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**Q Tech**

## **Q TECHNOLOGY (GROUP) COMPANY LIMITED**

**丘鈦科技(集團)有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1478)**

### **DISCLOSEABLE TRANSACTION POSSIBLE DISPOSAL OF 51% EQUITY INTEREST IN Q TECH INDIA**

#### **THE PROPOSED TRANSACTION**

The Board announces that on 15 July 2025 (after trading hours), Q Tech India and the Selling Shareholders entered into the Binding Term Sheet with Dixon, pursuant to which Dixon has conditionally agreed to acquire an aggregate of 51% paid-up share capital of Q Tech India by way of the Share Purchase and the Share Subscription on the terms and conditions to be further negotiated and set out in the Transaction Documents.

The Total Consideration for the Proposed Transaction is initially agreed to be INR5,530,000,000 (equivalent to approximately RMB461.29 million), comprising (i) the consideration for the Share Purchase of INR4,280,000,000 (equivalent to approximately RMB357.02 million), and (ii) the consideration for the Share Subscription of INR1,250,000,000 (equivalent to approximately RMB104.27 million). The Total Consideration represents approximately 15.5 times (subject to final audited figures) the profit after tax of Q Tech India determined based on the financial statements of Q Tech India for the financial year ended 31 March 2025 and a post-investment valuation of Q Tech India of INR10,850,000,000 (equivalent to approximately RMB905.05 million), which is subject to final valuation and agreement to be set out in the Transaction Documents.

The Parties shall negotiate and, upon agreeing upon mutually acceptable drafts, execute the Transaction Documents on a good faith basis, based on the Binding Term Sheet on or before the Long Stop Date.

The Binding Term Sheet shall automatically expire upon the earlier of (i) execution of the Transaction Documents and (ii) the Long Stop Date.

Upon completion of the Proposed Transaction, the Group will retain 49% equity interest in Q Tech India, which will cease to be consolidated as a subsidiary of the Company.

#### **LISTING RULES IMPLICATIONS**

As the highest of the applicable percentage ratios under Rule 14.07 of the Listing Rules in relation to the Proposed Transaction is 5% or more but less than 25%, the Proposed Transaction constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **1. INTRODUCTION**

The Board announces that on 15 July 2025 (after trading hours), Q Tech India and the Selling Shareholders entered into the Binding Term Sheet with Dixon, pursuant to which Dixon has conditionally agreed to acquire an aggregate of 51% paid-up share capital of Q Tech India by way of the Share Purchase and the Share Subscription on the terms and conditions to be further negotiated and set out in the Transaction Documents.

The Parties shall negotiate and, upon agreeing upon mutually acceptable drafts, execute the Transaction Documents on a good faith basis, based on the Binding Term Sheet on or before the Long Stop Date.

The Binding Term Sheet shall automatically expire upon the earlier of (i) execution of the Transaction Documents and (ii) the Long Stop Date.

Upon completion of the Proposed Transaction, the Group will retain 49% equity interest in Q Tech India, which will cease to be consolidated as a subsidiary of the Company.

The principal terms of the Binding Term Sheet are as follows.

## **2. THE BINDING TERM SHEET**

### **Date**

15 July 2025

### **Parties**

- (1) Q Tech India;
- (2) Q Tech Singapore as one of the Selling Shareholders;
- (3) Q Tech International as one of the Selling Shareholders; and
- (4) Dixon

### **Subject Matter**

Pursuant to the Binding Term Sheet, Dixon has conditionally agreed to acquire an aggregate of 51% paid-up share capital of Q Tech India by way of the Share Purchase and the Share Subscription on the terms and conditions to be further negotiated and set out in the Transaction Documents.

Under the Share Purchase, the Selling Shareholders shall sell, and Dixon shall purchase, the Sale Shares.

Under the Share Subscription, Q Tech India shall issue on a private placement basis, and Dixon shall subscribe to, the Subscription Shares.

## Consideration

The Total Consideration for the Proposed Transaction is initially agreed to be INR5,530,000,000 (equivalent to approximately RMB461.29 million), comprising (i) the consideration for the Share Purchase of INR4,280,000,000 (equivalent to approximately RMB357.02 million), which shall be paid to the Selling Shareholders in proportion of the Sale Shares to be transferred by each of them to Dixon, and (ii) the consideration for the Share Subscription of INR1,250,000,000 (equivalent to approximately RMB104.27 million), which shall be paid to Q Tech India.

