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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 DISPOSAL OF 51.08% EQUITY INTEREST IN Q TECH INDIA AND PROVISION OF FINANCIAL ASSISTANCE**

References are made to the Announcements in relation to the Binding Term Sheet and the Transaction.

#### **THE TRANSACTION**

The Board announces that on 17 September 2025 (after trading hours), Q Tech India and the Selling Shareholders entered into the SSPA with Dixon, pursuant to which Dixon has conditionally agreed to acquire an aggregate of 51.08% paid-up share capital of Q Tech India by way of the Share Purchase and the Share Subscription.

The Total Consideration for the Transaction is INR5,529,999,860 (equivalent to approximately RMB447,421,000), comprising (i) the consideration for the Share Purchase of INR4,279,999,895 (equivalent to approximately RMB346,286,000), and (ii) the consideration for the Share Subscription of INR1,249,999,965 (equivalent to approximately RMB101,135,000).

Upon Closing, the Group will retain 48.92% equity interest in Q Tech India, which will cease to be consolidated as a subsidiary of the Company.

#### **THE LOANS**

After Closing, the Loans from the Group to Q Tech India will remain continuing, and will constitute provision of financial assistance by the Group under Chapter 14 of the Listing Rules.

#### **LISTING RULES IMPLICATIONS**

As the highest of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Transaction exceeds 5% but all relevant percentage ratios are less than 25%, the Transaction on a standalone basis constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As none of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Loans on a standalone basis exceeds 5%, the Loans do not constitute a notifiable transaction for the Company.

As the highest of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Transaction and the Loans on an aggregated basis exceeds 5% but all relevant percentage ratios are less than 25%, the Transaction and the Loans constitute a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **1. INTRODUCTION**

References are made to the Announcements in relation to the Binding Term Sheet and the Transaction.

The Board announces that on 17 September 2025 (after trading hours), Q Tech India and the Selling Shareholders entered into the SSPA with Dixon, pursuant to which Dixon has conditionally agreed to acquire an aggregate of 51.08% paid-up share capital of Q Tech India by way of the Share Purchase and the Share Subscription.

The principal terms of the SSPA are as follows.

## **2. THE SSPA**

### **Date**

17 September 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 SSPA, the Selling Shareholders shall conditionally sell, and Dixon shall conditionally purchase, the Sale Shares; and Q Tech India shall issue on a private placement basis, and Dixon shall subscribe to, the Subscription Shares upon Closing.

### **Consideration**

The Total Consideration for the Transaction is INR5,529,999,860 (equivalent to approximately RMB447,421,000), comprising (i) the consideration for the Share Purchase of INR4,279,999,895 (equivalent to approximately RMB346,286,000), and (ii) the consideration for the Share Subscription of INR1,249,999,965 (equivalent to approximately RMB101,135,000).

The consideration for the Sale Shares A in the amount of INR3,322,372,045 (equivalent to approximately RMB268,806,000) and the consideration for the Sale Shares B in the amount of INR957,627,850 (equivalent to approximately RMB77,480,000) shall be payable by Dixon through wire transfer to the respective bank account of Q Tech Singapore and Q Tech International on the Closing Date.

The Total Consideration was agreed after arm's length negotiations between the Parties based on (i) 51.08% of the Valuation amount of Q Tech India of INR10,946,000,000 (equivalent to approximately RMB885,619,000); (ii) the business and funding needs of Q Tech India; and (iii) reasons and benefits of the Transaction and the Loans as set out in the section headed "Reasons for and Benefits of the Transaction and the Loans" in this announcement.

## **Valuation**

The Valuer has considered the business profile of Q Tech India, including its sector (being electronics manufacturing – mobile components), products (being camera and fingerprint recognition modules – single components in the smartphone value chain), business model (being contract manufacturing or original equipment manufacturing ("**OEM**") supply), and revenue source (being sale of camera modules to device manufacturers).

