

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Q Tech

Q TECHNOLOGY (GROUP) COMPANY LIMITED

丘鈦科技(集團)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1478)

**(1) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS;
(2) NEW CONTINUING CONNECTED TRANSACTION;
AND (3) NEW CONNECTED TRANSACTION**

(1) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

References are made to the Announcements in relation to, among other things, the entering into of (a) the Supplemental Heyuan CK Supply Agreement III; (b) the Supplemental Heyuan Youhua Purchase Agreement II; and (c) the Supplemental Huangshi C-Flex Electronic Purchase Agreement II by the Group.

(a) The Heyuan CK Supply Agreement

On 31 May 2021, the Company and Heyuan CK entered into the Heyuan CK Supply Agreement to amend and supersede the Supplemental Heyuan CK Supply Agreement III.

(b) The Heyuan Youhua Purchase Agreement

On 31 May 2021, the Company and Heyuan Youhua entered into the Heyuan Youhua Purchase Agreement to amend and supersede the Supplemental Heyuan Youhua Purchase Agreement II.

(c) The Huangshi C-Flex Electronic Purchase Agreement

On 31 May 2021, the Company and Huangshi C-Flex Electronic entered into the Huangshi C-Flex Electronic Purchase Agreement to amend and supersede the Supplemental Huangshi C-Flex Electronic Purchase Agreement II.

(2) NEW CONTINUING CONNECTED TRANSACTION

Kunshan KEIRAKU Purchase Agreement

On 31 May 2021, the Company and Kunshan KEIRAKU entered into the Kunshan KEIRAKU Purchase Agreement, pursuant to which, from 1 January 2021 to 31 December 2023, the Company agreed to purchase or procure its subsidiaries to purchase, and Kunshan KEIRAKU and/or its designated agents agreed to supply to the Company and/or its subsidiaries, electronic components such as connectors and holders.

(3) NEW CONNECTED TRANSACTION

Shenzhen CK Property Lease Agreement

On 31 May 2021, Shenzhen QT, an indirect wholly-owned subsidiary of the Company, entered into the Shenzhen CK Property Lease Agreement with Shenzhen CK, pursuant to which Shenzhen QT will lease the Leased Property from Shenzhen CK for a term commencing from 1 June 2021 and ending on 31 December 2023.

LISTING RULES IMPLICATIONS AND AGGREGATION OF ANNUAL CAPS

Heyuan CK is wholly-owned by CK Telecom, which in turn is wholly-owned by Mr. He. Accordingly, Heyuan CK is a connected person of the Company under the Listing Rules.

Huangshi C-Flex Electronic is wholly-owned by Shenzhen Handi, a wholly-owned subsidiary of Shenzhen CK, which in turn is owned as to 90% by Mr. He. Accordingly, Huangshi C-Flex Electronic is a connected person of the Company under the Listing Rules.

Heyuan Youhua is owned as to approximately 0.25% and approximately 0.99% by Mr. Hu and Mr. Fan, respectively, both of whom are executive Directors of the Company, and as to approximately 66.11% by Westalgo Great China, a wholly-owned subsidiary of QT Investment, the controlling shareholder of the Company, which in turn is owned as to 100% by Mr. He. Accordingly, Heyuan Youhua is a connected person of the Company under the Listing Rules.

Kunshan KEIRAKU is owned as to 97% by Kunshan KEIRAKU (Hong Kong) Limited, a wholly-owned subsidiary of QT Investment, the controlling shareholder of the Company, which in turn is owned as to 100% by Mr. He. Accordingly, Kunshan KEIRAKU is a connected person of the Company under the Listing Rules.

Shenzhen CK is owned as to 90% by Mr. He. Accordingly, Shenzhen CK is a connected person of the Company under the Listing Rules.

The CCT Agreements and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios in respect of the annual caps of all of the transactions contemplated under the CCT Agreements on an aggregate basis exceed 0.1% but all are less than 5%, the transactions contemplated under the CCT Agreements are subject to the reporting, annual review and announcement requirements but are exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

In accordance with IFRS 16 “Leases”, the Company will recognise the value of the right-of-use assets for the lease of the Leased Property under the Shenzhen CK Property Lease Agreement on its consolidated statement of financial position. Accordingly, the transaction under the Shenzhen CK Property Lease Agreement will be regarded as an acquisition of right-of-use assets by Shenzhen QT from Shenzhen CK and therefore a one-off connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest percentage ratio calculated based on the value of the right-of-use asset to be recognised by the Group in respect of the Shenzhen CK Property Lease Agreement is less than 0.1%, the transaction contemplated under the Shenzhen CK Property Lease Agreement is fully exempt from the requirements under Chapter 14A of the Listing Rules.

