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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

HIGHLIGHTS

- Revenue of Q Technology (Group) Company Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2024 (the "**Year**") amounted to approximately RMB16,151,336,000, representing an increase of approximately 28.9% as compared with that of the year ended 31 December 2023 (the "**Previous Year**"). The increase in revenue was mainly because: (i) during the Year, industries that extensively use camera modules, including smartphones, smart cars, smart home devices, and low-altitude aircraft, experienced strong development, which led to an increase in demand for camera modules and higher specification requirements, resulting in a year-on-year increase in the sales volume of the Group's camera modules by approximately 16.2% for the Year; (ii) during the Year, the Group's product strategy of "optimizing product structure and emphasizing revenue quality" proved effective, with the combined sales volume of camera modules with resolutions of 32 megapixels and above applied to mobile phones and camera modules applied to other areas showing a significant increase in proportion of total sales volume of camera modules, leading to an increase in the overall average sales unit price of camera module products compared to that of the Previous Year; and (iii) the sales volume of fingerprint recognition modules increased year-on-year by approximately 46.0%.

- Gross profit of the Group for the Year was approximately RMB984,904,000, representing an increase of approximately 93.6% as compared with that of the Previous Year, while gross profit margin for the Year was approximately 6.1% (the Previous Year: approximately 4.1%). The increase in gross profit margin was mainly attributable to: (i) improved global smartphone sales during the Year, with the Group increasing its cooperation share with major global smartphone brands. Meanwhile, the Group made significant progress in its camera module business for automotive and Internet of Things (IoT) fields, resulting in a year-on-year increase of approximately 16.2% in the Group's camera module sales volume and a significant improvement in capacity utilisation rate as compared to that of the Previous Year, which benefited the allocation of various fixed costs including depreciation and labor; and (ii) the Group's commitment to the operation strategy of focusing on mid-to-high end camera modules while accelerating the development of camera module business in other areas for the Year. The combined sales volume of camera modules with resolutions of 32 megapixels and above applied to mobile phones and camera modules applied to other areas accounted for approximately 51.5% (the Previous Year: approximately 41.6%) of the total sales volume of camera modules, and the increase in the proportion of high-end products helped to improve the added value of the Group's products and further facilitate the improvement of gross profit margin.

- Profit of the Group for the Year was approximately RMB279,068,000, representing an increase of approximately 234.1% as compared to that of the Previous Year. The increase in profit was mainly attributable to: (i) an increase in revenue of approximately 28.9% as compared to the Previous Year; (ii) an increase in gross profit margin of approximately 2.0 percentage points as compared to the Previous Year; and (iii) the unsatisfactory operation and losses was recorded by Newmax Technology Co. Ltd. ("**Newmax Technology**") during the Year, an associate in which the Group invested, however, the loss decreased year-on-year, resulting a decrease of approximately 26.4% in the share of loss of an associate attributable to the Company compared to that of the Previous Year.

- Basic and diluted earnings per share for the Year were approximately RMB0.236 and RMB0.235, respectively.

- The board of directors of the Company recommends the payment of a final dividend for the year ended 31 December 2024 of HK$10.0 cents (equivalent to approximately RMB9.3 cents) per share to the shareholders of the Company whose names appear on the register of members on Thursday, 5 June 2025.

FINANCIAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of the Company announces that the consolidated annual results of the Group for the Year together with the relevant comparative figures for the Previous Year are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024
(Expressed in Renminbi)

	Note	**2024** *RMB'000*	2023 *RMB'000*
Revenue	*2(a)*	**16,151,336**	12,530,799
Cost of sales		**(15,166,432)**	(12,021,943)
Gross profit		**984,904**	508,856
Other income	*3*	**373,188**	384,067
Selling and distribution expenses		**(20,133)**	(19,783)
Administrative and other operating expenses		**(183,714)**	(149,254)
Research and development expenses		**(504,807)**	(435,550)
(Impairment loss)/reversal of impairment loss on trade and other receivables		**(584)**	702
Profit from operations		**648,854**	289,038
Finance costs	*4(a)*	**(152,122)**	(171,327)
Share of loss of an associate		**(36,500)**	(49,578)
Profit before taxation	*4*	**460,232**	68,133
Income tax	*5(a)*	**(181,164)**	15,398
Profit for the year		**279,068**	83,531
Attributable to:			
Equity shareholders of the Company		**279,068**	81,917
Non-controlling interests		**–**	1,614
Profit for the year		**279,068**	83,531
Earnings per share (RMB Cents)			
Basic	*6(a)*	**23.6**	6.9
Diluted	*6(b)*	**23.5**	6.9

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024 (Continued)
(Expressed in Renminbi)

	2024	2023
	RMB'000	*RMB'000*
Profit for the year	**279,068**	83,531
Other comprehensive income for the year (after tax and reclassification adjustments):		
Items that will not be reclassified to profit or loss:		
– Share of other comprehensive income of an associate	**(1,282)**	1,003
– Equity investment at fair value through other comprehensive income – net movement in fair value reserves (non-recycling)	**8,940**	510
Items that are or may be reclassified subsequently to profit or loss:		
– Share of other comprehensive income of an associate	**2,945**	(660)
– Exchange differences on translation of financial statements of operations outside Chinese Mainland	**(34,482)**	(11,885)
Other comprehensive income for the year	**(23,879)**	(11,032)
Total comprehensive income for the year	**255,189**	72,499
Attributable to:		
Equity shareholders of the Company	**255,189**	70,885
Non-controlling interests	**–**	1,614
Total comprehensive income for the year	**255,189**	72,499

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024
(Expressed in Renminbi)

	Note	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment		**2,650,512**	2,845,043
Interest in an associate		**233,756**	279,035
Intangible assets		**19,459**	22,689
Equity securities designated at fair value through other comprehensive income		**56,359**	5,600
Financial assets measured at fair value through profit or loss		**151,712**	–
Financial assets measured at amortised cost		**663,038**	473,976
Prepayment for acquisition of non-current assets		**12,369**	19,876
Other non-current assets		**9,550**	9,550
Deferred tax assets		**105,119**	180,292
		3,901,874	3,836,061
Current assets			
Inventories		**1,975,751**	1,777,515
Contract assets		**6,840**	3,637
Trade and other receivables	*7*	**4,987,877**	4,201,289
Financial assets measured at fair value through profit or loss		**350,040**	511,242
Financial assets measured at amortised cost		**182,228**	121,589
Derivative financial instruments	*8*	**99,414**	–
Pledged bank deposits	*9*	**555,576**	1,301,776
Fixed deposits with banks with original maturity over three months		**940,857**	296,557
Cash and cash equivalents		**1,447,471**	2,893,084
		10,546,054	11,106,689
Current liabilities			
Short-term bank borrowings	*10*	**2,352,495**	4,151,506
Trade and other payables	*11*	**6,562,764**	5,437,031
Contract liabilities		**11,863**	5,548
Derivative financial instruments	*8*	**56,568**	52,300
Lease liabilities		**7,165**	8,389
Current tax payable		**94,414**	11,708
		9,085,269	9,666,482
Net current assets		**1,460,785**	1,440,207
Total assets less current liabilities		**5,362,659**	5,276,268

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024 (Continued)
(Expressed in Renminbi)

	Note	**2024** *RMB'000*	2023 *RMB'000*
Non-current liabilities			
Long-term bank borrowings	*10*	**81,876**	219,493
Lease liabilities		**3,493**	7,484
Deferred income		**178,798**	212,687
Deferred tax liabilities		**7,126**	4,853
		271,293	444,517
NET ASSETS		**5,091,366**	4,831,751
CAPITAL AND RESERVES			
Share capital		**9,486**	9,486
Reserves		**5,081,880**	4,822,265
Total equity attributable to equity shareholders of the Company		**5,091,366**	4,831,751
Non-controlling interests		**–**	–
TOTAL EQUITY		**5,091,366**	4,831,751

NOTES

(Expressed in Renminbi unless otherwise indicated)

1 Material accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable IFRS Accounting Standards, which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations issued by the International Accounting Standards Board (the "**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain amendments to IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise Q Technology (Group) Company Limited (the "**Company**") and its subsidiaries (together referred to as the "**Group**") and the Group's interest in an associate.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

– Investment in debt and equity securities;

– Derivative financial instruments;

The consolidated financial statements are presented in Renminbi ("**RMB**"), rounded to the nearest thousand. Items included in the financial statements of each entity in the Group are measured using currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("**functional currency**"). Most of the companies comprising the Group are operating in the People's Republic of China ("**PRC**") and their functional currency is RMB, hence, RMB is used as the presentation currency of the Group.

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Changes in accounting policies

The IASB has issued the following amendments to IFRS Accounting Standards that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to IAS 1, *Presentation of financial statements – Classification of liabilities as current or non-current* ("**2020 amendments**") and amendments to IAS 1, *Presentation of financial statements – Non-current liabilities with covenants* ("**2022 amendments**")

- Amendments to IFRS 16, *Leases – Lease liability in a sale and leaseback*

- Amendments to IAS 7, *Statement of cash flows and* IFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2 Revenue and segment reporting

(a) Revenue

The principal activities of the Group are manufacturing and sales of camera modules and fingerprint recognition modules for mobile phones, automobiles, Internet of Things (IoT) and other intelligent mobile terminals. Further details regarding the Group's principal activities are disclosed in note 2(b).

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15:		
Disaggregated by major products		
– Revenue from sales of camera modules	**14,819,475**	11,561,664
– Revenue from sales of fingerprint recognition modules	**1,178,377**	781,215
– Others*	**153,484**	187,920
	16,151,336	12,530,799

* Others mainly represent revenue from sales of other products and waste materials.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographical location is disclosed in notes 2(b)(i) and 2(b)(iii), respectively.

The Group's customer base is diversified and includes three (2023: three) customers with whom transactions have exceeded 10% of the Group's revenues. For the years ended 31 December 2024 and 2023, revenue from each of these customers, including sales to entities which are known to the Group to be under common control with these customers is set out below, and arose in all geographical regions as set out in note 2(b)(iii).