## ***Selection of Comparable Companies***

Under the market comparable approach for the Valuation, market multiple of comparable listed companies are computed and applied to the business being valued in order to arrive at a multiple based valuation. A total of five comparable listed companies (the "**Comparable Companies**") were selected by the Valuer. Such Comparable Companies were selected based on quantitative and qualitative filters including, among others, (i) business relevance, as determined by having 50% or more of revenue attributable to electronics hardware/component manufacturing; (ii) product and tech alignment, as determined by their involvement in electronics manufacturing services ("**EMS**"), printed circuit boards ("**PCBs**") assemblies, and optical or electronic modules; (iii) size, as determined by recording revenue of more than INR800,000,000; and (iv) their listing status on Indian stock exchanges, namely National Stock Exchange of India Ltd. ("**NSE**") and/or Bombay Stock Exchange ("**BSE**"), with at least 1 year of trading data. The Valuer considers that the selection criteria ensure the selected peers (a) are focused on hardware and embedded systems, not diversified into unrelated sectors; (b) reflect integrated operations from engineering and design to volume production, aligning with Q Tech India's end-to-end model; (c) cater to similar end-use categories, being smartphones, surveillance, automotive and security; (d) reflect a mix of OEM and original design manufacturing (ODM) models and mid-sized EMS firms; (e) are a set of companies with sufficient operating history and comparable enterprise value; and (f) reflect appropriate comparability of financial and operational risks including customer concentration, product focus and capex-led growth. Based on the above, the Valuer considers that the selected five Comparable Companies represent an exhaustive list of comparable listed peers to Q Tech India after having excluded three outliers (the "**Outliers**") due to their significantly larger or smaller scale than, or deviation from the principal businesses of, Q Tech India.

The details of the Comparable Companies and the Outliers considered by the Valuer are as follows:

No.	Company name	Stock code/ Exchange	Principal business	Percentage of revenue attributable to electronics hardware/ component manufacturing (approximate)	Location	EV/Profit multiple <sup>(3)</sup> (4)	Market capitalisation (approximate INR million) <sup>(5)</sup>
<i>The Comparable Companies</i>							
1.	Cellecor Gadgets Limited ("Cellecor Gadgets")	NSE SME <sup>(1)</sup> : CELLECOR	EMS with importing, design and assembly of mobile hardware, including camera modules and fingerprint module related peripherals	>80%	India	41.4x	7,250
2.	DCX Systems Ltd. ("DCX Systems")	NSE: DCXINDIA	EMS with defense and embedded systems manufacturing including imaging modules and PCBs	>80%	India	46.1x	29,030
3.	Genus Power Infrastructures Ltd. ("Genus Power")	NSE: GENUSPOWER	EMS with embedded electronics for smart metering and power infrastructure electronics, including sensors and communication modules	>70%	India	29.2x	116,550
4.	Kaynes Technology India Ltd ("Kaynes Technology")	NSE: KAYNES	EMS with embedded system and subsystem manufacturing, including assembly for camera and fingerprint devices in consumer segment	>80%	India	52.0x	408,870
5.	Sahasra Electronics Solutions Limited ("Sahasra Electronics")	NSE SME <sup>(1)</sup> : SAHASRA	EMS and PCBs manufacturing, including camera module assembly	>80%	India	32.0x	6,700

No.	Company name	Stock code/Exchange	Principal business	Percentage of revenue attributable to electronics hardware/ component manufacturing (approximate)	Location	EV/Profit multiple <sup>(3) (4)</sup>	Market capitalisation (approximate INR million) <sup>(5)</sup>
<i>The Outliers</i>							
6.	Amber Enterprises India Ltd ("Amber Enterprises")	BSE: 540902 NSE: AMBER	EMS with manufacturing of air conditioner products and components <sup>(6)</sup>	>80%	India	111.6x	261,190
7.	Dixon	BSE: 540699 NSE: DIXON	EMS across diverse product lines <sup>(7)</sup>	>70%	India	24.5x	1,001,240
8.	Panache Digilife Limited ("Panache Digilife")	NSE: PANACHE.NS	EMS with information and communications technology (ICT) and Internet of Things (IoT) devices design, manufacturing, distribution and services <sup>(8)</sup>	>50%	India	15.0x	3,039

**Notes:**

- (1) NSE SME stands for National Stock Exchange for Small and Medium Enterprises.
- (2) All sources of data for calculation are from the annual reports of the relevant companies available on the relevant stock exchange website.
- (3) Adjusted for size/segment relevance. "Profit" refers to profit after tax.
- (4) The median, mean and lower quartile of the EV/Profit multiple of the five Comparable Companies are 41.4x, 40.1x and 32.0x respectively.
- (5) As at 6 August 2025.
- (6) Amber Enterprises is considered by the Valuer as an Outlier primarily because (among others) it has a significantly larger scale as compared to Q Tech India (i.e. approximately 5 times in terms of revenue), its revenue is skewed towards manufacturing of heating, ventilation and air conditioning (HVAC) and components which are not core mobile componentry, and it is not a component specialist for mobile phones.
- (7) Dixon is considered by the Valuer as an Outlier primarily because (among others) it has a significantly larger scale as compared to Q Tech India (i.e. approximately 20 times in terms of revenue), and it has diverse product lines (including mobile phones, home appliances, telecom equipment, lighting solutions and computing devices).
- (8) Panache Digilife is considered by the Valuer as an Outlier primarily because (among others) it has a significantly smaller scale as compared to Q Tech India, its historical profitability has been erratic with inconsistent margins, and also because of its valuation volatility due to thin trading volumes.