(1) REVISION OF CONTINUING CONNECTED TRANSACTIONS

References are made to the Announcements in relation to, among other things, the entering into of (a) the Supplemental Heyuan CK Supply Agreement III; (b) the Supplemental Heyuan Youhua Purchase Agreement II; and (c) the Supplemental Huangshi C-Flex Electronic Purchase Agreement II by the Group. The Group entered into the following agreements to amend and supersede the above agreements:

(a) The Heyuan CK Supply Agreement

Date:	31 May 2021
Parties:	(i) the Company (for itself and on behalf of its subsidiaries) (as supplier) (ii) Heyuan CK (for itself and on behalf of its designated agents) (as purchaser)
Contract period:	From 1 January 2021 to 31 December 2023
Subject matter:	During the contract period, the Company agreed to supply or procure its subsidiaries to supply, and Heyuan CK agreed to purchase from the Company and/or its subsidiaries, camera modules and fingerprint recognition modules. The parties agreed that Heyuan CK may appoint a designated agent in writing to conduct the transactions contemplated under the Heyuan CK Supply Agreement on behalf of Heyuan CK and Heyuan CK shall be fully responsible for all matters and acts carried out by such designated agent.
Pricing:	The price of camera modules and fingerprint recognition modules to be supplied by the Group will be determined with reference to the cost of raw materials and production costs of the Group as well as the profit margin, which is expected to be comparable to the level of profit derived from sales to customers who are Independent Third Parties, subject to adjustments based on the expected quantity, quality, delivery schedule, specifications and market competition.

Existing Annual Caps

The existing annual caps for the transactions contemplated under the Supplemental Heyuan CK Supply Agreement III for each of the years ending 31 December 2019, 31 December 2020 and 31 December 2021 will not exceed RMB20,000,000.

Historical transaction amounts

The historical transaction amounts for each of the three years ended 31 December 2020 and the unaudited historical transaction amounts for the four-month period from 1 January 2021 to 30 April 2021 are set out below:

	From 1 January 2018 to 31 December 2018 (RMB)	From 1 January 2019 to 31 December 2019 (RMB)	From 1 January 2020 to 31 December 2020 (RMB)	From 1 January 2021 to 30 April 2021 (RMB)
Annual caps	25,939,000	12,117,000	4,171,000	1,272,000

Proposed Annual Caps

Pursuant to the Heyuan CK Supply Agreement, the proposed annual caps for each of the years ending 31 December 2021, 31 December 2022 and 31 December 2023 are expected not to exceed RMB20,000,000.

The annual caps for the transactions under the Heyuan CK Supply Agreement for the three years ending 31 December 2023 are determined with reference to:

- (i) the projected purchases of camera modules and fingerprint recognition modules that Heyuan CK would purchase from the Group for the production of its products based on preliminary discussion with Heyuan CK;
- (ii) the prevailing market price for camera modules and fingerprint recognition modules in the open market of the PRC; and
- (iii) the historical transaction amounts for each of the three years ended 31 December 2020 and the unaudited historical transaction amounts for the four months ended 30 April 2021 under the Supplemental Heyuan CK Supply Agreement III.

Reasons for entering into the Heyuan CK Supply Agreement

Given that the Supplemental Heyuan CK Supply Agreement III will expire on 31 December 2021 and the Group has maintained a stable and amicable business relationship with Heyuan CK in the past, and the Directors expected that there would still be sales of camera modules and fingerprint recognition modules by the Group to Heyuan CK. In order to facilitate the unified management of the connected transactions of the Group, the Heyuan CK Supply Agreement is proposed to be signed to replace the Supplemental Heyuan CK Supply Agreement III. The Directors (including the independent non-executive Directors) are of the view that entering into the Heyuan CK Supply Agreement will reflect a more accurate procurement need of Heyuan CK for camera modules and fingerprint recognition modules from the Group during such contract period.