The Total Consideration was agreed after arm's length negotiations between the parties and represents approximately 15.5 times (subject to final audited figures) the profit after tax of Q Tech India determined based on the financial statements of Q Tech India for the financial year ended 31 March 2025 and a post-investment valuation of Q Tech India of INR10,850,000,000 (equivalent to approximately RMB905.05 million), which is subject to final valuation and agreement to be set out in the Transaction Documents.

Based on a valuation report (the “**Valuation Report**”) prepared by an independent qualified valuer (the “**Valuer**”) under the International Valuation Standards issued by the International Valuation Standards Council, the fair market value of the business carried on by Q Tech India as of 31 March 2025 is approximately INR10,946 million (equivalent to approximately RMB913.06 million) based on the market comparable approach. Under this methodology, market multiple of comparable listed companies are computed and applied to the business being valued in order to arrive at a multiple based valuation. The comparable listed companies are benchmarked by the Valuer with reference to, among others, (i) their relevance to the principal businesses of Q Tech India, which falls within the area of electronics manufacturing services (“**EMS**”), embedded component manufacturing for mobile devices, and mobile hardware assembly, and taking into account the niche nature of the business, (ii) their size, and (iii) their listing status in India. The following comparable listed companies are selected by the Valuer:

Company	Description	Relevance
Company A	Defense and embedded systems manufacturer	Contract electronics, small cap
Company B	EMS and printed circuit board (“ <b>PCB</b> ”) manufacturer; entering camera module assembly	Directly relevant
Company C	Embedded system and subsystem manufacturer	Broader scope, high-tech EMS
Company D	Importer and assembler of mobile hardware	Consumer-focused mobile peer
Company E	High-volume embedded electronics, including sensors and communication modules	Structurally similar to camera modules

The enterprise value/net profit multiple (the “**EV/Profit multiple**”) of the comparable listed companies ranges from 29.2 times to 52.0 times, with a median of 41.4 times and a lower quartile of 32.0 times. The Valuer applied a size discount of 27.5% and a marketability (unlisted) discount of 25.0% (i.e. a total discount of 47.5%), and adopted a conservative stance (taking into account the product concentration risk, customer concentration risk, scale of operations and lack of proprietary technology of Q Tech India) by applying the lower quartile EV/Profit multiple of the comparable listed companies, in arriving at the enterprise value of Q Tech India. Based on the adopted enterprise value, the Valuer further deducted the total debt and added the total cash, to arrive at the valuation of Q Tech India of INR10,946 million (rounded).

The Board takes the view that, as the post-investment valuation of Q Tech India as implied by the Total Consideration does not materially deviate from the valuation amount arrived at by the Valuer as set out in the Valuation Report, the basis of the Total Consideration is fair and reasonable to the Company and its shareholders as a whole.

### **Conditions**

The Proposed Transaction is conditional upon the fulfilment or waiver (where applicable) of the following conditions precedent (the “**Conditions**”):

- (a) satisfactory completion of legal, accounting, financial, tax and commercial due diligence by Dixon over Q Tech India and resolution of all issues identified thereunder to the satisfaction of Dixon;
- (b) receipt of all applicable third-party consents or governmental approves, if any;
- (c) Q Tech India having obtained valuation reports in accordance with the Companies Act, 2013, Income-tax Act, 1961 and foreign exchange laws of India for determining the fair value of shares of Q Tech India for (i) issuance of the Subscription Shares; and (ii) sale of the Sale Shares, to Dixon;
- (d) Q Tech India shall have undertaken all compliances under the Companies Act, 2013 and the foreign exchange laws of India in relation to the preferential issue of the Subscription Shares to Dixon;
- (e) no material adverse effect (to be defined in the Transaction Documents) having occurred on Q Tech India and/or the Selling Shareholders;
- (f) there being no order of any entity, authority or body exercising legislative, judicial, regulatory, statutory or administrative functions of or pertaining to government including any government authority, judgment or legal restriction prohibiting the consummation of the Proposed Transaction;
- (g) the Selling Shareholders and Dixon having agreed to the form of restated articles of association of Q Tech India;
- (h) Q Tech India shall have obtained additional external commercial borrowing from any entity within the Group on terms mutually acceptable to Dixon and the Group;

- (i) the Group shall have obtained the necessary approval from the local regulatory bodies, if any; and
- (j) additional conditions precedent as may be included pursuant to due diligence by Dixon.

The Conditions may be waived by Dixon at its sole discretion to the extent permissible under applicable laws and regulations.

As at the date of this announcement, other than paragraph (c) of the Conditions which has been fulfilled with reference to the Valuation Report, none of the Conditions have been fulfilled or waived.