The financial information of the Comparable Companies and the Outliers considered by the Valuer are as follows:

No.	Company name	Revenue (INR million)	Profit after tax (INR million)	Enterprise value* (INR million)
<i>The Comparable Companies</i>				
1.	Cellecor Gadgets	10,259.8	304.3	12,610.8
2.	DCX Systems	11,796.3	355.4	16,382.9
3.	Genus Power	25,217.4	2,926.8	85,463.7
4.	Sahasra Electronics	1,272.6	71.05	2,271.6
5.	Kaynes Technology	35,909.5	2,884.2	149,927.3
<i>The Outliers</i>				
6.	Amber Enterprises	100,465.8	2,511.5	280,240.1
7.	Dixon	388,803.3	12,325.8	301,905.2
8.	Panache Digilife	1,168	58.6	880.2

\* Adjusted for debt, cash and preference shares

As the cost or asset-based approach was not considered applicable for the valuation of Q Tech India (please refer to the paragraph headed “Valuation Approach and Methodology” in this announcement for details), the respective net assets value of the Comparable Companies and the Outliers have not been considered by the Valuer.

### ***Valuation Approach and Methodology***

The Valuer has adopted a multi-method approach in determining the fair market value of Q Tech India, in accordance with International Valuation Standards (IVSC). The principal methodologies considered were the Market Approach (Comparable Multiples), the Income Approach (Discounted Cash Flow), and the Cost/Asset-Based Approach.

### ***Market Approach (Comparable Multiples)***

The Market Approach was selected as the preferred methodology for this valuation. Q Tech India operates in the electronic component manufacturing sector, specifically in high-volume, contract-based supply of camera modules. In this industry, market valuations are typically driven by observed trading multiples of comparable publicly listed companies. The Valuer conducted a detailed benchmarking exercise against a peer set of listed Indian companies engaged in electronic manufacturing services, component manufacturing, and mobile hardware assembly. The selection of peers was based on quantitative and qualitative filters, including business relevance, product alignment, size, and listing status. The Market Approach was deemed most appropriate as it provides a realistic and market-aligned estimate of value, reflecting investor pricing behavior in the sector. This approach also allows for risk-adjusted discounts to account for Q Tech India’s single-product concentration, modest scale, customer concentration risks, lack of proprietary technology, and historical losses.

### ***Income Approach (Discounted Cash Flow)***

The Income Approach, specifically the Discounted Cash Flow (DCF) method, was also considered and applied. This method estimates value based on the present value of future free cash flows, discounted at the weighted average cost of capital (WACC). The DCF model incorporated management's financial projections, historical operating margins, and industry-standard assumptions for growth rates and discount rates. However, the Valuer notes that Q Tech India's early-stage scaling, recent return to profitability, and lack of long-term visibility on cash flows mean that the DCF approach involves significant forecasting assumptions. As such, while the DCF provides a scientific and internationally accepted valuation tool, its results may not fully reflect real-world investor pricing behavior for a company at Q Tech India's current stage.

### ***Cost/Asset-Based Approach***

The Valuer has also considered the cost or asset-based approach, which is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. This valuation approach is mainly used in case where the subject company is to be liquidated i.e. it does not meet the "going concern" criteria or in case where the assets base dominates earnings capability. The Valuer considers that the cost or asset-based approach is not appropriate for Q Tech India as it is a going concern, and its core value lies in its earnings capacity, customer relationships, and scalable manufacturing platform rather than in the standalone value of its physical assets.

### ***Conclusion and Rationale for Selection***

After evaluating all commonly accepted methodologies, the Valuer concluded that the Market Comparable Approach best reflects the fair market value of Q Tech India, given its business model, industry dynamics, and current financial performance. The Cost/Asset-Based Approach was excluded for the reasons stated above.