(b) The Heyuan Youhua Purchase Agreement

Date:	31 May 2021
Parties:	(i) the Company (for itself and on behalf of its subsidiaries) (as purchaser) (ii) Heyuan Youhua (for itself and on behalf of its subsidiaries) (as supplier)
Contract period:	From 1 January 2021 to 31 December 2023
Subject matter:	During the contract period, the Company agreed to purchase, or procure its subsidiaries to purchase, and Heyuan Youhua and/or its subsidiaries agreed to supply to the Company and/or its subsidiaries electronic components, such as voice coil motors (“VCM”), linear motors (“LM”) and bi-directional VCM (“ bi-directional VCM ”).
Pricing:	The price of the electronic components, such as VCM, LM, bi-directional VCM, will be determined with reference to the price at which comparable types of electronic components, such as VCM, LM, bi-directional VCM, etc., are sold to the Group by suppliers which are Independent Third Parties on normal commercial terms and in the ordinary and usual course of business and such price shall be no less favourable to the Group than is available from suppliers which are Independent Third Parties.

Existing Annual Caps

The existing annual caps for the transactions contemplated under the Supplemental Heyuan Youhua Purchase Agreement II for the relevant periods are set out below:

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

Historical transaction amounts

The historical transaction amounts for each of the three years ended 31 December 2020 and the unaudited historical transaction amount for the four months period from 1 January 2021 to 30 April 2021 were set out as follow:

	From 1 January 2018 to 31 December 2018 (RMB)	From 1 January 2019 to 31 December 2019 (RMB)	From 1 January 2020 to 31 December 2020 (RMB)	From 1 January 2021 to 30 April 2021 (RMB)
Annual caps	76,126,000	110,749,000	124,007,000	38,435,000

Proposed Annual Caps

The proposed revised annual caps for the transactions contemplated under the Heyuan Youhua Purchase Agreement for the relevant contract periods are set out below:

	From 1 January 2021 to 31 December 2021 (RMB)	From 1 January 2022 to 31 December 2022 (RMB)	From 1 January 2023 to 31 December 2023 (RMB)
Annual caps	200,000,000	250,000,000	250,000,000

The annual caps for the transactions under the Heyuan Youhua Purchase Agreement for the three years ending 31 December 2023 are determined with reference to:

- (i) the expected increase in the demand for electronic components such as VCM, LM, bi-directional VCM to be purchased by the Group from Heyuan Youhua for the production of camera modules for each of the years ending 31 December 2021, 31 December 2022 and 31 December 2023;
- (ii) the prevailing market rates and historical price fluctuations of such electronic components; and
- (iii) the historical transaction amounts for each of the three years ended 31 December 2020 and the unaudited historical transaction amounts for the four months ended 30 April 2021.

Reasons for entering into the Heyuan Youhua Purchase Agreement

The Directors (including the independent non-executive Directors) are of the view that it is in the interest of the Group to purchase the electronic components, such as voice VCM, LM, bi-directional VCM, from Heyuan Youhua under the Heyuan Youhua Purchase Agreement for the following reasons:

- (i) the purchases from Heyuan Youhua will be at competitive prices not less favourable than those that the Group can obtain from suppliers which are Independent Third Parties;
- (ii) Heyuan Youhua is familiar with the Group's product specifications, standards and requirements and the Group has confidence in the quality of the VCM, LM, bi-directional VCM and other electronic components supplied by Heyuan Youhua; and
- (iii) the Directors consider that it is crucial for the Group to maintain the quality of its electronic components, such as VCM, LM, bi-directional VCM, for the Group's current and future production needs. Based on the Group's past experience in purchasing from Heyuan Youhua, the Directors are of the view that Heyuan Youhua is effective in meeting the Group's requirements on product quality.

The Directors (including the independent non-executive Directors) are of the view that the revision of the annual caps for the coming years will reflect the Group's more accurate procurement needs for the electronic components such as VCM, LM, bi-directional VCM from Heyuan Youhua.

In considering whether to purchase from Heyuan Youhua, the Group will seek quotations from at least two suppliers which are Independent Third Parties offering the same or comparable products. The Group will purchase the VCM, LM, bi-directional VCM and other electronic components from Heyuan Youhua if 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 Heyuan Youhua Purchase Agreement will therefore give the Group flexibility to purchase the VCM, LM, bi-directional VCM and other electronic components it requires from Heyuan Youhua if it so wishes at competitive market prices.

(c) The Huangshi C-Flex Electronic Purchase Agreement

Date:	31 May 2021
Parties:	(i) the Company (for itself and on behalf of its subsidiaries) (as purchaser) (ii) Huangshi C-Flex Electronic (for itself and on behalf of its subsidiaries) (as supplier)
Contract period:	From 1 January 2021 to 31 December 2023
Subject matter:	During the contract period, the Company agreed to purchase or procure its subsidiaries to purchase, and Huangshi C-Flex Electronic agreed to supply to the Company and/or its subsidiaries, flexible printed circuit boards (“FPCs”) and rigid-flex printed circuit boards (“ Rigid-Flex PCBs ”).
Pricing:	The prices of the FPCs and Rigid-Flex PCBs will be determined with reference to the prices at which comparable types of the FPCs and Rigid-Flex PCBs sold by suppliers who are Independent Third Parties to the Group under normal commercial terms in the ordinary and usual course of business and such prices shall be no less favourable to the Group than is available from suppliers who are Independent Third Parties.

