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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)

PROFIT WARNING

This announcement is made by Q Technology (Group) Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Part XIVA of the Securities and Futures Ordinance (Chapter 571, the laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the information currently available to the Company and the preliminary review by the Board on the unaudited management accounts of the Group for the year ended 31 December 2023 (the “**Year**”), it is expected that the consolidated profit of the Group attributable to the Shareholders for the Year decreased by approximately 35% to 45% as compared to the consolidated profit of the Group attributable to the Shareholders for the year ended 31 December 2022 (the “**Corresponding Year**”).

The Board believes that the expected year-on-year decrease in the profit attributable to the Shareholders is primarily due to the following factors: (i) in respect of macro factors, the number of smartphones sold worldwide declined, and the sales volume of camera modules for mobile phones of the Group decreased year-on-year, resulting in a decrease of revenue of the Group as compared with that of the Corresponding Year, and (ii) the exchange rate of RMB against USD remained weak during the Year, with the central parity rate adjusted from 6.9646 at the beginning of the Year to 7.0827 at the end of the Year, with a downward adjustment of approximately 1.7%, which was adjusted to 7.2258 for a period of time during the Year, resulting in a higher cost of materials that need to be imported and settled at USD price, which had a negative impact on gross margin, and (iii) the Group’s associates did not perform satisfactorily during the Year, with losses widening compared to the Corresponding Year. However, the Board is pleased to note that the demand for camera modules has gradually improved in the second half of the Year, the product specification upgrade has gradually returned on track, and the sales volume of camera modules, the sales volume of fingerprint recognition module and gross profit margin in the second half of the Year have also improved significantly as compared with the first half of the Year, so the Board maintains high confidence in the long-term prospects of the Group’s business development.

The information contained in this announcement is only based on the information currently available to the Company and the preliminary review by the Board on the unaudited management accounts of the Group for the Year, which have not been reviewed or audited by the independent auditors and/or the audit committee of the Company. Therefore, the actual financial results of the Group for the Year may differ from what is disclosed in this announcement. Shareholders and potential investors are advised to read carefully about the announcement of the Company for the annual results for the Year, which is expected to be published in late March 2024 in accordance with the requirements of the Listing Rules.

Shareholders 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, 23 January 2024

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.