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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)

VOLUNTARY ANNOUNCEMENT

LETTER OF UNDERTAKING ON AVOIDING HORIZONTAL COMPETITION

This announcement is made by Q Technology (Group) Company Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) on a voluntary basis.

The board of directors (the “**Board**”) of the Company wishes to announce that, on 14 December 2021, the Company, Kunshan Q Technology (Hong Kong) Limited, an indirect wholly-owned subsidiary of the Company, and Mr. He Ningning, the actual controller of the Company, executed a letter of undertaking on avoiding horizontal competition (the “**Undertaking Letter**”) in favour of Kunshan Q Technology Limited (“**Kunshan QT China**”, together with its subsidiaries, the “**Spin-off Group**”), an indirect wholly-owned subsidiary of the Company, respectively to avoid the potential horizontal competition between the Group (excluding the Spin-off Group) (collectively, the “**Retained Group**”) and the Spin-off Group due to Kunshan Q Tech Microelectronics (India) Private Limited (“**India QT**”) (the “**India QT Horizontal Competition**”).

BACKGROUND

The Company proposed to proceed with the spin-off and listing of Kunshan QT China on the Shenzhen Stock Exchange. The Spin-off Group will be principally engaged in the design, research and development, manufacture and sales of camera modules used for intelligent mobile terminals, such as mobile phone, vehicle, Internet of Things (IoT), etc. (the “**Camera Modules Business**”), while the Retained Group will be principally engaged in the design, research and development, manufacture and sales of fingerprint recognition modules used for intelligent mobile terminals (the “**Fingerprint Recognition Modules Business**”).

India QT is a company incorporated in India principally engaged in Camera Modules Business and a small amount of Fingerprint Recognition Modules Business and is wholly owned by Q Technology (Great China) Inc. (“**QT Great China**”) and Kunshan Q Technology (Hong Kong) Limited (“**Hong Kong QT**”) in the Retained Group. In order to delineate the operation of the Camera Modules Business and Fingerprint Recognition Modules Business between the Spin-off Group and the Retained Group, Kunshan QT China proposed to acquire the entire equity interests in India QT from QT Great China and Hong Kong QT through its subsidiaries, and submitted an application in relation to such equity transfer to the Indian government. In addition, the Spin-off Group and the Retained Group have signed an entrusted operation and management agreement, pursuant to which the Spin-off Group will control India QT by way of entrusted operation and management before the approval of the abovementioned equity transfer by the Indian government. In the meantime, QT Great China and Hong Kong QT have submitted an application to the Indian government for establishment of a biological recognition company in India for the acquisition of the fingerprint recognition modules asset business from India QT (the “**Establishment of New Company**”).

As of the date of the Undertaking Letter, the abovementioned equity transfer and the Establishment of New Company have not been approved by the Indian government. The Spin-off Group and the Retained Group will be subject to potential horizontal competition. According to the relevant provisions of the laws and regulations of the People’s Republic of China and the rules of the Shenzhen Stock Exchange, the Company, as the indirect controlling shareholder of Kunshan QT China, shall issue the Undertaking Letter on addressing and avoiding the India QT Horizontal Competition.

MAIN CONTENTS OF THE COMMITMENT LETTER

According to the Undertaking Letter, subject to the approval by the Indian government of the abovementioned equity transfer and the Establishment of New Company, the Company will take reasonable measures to avoid and eliminate the India QT Horizontal Competition. The Undertaking Letter will be terminated on the earlier of the following dates: (i) the date when the Company ceases to directly or indirectly holds more than 5% equity interests in Kunshan QT China; (ii) the date when Kunshan QT China is delisted from the Shenzhen Stock Exchange; or (iii) the date when the India QT Horizontal Competition is completely resolved and eliminated.

Since the Undertaking Letter is a necessary document for Kunshan QT China to apply for listing on the Shenzhen Stock Exchange, the contents of the Undertaking Letter are prepared in accordance with the laws and regulations of the People's Republic of China and the rules of the Shenzhen Stock Exchange. The issuance of the Undertaking Letter is a common requirement on the issuer's controlling shareholder during the review process for initial public offering and listing of A shares, and the relevant commitments are feasible and effective for the Company. In consideration of the above reasons, the directors are of the view that the Undertaking Letter issued by the Company is a necessary document for the Company's spin-off and listing of Kunshan QT China on the Shenzhen Stock Exchange. The spin-off and listing of Kunshan QT China are commercially to the benefit of the Company, will facilitate the Group and all of its shareholders to create greater value and are in the interests of the Group and shareholders as a whole.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

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