Existing Annual Caps

The existing annual caps for the transactions contemplated under the Supplemental Huangshi C-Flex Electronic Purchase Agreement II for the relevant periods are set out below:

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

Historical transaction amounts

The historical transaction amounts for each of the three years ended 31 December 2020 and the unaudited historical transaction amount for the four months period from 1 January 2021 to 30 April 2021 were set out as follow:

	From 1 January 2018 to 31 December 2018 (RMB)	From 1 January 2019 to 31 December 2019 (RMB)	From 1 January 2020 to 31 December 2020 (RMB)	From 1 January 2021 to 30 April 2021 (RMB)
Annual caps	24,749,000	101,962,000	138,177,000	51,599,000

Proposed Annual Caps

The proposed revised annual caps of the transactions contemplated under the Huangshi C-Flex Electronic Purchase Agreement for the relevant contract periods are set out below:

	From 1 January 2021 to 31 December 2021 (RMB)	From 1 January 2022 to 31 December 2022 (RMB)	From 1 January 2023 to 31 December 2023 (RMB)
Annual caps	200,000,000	250,000,000	250,000,000

The annual caps for the transactions under the Huangshi C-Flex Electronic Purchase Agreement for the three years ending 31 December 2023 are determined with reference to:

- (i) the expected increasing demand for the FPCs and Rigid-Flex PCBs to be purchased by the Group from Huangshi C-Flex Electronic for each of the years ending 31 December 2021, 31 December 2022 and 31 December 2023;
- (ii) current market price and historical price fluctuations of such electronic components; and
- (iii) the historical transaction amounts for each of the three years ended 31 December 2020 and the unaudited historical transaction amounts for the four months ended 30 April 2021.

Reasons for entering into the Huangshi C-Flex Electronic Purchase Agreement

The Directors (including the independent non-executive Directors) are of the view that the purchase of the FPCs and Rigid-Flex PCBs from Huangshi C-Flex Electronic under the Huangshi C-Flex Electronic Purchase Agreement is in the interest of the Group for the following reasons:

- (i) the purchases from Huangshi C-Flex Electronic will be at competitive prices not less favourable than those that the Group can purchase from Independent Third Parties;
- (ii) Huangshi C-Flex Electronic is familiar with the Group's product specifications, standards and requirements and the Group has confidence in the quality of the FPCs and Rigid-Flex PCBs supplied by Huangshi C-Flex Electronic; and
- (iii) the Directors consider that maintaining the quality of the FPCs and Rigid-Flex PCBs by the Group is crucial to the Group's current and future production needs. In view of the Group's past purchasing experience with Huangshi C-Flex Electronic, the Directors are of the view that Huangshi C-Flex Electronic can effectively fulfill the Group's requirements in product quality.

The Directors (including the independent non-executive Directors) are of the view that the revision of the annual caps for the coming years will reflect a more accurate procurement demand of the Group for the FPCs and Rigid-Flex PCBs from Huangshi C-Flex Electronic.

In considering whether to purchase from Huangshi C-Flex Electronic, the Group will seek quotations from at least two suppliers which are Independent Third Parties offering the same or comparable products. The Group will purchase the FPCs and Rigid-Flex PCBs from Huangshi C-Flex Electronic if 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. Accordingly, the Huangshi C-Flex Electronic Purchase Agreement will continue to provide the Group with the flexibility to purchase the FPCs and Rigid-Flex PCBs it requires from Huangshi C-Flex Electronic if it so wishes at competitive market prices.

(2) NEW CONTINUING CONNECTED TRANSACTION

On 31 May 2021, the Company and Kunshan KEIRAKU entered into the Kunshan KEIRAKU Purchase Agreement, the principal terms of which are set out below:

Date:	31 May 2021
Parties:	(i) the Company (for itself and on behalf of its subsidiaries) (as purchaser) (ii) Kunshan KEIRAKU (for itself and on behalf of its designated agents) (as supplier)
Contract period:	From 1 January 2021 to 31 December 2023
Subject matter:	During the contract period, the Company agreed to purchase or procure its subsidiaries to purchase, and Kunshan KEIRAKU and/or its designated agents agreed to supply electronic components such as connectors and holders.
Pricing:	The prices of the electronic components such as connectors and holders will be determined with reference to the prices at which comparable types of electronic components such as connectors and holders sold by suppliers who are Independent Third Parties to the Group under normal commercial terms in the ordinary and usual course of business, and such prices shall be no less favourable to the Group than is available from suppliers who are Independent Third Parties.