	2024	2023
	RMB'000	*RMB'000*
Customer A	**4,500,620**	3,409,573
Customer B	**3,374,493**	3,818,253
Customer C	**2,094,590**	1,260,688

The Group has applied the practical expedient in paragraph 121(a) of IFRS 15 to its sales contracts for camera modules and fingerprint recognition modules that had an original expected duration of one year or less and does not disclose the information related to the aggregated amount of the transaction price allocated to the remaining performance obligations.

(b) Segment reporting

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

– Camera modules: this segment engaged in design, manufacture and sales of camera modules.

– Fingerprint recognition modules: this segment engaged in design, manufacture and sales of fingerprint recognition modules.

(i) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and direct expenses incurred by those segments respectively. The measure used for reporting segment result is gross profit which is calculated based on revenue less cost of sales for the relevant segment.

The Group's other operating income and expenses, such as other income, selling and distribution expenses, administrative and other operating expenses, research and development expenses, impairment loss on trade and other receivables, finance costs, share of loss of an associate and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, other operating income and expenses is presented.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2024 and 2023 is set out below.

	Camera modules *RMB'000*		Fingerprint recognition modules *RMB'000*		Total *RMB'000*	
	2024	2023	**2024**	2023	**2024**	2023
Disaggregated by timing of revenue recognition – Point in time						
Revenue from external customers	**14,819,475**	11,561,664	**1,178,377**	781,215	**15,997,852**	12,342,879
Inter-segment revenue	**12,073**	7,929	**–**	–	**12,073**	7,929
Reportable segment revenue	**14,831,548**	11,569,593	**1,178,377**	781,215	**16,009,925**	12,350,808
Reportable segment profit/(loss)	**869,272**	503,409	**58,838**	(54,499)	**928,110**	448,910

(ii) Reconciliation of reportable segment revenue and profit or loss

	2024 ***RMB'000***	2023 *RMB'000*
Revenue		
Reportable segment revenue	**16,009,925**	12,350,808
Elimination of inter-segment revenue	**(12,073)**	(7,929)
Other revenue	**153,484**	187,920
Consolidated revenue *(note 2(a))*	**16,151,336**	12,530,799
Profit		
Reportable segment profit	**928,110**	448,910
Elimination of inter-segment loss	**2,442**	1,591
Reportable segment profit derived from Group's external customers	**930,552**	450,501
Gross profit of other revenue	**54,352**	58,355
Other income	**373,188**	384,067
Selling and distribution expenses	**(20,133)**	(19,783)
Administrative and other operating expenses	**(183,714)**	(149,254)
Research and development expenses	**(504,807)**	(435,550)
(Impairment loss)/reversal of impairment loss on trade and other receivables	**(584)**	702
Finance costs	**(152,122)**	(171,327)
Share of loss of an associate	**(36,500)**	(49,578)
Consolidated profit before taxation	**460,232**	68,133

(iii) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, intangible assets and interest in an associate ("**specified non-current assets**"). The geographical location of customers is based on the location of operations of the contracting parties. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated, in the case of intangible assets, and the location of operations, in the case of interest in an associate.

	Revenue from external customers		**Specified non-current assets**	
	2024	2023	**2024**	2023
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Chinese Mainland	**13,279,363**	9,972,395	**2,357,042**	2,338,011
Hong Kong	**37,197**	34,466	**2,776**	4,745
India	**1,891,762**	1,882,304	**309,768**	372,322
Others	**943,014**	641,634	**234,141**	431,689
	16,151,336	12,530,799	**2,903,727**	3,146,767

3 Other income

	2024	2023
	RMB'000	*RMB'000*
Government grants*	**62,323**	129,996
Additional deduction of input value-added tax ("**VAT**")#	**66,830**	48,768
Interest income	**133,460**	154,669
Net foreign exchange (loss)/gain	**(55,820)**	7,988
Net fair value changes on financial instruments at fair value through profit or loss		
– foreign exchange option contracts	**130,704**	33,751
– forward foreign exchange contracts	**21,703**	(31,883)
– wealth management products and structured deposits	**12,785**	42,853
Net loss on disposal of property, plant and equipment	**(2,375)**	(3,709)
Dividend income from investment in equity securities	**1,605**	–
Others	**1,973**	1,634
	373,188	384,067

* Government grants were received from several local government authorities as a recognition of the Group's contribution towards the local economic development.

According to Announcement [2023] No. 43 of the Ministry of Finance and the State Taxation Administration of PRC, with effect from 1 January 2023 to 31 December 2027, advanced manufacturing enterprises are allowed to deduct additional 5% of the current deductible input VAT from the VAT payable. Two subsidiaries of the Company, included Kunshan QTech Microelectronics Co., Ltd. ("**Kunshan QT China**") and Kunshan QTech Biological Recognition Technology Limited ("**Kunshan BR Subsidiary**") are qualified for such additional input VAT deduction.

4 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

		2024	2023
		RMB'000	*RMB'000*
(a)	**Finance costs**		
	Interest on bank borrowings	**151,511**	170,449
	Interest on lease liabilities	**611**	878
		152,122	171,327

		2024	2023
		RMB'000	*RMB'000*
(b)	**Staff cost**		
	Contributions to defined contribution retirement plan	**51,757**	41,933
	Salaries, wages and other benefits	**970,600**	761,414
	Equity settled share-based payment	**4,426**	(2,153)
		1,026,783	801,194

		2024	2023
		RMB'000	*RMB'000*
(c)	**Other items**		
	Amortisation of intangible assets	**5,233**	4,007
	Depreciation charge#		
	– owned property, plant and equipment	**357,412**	349,689
	– right-of-use assets	**91,800**	89,946
	Impairment loss/(reversal of impairment loss) on trade receivables	**226**	(996)
	Impairment loss on other receivables	**358**	294
	Auditors' remuneration		
	– Audit services	**2,076**	2,963
	– Review services	**660**	57
	– A share IPO audit services*	**13,573**	3,842
	– Other services	**–**	144
	Cost of inventories#	**15,411,639**	12,231,892

Cost of inventories includes RMB1,161,399,000 (2023: RMB965,972,000) relating to staff costs and depreciation expenses, which amounts are also included in the respective total amounts disclosed separately above or in note 4(b) for each of these types of expenses.

* Kunshan QT China, one of the Company's subsidiaries, submitted the listing application for the proposed initial public offering of its A shares to be listed in ChiNext of the Shenzhen Stock Exchange (the "**A share IPO**") on 23 June 2021 and withdrew the listing application on 18 October 2024. During the year, the audit fee for A-share IPO was amounted to RMB13,573,000 which includes capitalized audit fee for A-share IPO in previous years, these A-share IPO fee was charged into administrative and other operating expenses as Kunshan QT China withdrew the listing application (2023: RMB3,842,000).

5 Income tax in the consolidated statement of profit or loss and other comprehensive income

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2024	2023
	RMB'000	*RMB'000*
Current tax		
– Corporate Income Tax ("**CIT**")	**15,707**	106
– Hong Kong Profits Tax	**502**	–
– Corporate tax payable in India *(note 5(c))*	**88,954**	–
	105,163	106
Deferred tax		
Origination and reversal of temporary differences	**76,001**	(15,504)
	181,164	(15,398)

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("**BVI**"), the Group is not subject to any income tax in the Cayman Islands and BVI.

(ii) Kunshan Q Technology (Hong Kong) Limited ("**Kunshan QT Hong Kong**") is subject to Hong Kong Profits Tax at 16.5%.

(iii) According to the two-tiered profits tax rate regime introduced under the Inland Revenue (Amendment) (No.3) Ordinance 2018 (the "**Ordinance**"), the first HKD2 million of assessable profits earned by a company will be taxed at 8.25% whilst the remaining assessable profits will continue to be taxed at 16.5%. There is an anti-fragmentation measure where each group will have to nominate only one company in the group to benefit from the progressive rates. The Ordinance was first effective from the year of assessment 2018/2019.

Accordingly, the provision of Hong Kong Profits Tax for Kunshan Q Technology International Limited ("**QT International**") for the year ended 31 December 2024 is calculated in accordance with the two-tiered profits tax rate regime, under which Profits Tax for the first HKD2 million of assessable profits is calculated at 8.25% while the remaining is calculated at 16.5%. Such tax treatment is consistent with the basis adopted for the year of assessment 2022/23 (i.e. for the year ended 31 December 2023).

(iv) Kunshan Q Tech Microelectronics (India) Private Limited ("**India Q Tech**"), Q Technology Korea Limited ("**Korea Q Tech**") and Q Technology (Singapore) Private Limited ("**Singapore Q Tech**") are subject to the local income tax at the appropriate current rates of taxation ruling in the relevant countries.

(v) According to the PRC Corporate Income Tax Law and its implementation regulations, Kunshan QT China, Shenzhen Q Technology Limited ("**Shenzhen QT Subsidiary**"), Kunshan BR Subsidiary and Kunshan QTech Optoelectronic Technology Limited ("**QT Optoelectronic Subsidiary**") were qualified as High and New Technology Enterprise ("**HNTE**") and were entitled to a preferential income tax rate of 15% for the years ended 31 December 2024 and 2023, and Huizhou DEPAM Precision Automation Co., Ltd. ("**Huizhou DEPAM**") were qualified as HNTE and were entitled to a preferential income tax rate of 15% for the year ended 31 December 2024. All of the other Chinese Mainland subsidiaries of the Group are subject to CIT at a statutory rate of 25% for the years ended 31 December 2024 and 2023.

(vi) According to the relevant tax rules in Chinese Mainland, qualified research and development expenses are allowed for bonus deduction for income tax purpose, as a result, an additional 100% of the qualified research and development expenses could be deemed as deductible expenses for the years ended 31 December 2024 and 2023.

(vii) According to the PRC Corporate Income Tax Law and its implementation regulations, dividends receivable by non-PRC corporate residents from PRC enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. In addition, under the Arrangement between the Chinese Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and its relevant regulations, a qualified Hong Kong tax resident will be liable for withholding tax at the rate of 5% for dividend income derived from the PRC if the Hong Kong tax resident is the "beneficial owner" and holds 25% or more of the equity interests of the PRC company.

