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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)

INSIDE INFORMATION:

**UPDATE ON THE PROPOSED SPIN-OFF AND SEPARATE LISTING OF
KUNSHAN QTECH MICROELECTRONICS CO., LTD.
ON A STOCK EXCHANGE IN THE PRC**

References are made to the announcements of the Company dated 15 December 2020, 23 April 2021, 23 June 2021 and 30 June 2021 (the “**Announcements**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as used in the Announcements. This announcement is made by the Q Technology (Group) Company Limited (the “**Company**”) pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

FINANCIAL DATA

Upon received the notice of acceptance of the Listing Application from the Shenzhen Stock Exchange on 30 June 2021, Kunshan QT China has been preparing its interim audit report of 2021 as well as responding to the first round of comments (the “**Comments**”) from the Shenzhen Stock Exchange. In accordance with the relevant provisions of the Shenzhen Stock Exchange’s “Guidelines for the Content and Format of Information Disclosure by Companies preparing Public Offering of Securities No. 28” (公開發行證券的公司資訊披露內容與格式準則第28號) and the requirements of the Shenzhen Stock Exchange, Kunshan QT China is required to disclose the financial data of the period from January to September 2021 and the expected key financial results of the period from January to December 2021. In order to meet the requirements of the Shenzhen Stock Exchange, Kunshan QT China has submitted a reply to the Comments on 16 December 2021 and updated the draft prospectus for the Listing Application of Kunshan QT China accordingly which will disclose its financial data of the period from January to September 2021 and the expected key financial results of the period from January to December 2021 as follows:

**1. Financial data of the period from January to September 2021 (not reviewed or audited)
(Unit: Ten Thousand RMB):**

| | January to September 2021 (excluding the data of fingerprint recognition module business of the Retained Group) | January to September 2020 (including the data of fingerprint recognition module business) | Changes year-on-year |
|--|--|--|---------------------------------|
| Revenue | 1,250,000.00 to 1,265,000.00 | 1,317,451.72 | –5.12% to –3.98% |
| Net profit attributable to shareholders of the parent company (<i>Note</i>) | 73,000.00 to 76,000.00 | 67,220.89 | 8.60% to 13.06% |
| Net profit attributable to shareholders of the parent company after deducting non-recurring gains and losses | 65,000.00 to 68,000.00 | 64,809.45 | 0.29% to 4.92% |

Note: The parent company means Kunshan Q Technology (Hong Kong) Limited, which is an indirect wholly-owned subsidiary of the Company.

The operating revenue of the period from January to September 2021 of Kunshan QT China was approximately RMB12.50 billion to RMB12.65 billion, decreased by 5.12% to 3.98% year-on-year. Net profit attributable to shareholders of the parent company was approximately RMB730.00 million to RMB760.00 million, increased by 8.60% to 13.06% year-on-year. Net profit attributable to shareholders of the parent company after deducting non-recurring gains and losses was approximately RMB650.00 million to RMB680.00 million, representing a year-on-year growth rate of approximately 0.29% to 4.92%.

The operating revenue of the period from January to September 2021 of Kunshan QT China declined as compared to that of the first three quarters of 2020. The main reason was that Kunshan QT China focused more on the development of the camera module business since the delineation of the fingerprint recognition module business in November 2020. Excluding the impact of eliminating revenue from fingerprint recognition module of the period from January to September 2020, revenue growth rate for the first three quarters of 2021 was 7.57% to 8.86% year-on-year. The year-on-year increase in the net profit attributable to the shareholders of the parent company of the period and the net profit attributable to the shareholders of the parent company after deducting non-recurrent gains and losses from January to September of 2021 of Kunshan QT China was mainly attributable to Kunshan QT China's business scale expansion.

2. The expected key financial results of the period from January to December 2021 (not reviewed or audited) (Unit: Ten Thousand RMB):

| | 2021 (excluding the data of fingerprint recognition module business of the Retained Group) | 2020 (including the data of fingerprint recognition module business) | Changes year-on-year |
|--|---|---|---------------------------------|
| Revenue | 1,720,000.00 to 1,750,000.00 | 1,706,011.16 | 0.82% to 2.58% |
| Net profit attributable to shareholders of the parent company (<i>Note</i>) | 89,000.00 to 93,000.00 | 88,574.66 | 0.48% to 5.00% |
| Net profit attributable to shareholders of the parent company after deducting non-recurring gains and losses | 78,000.00 to 82,000.00 | 89,384.47 | -12.74% to -8.26% |

Note: The parent company means Kunshan Q Technology (Hong Kong) Limited, which is an indirect wholly-owned subsidiary of the Company.

It is estimated that Kunshan QT China may achieve operating revenue of approximately RMB17.20 billion to RMB17.50 billion in 2021, increasing by 0.82% to 2.58% as compared with that of the whole year of 2020. It is estimated that the net profit attributable to the shareholders of the parent company in 2021 will be approximately RMB890.00 million to RMB930.00 million, increasing by 0.48% to 5.00% as compared with that of the whole year of 2020. It is estimated that the net profit attributable to the shareholders of the parent company after deducting non-recurring gains and losses in 2021 will be approximately RMB780.00 million to RMB820.00 million, decreasing by 12.74% to 8.26% as compared with that of 2020.

Excluding the revenue generated from the fingerprint recognition module business in 2020, the operating revenue of Kunshan QT China is expected to increase by 12.64% to 14.60% year-on-year in 2021, mainly due to its strengthening of strategic cooperation with downstream end customers. Net profit attributable to shareholders of the parent company for year 2021 of Kunshan QT China is expected to increase year-on-year, mainly due to the improvement of its operating revenue. Net profit attributable to shareholders of the parent company after deducting non-recurring gains and losses for year 2021 is expected to decline year-on-year, mainly due to higher non-recurring gains and losses resulting from higher government subsidies in 2021.

The above financial data from January to September 2021 and 2021 are the preliminary estimates of the management of Kunshan QT China, which are not audited or reviewed by auditors and do not constitute profit forecasts or performance commitments made by the Kunshan QT China.

The Proposed Listing is conditional upon, among other things, the approval of the CSRC and the Shenzhen Stock Exchange. The terms of the Offering, including the final size and price range of the Offering, and the timetable of the Proposed Listing have not yet been fixed as at the date of this announcement. The Company will make further announcement in relation to the Proposed Spin-off as and when appropriate pursuant to the relevant requirements of the Listing Rules.

Shareholders of the Company and potential investors should note that, the financial data of the period from January to September 2021 of Kunshan QT China included in the updated draft prospectus and the reply to the Comments is the preliminary management account financial statement for the nine months ended September 30 reviewed by the board of directors of Kunshan QT China and has not been audited or reviewed by independent auditors. The expected financial results of the period from January to December 2021 is a preliminary assessment of the available information by the board of directors of Kunshan QT China and has not been reviewed or audited by independent auditors and/or the Audit Committee of the Company as well. Therefore, the actual performance of Kunshan QT China may be different from the above data and does not represent the final actual performance of the Group in 2021 either due to the difference between the accounting standards applicable to Kunshan QT China and those applicable to the Company.

The Proposed Listing is subject to, inter alia, the prevailing market conditions and approvals from relevant authorities, including the CSRC and the Shenzhen Stock Exchange. Accordingly, there is no assurance as to whether and when the Proposed Listing will proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 16 December 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. Chu Chia-Hsiang, Mr. Ko Ping Keung and Mr. Ng Sui Yin.