Proposed Annual Caps

The proposed annual caps of the transactions contemplated under the Kunshan KEIRAKU Purchase Agreement for the relevant periods are set out below:

	From 1 January 2021 to 31 December 2021 (RMB)	From 1 January 2022 to 31 December 2022 (RMB)	From 1 January 2023 to 31 December 2023 (RMB)
Annual caps	2,000,000	3,000,000	5,000,000

The proposed annual caps of the transactions contemplated under the Kunshan KEIRAKU Purchase Agreement were determined based on the following factors:

- (i) the projected demand of electronic components such as connectors and holders that the Group would purchase from Kunshan KEIRAKU for the coming years; and
- (ii) the prevailing market rates of such products in the open market of the PRC.

Historical transaction amounts

The historical transaction amounts for each of the three years ended 31 December 2020 are set out below:

	From 1 January 2018 to 31 December 2018 (RMB)	From 1 January 2019 to 31 December 2019 (RMB)	From 1 January 2020 to 31 December 2020 (RMB)
Annual caps	0	82,000	0

Reasons for entering into the Kunshan KEIRAKU Purchase Agreement

The Directors (including the independent non-executive Directors) considered that it is in the interest of the Group to purchase the electronic components such as connectors and holders from Kunshan KEIRAKU pursuant to the Kunshan KEIRAKU Purchase Agreement for the following reasons:

- (i) the purchases from Kunshan KEIRAKU will be at competitive prices no less favourable to the Group than those available from independent third party suppliers; and
- (ii) Kunshan KEIRAKU is familiar with the specifications, standards and requirements of the Group's products and the Group has confidence in the quality of electronic components such as connectors and holders supplied by Kunshan KEIRAKU.

The Directors consider that it is crucial for the Group to maintain the quality of electronic components such as connectors and holders for the Group's current and future production needs. Based on the past experience in sourcing from Kunshan KEIRAKU, the Directors are of the view that Kunshan KEIRAKU can effectively meet the Group's requirements on product quality.

In considering whether to purchase from Kunshan KEIRAKU, the Group will seek quotations from at least two suppliers which are Independent Third Parties offering the same or comparable products. The Group will purchase the electronic components such as connectors and holders from Kunshan KEIRAKU if 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 Kunshan KEIRAKU Purchase Agreement will therefore give the Group flexibility to purchase the electronic components such as connectors and holders it requires from Kunshan KEIRAKU if it so wishes at competitive market prices.

(3) NEW CONNECTED TRANSACTIONS

On 31 May 2021, Shenzhen QT, an indirect wholly-owned subsidiary of the Company, entered into the Shenzhen CK Property Lease Agreement with Shenzhen CK, pursuant to which Shenzhen QT will lease the Leased Property from Shenzhen CK.

The principal terms of the Shenzhen CK Property Lease Agreement are set out below:

Date:	31 May 2021
Parties:	(i) Shenzhen CK (as landlord) (ii) Shenzhen QT (an indirect wholly-owned subsidiary of the Company) (as tenant)
Lease term:	From 1 June 2021 to 31 December 2023
Leased Property:	An office building with a total gross floor area of approximately 324 sq.m. located at Area D, Room 902, Building 4C, Software Industrial Base, Keyuan Road, Hi-tech Park, Nanshan District, Shenzhen City, Guangdong Province, the PRC.
Rental:	<p>The rent of the Leased Property during the term is RMB105 per square metre per month (inclusive of property management fee, air-conditioning fee, water and electricity charges, internet charges and telephone charges, exclusive of tax).</p> <p>For the three years ending 31 December 2023, the maximum aggregate amount of rent in respect of the Leased Property is approximately RMB238,140, RMB408,240 and RMB408,240, respectively. The rental of the Leased Property is settled by Shenzhen QT on a monthly basis and will be funded by internal financial resources of the Group.</p>
Usage:	The Leased Property shall be used by the Group as office premises.
Early termination:	Shenzhen QT has the right to early terminate the Shenzhen CK Property Lease Agreement by giving two months' prior written notice to Shenzhen CK.