The provision of the related deferred tax liabilities, if any, are based on the expected dividends to be distributed from these subsidiaries in the foreseeable future in respect of the profits generated since 1 January 2008.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2024	2023
	RMB'000	*RMB'000*
Profit before taxation	**460,232**	68,133
Notional tax on profit before taxation, calculated at the applicable rates in the jurisdictions concerned	**122,647**	32,482
Tax effect of PRC preferential tax treatments	**(43,883)**	(7,487)
Tax effect of additional deduction for qualified research and development expenses	**(59,373)**	(44,516)
Tax effect of non-deductible expenses	**5,111**	5,218
Tax effect of non-taxable income	**(5,954)**	(1,218)
Tax effect of unused tax losses not recognised	**3,716**	352
Tax effect of utilisation of tax losses previously not recognised	**(179)**	(229)
Provision for corporate tax payable in India *(note 5(c))*	**88,954**	–
Withholding tax on profit retained by Chinese Mainland Subsidiaries	**5,449**	–
Reversal of deferred tax assets previously recognised for tax losses of India Q Tech *(note 5(c))*	**64,676**	–
Actual tax expense	**181,164**	(15,398)

(c) Uncertainty over income tax treatments

On 30 December 2023, India Q Tech, a subsidiary of the Company, received a draft assessment order (the "**2023 DAO**") from the Office of the Assistant Commissioner of Income Tax of the Ministry of Finance of the Government of India ("**the relevant Indian authorities**"). The 2023 DAO concerned the computation of taxable income for the tax year ended 31 March 2021, and raised issues mainly around the transfer pricing arrangements between India Q Tech and certain other Group companies for purchases and loans. In response to the 2023 DAO, India Q Tech filed its written objections to the Dispute Resolution Panel of Income Tax Department in India ("**DRP**"), and the dispute resolution proceedings with the DRP were still in progress as of 31 December 2023. When preparing the Company's consolidated financial statements for the year ended 31 December 2023, the Group concluded at the time that it was probable that India Q Tech would successfully defend its tax treatment with higher appellate authorities, taking into consideration of all relevant facts and circumstances as of 31 December 2023 including the opinions from tax advisors. Accordingly, the Group did not recognise any provision and disclosed as contingencies as of 31 December 2023 pertaining to the matter.

On 5 November 2024, India Q Tech received the final assessment order (the "**FAO**") from the relevant Indian authorities. The FAO affirmed the assessment in the 2023 DAO, but imposed certain adjustments on the operating profit margin benchmark used in the assessment.

On 22 November 2024, India Q Tech filed an appeal against the FAO to the Income-tax Appellate Tribunal in India (the "**ITAT**"). The dispute resolution proceedings with the ITAT were still in progress as of the date of the Company's consolidated financial statements are authorised for issue.

On 27 January 2025, India Q Tech received a transfer pricing order (the "**TPO**") concerning the computation of taxable income for the tax year ended 31 March 2022 from transfer pricing officer of Income Tax of the Ministry of Finance of the Government of India. The TPO also raised issues around the transfer pricing arrangements between India Q Tech and certain other Group companies for purchases and loans.

In view of the above developments, the Group has reassessed the probability and the extent to which that its past tax treatments in all the relevant years would ultimately be accepted by the relevant Indian authorities. The Group has reflected the effect of the new information during 2024 as a change in accounting estimate of the taxation payable, taking into consideration an estimation on the acceptable operating profit margin in light of the latest information available. The expected value method has been used to estimate the taxation payable amount. As a result, deferred tax assets of RMB64,676,000 in respecting tax loss was de-recognised and taxation payable of RMB88,954,000 was recorded in the consolidated statement of financial position as at 31 December 2024. On the basis of the management's latest assessment, it is expected that the reasonably possible outcome of taxation payable to be supplemented could range between RMB5,879,000 and RMB140,095,000 in all the relevant years. However, due to the dispute resolution proceedings with the ITAT were still ongoing, the final outcome of taxation payable may be different from the amount recognised and could fall outside the above-mentioned range.

(d) Pillar Two income taxes

In 2021, the Organisation for Economic Co-operation and Development published the Global Anti-Base Erosion Model Rules (the "**Pillar Two model rules**") for a new global minimum tax reform applicable to large multinational enterprises. Certain jurisdictions in which the Group operates have enacted the Pillar Two income tax laws based on this framework.

The Pillar Two income tax laws have been implemented in the Republic of Korea which introduced a domestic minimum top-up tax effective from 1 January 2024. The Group conducted an assessment of the Transitional Country-by-Country Report (the "**CbCR**") Safe Harbour for its operations in the Republic of Korea and based on the assessment, its operations passed the Transitional CbCR Safe Harbour tests. Accordingly, the Group has not provided any top-up tax for the year ended 31 December 2024.

The Pillar Two income tax laws have been enacted in Singapore which introduced a domestic minimum top-up tax effective from 1 January 2025. Management does not expect there would be material impact on the Group's financial statements.

Other jurisdictions in which the Group operates are in the process of implementing their Pillar Two income tax legislation. Therefore, it is possible that the Group may be subject to additional Pillar Two income taxes in those jurisdictions.

The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes and accounted for the tax as current tax when incurred.

6 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB279,068,000 (2023: RMB81,917,000) and the weighted average of 1,184,538,000 (2023: 1,184,538,000) ordinary shares in issue during the year.

(b) Diluted earnings per share

For the year ended 31 December 2024, the calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB279,068,000 and the weighted average number of ordinary shares of 1,185,021,000 shares, calculated as follows:

Weighted average number of ordinary shares (diluted)

	2024
	'000
Weighted average number of ordinary shares at 31 December	**1,184,538**
Effect of deemed issue of shares under the Company's share option schemes	**483**
Weighted average number of ordinary shares (diluted) at 31 December	**1,185,021**

7 Trade and other receivables

	2024	2023
	RMB'000	*RMB'000*
Trade receivables		
– third parties	**4,623,846**	3,880,699
– related parties	**41,648**	2,229
Bills receivable		
– third parties	**38,822**	33,157
Trade and bills receivables	**4,704,316**	3,916,085
Less: loss allowance	**(682)**	(858)
	4,703,634	3,915,227
Other deposits, prepayments and receivables	**284,243**	286,062
	4,987,877	4,201,289

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade and bills receivables (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 1 month	**3,141,400**	2,815,371
Over 1 month but within 3 months	**1,549,549**	1,092,546
Over 3 months but within 6 months	**12,143**	5,150
Over 6 months but within 1 year	**542**	140
More than 1 year	**–**	2,020
	4,703,634	3,915,227

Trade and bills receivable are generally due within 30 days to 90 days from the date of billing.

8 Derivative financial instruments

	2024	
	Assets	**Liabilities**
	RMB'000	***RMB'000***
Foreign currency derivative instruments		
– Forward foreign exchange contracts	**37,438**	**(15,989)**
– Foreign exchange option contracts	**61,976**	**(40,579)**
	99,414	**(56,568)**

	2023	
	Assets	Liabilities
	RMB'000	*RMB'000*
Foreign currency derivative instruments		
– Forward foreign exchange contracts	–	(43,771)
– Foreign exchange option contracts	–	(8,529)
	–	(52,300)

9 Pledged bank deposits

	2024	2023
	RMB'000	*RMB'000*
Pledged for		
– short-term bank borrowings *(note 10)*	**256,012**	967,979
– letters of guarantee	**299,564**	333,797
	555,576	1,301,776

10 Bank borrowings

	2024	2023
	RMB'000	*RMB'000*
Long-term bank borrowings		
– unsecured	**81,876**	219,493
Short-term bank borrowings		
– secured *(note (a))*	**425,424**	977,190
– unsecured	**1,927,071**	3,174,316
	2,352,495	4,151,506
	2,434,371	4,370,999

Bank borrowings bear interest ranging from 2.50% to 5.60% per annum as at 31 December 2024 (31 December 2023: 2.40% to 5.77%).

(a) Assets pledged as security for bank borrowings

At 31 December 2024, the secured bank borrowings of RMB425,424,000 (31 December 2023: RMB977,190,000) were secured by the following assets of the Group:

	2024	2023
	RMB'000	*RMB'000*
Shares of an associate	**93,605**	111,660
Pledged bank deposits *(note 9)*	**256,012**	967,979
Wealth management products	**151,712**	–
	501,329	1,079,639

(b) The analysis of the repayment schedule of bank borrowings is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 1 year or on demand	**2,352,495**	4,151,506
After 1 year but within 2 years	**81,876**	138,821
After 2 year but within 5 years	**–**	80,672
	2,434,371	4,370,999

(c) Several banking facilities and borrowings of the Group are subject to the fulfilment of covenants relating to certain of the Group's subsidiaries' statement of financial position ratio. If the Group was to breach the covenants the drawn down facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants.

11 Trade and other payables

	2024	2023
	RMB'000	*RMB'000*
Trade payables		
– third parties	**4,567,346**	4,209,719
– related parties	**18,180**	24,529
Bills payable		
– third parties	**1,668,450**	993,424
Trade and bills payables	**6,253,976**	5,227,672
Accrued payroll	**111,513**	78,321
Other payables and accruals	**197,275**	131,038
	6,562,764	5,437,031

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

As of the end of the reporting period, the ageing analysis of the trade and bills payables (which are included in trade and other payables), based on the invoice date, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**5,092,169**	4,032,954
Over 3 months but within 6 months	**583,894**	482,518
Over 6 months but within 1 year	**331**	3,160
Over 1 year	**4,780**	2,386
	5,681,174	4,521,018

As at 31 December 2024, trade and bills payable includes accrued trade payables of RMB572,802,000 with no invoice received (31 December 2023: RMB706,654,000).