### **Long Stop Date**

The Parties shall negotiate and, upon agreeing upon mutually acceptable drafts, execute the Transaction Documents on a good faith basis, based on the Binding Term Sheet on or before the Long Stop Date.

The Binding Term Sheet shall automatically expire upon the earlier of (i) execution of the Transaction Documents and (ii) the Long Stop Date.

In the event that the Binding Term Sheet expires on the Long Stop Date without the execution of the Transaction Documents, the Proposed Transaction will lapse automatically with no obligations on either Party, provided that the confidentiality, governing law and dispute resolution provisions of the Binding Term Sheet shall survive such expiry.

### **Exclusivity**

During the period commencing from the date of the Binding Term Sheet till the expiry of its term, (i) the Group or any of its group companies or affiliates or representatives shall cease to solicit offers, invitations or proposals from, or negotiate or participate in discussions with any other person or entity in connection with possible investment in or acquisition of shares or business of Q Tech India, whether directly or indirectly; and (ii) Dixon or any of its group companies or affiliates or representatives shall cease to solicit offers, inquiries or proposals from, or initiate negotiations or discussions with any other person or entity in connection with the possible (direct or indirect) investment in or acquisition of shares or business of any entity that is engaged in a similar business as that of Q Tech India in India.

### **Closing**

Closing of the Proposed Transaction shall occur within seven working days of fulfillment of the Conditions or waiver thereof by Dixon at its sole discretion (to the extent permissible under applicable laws and regulations).

Upon completion of the Proposed Transaction, the Group will retain 49% equity interest in Q Tech India, and Q Tech India will cease to be consolidated as a subsidiary of the Company.

## **Governance of Q Tech India**

Upon occurrence of Closing, the board of directors of Q Tech India shall comprise of six directors, including as to (i) two directors nominated by Dixon; (ii) two directors nominated by the Selling Shareholders; and (iii) two independent directors including one woman director, to be appointed under applicable law and with the mutual agreement of Dixon and the Selling Shareholders. Details on the composition of board committees shall be set out in the Transaction Documents.

The quorum for any board meeting of Q Tech India shall require the presence of at least one director nominated by each of Dixon and the Selling Shareholders. The quorum for any shareholders meeting of Q Tech India shall require the presence of at least one authorised representative of each of Dixon and the Selling Shareholders.

The Selling Shareholders shall, in their sole discretion, have the right to appoint, remove and/or replace the chief executive officer of Q Tech India. Dixon shall, in its sole discretion have the right to appoint, remove and/or replace the chief financial officer of Q Tech India.

Dixon shall lead and handle all governmental and regulatory related issues in India, in compliance with all applicable laws.

Q Tech India shall conduct its business in accordance with a business plan that may be prepared yearly or for a longer duration, as well as the decisions made by its board of directors.

Certain customary matters will be regarded as reserved matters which cannot be undertaken by Q Tech India unless the prior written consent of each of Dixon and the Selling Shareholders has been obtained, details of which shall be set out in the Shareholders Agreement.

Subject to the aforementioned, the Selling Shareholders shall have exclusive control over Q Tech India's managerial, operational, and manufacturing operations.

## **Post-Closing Restrictions**

Each of the Selling Shareholders and Dixon shall agree to the share transfer restrictions (such as right of first offer or refusal, tag along right, lock in period, etc.) to be set out in the Shareholders Agreement.

The Shareholders Agreement shall also contain customary restrictions on the Selling Shareholders and its affiliates, as well as Dixon and its affiliates, in respect of entering into joint ventures or other such arrangements in India for the purposes of undertaking the business of manufacturing, sale and distribution of camera and fingerprint modules for mobile handsets, Internet of Things systems and automotive applications for such period as agreed between the Parties in the Shareholders Agreement.

## **Dividend Distribution**

Dixon and the Selling Shareholders shall endeavour to initiate an initial public offer ("IPO") in the financial year ending 31 March 2031 based on the full year operation of Q Tech India in financial year ending 31 March 2030, subject to applicable law.

In the event that IPO is not initiated in financial year ending 31 March 2031, subject to (a) Q Tech India having a positive net worth and normalised working capital, and (b) Q Tech India not having any outstanding external commercial borrowings and/or shareholder's loan from either Dixon or the Selling Shareholders, each of Dixon and the Selling Shareholders shall be entitled to separately request the board of directors of Q Tech India to declare and distribute dividend to all the shareholders of Q Tech India of an amount up to 50% of the profit after tax of Q Tech India for the previous financial year.