### ***Selection of Multiples***

In arriving at the valuation of Q Tech India, the Valuer adopted the EV/Profit multiple. The Valuer is of the opinion that the EV/Profit multiple has the following advantages: (i) it reflects the true operating performance of Q Tech India as it considers both the enterprise value and the bottom-line profitability, making it a comprehensive indicator of a company's value relative to the earnings available to shareholders after all expenses; (ii) it captures capital structure impact and is appropriate when comparing companies with varying capital structures, as enterprise value ("EV") includes debt and equity, while profit reflects post-interest, post-tax performance; (iii) it is neutral to accounting differences in depreciation because as compared to earnings before interest and tax ("EBIT") or earnings before interest, taxes, depreciation and amortization ("EBITDA"), net profit captures the actual impact of depreciation or amortization and financing costs, which are relevant for Q Tech India given its asset-heavy manufacturing business and expected significant capital expenditure over the next five years; (iv) it aligns with investor focus as profit-based multiples are often used by equity investors and acquirers who focus on returns on equity or shareholder earnings; and (v) it provides a better relative comparison as opposed to other margin-based metrics such as EBITDA or EBIT which may present distorted pictures due to inconsistent cost absorption given the loss history of Q Tech India, and with the recent turnaround from loss to profitability of Q Tech India, the EV/Profit multiple provides a cleaner anchor for fair value assessment.



The other multiples are excluded for the following reasons: (i) EV/sales multiple ignores profitability and is not suitable for companies with fluctuating or negative margins like Q Tech India in recent years; (ii) EV/EBITDA multiple excludes impact of depreciation and interest, but such impact is significant in capital-intensive, leveraged businesses like electronics manufacturing, being the principal business of Q Tech India; (iii) EV/EBIT multiple does not capture interest and tax impacts and is less aligned with shareholder-level profitability; and (iv) price/earnings multiple (“**P/E multiple**”) becomes unreliable with negative or low profits, and is generally preferred when comparing across capital structures.

### ***Valuation Adjustments***

As disclosed in the Announcement, the enterprise value of Q Tech India was arrived at after applying the lower quartile EV/Profit multiple of the Comparable Companies, a size discount of 27.5% and a marketability (unlisted) discount of 25.0% (for a total effective discount of 45.625%). The adopted size discount is based on recognized valuation studies such as Duff & Phelps, Damodaran and Mergerstat, which concluded that smaller companies often trade at lower valuation multiples, and the fact that the scale of production of Q Tech India is less than 50% of the average production output of comparable companies in terms of production bases, labour size, quantities, etc. The adopted marketability (unlisted) discount is based on recognized valuation studies such as Duff & Phelps which observed that private companies have no accessible market for their equity, inherently carry higher illiquidity risk leading to a 15% to 25% discount, and the fact that Indian stock exchanges are some of the highest valuation exchanges globally, and therefore the Valuer has taken the higher side of the range. The lower quartile is adopted to reflect Q Tech India’s relatively weaker positioning compared to its listed peers, taking into account customer concentration risk, scale of operations and lack of patent technology of Q Tech India. The Valuer is of the view that adopting the lower quartile multiple ensures that the valuation remains anchored in market evidence, yet conservatively reflects Q Tech India’s transitional stage and business constraints without overstating its worth, and is therefore fair and reasonable. As for the valuation discounts, they were applied in determining the final equity of Q Tech India in order to reflect key business limitations. In this regard, the Valuer considers that a size discount of 27.5% could account for Q Tech India’s modest scale of operations and limited product diversification relative to the Comparable Companies. Other comparable companies such as Kaynes Technology and Cellecor Gadgets established more than 10 manufacturing hubs across India and has a wide product range of mechanical components, firmware design capabilities and relevant patents. As for the marketability discount of 25%, the Valuer considers that it could reflect Q Tech India’s unlisted status, which entails reduced liquidity and a longer time horizon for potential exit. These discounts, although quantitative in nature, are grounded in qualitative considerations around risk, investor accessibility and operational maturity. The Valuer is of the view that they together could ensure the derived valuation appropriately reflects Q Tech India’s relatively constrained position while remaining anchored to observable market data.



## ***Nature and Source of Information Relied Upon***

In conducting the Valuation, the Valuer relied primarily on information provided by the management of Q Tech India, supplemented by data obtained from public sources. The management furnished a range of documents and materials, including financial projections for the period from 1 April 2025 to 31 March 2030, the provisional unaudited balance sheet as at 31 March 2025, and the audited balance sheet for the financial year ended 31 March 2024. In addition, the Valuer reviewed Q Tech India's corporate presentation and a list of its registered trademarks, as well as relevant economy and industry data sourced from government websites and other reputable public sources. The management also provided detailed explanations regarding Q Tech India's current and future strategy, operational plans, customer base, peer group, and industry positioning. As part of the standard practice, the draft Valuation Report was shared with Q Tech India's representatives for their review, to ensure factual accuracy and completeness prior to finalization. The Valuer did not independently verify the information provided and, accordingly, the validity of the Valuation is contingent upon the accuracy and completeness of the data supplied by Q Tech India.