12 Dividends

(i) Dividends payable to equity shareholders of the Company attributable for the year

	2024	2023
	RMB'000	*RMB'000*
Final dividend proposed after the end of the reporting period of HK$10.0 cents (2023: HK$ Nil cents) equivalent to approximately RMB9.3 cents (2023: RMB Nil cents)	**109,688**	–

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

No dividend in respect of the previous financial year, approved and paid during the financial year ended 31 December 2024 and 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Looking back on the Year, global social and economic development remained generally stable. On the one hand, unfavorable factors including ongoing geopolitical conflicts and the continued rise of international trade protectionism persisted but showed no significant signs of escalation. On the other hand, inflation eased significantly, with major developed countries and economies including the United States and Europe implementing multiple interest rate cuts. Monetary policies shifted gradually from tightening to neutral moderation, providing new momentum for global economic development. The "World Economic Outlook" report released by the International Monetary Fund (IMF) in October 2024 forecasted a global economic growth rate of 3.2% for 2024. Meanwhile, the Global Economic Prospects report released by the World Bank in January 2025 also projected a global economic growth rate of approximately 3.2% for 2024. Both forecasts were higher than the predicted growth rate of approximately 2.9% in the IMF's World Economic Outlook report published at the beginning of 2024, indicating that global economic development was returning to a positive trajectory. Economic growth data released by several developed countries and economies were in line with or even exceeded expectations. According to data published by the U.S. Bureau of Economic Analysis in January 2025, the United States achieved an estimated GDP growth rate of approximately 2.9% for 2024, surpassing the IMF's earlier forecast of approximately 2.8%. Data from Eurostat released in January 2025 showed that the European Union's GDP growth rate for 2024 was projected at approximately 0.9%, exceeding the IMF's previous forecast of approximately 0.4% for the Eurozone for 2024. According to data from the National Bureau of Statistics of China published on 17 January 2025, the GDP growth rate for 2024 was 5.0%, representing a slight decline of 0.2 percentage points compared to the Previous Year. However, quarterly data showed GDP growth of 5.3% in the first quarter, 4.7% in the second quarter, 4.6% in the third quarter, and 5.4% in the fourth quarter, indicating strong development potential. The favorable macroeconomic environment provided a solid foundation for global sales of intelligent terminal products, including smartphones, IoT, and smart vehicles.

In terms of smartphones: According to publicly available information, a report released by the independent third-party research organization International Data Corporation (IDC) in January 2025 stated that global smartphone shipments in 2024 reached approximately 1.24 billion units, representing an increase of approximately 6.4% from 2023. Shipments grew for six consecutive quarters, indicating a strong recovery in the global smartphone market after two years of decline. Meanwhile, the Chinese smartphone market saw shipments of approximately 286 million units, a year-on-year increase of 5.6%, showing sustained demand for replacement of smartphones and positive development momentum. Another independent third-party research organization, Counterpoint Research, also highlighted in its latest report that the global smartphone market rebounded in 2024, with global smartphone revenue increasing by 5% year-on-year. The average selling price (ASP) reached a record high of US$356, reflecting a favorable development momentum of both volume and price growth in global smartphone sales. The concurrent increase in the number of smartphones sold and improvement in product specifications provided favourable opportunities for growth in the sales volumes and enhancement of the product specifications of camera modules and fingerprint recognition modules applied to smartphones.

In terms of IoT intelligent terminals: Improvements in the macroeconomic environment, combined with advancements in product technology and enhancements in application content, significantly boosted sales of IoT intelligent terminals. According to a report published by the independent third-party research organization TrendForce in December 2024, global shipments of virtual reality (VR) and mixed reality (MR) headsets in 2024 were estimated at 9.60 million units, representing a year-on-year growth of 8.8%. According to other publicly available information, during the Year, sales volume of artificial intelligence (AI) glasses (including AR glasses) increased significantly compared to the Previous Year. Meanwhile, the sales volumes and sales of drones, action cameras, and robotic vacuum cleaners also experienced steady growth compared to the Previous Year. Consequently, the sales volumes of camera modules applied to the aforementioned IoT intelligent terminals also showed steady growth.

In terms of smart cars: According to a report released by the China Association of Automobile Manufacturers ("**CAAM**") in January 2025, total automobile sales in China reached approximately 31.436 million units for the Year, representing a year-on-year growth of approximately 4.5%. Among these, sales of new energy vehicles totaled approximately 12.866 million units, representing a year-on-year increase of approximately 35.5%, accounting for approximately 40.9% of total automobile sales. A report released by the International Organization of Motor Vehicle Manufacturers in early 2025 estimated that total global automobile sales reached approximately 90 million units during the Year, with sales of new energy vehicles reaching 18.236 million units, representing a year-on-year growth of approximately 30%. Meanwhile, data from independent third-party research organizations including Gasgoo Research Institute showed that during the Year, the penetration rate of smart driving solutions and the number of camera modules installed per vehicle both demonstrated steady growth. The rapid increase in the sales volume of new energy vehicles, the steady rise in the penetration rate of smart driving solutions, and the continuous improvement in the quantity and specifications of camera modules per vehicle have all laid a solid foundation for the development of automotive camera modules, LiDAR sensors, and other smart driving components.

During the Year, under a stable macroeconomic environment and a gradually recovering industry landscape, the management and all employees of the Group adhered to the unchanging vision of "to illuminate machines", continuing to advance large-scale intelligent manufacturing, research and development (the "**R&D**") of new technologies, and vertical chain integration. The Group steadfastly pursued its platform strategy, component strategy, and system integration strategy. Efforts were directed toward enhancing the comprehensive capabilities in optical design, structural design, self-developed equipment, and algorithm integration for camera modules. The Group consistently prioritized technological leadership, quality excellence, and cost efficiency as key competitive advantages to provide excellent services to customers and stand out in an increasingly competitive market. On the one hand, the Group remained committed to a product structure upgrade strategy of focusing on mid-to-high end camera modules, and has prioritized the market expansion of the mid-to-high end camera module products for smartphones with resolutions of 32 megapixels and above. During the Year, the shipment volume of such products accounted for approximately 50.1% of total smartphone camera module shipments of the Group, representing an increase of approximately 9.7 percentage points compared to approximately 40.4% in the Previous Year; Meanwhile, the Group strengthened its efforts to expand its camera module business applied to the non-handset fields such as automotive and IoT. By the end of the Year, the Group had established partnerships with 7 leading smart driving solution providers (Tier 1 suppliers), obtained supplier certifications from 34 globally leading automotive and/or new energy vehicle brands, and gradually initiated business collaborations. The Group has also become a core camera module supplier for the world's leading consumer drone and action camera brands. As a result, the sales volume of camera modules applied to the non-handset fields such as automotive and IoT has increased by approximately 58.8% compared to that of the Previous Year. This not only provided a second growth driver for the rapid growth of the Group's camera module business but also helped achieve a combined sales volume of camera modules with resolutions of 32 megapixels and above applied to mobile phones and camera modules applied to other areas that accounted for approximately 51.5% of the total sales volume of camera modules (2023: approximately 41.6%). The Company fully achieved the business development guidance outlined in the 2023 annual results announcement issued in March 2024. This drove a steady increase in the average sales unit price of the Group's of camera modules from approximately RMB30.95 in the Previous Year to approximately RMB34.12, with approximately RMB32.59 in the first half of 2024 and approximately RMB35.72 in the second half of 2024, showing a sustained and stable growth. On the other hand, the Group actively strengthened overseas market expansion, with the customer revenue from markets outside Chinese mainland increasing approximately 12.3% compared to that of the Previous Year. Currently, the Group has established diverse product partnerships with multiple leading global overseas smartphone brands and IoT intelligent terminal brands, laying a solid foundation for continued development of our international presence.

While actively promoting the camera module business, the Group also remained committed to the development of its fingerprint recognition module business. During the Year, the Group focused on increasing the market share of its fingerprint recognition module business and optimizing the product structure for fingerprint recognition modules. The combined sales volume of optical under-glass fingerprint recognition modules and ultrasonic fingerprint recognition modules, which have a higher average sales unit price, reached approximately 106.47 million units, representing an increase of approximately 46.7% compared to that of the Previous Year. Especially noteworthy was the rapid growth in ultrasonic fingerprint recognition modules, with sales volumes increasing from approximately 390,000 units in the first half of the Year to approximately 8.10 million units in the second half of the Year, establishing the Group as a leading module manufacturer in the ultrasonic fingerprint recognition module segment.

Through the collective efforts of management and staff, the Group's sales volume of camera modules and fingerprint recognition modules reached approximately 434.29 million units and approximately 160.99 million units respectively during the Year, representing a year-on-year increase of approximately 16.2% and 46.0% respectively. This resulted in revenue for the Year amounting to approximately RMB16,151,336,000 (2023: approximately RMB12,530,799,000), representing a year-on-year increase of approximately 28.9%. Meanwhile, the Group's gross profit for the Year was approximately RMB984,904,000 (2023: approximately RMB508,856,000), representing a year-on-year increase of approximately 93.6%. The gross profit margin was approximately 6.1% (2023: approximately 4.1%), representing a year-on-year increase of approximately 2.0 percentage points. The year-on-year increase in gross profit margin was mainly attributable to: (i) improved global smartphone sales during the Year, with the Group increasing its cooperation share with major global smartphone brands. Meanwhile, the Group made significant progress in its camera module business for automotive and IoT fields, resulting in a year-on-year increase of approximately 16.2% in the Group's camera module sales volume and a significant improvement in capacity utilisation rate as compared to that of the Previous Year, which benefited the allocation of various fixed costs including depreciation and labor; and (ii) the Group's commitment to the business strategy of focusing on mid-to-high end camera modules while accelerating the development of camera module business in other segments for the Year. The combined sales volume of camera modules with resolutions of 32 megapixels and above applied to mobile phones and camera modules applied to other areas accounted for approximately 51.5% of the total sales volume of camera modules, and the increase in the proportion of high-end products helped to improve the added value of the Group's products and further facilitate the improvement of gross profit margin. On the other hand, the RMB remained weak against the USD during the Year, with the central parity rate adjusting from 7.0827 at the end of 2023 to 7.1884 at the end of 2024, representing a depreciation of approximately 1.5%. The average central parity rate for the whole year was approximately 7.1217, representing a depreciation of approximately 1.1% compared to approximately 7.0467 of the Previous Year. This continued to drive up the costs of USD-denominated imported materials and equipment, adversely impacting the gross profit margin.

