMB64,609,000 (Corresponding Period: a net cash outflow of approximately RMB1,460,476,000). The net cash outflow from investing activities mainly comprised: (i) net cash of approximately RMB329,664,000 used for the purchase of wealth management products and other financial assets; (ii) net cash inflow of approximately RMB1,015,515,000 arising from the maturity of negotiable certificates of deposit; (iii) approximately RMB289,066,000 paid in respect of amounts due for the acquisition of fixed assets, such as equipment; (iv) net cash of approximately RMB173,194,000 used for the placement of bank fixed deposits with an original maturity of over three months; and (v) net cash of approximately RMB303,910,000 used for the placement of pledged bank deposits.

Financing activities

During the Period, the Group recorded a net cash inflow from financing activities of approximately RMB318,170,000 (Corresponding Period: a net cash inflow of approximately RMB576,804,000), mainly attributable to the excess of proceeds from bank borrowings over the repayment of bank borrowings of approximately RMB2,002,086,000, partially offset by (i) the placement of pledged bank deposits of approximately RMB1,380,207,000; and (ii) the payment of dividends of approximately RMB420,034,000.

Gearing ratio

As at 30 June 2026, the gearing ratio of the Group, defined as the total balance of bank borrowings and lease liabilities divided by total equity at the end of the Period, was approximately 96.8%, representing an increase of approximately 31.4 percentage points as compared with approximately 65.4% as at 31 December 2025, mainly attributable to the increase in the balance of bank borrowings as at the end of the Period of approximately 46.3% as compared with the balance of bank borrowings as at 31 December 2025.

Debt to Asset ratio

As at 30 June 2026, the debt to asset ratio of the Group (defined as total liabilities at the end of the Period divided by total assets at the end of the Period) was approximately 68.1%, representing an increase of approximately 0.5 percentage points as compared with approximately 67.6% as at 31 December 2025, and the debt to asset ratio remained stable.

TREASURY POLICIES

The Group's treasury policy, as disclosed in the prospectus of the Company dated 20 November 2014 (the "**Prospectus**"), was amended by the risk management committee of the Company (the "**Risk Management Committee**") on 24 March 2016, 6 December 2022 and 12 April 2024, the details of which are disclosed under the section headed "Management Discussion and Analysis" of the annual reports from 2016 to 2024.

The Board, the Risk Management Committee and the staff at the relevant positions of the Company maintain ongoing monitoring and conduct risk assessments of the wealth management products purchased by the Group from time to time for treasury management purposes in the ordinary course of business. Meanwhile, the Company also pays close attention to the Group's liquidity and the position of its assets and liabilities to ensure sufficient working capital and maintain a reasonable level of its debt to asset ratio.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures for the Period.

SIGNIFICANT INVESTMENT

The Group did not hold any significant investment for the Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 30 June 2026, the Board had not approved any other plans for significant investments or acquisitions of capital assets.

OTHER INVESTMENT

On 7 and 8 January 2026, Kunshan Q Technology International Limited ("**Q Tech International**"), an indirect wholly-owned subsidiary of the Company, acquired an aggregate of 978,065 ordinary shares of Careium AB ("**Careium**", a company listed on Nasdaq First North under stock code: CARE) from the open market (the "**Share Purchase**"), representing approximately 4.02% of the total issued shares of Careium as at the date of completion of the Share Purchase. The purchase price was SEK22.5 per share, with a total consideration of approximately SEK22,006,000 (equivalent in aggregate to approximately RMB16,737,000, translated at the respective reference exchange rates on the dates of purchase). Prior to the completion of the Share Purchase, Q Tech International already held 1,175,753 issued shares of Careium, representing approximately 4.83% of the total issued shares of Careium as at the date of completion of the Share Purchase; upon completion of the Share Purchase, Q Tech International held in aggregate 2,153,818 issued shares of Careium, representing approximately 8.85% of the total issued shares of Careium as at the date of completion of the Share Purchase.

PLEDGE OF ASSETS

As at 30 June 2026, the assets pledged by the Group, comprising bank deposits, negotiable certificates of deposit and wealth management products, amounted to approximately RMB2,768,987,000 in total, representing an increase of approximately RMB596,355,000 as compared with approximately RMB2,172,632,000 as at 31 December 2025. These pledged assets were used as security for bank borrowings, bank guarantees, derivative financial instruments and bank acceptance bills.

EMPLOYEE POLICIES AND REMUNERATION

As at 30 June 2026, the total number of staff of the Group (including contractual staff, as well as non-contractual staff such as interns and staff under labour service agreements) was 9,701 (as at 30 June 2025: 10,297). The Group is committed to providing all staff with a fair working environment. New hires are offered induction training and job-specific technical training to facilitate their rapid adaptation to the requirements of their roles. Clear job responsibility guidelines are provided to all staff, and the Group continues to offer on-the-job training and other training programmes for staff across various positions, enabling them to enhance their skills and knowledge. The Group also endeavors to provide competitive compensation and benefits packages to all staff, including the granting of share options to high-performing employees as incentives. During the Period, the remuneration of the staff (including staff under labour service agreements and interns) of the Group was approximately RMB647,501,000 (Corresponding Period: approximately RMB581,548,000). Apart from basic salary, the package also includes performance bonus, medical insurance, share options and provident fund (the remuneration of staff under labour service agreements and interns is determined in accordance with the laws and regulations of the PRC).