### 3. INFORMATION ON Q TECH INDIA

Q Tech India is an indirect wholly-owned subsidiary of the Company and incorporated in India with limited liability. As at the date of this announcement, Q Tech India is principally engaged in the design, research and development, manufacturing, and sales of camera modules and fingerprint recognition modules.

Set out below is the financial information of Q Tech India for the two financial years ended 31 March 2024 and 2025:

	<b>For the year ended 31 March</b>	
	<b>2024</b>	<b>2025</b>
	<b>(Audited)</b>	<b>(Unaudited)</b>
	<i>INR lakhs</i>	<i>INR lakhs</i>
Revenue	244,035.12	198,258.45
Profit/(Loss) before taxation	7,330.80	9,725.63
Profit/(Loss) for the year	7,330.80	7,200.18
		<b>As at</b>
		<b>31 March</b>
		<b>2025</b>
		<i>INR lakhs</i>
Net worth		(27,444.39)

### 4. FINANCIAL EFFECT OF THE PROPOSED TRANSACTION AND INTENDED USE OF PROCEEDS

Subject to final audit, the Group currently expects to record a gain of approximately INR9,500,000,000 (equivalent to approximately RMB792.44 million) from the Proposed Transaction, which is estimated based on (i) the unaudited net deficit of Q Tech India as of 30 June 2025 and (ii) the valuation of the equity interest in Q Tech India, before any related expenses and tax.

The Group's actual gain or loss arising from the Proposed Transaction may be different from the above and shall be subject to the review by the Company's auditors and determined as of the final closing date, based on the net asset value of Q Tech India as of the final closing date, the final amount of consideration, the latest available valuation of Q Tech India, and the amount of tax and other expenses incidental to the Proposed Transaction.



Upon completion of the Proposed Transaction, Q Tech India will be owned as to 51% by Dixon and 49% by the Group. Q Tech India will cease to be consolidated as a subsidiary of the Company, and the assets and liabilities and results of operation of Q Tech India will cease to be consolidated in the financial statements of the Group.

The Company currently intends to utilize the net proceeds of approximately INR4.28 billion (equivalent to approximately RMB357.02 million) from the Share Purchase, after deduction of all relevant expenses, as working capital for the Group's daily operation.

The proceeds from the Share Subscription paid by Dixon are intended to be used solely for the purpose of meeting the capex requirements of Q Tech India, unless otherwise agreed by Dixon.

## **5. INFORMATION ON THE PARTIES INVOLVED**

### **The Group**

The Group is primarily engaged in the design, research and development, manufacture and sales of camera modules and fingerprint recognition modules, and centred on mid-to-high end camera module and fingerprint recognition module market for intelligent mobile terminals such as global smartphone and tablet PC brands, Internet of Things (IoT), smart vehicles, etc.

Q Tech Singapore is an indirect wholly-owned subsidiary of the Company, primarily engaged in trade and investment activities.

Q Tech International is an indirect wholly-owned subsidiary of the Company, primarily engaged in trade and investment activities.

Q Tech India is an indirect wholly-owned subsidiary of the Company, primarily engaged in the design, research and development, manufacturing, and sales of camera modules and fingerprint recognition modules.

### **Dixon**

Dixon is the largest home grown design-focused and solutions company engaged in manufacturing products in the consumer durables, lighting and mobile phones markets in India. Their diversified product portfolio includes (i) consumer electronics like light emitting diode (LED) televisions (TV); (ii) home appliances like washing machines; (iii) lighting products like LED bulbs and tube lights, downlighters; (iv) mobile phones; (v) wearables and hearables; (vi) refrigerators; and (vii) telecom and information technology (IT) hardware products. Dixon also provides solutions in reverse logistics, i.e., repair and refurbishment services of LED TV panels.

The shares of Dixon are listed on the Bombay Stock Exchange (ticker: 540699) and the National Stock Exchange of India Limited (ticker: DIXON).

Based on information available to the Company, Dixon and its ultimate beneficial owners are Independent Third Parties.



## **6. REASONS FOR AND BENEFITS OF THE PROPOSED TRANSACTION**

India has the largest population in the world and holds great potential in the consumption of intelligent terminal products. Therefore, it is anticipated that the demand for camera modules and fingerprint recognition modules in the Indian market will continue to solidly grow. Securing a head start in establishing comprehensive operational management capabilities for camera modules and fingerprint recognition modules in India is crucial for capturing a larger market share. Gaining support from the Indian government, such as government subsidies, would significantly aid Q Tech India in further expanding its production capacity and enhancing its service capabilities for Indian customers. Given the current macroeconomic environment, engaging in diversified cooperation with local Indian enterprises is advantageous for seizing the initiative. Dixon, being one of the largest local electronic manufacturing service providers in India, shares a common industry and customer base with Q Tech India and has substantial procurement and long-term development needs for camera modules and fingerprint recognition modules. The Directors believe that establishing an equity partnership with Dixon in Q Tech India will facilitate the Q Tech India's rapid growth and swift capture of a larger market share in India, ultimately benefiting Q Tech India and the Group in further improving their operational performance.