During the Year, the Group's profit was approximately RMB279,068,000, representing an increase of approximately 234.1% compared to that of the Previous Year. The increase in profit was mainly attributable to: (i) an increase in revenue of approximately 28.9% compared to the Previous Year; (ii) an increase in gross profit margin of approximately 2.0 percentage points compared to that of the Previous Year; and (iii) the unsatisfactory operation and losses was recorded by Newmax Technology during the Year, an associate in which the Group invested, however, the loss decreased year-on-year, resulting a decrease of approximately 26.4% in the share of loss of an associate attributable to the Company compared to that of the Previous Year.

The Group had published the Strategic Planning for the Five-Year (2021-2025) Operation and Development of Q Technology (Group) Company Limited (《丘鈦科技(集團)有限公司五年(2021-2025年)經營發展戰略規劃》) (the "**Five-year Strategic Planning**") for the first time in the 2021 interim results announcement of the Company, setting out a development blueprint for the next five years. Entering the fourth year, despite the challenging external environment, all employees of the Group remained true to its original aspirations and followed this strategic plan to forged ahead with determination, proactively seeking change, progressing through change, and strengthening through change. During the Year, the management team led all employees to focus on key initiatives including strengthening management capabilities, technological transformation and intelligent manufacturing capabilities, and mid-to-high end product technical capabilities. Through these efforts to improve product structure and enhance revenue quality, the Group achieved positive business development across all product lines, including camera modules for smartphones, camera modules for automotive and IoT intelligent terminals, and various fingerprint recognition modules. Based on this solid foundation, the Group will steadfastly accomplish its strategic objectives, face challenges head-on and mobilize all resources to fulfill the objectives outlined in its Five-year Strategic Planning.

PROSPECTS

In 2025, the global macro-political and economic landscape remains complex and uncertain. Amid such macro-level unpredictability, the Group firmly believes in the certainty of applications and upgrades for intelligent vision system products. On the one hand, conflicts in the Middle East and Eastern Europe persist, posing numerous challenges and uncertainties throughout 2025. Regional conflicts and power struggles among major nations continue to affect the security and stability of these two regions, further influencing global geopolitical and economic relations as well as the security situation. Meanwhile, international trade protectionism, characterized by rising tariffs and sanctions, is intensifying, which not only risks reversing economic globalization but could also drive inflation higher in developed countries and economies including the United States and Europe, potentially hindering interest rate cuts and negatively impacting global economic growth. On the other hand, the global economy is likely to maintain its resilience. According to the "World Economic Outlook" report released by the IMF on 17 January 2025, the global economic growth rate for 2025 is projected at 3.3%, representing a 0.1 percentage point increase from the forecast published in October 2024. The IMF continues to express optimism about the growth momentum in China and the United States, forecasting U.S. economic growth at 2.7% for 2025, up 0.5 percentage point from the forecast in October 2024, and predicting Chinese economic growth at 4.6%, up 0.1 percentage point from the forecast in October 2024. Other official institutions, including the World Bank and the United Nations, have released data for similar trends. Meanwhile, data released by the National Bureau of Statistics of China on 17 January 2025 indicates that China's economic growth target for 2025 is approximately 5%, reflecting the Chinese government's stable expectations and confidence in economic growth. This resilience in economic growth is expected to boost investment confidence across industries and consumer confidence globally, thereby driving demand for consumer products such as smartphones, smart cars, and IoT terminals. In turn, this will further increase the demand for intelligent vision system products and fingerprint recognition module products, creating favorable development opportunities for leading enterprises of niche products in these industries.

In terms of smartphones, a report released by the third-party research institute IDC in January 2025 indicates that the steady growth trend in global smartphone shipments observed in 2024 is expected to continue. Global smartphone shipments are projected to increase by approximately 3% year-on-year in 2025. Another third-party research institute, Canalys, also forecasts a year-on-year growth in global smartphone shipments for 2025. Meanwhile, the market for high-end smartphones with a per unit price of over US$600 is expected to maintain robust demand, with AI functionalities becoming a key driver of growth in the high-end smartphone market.

In terms of IoT intelligent terminals, a report released by IDC in December 2024 indicates that, after two quarters of decline, global head-mounted display shipments have resumed an upward trend, with shipments in the third quarter of 2024 increasing by 12.8% year-on-year. Additionally, the report forecasts that head-mounted display shipments, particularly MR headsets, are expected to continue growing in 2025, while China's AR devices (including AI glasses) are anticipated to experience robust growth. Furthermore, according to other publicly available information, IoT intelligent terminals such as consumer-grade drones, action cameras, robotic vacuum cleaners, and outdoor robotic lawnmowers are also expected to continue growing in 2025. Perception and recognition intelligence are critical parts of information interaction in IoT intelligent terminals, with machine vision being the most important aspect of perception and recognition intelligence. Camera modules, as the most significant and mature implementation method of machine vision, are likely to see significant growth prospects as AI technology continues to integrate into social and economic life. The increasing variety of IoT intelligent terminals is expected to bring more advanced demands for camera modules in terms of quantity, functionality, performance, and size. This will contribute to the growth in the scale, enhancement of specifications, and increase in added value of camera modules.

In terms of passenger vehicles, according to a report released by the China Passenger Car Association ("**CPCA**") in February 2025, global sales of new energy vehicles are expected to continue growing at double-digit rates in 2025, with China poised to maintain its leading position in the new energy vehicle sector globally. At the same time, reports from multiple independent third-party research institutions indicate optimism about the increasing penetration of autonomous driving technologies. It is estimated that in 2025, the penetration rate of Level L2 and above autonomous driving technologies in new passenger car sales will exceed 50% globally, with China's penetration rate approaching 65%. The steady growth in new energy vehicle sales volume and the rapid rise in autonomous driving penetration provide significant opportunities for the development of automotive camera modules, LiDAR systems, and other intelligent driving components. Information released by various Tier 1 suppliers and automotive brands indicates that the quantity and specifications of automotive camera modules and LiDAR sensors they plan to adopt continue to grow and improve. This will not only drive the volume growth of automotive camera modules but also promote upgrades in product specifications. The Group's technological expertise and production capacity in chip on board (COB) packaging processes are well-positioned to meet the higher functional and performance requirements for automotive camera module specifications. The Group has already established cooperative relationships with numerous Tier 1 suppliers and automotive brands in the field of automotive camera modules and has gradually expanded its collaborations with these partners in areas such as LiDAR and domain controllers. These developments are expected to create more market opportunities for the Group in this rapidly growing business sector.

At the same time, with the rapid development of foldable smartphones, screens are evolving towards higher resolutions and lower power consumption. Meanwhile, smartphone brands are eager to equip their mobile phones with additional functions, such as health monitoring. Given these trends, the advantages of ultrasonic technology in terms of physical properties and functional expansion have become increasingly evident. As a result, ultrasonic technology is being widely adopted as a new product category. According to data from independent third-party research institutions such as Global Market Monitor, the ultrasonic fingerprint recognition module market is expected to maintain rapid growth in 2025, with global and Chinese sales growth rates projected at 30% and 35%, respectively. The Group's extensive channel network and excellent service capabilities in the ultrasonic fingerprint recognition module business position it well to capture more opportunities in this fast-growing market.

In summary, the Directors believe that the intelligent vision industry will face both opportunities and challenges in the future. In the long term, the steady growth of smartphones, the rapid growth of smart driving, the flourishing diversity of IoT intelligent terminals, and the accelerating adoption of AI glasses by consumers will impose increasingly higher demands on intelligent vision products. The development potential of intelligent vision products is vast. Meanwhile, the optical design, structural design, and integration of key components and algorithms in camera modules will become more critical and complex. Intelligent vision product manufacturers capable of providing comprehensive solutions that are both technologically advanced and cost-competitive are more likely to meet the evolving demands of the era and stand out in the intense competition. To this end, the Group will focus on building leading technological capabilities, superior quality, and cost leadership. It will continue to advance large-scale intelligent manufacturing, R&D of new technologies, and vertical chain integration and remain committed to its platform strategy, device strategy, and system integration strategy, adhering to a customer-centric service approach, so as to provide high-quality, premium products and responsive services to its customers. The Group will continue to focus on the expansion of its camera module business for smartphones with resolutions of 32 megapixels and above, as well as camera modules applied to smart cars, IoT intelligent terminals and other areas. Additionally, the Group will accelerate the development of intelligent vision product solutions for innovative fields such as AI glasses and embodied robots. The Group will also expedite vertical supply chain integration efforts and strive to achieve the following goals in 2025: (i) improvement in the product mix of camera modules for mobile phones, with the sales volume of camera modules for mobile phones with resolutions of 32 megapixels and above accounting for no less than 55% of the sales volume of camera modules for mobile phones (approximately 50.1% during the Year), among which the sales volume of periscope camera modules increased by more than 100% year-on-year; (ii) a year-on-year increase of not less than 40% in the sales volume of camera modules applied to the non-handset fields such as automotive and IoT; and (iii) a year-on-year increase of not less than 20% in the sales volume of fingerprint recognition modules. Taking into account the market conditions and the Group's actual development and comprehensive capabilities, the Directors are confident in leading the Group to embrace the challenges in the year ahead, make further efforts to achieve good development, endeavor to advance the Five-Year Strategic Planning, uphold the vision of the Group as "to illuminate machines" and strive to create greater value for the shareholders of the Company (the "**Shareholders**").