FOREIGN EXCHANGE EXPOSURE

The Group is exposed to foreign exchange risk due to certain receivables, payables, cash balances and loans that are denominated in foreign currencies other than RMB arising from operating activities such as bank borrowings, product sales and purchase of raw materials. The Group is further exposed to exchange risk arising from the translation of USD and HKD into RMB, as well as USD into INR.

During the Period, although the Group's sales income settled in USD steadily increased, sales income was still mainly settled in RMB. As certain raw materials and production equipment were procured overseas and settled in USD, any depreciation of RMB against USD would be unfavourable to the Group's exchange costs under trade transactions.

During the Period, supported by solid growth of the Chinese economy, the central parity rate of RMB against USD appreciated by approximately 3.2%, adjusting from 7.0288 at the end of 2025 to 6.8109 at the end of the Period.

The Group adopts the principle of exchange rate management neutrality, mainly utilising financial instruments such as foreign exchange option contracts and foreign exchange forward contracts, arranging such contracts in advance based on rolling business forecasts to lock in the future exchange rate cost of RMB against USD, although such arrangements may not fully offset the impact of RMB against USD exchange rate fluctuations. During the Period, the Group recorded a net fair value gain on the aforesaid financial instruments of approximately RMB30,116,000; however, foreign exchange losses amounted to approximately RMB77,667,000, resulting in a net loss from exchange rate fluctuations of approximately RMB47,551,000 in aggregate (Corresponding Period: loss of approximately RMB4,896,000).

Affected by political, economic, supply and demand and other factors, the future trends of RMB against USD and INR against USD remain subject to significant uncertainty. On one hand, as the Group continues to expand its overseas markets, income settled in USD is expected to increase, thereby better satisfying its USD-settlement payment needs for imported equipment and raw materials. On the other hand, the business of the Group's joint venture, Q Tech India, is also expanding, but the continued depreciation of INR against USD exposes it to exchange rate risk.

It is difficult for the Group to change its business model in the short term; however, the Group will continue to strengthen its daily monitoring of exchange rates and appropriately utilise financial instruments to lock in future exchange costs. Nevertheless, given the numerous factors affecting exchange rates and the complexity of the mechanisms determining them, the Group is mindful that exchange rate fluctuations may continue to affect its operating results.

DIVIDEND

During the Period, the Board resolved to declare an interim dividend for the Period of HK$15.0 cents (equivalent to approximately RMB13.0 cents) per share to the Shareholders whose names appear on the register of members of the Company on Monday, 12 October 2026 (interim dividend for the Corresponding Period: HK$15.0 cents per share). The interim dividend is expected to be paid on or around Friday, 23 October 2026.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining Shareholders' entitlement to interim dividend, the register of members of the Company will be closed from Wednesday, 7 October 2026 to Monday, 12 October 2026 (both days inclusive). In order to qualify for the interim dividend, 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 Tuesday, 6 October 2026. The record date is Monday, 12 October 2026.

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

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale and transfer of any treasury shares). As at 30 June 2026, the Company did not hold any treasury shares.

COMPLIANCE WITH MODEL CODE

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 Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of conduct governing securities transactions by the Directors. The Directors have acknowledged and confirmed that they have complied with the required standard set out in the Model Code regarding securities transactions by directors during the Period.

CORPORATE GOVERNANCE

The Board is committed to maintaining a high standard of corporate governance by adopting good corporate governance practices to safeguard and enhance Shareholders' value. During the Period, the Company has fully complied with the code provisions as set out in Part 2 of Appendix C1 to the Listing Rules.

REVIEW OF INTERIM RESULTS

The Company has established an audit committee (the "**Audit Committee**") in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of Part 2 of Appendix C1 to the Listing Rules. The Audit Committee comprises three members, namely Ms. Hui Hiu Ching (chairlady), Mr. Chu Chia-Hsiang and Mr. Xiaomin Fu, all of whom are independent non-executive Directors of the Company. The Audit Committee has reviewed the Group's interim results for the Period. The Company's independent auditor, Deloitte Touche Tohmatsu, has also reviewed the interim financial information of the Group for the Period in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in the section headed "Business Review", there was no other significant event affecting the Group that occurred after 30 June 2026 and up to the date of this announcement.

INTERIM REPORT

This results announcement is available on the respective websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.qtechsmartvision.com). The 2026 interim report will be despatched to the Shareholders (if requested) and will be published on the above websites 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 the staff of the Group for their dedication and hard work.

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

Hong Kong, 24 August 2026

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. Xiaomin Fu and Ms. Hui Hiu Ching.