The terms of the Shenzhen CK Property Lease Agreement were negotiated and agreed between the parties on an arm's length basis and were entered into on normal commercial terms. The monthly rent was agreed between the parties after taking into account, among other things, the total gross floor area of the Leased Property and the specific cost per sq.m., and taking into account the prevailing market rent of other properties in the vicinity which is comparable to the Leased Property. The maximum aggregate rent for the Leased Property under the Shenzhen CK Property Lease Agreements during the lease period is approximately RMB1,054,620. In accordance with IFRS 16 "Leases", the Company estimates that it will recognise a value of right-of-use asset of approximately RMB991,000 in its consolidated statement of financial position in connection with the lease of the Leased Property under the Shenzhen CK Property Lease Agreement. Shareholders should note that the above figures are unaudited and may be subject to adjustments in the future.

Reasons for entering into the Shenzhen CK Property Lease Agreement

Shenzhen QT is an indirect wholly-owned subsidiary of the Company, which mainly undertakes the functions of marketing development of camera modules and research and development of vehicle camera modules of the Group. At the beginning of this year, the landlord of the original leased premises of Shenzhen QT proposed to terminate the lease, and the Leased Property are close to the original leased premises. In order to ensure the normal operation of Shenzhen QT and facilitate the employees, the Group proposed to lease the Leased Property from Shenzhen CK. The Directors (including the independent non-executive Directors) consider that the entering into of the Shenzhen CK Property Lease Agreement is in the interests of the Group and the Shareholders as a whole.

OPINION OF THE BOARD

Given that the terms of each of the CCT Agreements were negotiated on an arm's length basis, and the rent under the Shenzhen CK Property Lease Agreement was agreed between the parties after taking into account, among other things, the location of the Leased Property, the prevailing market rent of other properties in the vicinity of the Leased Property with similar conditions as the Leased Property, and the transactions contemplated under the CCT Agreements and the Shenzhen CK Property Lease Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group. Accordingly, the Directors (including the independent non-executive Directors) consider that the terms and conditions of each of the CCT Agreements and the Shenzhen CK Property Lease Agreement are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, and the transactions contemplated under the CCT Agreements and the Shenzhen CK Property Lease Agreement are in the ordinary and usual course of business of the Group.

LISTING RULES IMPLICATIONS

Heyuan CK is wholly-owned by CK Telecom, which in turn is wholly-owned by Mr. He. Accordingly, Heyuan CK is a connected person of the Company under the Listing Rules.

Huangshi C-Flex Electronic is wholly-owned by Shenzhen Handi, a wholly-owned subsidiary of Shenzhen CK, which in turn is owned as to 90% by Mr. He. Accordingly, Huangshi C-Flex Electronic is a connected person of the Company under the Listing Rules.

Heyuan Youhua is owned as to approximately 0.25% and approximately 0.99% by Mr. Hu and Mr. Fan, respectively, both of whom are executive Directors of the Company, and as to approximately 66.11% by Westalgo Great China, a wholly-owned subsidiary of QT Investment, the controlling shareholder of the Company, which in turn is owned as to 100% by Mr. He. Accordingly, Heyuan Youhua is a connected person of the Company under the Listing Rules.

Kunshan KEIRAKU is owned as to 97% by Kunshan KEIRAKU (Hong Kong) Limited, a wholly-owned subsidiary of QT Investment, the controlling shareholder of the Company, which in turn is owned as to 100% by Mr. He. Accordingly, Kunshan KEIRAKU is a connected person of the Company under the Listing Rules.

Shenzhen CK is owned as to 90% by Mr. He. Accordingly, Shenzhen CK is a connected person of the Company under the Listing Rules.

The CCT Agreements and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios in respect of the annual caps of all of the transactions contemplated under the CCT Agreements on an aggregate basis exceed 0.1% but all are less than 5%, the transactions contemplated under the CCT Agreements are subject to the reporting, annual review and announcement requirements but are exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

In accordance with IFRS 16 "Leases", the Company will recognise the value of the right-of-use assets in its consolidated statement of financial position for the lease of the Leased Property under the Shenzhen CK Property Lease Agreement. Accordingly, the transaction under the Shenzhen CK Property Lease Agreement will be regarded as an acquisition of right-of-use assets by Shenzhen QT from Shenzhen CK and therefore a one-off connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest percentage ratio calculated based on the value of the right-of-use asset to be recognised by the Group in respect of the Shenzhen CK Property Lease Agreement is less than 0.1%, the transaction contemplated under the Shenzhen CK Property Lease Agreement is fully exempt from the requirements under Chapter 14A of the Listing Rules.