AWARDS AND HONOURS

During the Year, the Group continued to adhere to our customer-oriented service strategies, constantly considered the provision of good personal experience for customers as our operation direction and devoted our best efforts to satisfy customers' needs in technological innovation, sales delivery, product quality and strategic collaboration, and gained high recognition of the Group's comprehensive ability, products and services from the local governments, industry and our customers. The major honors the Group has recently received are as follows:

In May 2024, Kunshan QTech Microelectronics Co., Ltd.(昆山丘鈦微電子科技股份有限公司) ("**Kunshan QT China**"), a subsidiary of the Company, was awarded the "Outstanding Quality Supplier of the Year 2023" by DJI, a global leading drone brand.

In May 2024, the Company received the "Perfect Quality" award at the 2024 Lenovo Group Global Supplier Conference.

In July 2024, Kunshan QT China was awarded the “Excellent Quality Award” by OPPO, a globally leading smartphone brand.

In November 2024, Kunshan QT China was awarded the “Terminal BG Supply Assurance Award” by Huawei Technologies Co., Ltd., a globally leading smartphone brand.

In December 2024, the Company was honored with the “New Quality Productivity Forces Award” jointly presented by the Hong Kong International Blockchain & Finance Association and several other co-organizing institutions.

In December 2024, Kunshan QT China was awarded the “Most Innovative Award” by OPPO, a globally leading smartphone brand.

In December 2024, Kunshan QT China was awarded the “Best Delivery Award 2024” and the “Quality Progress Award 2024” by vivo Mobile Communication Co., Ltd. (維沃移動通信有限公司), a globally leading smartphone brand; meanwhile, Kunshan QTech Biological Recognition Technology Limited (昆山丘鈦生物識別科技有限公司) (“**QT Biological Recognition**”), another subsidiary of the Company, was also recognized by the brand with the “Best Delivery Award 2024”.

In December 2024, Kunshan QT China was awarded the “Best Supply Support Award” by Huawei, one of the world’s leading smart automotive brands.

In December 2024, Kunshan QT China was awarded the title of “National Green Factory” by the Ministry of Industry and Information Technology.

In January 2025, QT Biological Recognition was awarded the “Best Strategic Partner for Modules 2024” by Goodix Technology, a renowned chip solution provider.

In January 2025, Kunshan QT China was awarded the title of “Top 10 R&D Enterprises” by the Kunshan Municipal People’s Government.

FINANCIAL REVIEW

Revenue

During the Year, the revenue of the Group was approximately RMB16,151,336,000, representing a year-on-year increase of approximately 28.9% as compared with approximately RMB12,530,799,000 in 2023. The year-on-year increase in revenue was primarily attributable to: (i) during the Year, industries that extensively use camera modules, including smartphones, smart cars, smart home devices, and low-altitude aircraft, experienced strong development, which led to an increase in demand for camera modules and higher specification requirements, resulting in a year-on-year increase in the sales volume of the Group's camera modules by approximately 16.2% for the Year; (ii) during the Year, the Group's product strategy of "optimizing product structure and emphasizing revenue quality" proved effective, with the combined sales volume of camera modules with resolutions of 32 megapixels and above applied to mobile phones and camera modules applied to other areas showing a significant increase in proportion of total camera module sales, leading to an increase in the overall average sales unit price of camera module products compared to that of the Previous Year; and (iii) the sales volume of fingerprint recognition modules increased year-on-year by approximately 46.0%.

Cost of sales

During the Year, the cost of sales of the Group was approximately RMB15,166,432,000, representing a year-on-year increase of approximately 26.2% as compared with approximately RMB12,021,943,000 in 2023. The year-on-year increase in cost of sales was mainly due to the growth in the sales volume and revenue of camera modules and fingerprint recognition modules.

Gross profit and gross profit margin

During the Year, gross profit of the Group was approximately RMB984,904,000 (2023: approximately RMB508,856,000), representing a year-on-year increase of approximately 93.6%; while the gross profit margin was approximately 6.1% (2023: approximately 4.1%), representing an increase of approximately 2.0 percentage points year-on-year. The increase in gross profit margin was mainly attributable to: (i) improved global smartphone sales during the Year, with the Group increasing its cooperation share with major global smartphone brands. Meanwhile, the Group made significant progress in its camera module business applied to automotive and IoT fields, resulting in a year-on-year increase of approximately 16.2% in the Group's camera module sales volume and a significant improvement in capacity utilisation rate as compared to that of the Previous Year, which benefited the allocation of various fixed costs including depreciation and labor; and (ii) the Group's commitment to the operation strategy of focusing on mid-to-high end camera modules for mobile phone while accelerating the development of camera module business in other segments for the Year. The combined sales volume of camera modules with resolutions of 32 megapixels and above applied to mobile phones and camera modules applied to other areas accounted for approximately 51.5% of the total sales volume of camera modules, and the increase in the proportion of high-end products helped to improve the added value of the Group's products and further facilitate the improvement of gross profit margin. However, the continued weakness of the RMB against the USD during the Year increased the costs of USD-denominated imported materials and equipment, adversely impacting the gross profit margin.

Other income

During the Year, other income of the Group was approximately RMB373,188,000, representing a decrease of approximately 2.8% as compared with approximately RMB384,067,000 in 2023. The decrease in other income was mainly attributable to: notwithstanding the increase in consolidated revenue relating to foreign exchange management (including foreign exchange gains or losses and net changes in fair value of foreign exchange option contracts and forward foreign exchange contracts at fair value through profit or loss) of approximately RMB86,731,000 (2023: approximately RMB9,856,000) as compared with that of the Previous Year, however, (i) the government grants received by the Group decreased by approximately RMB67,673,000 during the Year (2023: approximately RMB129,996,000) as compared with that of the Previous Year; and (ii) the net change in fair value of wealth management products and structured deposits at fair value through profit or loss decreased by approximately RMB30,068,000 (2023: approximately RMB42,853,000) as compared with that of the Previous Year.

Selling and distribution expenses

During the Year, selling and distribution expenses of the Group amounted to approximately RMB20,133,000, representing an increase of approximately 1.8% as compared with approximately RMB19,783,000 in 2023. The ratio of selling and distribution expenses to revenue was approximately 0.1% (2023: 0.2%). The selling and distribution expenses remained stable.

Administrative and other operating expenses

During the Year, the total administrative and other operating expenses of the Group amounted to approximately RMB183,714,000, representing an increase of approximately 23.1% as compared with approximately RMB149,254,000 in 2023. The increase in administrative and other operating expenses was mainly attributable to: (i) Kunshan QT China, a subsidiary of the Company, withdrew its application for the initial public offering of A Shares on the ChiNext Market of the Shenzhen Stock Exchange on 18 October 2024, and recognised an audit fee of approximately RMB13,573,000 for the initial public offering of A Shares in the Year, which included the capitalized audit fee for the initial public offering of A Shares in prior years, resulting in an increase in third-party service fees by approximately RMB18,891,000 (2023: approximately RMB22,184,000) as compared with that of the Previous Year; and (ii) an increase in staff remuneration by approximately RMB15,517,000 (2023: approximately RMB57,081,000) as compared with that of the Previous Year.

R&D expenses

During the Year, the total R&D expenses of the Group were approximately RMB504,807,000, representing an increase of approximately 15.9% as compared with approximately RMB435,550,000 in 2023. The increase in R&D expenses was mainly attributable to: during the Year, in order to promote the R&D of more high-end products as a result of the expansion of business scale of the Group, the Group's expenditure on staff remuneration and experimental activities related to R&D has increased.

Finance costs

During the Year, the finance costs of the Group were approximately RMB152,122,000, representing a decrease of approximately 11.2% as compared with approximately RMB171,327,000 in 2023. The year-on-year decrease in finance costs was mainly attributable to: (i) a decrease in benchmark interest rates for both USD and RMB during the Year, which reduced the interest expenses on the Group's RMB and USD borrowings; and (ii) in order to reduce the financing costs, the Group reduced the drawdown of bank borrowings in conjunction with the operation and management situation and the funding situation. As at 31 December 2024, the balance of bank borrowings of the Group decreased by approximately 44.3% as compared with that of approximately RMB4,370,999,000 as at 31 December 2023.

Share of loss of an associate

During the Year, Newmax Technology, an associate of the Company, recorded a loss. The share of loss of an associate attributable to the Company was approximately RMB36,500,000, representing a decrease of approximately 26.4% as compared with the share of loss of approximately RMB49,578,000 in 2023.

Income tax expenses

During the Year, the income tax expenses of the Group amounted to approximately RMB181,164,000, while an income tax revenue of approximately RMB15,398,000 was recorded in 2023. This was mainly attributable to: (i) there was a significant increase of approximately 234.1% in the Group's profit for the Year as compared to that of the Previous Year, and (ii) taking into account the current progress and the advice from the Indian legal counsel and tax advisers with respect to the tax dispute of an Indian subsidiary, the Company made a provision for the relevant tax amount and an adjustment of the deferred income tax assets of the Indian subsidiary in connection with the relevant events (the "**Provision and Deferred Tax Asset Adjustment**"), with an aggregate amount of approximately RMB153,630,000 (could refer to the Company's inside information announcements dated 22 November 2024 and 14 January 2025 for details), and there was no such provision and adjustment of deferred income tax assets in the Previous Year.

Kunshan Q Tech Microelectronics (India) Private Limited ("**India Q Tech**"), a subsidiary of the Company, has been involved in inspections initiated by relevant Indian authorities including the Income Tax Department and the Directorate of Revenue Intelligence in relation to compliance with relevant income tax regulations and custom duties regulations.

In connection with one of the inspections mentioned above, on 30 December 2023, India Q Tech received a draft assessment order ("**2023 DAO**") from the Office of the Assistant Commissioner of Income Tax of the Ministry of Finance of the Government of India ("**the relevant Indian authorities**"). The 2023 DAO concerned the computation of taxable income for the tax year ended 31 March 2021, and raised issues mainly around the transfer pricing arrangements between India Q Tech and certain other Group companies for purchases and loans. In response to the 2023 DAO, India Q Tech filed its written objections to the Dispute Resolution Panel of Income Tax Department in India ("**DRP**"), and the dispute resolution proceedings with the DRP were still in progress as of 31 December 2023. When preparing the Company's consolidated financial statements for the year ended 31 December 2023, the Group concluded at the time that it was probable that India Q Tech would successfully defend its tax treatment with higher appellate authorities, taking into consideration of all relevant facts and circumstances as of 31 December 2023 including the opinions from tax advisors. Accordingly, the Group did not recognise any provision and disclosed as contingencies as of 31 December 2023 pertaining to the matter.

