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Q Tech

Q TECHNOLOGY (GROUP) COMPANY LIMITED

丘鈇科技（集團）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1478)

SUPPLEMENTAL ANNOUNCEMENT

Reference is made to the announcement of the Company dated 31 October 2019 in relation to the renewal of the Continuing Connected Transactions (the “**Announcement**”). Unless otherwise stated, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Board would like to supplement the following information in relation to the Announcement:

(a) For the Supplemental Heyuan Youhua Purchase Agreement II

Historical transaction amount for the period from 1 January 2019 to 30 October 2019

The unaudited historical transaction amount for the period from 1 January 2019 to 30 October 2019 under the Existing Heyuan Youhua Purchase Agreement was approximately RMB85,936,173, which has not exceeded the existing annual cap for the year 2019 under the Existing Heyuan Youhua Purchase Agreement, namely RMB90,000,000.

Reasons for the significant revision of the existing annual caps and revise the proposed annual caps

Pursuant to the Announcement, the revised annual caps of the proposed transactions for each of the three years 2019, 2020 and 2021 under the Supplemental Heyuan Youhua Purchase Agreement II are all RMB170,000,000, which increased significantly as compared with the existing annual caps of the transactions for each of the three years of 2018, 2019 and 2020 under the Existing Heyuan Youhua Purchase Agreement (i.e. RMB90,000,000). The revision was principally based on the unaudited monthly historical transaction amount for the three months period from 1 July 2019 to 30 September 2019 that the Group had purchased the VCM, LM, bi-directional VCM and other electronic components from Heyuan Youhua, which had reached approximately RMB10,793,000 and was increased significantly as compared with that of the first half of 2019 (the accumulative historical transaction amount for the first half of 2019 was approximately RMB46,608,000 and the relevant monthly historical transaction amount was approximately RMB7,768,000, please refer to the 2019 interim report of the Company for more details). And given that the Group has strong confidence in its business development in the years 2020 and 2021 and will continue to work hard for it, therefore, the Company decided to revise the annual caps of the transactions for each of the two years of 2020 and 2021 to RMB170,000,000. Nevertheless, although the Group has strong confidence in the business development for the three months from 1 October 2019 to 31 December 2019, in considering that the unaudited historical transaction amount for the nine months period from 1 January 2019 to 30 September 2019 under the Existing Heyuan Youhua Purchase Agreement was approximately RMB78,986,390, and the odds that the proposed transaction amount for the next three months period from 1 October 2019 to 31 December 2019 will exceed that of the past nine months is rather low. Therefore, the Directors decided to reduce the annual cap of the proposed transactions for year 2019 under the Supplemental Heyuan Youhua Purchase Agreement II to RMB130,000,000. The revised proposed annual caps under the Supplemental Heyuan Youhua Purchase Agreement II are set out below:

	1 January 2019 to 31 December 2019 (RMB)	1 January 2020 to 31 December 2020 (RMB)	1 January 2021 to 31 December 2021 (RMB)
Annual caps	130,000,000	170,000,000	170,000,000

(b) For the Supplemental Huangshi C-Flex Electronic Purchase Agreement II

Historical transaction amount for the period from 1 January 2019 to 30 October 2019

The unaudited historical transaction amount for the period from 1 January 2019 to 30 October 2019 under the Existing Huangshi C-Flex Electronic Purchase Agreement was approximately RMB71,689,737, which has not exceeded the existing annual cap for the year 2019 under the Existing Huangshi C-Flex Electronic Purchase Agreement, namely RMB90,000,000.

Reasons for the significant revision of the existing annual caps and revise the proposed annual caps

Pursuant to the Announcement, the revised annual caps of the proposed transactions for each of the three years 2019, 2020 and 2021 under the Supplemental Huangshi C-Flex Electronic Purchase Agreement II are all RMB180,000,000, which increased significantly as compared with the existing annual caps of the transactions for each of the three years of 2018, 2019 and 2020 under the Existing Huangshi C-Flex Electronic Purchase Agreement (i.e. RMB90,000,000). The revision was principally based on the unaudited monthly historical transaction amount of the three months period from 1 July 2019 to 30 September 2019 that the Group had purchased the FPCs and Rigid-Flex PCBs from Huangshi C-Flex Electronic, which had reached approximately RMB12,691,000 and was increased significantly as compared with that of the first half of 2019 (the accumulative historical transaction amount for the first half of 2019 was approximately RMB25,810,000 and the relevant monthly historical transaction amount was approximately RMB4,302,000, please refer to the 2019 interim report of the Company for more details). And given that the Group has strong confidence in its business development in the years 2020 and 2021 and will continue to work hard for it, therefore, the Company decided to revise the annual caps of the transactions for each of the two years of 2020 and 2021 to RMB180,000,000. Nevertheless, although the Group has strong confidence in the business development for the three months from 1 October 2019 to 31 December 2019, in considering that the unaudited historical transaction amount for the nine months period from 1 January 2019 to 30 September 2019 under the Existing Huangshi C-Flex Electronic Purchase Agreement was approximately RMB63,882,500, and the odds that the proposed transaction amount for the next three months period from 1 October 2019 to 31 December 2019 will exceed that of the past nine months is rather low. Therefore, the Directors decided to reduce the annual cap of the proposed transactions for year 2019 under the Supplemental Huangshi C-Flex Electronic Purchase Agreement II to RMB130,000,000. The revised proposed annual caps under the Supplemental Huangshi C-Flex Electronic Purchase Agreement II are set out below:

	1 January 2019 to 31 December 2019 (RMB)	1 January 2020 to 31 December 2020 (RMB)	1 January 2021 to 31 December 2021 (RMB)
Annual caps	130,000,000	180,000,000	180,000,000

In Conclusion, the significant revision of the annual caps of the Continuing Connected Transactions between the Group and Heyuan Youhua, the Group and Huangshi C-Flex Electronic were based on the continuing expanding business capacity of the Group, which leads to the significant increasing procurement demand for VCM, LM, bi-directional VCM and other electronic components, FPCs and Rigid-Flex PCBs for the Group's production. And the qualities of the relevant components supplied by Heyuan Youhua and Huangshi C-Flex Electronic are reliable, and the price and quality of the products offered are comparable to or more favourable to the Group than those offered by such Independent Third Parties for the same or comparable products. The Directors (including the independent non-executive Directors) are of the view that to increase the procurements from Heyuan Youhua and Huangshi C-Flex Electronic are in the interests of the Company and the Shareholders as a whole.

Save as disclosed above, all other information set out in the Announcement remain unchanged.

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

Hong Kong, 11 November 2019

As at the date of this announcement, the Executive Directors are Mr. He Ningning (Chairman), Mr. Wang Jianqiang (Chief Executive Officer) and Mr. Hu Sanmu; and the Independent Non-executive Directors are Mr. Ko Ping Keung, Mr. Chu Chia-Hsiang and Mr. Ng Sui Yin.