As Mr. He is interested in Heyuan CK, Huangshi C-Flex Electronic, Heyuan Youhua, Kunshan KEIRAKU and Shenzhen CK, he is interested in the CCT Agreements and the Shenzhen CK Property Lease Agreement and is required to abstain from voting on the Board resolutions approving the CCT Agreements and the Shenzhen CK Property Lease Agreement and the transactions contemplated thereunder. As Mr. Hu and Mr. Fan are interested in Heyuan Youhua, they are interested in the Heyuan Youhua Purchase Agreement and are required to abstain from voting on the Board resolutions approving the Heyuan Youhua Purchase Agreement and the transactions contemplated thereunder.

Save as disclosed above, none of the other Directors has a material interest in the CCT Agreements and the Shenzhen CK Property Lease Agreement or is required to abstain from voting on the Board resolutions in relation to the CCT Agreements and the Shenzhen CK Property Lease Agreement and the transactions contemplated thereunder.

INFORMATION ON THE GROUP

The Group is principally engaged in the design, research and development, manufacture and sales of camera modules and fingerprint recognition modules, with a focus on mid-to-high end camera modules and fingerprint recognition modules markets for intelligent mobile terminals such as global smartphone and tablet brands, Internet of Things (IoT) and smart vehicles.

Shenzhen QT is an indirect wholly-owned subsidiary of the Company and is principally engaged in the research and development and marketing development of camera modules.

INFORMATION ON RELATED PARTIES

Heyuan CK

Heyuan CK is principally engaged in the production, development and sales of self-produced handsets, mobile communications systems, communications terminals, digital electronic systems, portable micro calculators, precision moulds, new electronic components, third generation mobile communications systems handsets and relevant parts, auxiliary products; provision of financial management, production management human resources services, information technology systems management services to related companies in the PRC.

Huangshi C-Flex Electronic

Huangshi C-Flex Electronic is principally engaged in the production, research and development and sales of precision molds, new electronic components, FPCs, rigid-flex boards and related parts, software and supporting products; investment in manufacturing; economic information consulting service; import and export of goods.

Heyuan Youhua

Heyuan Youhua is principally engaged in the development, production and sales of auto-focusing VCM, LM, precise electronic products, domestic trade, import and export of good and technologies.

Kunshan KEIRAKU

Kunshan KEIRAKU is principally engaged in technology development, technology transfer and technology services in the field of communications technology; research and development, production and sales of electronic products, communication equipment and related accessories; development and sales of wireless communication equipment software; import and export of the above goods and technologies.

Shenzhen CK

Shenzhen CK is principally engaged in the research and development and sales of communication equipment and modules and terminal equipment based on 2G, 2.5G and 3G network platforms, and application software and related parts for 2G, 2.5G and 3G; operation of import and export business; lease of buildings.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Announcements”	the renewal of continuing connected transactions announcement dated 31 October 2019 and the supplemental announcement dated 11 November 2019 of the Company
“Board”	the board of Directors
“CCT Agreements”	Heyuan CK Supply Agreement, Heyuan Youhua Purchase Agreement, Huangshi C-Flex Purchase Agreement and Kunshan KEIRAKU Purchase Agreement
“CK Telecom”	CK Telecom Inc., a company incorporated in the British Virgin Islands with limited liability, which is wholly-owned by Mr. He and is therefore a connected person of the Company
“Company”	Q Technology (Group) Company Limited (stock code: 1478), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules
“continuing connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Heyuan CK”	西可通信技術設備(河源)有限公司 (transliteration “CK Telecom Limited”), an enterprise established in the PRC and wholly-owned by CK Telecom
“Heyuan CK Supply Agreement”	the supply agreement dated 31 May 2021 entered into between the Company (for itself and on behalf of its subsidiaries) and Heyuan CK to amend and supersede the Supplemental Heyuan CK Supply Agreement III