On 5 November 2024, India Q Tech was notified by the relevant Indian tax department by way of its uploading the final assessment order dated 29 October 2024 (the "**FAO**") to the digital portal of the relevant Indian tax authorities, in which the DRP had determined that the aggregate amount of income tax and interest payable by India Q Tech was approximately INR1,798,342,000 (equivalent to approximately RMB151,061,000 at the rate of RMB against INR as of 31 December 2024) (the "**Taxes**"). After considering the advice from its Indian legal counsel and tax advisers, India Q Tech believes that the tax assessment logic and applicable data used in the FAO are objectionable, and it will continue to vigorously defend its position. On 22 November 2024, India Q Tech filed the grounds of appeal against the FAO to the Income-tax Appellate Tribunal, Delhi (the "**ITAT**"), and filed an application for a stay of demand with respect to the payment of the Taxes pursuant to the FAO. On 29 November 2024, during the hearing of the application for a stay of demand, ITAT found that there were possible apparent factual errors with respect to the FAO, including erroneous application of legal provisions or miscalculation of tax demand in the FAO, and directed the relevant Indian authorities to rectify accordingly. India Q Tech received a rectification order on 9 January 2025 and 15 January 2025 issued by the relevant Indian authorities with respect to the FAO, pursuant to which the relevant Indian authorities made certain rectifications on the FAO, including two times reduction in the aggregate amount of income tax and interest payable, ultimately to approximately INR1,218,744,000 (equivalent to approximately RMB102,374,000 at the rate of RMB against INR as of 31 December 2024) (the "**Updated Taxes**"). As at the date of this announcement, the rectification procedure of the FAO is still in process, and the amount of the Updated Taxes may be subject to further adjustments.

After seeking advice from its Indian legal counsel and tax advisors, India Q Tech still has objections to the tax assessment logic and applicable data used to calculate the Updated Taxes, and will continue to vigorously defend its position. As at the date of this announcement, the appeal proceedings in relation to the tax dispute are still ongoing.

On 27 January 2025, India Q Tech received a transfer pricing order ("**TPO**") concerning the computation of taxable income for the tax year ended 31 March 2022 from transfer pricing officer of Income Tax of the Ministry of Finance of the Government of India. The TPO also raised issues around the transfer pricing arrangements between India Q Tech and certain other Group companies for purchases and loans.

In view of the above developments, the Group has reassessed the probability and the extent to which that its past tax treatments in all the relevant years would ultimately be accepted by the relevant Indian authorities. The Group made the Provision and Deferred Tax Asset Adjustment related to the relevant events. As of 31 December 2024, the Provision and Deferred Tax Asset Adjustment related to the relevant events made by the Group amounted to approximately RMB153,630,000. For details, could refer to the Company's announcements dated 22 November 2024 and 14 January 2025. Tax disputes of this nature is expected to take a long period of time and involve various levels of government and court authorities before a judgment or settlement can be reached. If the final judgment or settlement received by the Group differs from the amounts provided for in the Provision and Deferred Income Tax Asset Adjustment, it may have an impact on the Group's operating results or cash flows.

Profit for the Year

Based on the foregoing, the profit of the Group for the Year amounted to approximately RMB279,068,000 (2023: approximately RMB83,531,000), representing an increase of approximately 234.1% as compared with that of 2023. The year-on-year increase in profit was mainly attributable to: (i) an increase in revenue of approximately 28.9% as compared with that of the Previous Year; (ii) an increase in gross profit margin by approximately 2.0 percentage points as compared with that of the Previous Year; and (iii) the unsatisfactory operation and losses was recorded by Newmax Technology during the Year, an associate in which the Group invested, however, the loss decreased year-on-year, resulting a decrease of approximately 26.4% in the share of loss of an associate attributable to the Company compared to that of the Previous Year.

LIQUIDITY AND FINANCIAL RESOURCES

Bank Borrowings

As at 31 December 2024, the Group's bank borrowings amounted to approximately RMB2,434,371,000, a decrease of approximately 44.3% from approximately RMB4,370,999,000 as at 31 December 2023. Among the bank borrowings, short-term borrowings repayable within one year or on demand were approximately RMB2,352,495,000 whereas long-term borrowings were approximately RMB81,876,000.

As at 31 December 2024, the Group's bank borrowings were mainly denominated in RMB and/or USD. The cash flow overview of the Group for the Year and 2023 was set out as follows:

	For the year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Net cash generated from/(used in) operating activities	**965,443**	(378,783)
Net cash (used in)/generated from investing activities	**(1,040,380)**	366,724
Net cash (used in)/generated from financing activities	**(1,372,483)**	1,550,685

As of 31 December 2024, the cash and cash equivalents of the Group amounted to approximately RMB1,447,471,000, representing a decrease of approximately RMB1,445,613,000 from approximately RMB2,893,084,000 as at 31 December 2023. The decrease in cash and cash equivalents was mainly attributable to: in order to reduce the financing costs, the Group repaid a substantial amount of bank borrowings with cash and cash equivalents in conjunction with its operation and management situation and funding position. As a result, the balance of bank borrowings of the Group as at 31 December 2024 decreased by approximately 44.3% as compared with that of approximately RMB4,370,999,000 as at 31 December 2023.

Operating activities

During the Year, the Group's net cash generated from operating activities was approximately RMB965,443,000 (2023: net cash used in operating activities was approximately RMB378,783,000), which was mainly attributable to: the Group's revenue and gross profit margin increased during the Year, while inventories, trade and other receivables and trade and other payables were well managed and did not add significant capital tie-ups.

Investing activities

During the Year, the Group's net cash used in investing activities was approximately RMB1,040,380,000 (2023: net cash generated from investing activities was approximately RMB366,724,000). Such cash was mainly used for the following purposes: (i) a net cash amount of approximately RMB232,762,000 used for the purchase of wealth management products and other financial assets; (ii) a net cash amount of approximately RMB630,111,000 used for time deposits with a maturity of over three months; and (iii) payment of amounts due for acquisition of fixed assets such as equipment of approximately RMB237,923,000.

Financing activities

The net cash of the Group used in financing activities for the Year amounted to approximately RMB1,372,483,000 (2023: net cash generated from financing activities was approximately RMB1,550,685,000). This was primarily due to: (i) the repayment of bank borrowings exceeding the proceeds from bank borrowings, with the amount reaching approximately RMB1,940,242,000; and (ii) cash received from the maturity of pledged bank deposits exceeding that used to place pledged bank deposits, with the amount reaching approximately RMB743,680,000.

Gearing ratio

The gearing ratio of the Group as of 31 December 2024, as defined by the total balance of bank borrowings and lease liabilities divided by total equity at the end of the Year, was approximately 48.0%, representing a decrease of approximately 42.8 percentage points as compared to that of approximately 90.8% as of 31 December 2023, which was mainly attributable to a decrease of approximately 44.3% in the balance of bank borrowings as of the end of the Year compared to that as of 31 December 2023.

Adjusted net debt-to-capital ratio

The adjusted net debt-to-capital ratio of the Group as at 31 December 2024, as defined by the total balance of bank borrowings and lease liabilities less the total balance of cash and cash equivalents and bank time deposits with original maturity over three months divided by total equity at the end of the Year, was approximately 1.1%, representing a decrease of 23.7 percentage points from approximately 24.8% as at 31 December 2023, which was mainly attributable to the decrease in the balance of bank borrowings (including long-term bank borrowings) by approximately 44.3% from approximately RMB4,370,999,000 as at 31 December 2023 to approximately RMB2,434,371,000 as at 31 December 2024.

TREASURY POLICIES

The Group's treasury policy was disclosed in the prospectus of the Company dated 20 November 2014 (the "**Prospectus**"), and was amended by the risk management committee of the Company (the "**Risk Management Committee**") on 24 March 2016, 6 December 2022 and 12 April 2024, the details of which were disclosed under the "Management Discussion and Analysis" section of the 2016 to 2023 annual reports and the 2024 interim report.

The Board, the Risk Management Committee and the staff of the Company at the relevant positions always remain alert to the performance and risk assessment of the wealth management products. At the same time, the Company also pays close attention to the liquidity and debt asset position of the Group in order to ensure the sufficiency of its working capital and maintain the debt asset ratio at a reasonable level.

MATERIAL ACQUISITION AND DISPOSAL

On 15 December 2020, the Company submitted an application in relation to a possible spin-off and separate listing of Kunshan QT China on the Shenzhen Stock Exchange or Shanghai Stock Exchange in the PRC (the "**Proposed Spin-off**") to the Stock Exchange for approval pursuant to Practice Note 15 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), and received the approval from the Stock Exchange on 23 April 2021. On 23 June 2021, Kunshan QT China submitted an application to the ChiNext Market of Shenzhen Stock Exchange for the proposed listing (the "**Proposed Listing**"), and has received approval from the listing committee of the ChiNext Market of the Shenzhen Stock Exchange on 17 August 2022. Kunshan QT China has also submitted the registration application to the China Securities Regulatory Commission (the "**CSRC**") for the Proposed Listing, and has received the official notice of acceptance from the CSRC on 30 December 2022. Subsequently, in view of the current macroeconomic environment of the capital market and industry conditions faced by Kunshan QT China, after thorough communication and careful deliberation with relevant parties, the Board decided to terminate the Proposed Spin-off and discontinue the Proposed Listing of Kunshan QT China on the Shenzhen Stock Exchange. Accordingly, Kunshan QT China submitted an application to withdraw the Proposed Listing to the Shenzhen Stock Exchange on 18 October 2024, and received confirmation from the CSRC on 29 October 2024, agreeing to terminate the registration of the Proposed Listing. Thus, the Proposed Spin-off has been terminated. For details, please refer to the announcements of the Company dated 15 December 2020, 23 April 2021, 23 June 2021, 30 June 2021, 16 December 2021, 23 February 2022, 27 June 2022, 4 August 2022, 17 August 2022, 29 September 2022, 2 December 2022, 30 December 2022, 11 September 2023 and 18 October 2024.