In light of the foregoing, the Board considers the terms of the Binding Term Sheet to be normal commercial terms and the transactions contemplated under the Binding Term Sheet is fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **7. LISTING RULES IMPLICATIONS**

As the highest of the applicable percentage ratios under Rule 14.07 of the Listing Rules in relation to the Proposed Transaction is 5% or more but less than 25%, the Proposed Transaction constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **8. DEFINITIONS**

In this announcement, the following expressions shall have the meanings set out below unless the context otherwise requires.

“Binding Term Sheet”	the binding term sheet dated 15 July 2025 executed amongst Dixon, Q Tech India and the Selling Shareholders
“Board”	the board of Directors
“Company”	Q Technology (Group) Company Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1478)
“Conditions”	has the meaning ascribed to it under the paragraph headed “2. The BINDING TERM SHEET – Conditions” of this announcement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Dixon”	Dixon Technologies (India) Limited, a company incorporated in India with limited liability, whose shares are listed on the Bombay Stock Exchange (ticker: 540699) and the National Stock Exchange of India Limited (ticker: DIXON)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company or its connected persons
“INR”	Indian rupee, the lawful currency of India
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Long Stop Date”	the date falling on 180 days after the date of execution of the Binding Term Sheet or such other extended date as may be mutually agreed amongst the Parties in writing
“Parties”	the parties to the Binding Term Sheet, namely Q Tech India, the Selling Shareholders and Dixon
“PRC”	the People’s Republic of China
“Proposed Transaction”	the proposed disposal of 51% paid-up share capital of Q Tech India to Dixon by way of the Share Purchase and the Share Subscription
“Q Tech India”	Kunshan Q Tech Microelectronics (India) Private Limited, a company incorporated in India with limited liability, which is an indirect wholly-owned subsidiary of the Company
“Q Tech International”	Kunshan Q Technology International Limited, a company incorporated in Hong Kong with limited liability, which is an indirect wholly-owned subsidiary of the Company
“Q Tech Singapore”	Q Technology (Singapore) Private Limited, a company incorporated in Singapore with limited liability, which is an indirect wholly-owned subsidiary of the Company

“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	such number of fully paid-up equity shares of Q Tech India as agreed by Q Tech Singapore, Q Tech International and Dixon in the SSPA
“Selling Shareholders”	collectively, Q Tech Singapore and Q Tech International
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Purchase”	the sale and transfer of the Sale Shares as contemplated under the Binding Term Sheet
“Share Subscription”	the issue and subscription of the Subscription Shares as contemplated under the Binding Term Sheet
“Shareholders Agreement”	a shareholders agreement proposed to be entered amongst Dixon, the Selling Shareholders and Q Tech India
“SSPA”	a share subscription and purchase agreement proposed to be entered amongst Dixon, the Selling Shareholders and Q Tech India setting out the terms and conditions in relation to the (a) sale of Sale Shares by the Selling Shareholders to Dixon; and (b) issuance and allotment of Subscription Shares by Q Tech India to Dixon
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Shares”	such number of fully paid-up equity shares of Q Tech India as agreed by Q Tech India and Dixon in the SSPA
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Total Consideration”	the total consideration for the Share Purchase and the Share Subscription
“Transaction Documents”	collectively, the SSPA, the Shareholders Agreement and such other documents as may be deemed necessary by Dixon and the Group for the Proposed Transaction
“Valuation Report”	has the meaning ascribed to it under the paragraph headed “2. The BINDING TERM SHEET – Consideration” of this announcement
“Valuer”	has the meaning ascribed to it under the paragraph headed “2. The BINDING TERM SHEET – Consideration” of this announcement
“%”	per cent.

For the purpose of this announcement and for illustrative purpose only, INR is converted into RMB at the exchange rate of INR11,988.25 to RMB1,000. No representation is made that any amounts in INR or RMB has been or could be converted at the above rates or any other rates.

**Warning: Shareholders and potential investors of the Company should note that, the Proposed Transaction is subject to, inter alia, the execution of the Transaction Documents and fulfillment (or waiver, where applicable) of the Conditions. Accordingly, there is no assurance as to whether the Proposed Transaction can be consummated. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

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

Hong Kong, 15 July 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.*