“Heyuan Youhua”	河源友華微機電科技有限公司 (transliteration “Heyuan Youhua Micro Electronic Technology Company Limited”), a limited liability company established in the PRC, which is owned as to approximately 0.25% by Mr. Hu, 0.99% by Mr. Fan and 66.11% by Westalgo Great China and is therefore a connected person of the Company
“Heyuan Youhua Purchase Agreement”	the purchase agreement dated 31 May 2021 entered into between the Company (for itself and on behalf of its subsidiaries) and Heyuan Youhua to amend and supersede the Supplemental Heyuan Youhua Purchase Agreement II
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Huangshi C-Flex Electronic”	黃石西普電子科技有限公司 (transliteration “C-Flex Electronic (Huangshi) Ltd.”), an enterprise established in the PRC with limited liability and wholly-owned by Shenzhen Handi
“Huangshi C-Flex Electronic Purchase Agreement”	the purchase agreement dated 31 May 2021 entered into between the Company (for itself and on behalf of its subsidiaries) and Huangshi C-Flex Electronic to amend and supersede the Supplemental Huangshi C-Flex Electronic Purchase Agreement II
“IFRS”	International Financial Reporting Standards issued by the International Accounting Standards Board
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), whom, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, is/are independent of, and not connected with, the Company, any Director(s), chief executive(s) or substantial shareholder(s) (as defined in the Listing Rules) of the Company, any of its subsidiaries or their respective associates
“Kunshan KEIRAKU”	昆山惠樂精密工業有限公司 (transliteration “Kunshan KEIRAKU Precision Co., Ltd.”), a company established in the PRC with limited liability
“Kunshan KEIRAKU Purchase Agreement”	the purchase agreement dated 31 May 2021 entered into between the Company (for itself and on behalf of its subsidiaries) and Kunshan KEIRAKU for a term of 1 January 2021 to 31 December 2023
“Leased Property”	an office building with a total gross floor area of approximately 324 sq.m. located at Area D, Room 902, Building 4C Software Industrial Base, Keyuan Road, Hi-tech Park, Nanshan District, Shenzhen City, Guangdong Province, the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Fan”	Mr. Fan Fuqiang, an executive Director of the Company, is interested in approximately 0.22% of the issued shares of the Company as at the date of this announcement
“Mr. He”	Mr. He Ningning, the chairman, an executive Director and a controlling shareholder of the Company, is interested in approximately 63.78% of the issued shares of the Company as at the date of this announcement
“Mr. Hu”	Mr. Hu Sanmu, an executive Director and the chief executive officer of the Company, is interested in approximately 0.25% of the issued shares of the Company as at the date of this announcement
“PRC”	The People’s Republic of China
“QT Investment”	Q Technology Investment Inc., a company incorporated in the British Virgin Islands with limited liability, which is the controlling shareholder of the Company and wholly-owned by Mr. He
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holder(s) of the Share(s)
“Shares”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shenzhen CK”	深圳市西可德信通信技術設備有限公司 (transliteration “Shenzhen Xike Dexin Telecom Equipment Co., Ltd.”), an enterprise established in the PRC with limited liability and is owned as to 90% by Mr. He, and accordingly a connected person of the Company
“Shenzhen CK Property Lease Agreement”	the property lease agreement dated 31 May 2021 entered into between Shenzhen QT and Shenzhen CK for a term commencing from 1 June 2021 and ending on 31 December 2023
“Shenzhen Handi”	深圳市漢迪創業投資有限公司 (transliteration “Shenzhen Handi Venture Capital Investment Co., Ltd.”), an enterprise established in the PRC with limited liability and is wholly-owned by Shenzhen CK

“Shenzhen QT”	深圳市丘鈇微電子科技有限公司(transliteration “Shenzhen Q Technology Limited”), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Supplemental Heyuan CK Supply Agreement III”	the supplemental supply agreement dated 31 October 2019 entered into between the Company (for itself and on behalf of its subsidiaries) and Heyuan CK for a term from 1 January 2019 to 31 December 2021, details of which are set out in the Announcements
“Supplemental Heyuan Youhua Purchase Agreement II”	the supplemental purchase agreement dated 31 October 2019 entered into between the Company (for itself and on behalf of its subsidiaries) and Heyuan Youhua for a term from 1 January 2019 to 31 December 2021, details of which are set out in the Announcements
“Supplemental Huangshi C-Flex Electronic Purchase Agreement II”	the supplemental purchase agreement dated 31 October 2019 entered into between the Company (for itself and on behalf of its subsidiaries) and Huangshi C-Flex Electronic for a term from 1 January 2019 to 31 December 2021, details of which are set out in the Announcements
“Westalgo Great China”	Westalgo (Great China) Inc., an enterprise established in the British Virgin Islands with limited liability and is wholly-owned by QT Investment, the controlling shareholder of the Company
“%”	percentage

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

Hong Kong, 31 May 2021

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. Ko Ping Keung, Mr. Chu Chia-Hsiang and Mr. Ng Sui Yin.