On 18 December 2024, the Company entered into a share subscription agreement with Newmax Technology, an associate of the Company, to conditionally subscribe for 20,000,000 ordinary shares proposed to be issued by Newmax Technology (the "**Private Placement**"). The Private Placement was completed on 3 March 2025, with a total of 20,000,000 ordinary shares of Newmax Technology allotted and issued to the Company at NT$22.16 per share, representing approximately 9.8% of Newmax Technology's enlarged total issued ordinary shares after completion of the Private Placement. After the Private Placement, the Group holds approximately 41.8% of Newmax Technology's total ordinary shares in issue. For details, please refer to the Company's announcements dated 18 December 2024 and 3 March 2025.

Save as disclosed above, the Group did not have any material acquisitions or disposals of its subsidiaries, associates and joint ventures for the year ended 31 December 2024.

SIGNIFICANT INVESTMENT

The Group did not hold any significant investment for the year ended 31 December 2024.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no any plan authorized by the Board for other material investments or additions of capital assets as at 31 December 2024.

PLEDGE OF ASSETS

As at 31 December 2024, the assets pledged by the Group included bank deposits, wealth management products and shares of an associate, which amounted to approximately RMB800,893,000 in total, representing a decrease of approximately RMB612,543,000 as compared with approximately RMB1,413,436,000 as at 31 December 2023 (where pledged assets were bank deposits and shares of an associate). These pledged assets were used as guarantee for bank borrowings and bank guarantee letters.

EMPLOYEE POLICIES AND REMUNERATION

As at 31 December 2024, the number of staff of the Group was 10,609 (the "**Staff**", including contractual staff and non-contractual staff such as staff under internship agreements and labour service agreements) (as at 31 December 2023: 9,629). The Group is committed to providing all Staff with fair working environment, providing newly recruited staff with induction training and job technical counseling to help them to adapt to job requirements quickly, providing all Staff with clear job responsibilities guidelines and for employees at different positions with on-the-job training together with other training programmes to help improving their skills and knowledge, and strived to provide all staff with competitive remuneration packages, including granting incentive share options to outstanding staff. During the Year, the remuneration of the staff (including staff under labour service agreements and internship agreements) of the Group was approximately RMB1,026,783,000 (2023: approximately RMB801,194,000). Apart from basic salary, the package also includes performance bonus, medical insurance, share options and provident fund (staff under labour service agreements and internship agreements are treated according to the laws and regulations of the PRC).

FOREIGN EXCHANGE EXPOSURE

The Group is exposed to currency risk primarily due to certain receivables, payables, cash balances and loans that are denominated in foreign currencies other than RMB arising from the operating activities such as bank borrowings, product sales and purchase of raw materials. The Group is also exposed to currency risk from the exchange or translation of USD and HKD into RMB and USD into INR. During the Year, the sales income of the Group was still mainly settled in RMB, but there was a significant increase in sales income settled in INR. Various raw materials for production and some equipment for production were purchased from overseas and settled in USD. Therefore, any depreciation in the value of RMB and/or INR against the USD would not be favourable to the Group. During the Year, despite solid economic growth in China, the central parity rate of RMB against USD depreciated from 7.0827 at the end of 2023 to 7.1884 at the end of 2024, representing a depreciation of approximately 1.5%. The average central parity rate for the whole year was approximately 7.1217, depreciating by approximately 1.1% as compared with approximately 7.0467 in the Previous Year. The deviation of exchange rate trends from the trajectory of economic growth has increased the challenges of managing foreign exchange risks. However, the Group effectively mitigated part of exchange rate cost of RMB against USD through the use of foreign exchange option contracts and forward contracts. During the Year, the Group recorded a net foreign exchange gain of approximately RMB152,407,000 (2023: a net foreign exchange gain of approximately RMB1,868,000 in aggregate was recorded) from the combined effects of the net fair value changes in foreign exchange option contracts and forward contracts. As affected by multiple factors such as politics, economic, and supply and demand, the trend of RMB against USD and INR against USD in the future is subject to great uncertainties. It is difficult to adjust the business model of the Group in the short run. Therefore, the profit or loss of the Group may still be affected by exchange rate fluctuation in the future. The Group will, on the one hand, continuously strive to strengthen the expansion of overseas business in an effort to increase the revenue in USD; on the other hand, the Group will continuously enhance daily monitoring of the exchange rate, and fix the future foreign exchange costs by properly using financial instruments, so as to strengthen the management of foreign exchange risks and strive to reduce foreign exchange loss. However, the Group is also clearly aware that there are many factors affecting exchange rates, and the mechanism to determine exchange rate is complicated and fickle, making it is difficult to estimate its trend. Therefore, the profit or loss of the Group may still be affected by exchange rate fluctuation.

DIVIDEND

The Board recommended the payment of a final dividend of HK$10.0 cents (equivalent to approximately RMB9.3 cents) per share for the year ended 31 December 2024 to the Shareholders whose names appear on the register of members of the Company on Thursday, 5 June 2025 (final dividend for the year ended 31 December 2023: nil). The proposed final dividend is expected to be paid on or around Friday, 20 June 2025, subject to the approval of Shareholders at the forthcoming annual general meeting of the Company (the "**AGM**") to be held on 23 May 2025.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the eligibility to attend the annual general meeting, the register of members of the Company will be closed from 20 May 2025 to 23 May 2025 (both days inclusive). All transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on 19 May 2025.

To be qualified for receiving the final dividends, the register of members of the Company will be closed from 3 June 2025 to 5 June 2025 (both days inclusive). All transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on 2 June 2025.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

ENVIRONMENTAL PROTECTION MANAGEMENT

The Group has strictly complied with the applicable environmental protection laws and policies in the jurisdictions where the respective members of the Group are located. During the Year, the Group had continued to revise, improve and implement a number of internal rules and regulations in relation to environmental protection management such as the implementation of Wastewater Management Regulations, Waste Gas Management Regulations and Greenhouse Gas Management Measures, and to further perfect the wastewater, waste gas and greenhouse gas treatment system in order to strengthen its management and control in production and domestic sewage so as to ensure that the wastewater discharge is in compliance with statutory requirements, and clarified the ranges, procedure and instrument of collecting the data of greenhouse gas for the effective management of greenhouse gas of the Group in the long run and prepared for reducing carbon emissions. At the same time, the Group had also amended and implemented certain regulations and measures including the Fire Safety Management Regulations and Emergency Plan, held fire drills with particular focus on strengthening of self-check of the fire control facilities and improving the fire prevention and control capability. Subsidiaries such as Kunshan QT China and QT Biological Recognition successfully obtained certificates from the relevant government departments in Kunshan, confirming no violations in production safety and ecological environmental protection. During the Year, Kunshan QT China was honored with the title of "National Green Factory" by the Ministry of Industry and Information Technology of China to recognise Kunshan QT China's advancements and contributions in areas such as energy conservation and the application of new energy sources.

Particulars of the environmental protection management of the Company will be disclosed in the Environmental, Social and Governance Report set out in the 2024 annual report of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules. The Directors have been aware and have confirmed that they had complied with the required standard for securities transactions by Directors set out in the Model Code during the Year.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining a high standard of corporate governance, and protecting and enhancing Shareholders' value through good corporate governance. During the Year, the Company has fully complied with the code provisions set out in Part 2 of Appendix C1 of the Listing Rules. The roles of the Chairman and the Chief Executive Officer are performed by different individuals to enhance the respective roles' independence, accountability and responsibility.

The Board is primarily responsible for overseeing and supervising the management of the business affairs and the overall performance of the Group, setting the Group's values and standards, formulating the business plans and strategies, deciding all significant financial and operational issues, developing, monitoring and reviewing the Group's corporate governance. The Board has established the audit committee (the "**Audit Committee**"), the nomination committee, the remuneration committee and the risk management committee, and all or the majority of members of the committees consist of independent non-executive directors. The respective terms of reference for such committees have been published on the respective websites of the Stock Exchange and the Company.

Particulars of the principal corporate governance practices adopted by the Company will be disclosed in the Corporate Governance Report set out in the 2024 annual report of the Company.

REVIEW OF ANNUAL RESULTS

The Audit Committee has been established in compliance with Rules 3.21 and 3.22 of the Listing Rules with written terms of reference in compliance with the CG Code. The primary responsibilities of the Audit Committee are to review and monitor the financial reporting, risk management and internal control systems of the Company and to assist the Board to fulfill its responsibilities over the audit.

As of the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely, Ms. Hui Hiu Ching, Mr. Ko Ping Keung and Mr. Chu Chia-Hsiang, and Ms. Hui Hiu Ching serves as the chairlady of the Audit Committee.

The Audit Committee has reviewed and confirmed the accounting principles and policies adopted by the Group and discussed the auditing, internal control and financial reporting matters of the Group. The annual results of the Group for the year ended 31 December 2024 have also been reviewed by the Audit Committee.

SCOPE OF WORK OF THE AUDITOR

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this annual results announcement have been agreed by the Group's auditor, KPMG, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2024 as required under Rule 13.49(2) of the Listing Rules. The work performed by KPMG in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by KPMG on this annual results announcement.

EVENTS AFTER THE REPORTING YEAR

Save as disclosed in this announcement and/or other announcements of the Company, there were no other important events affecting the Group that had occurred after 31 December 2024 and up to the date of this announcement.

ANNUAL REPORT

The annual results announcement of the Company is published on the respective websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.qtechsmartvision.com). The annual report for the year 2024 will be available on the above websites and despatched to Shareholders in due course.

APPRECIATION

The Company would like to take this opportunity to express its sincere thanks and gratitude to the Shareholders, and various parties for their continuous support as well as the Directors and its staff for their dedication and hard work.

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

Hong Kong, 17 March 2025

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 Ms. Hui Hiu Ching.