## **Key Inputs and Assumptions, and Their Determination and Application**

The Valuation exercise incorporated a number of key inputs and assumptions, which were determined based on historical performance, management's projections, and prevailing market conditions. For the Discounted Cash Flow (DCF) analysis, the Valuer assumed a revenue compound annual growth rate (CAGR) of approximately 20% for the forecast period from the financial year ended 31 March 2025 to the financial year ended 31 March 2030, reflecting management's expectations for business expansion. Operating margins were projected to average 10.5% over the same period, based on historical results and anticipated cost structures. The model also assumed that the number of days for receivables, payables, and inventory would remain consistent with historical averages. The discount rate applied in the DCF model was set at 17.99%, representing the weighted average cost of capital (WACC) and incorporating factors such as the risk-free rate, market risk premium, industry beta, small stock premium, and illiquidity premium. A terminal growth rate of 4.00% was used to estimate the long-term value of the business beyond the explicit forecast period.

For the Market Comparable Approach, the Valuer selected a peer set of listed Indian companies operating in electronic manufacturing services and component manufacturing, applying relevant trading multiples such as EV/Profit. Adjustments were made for Q Tech India's size and marketability, resulting in a total effective discount of 45.6% to reflect its status as a private, smaller entity. The selection of multiples and discounts was informed by a detailed benchmarking exercise, considering factors such as product alignment, business model, scale, and financial performance relative to peers. These key inputs and assumptions were translated into the appraised value through the application of both DCF and market multiples methodologies, with the final equity value reflecting a conservative stance in light of the Q Tech India's single-product concentration, modest scale, customer concentration risks, lack of proprietary technology, and historical losses.

### ***The Adopted Valuation***

Based on the above, the Valuation amount of Q Tech India arrived at by the Valuer was INR10,946,000,000 (rounded) (equivalent to approximately RMB885,619,000). Such amount was calculated based on (i) unaudited net profit after tax of Q Tech India for the year ended 31 March 2025 of approximately INR705,530,000, multiplied by (ii) the EV/Profit multiple of 32.0x (being the lower quartile EV/Profit multiple of the Comparable Companies), multiplied by (iii) the effective discount of 45.6%, deducted by (iv) unaudited debt of Q Tech India as of 31 March 2025 of approximately INR2,396,280,000, and added by (v) unaudited cash of Q Tech India as of 31 March 2025 of approximately INR1,066,380,000 million.

### ***The Board's View***

In view of the above, the Board agrees with the Valuer and considers that (i) the selection criteria of the Comparable Companies is fair and reasonable; and (ii) the selection of the market comparable approach is appropriate. Accordingly, 51.08% of the Valuation amount of Q Tech India and the Total Consideration (which does not materially deviate from the adopted Valuation) are fair and reasonable.

### **Conditions Precedent**

Closing is subject to the satisfaction (or waiver, where permissible) of a series of Conditions by Dixon, Q Tech India, and the Selling Shareholders, on or before the Long Stop Date.

### **Sellers Conditions Precedent**

The obligation of Dixon to: (i) purchase the Sale Shares; and (ii) subscribe to the Subscription Shares on the Closing Date shall be conditional upon completion and fulfilment to the satisfaction of Dixon (unless waived in writing, in whole or in part, by Dixon, where permissible under applicable law) of each of the Conditions set out below (the “**Sellers Conditions Precedent**”), on or prior to the Long Stop Date:

- (i) there being no subsisting judgment, injunction, or restraining order by any governmental authority that prohibits the consummation of the Transaction;
- (ii) there being no applicable law enacted, promulgated or enforced by any governmental authority after the date of signing the SSPA which prohibits the consummation of the Transaction;
- (iii) the Selling Shareholders' warranties being true and correct, and not misleading as of the date of signing the SSPA and as of the Closing Date;
- (iv) there being no material adverse effect or insolvency event affecting any of the Selling Shareholders or Q Tech India;
- (v) the Selling Shareholders and/or Q Tech India having procured a valuation certificate from a chartered accountant or merchant banker, and a valuation report from a registered valuer, both confirming the fair value of the shares in compliance with applicable law;
- (vi) the Selling Shareholders having provided such documentation relating to tax matters requested by Dixon as agreed under the SSPA;

- (vii) the Selling Shareholders having obtained a tax report from a Big Four accounting firm confirming no pending tax proceedings or demands that would adversely affect the Transaction, and provided a valuation certificate as required under Indian tax law;
- (viii) Q Tech India having undertaken all necessary corporate actions for approving the increase of its authorised share capital to INR410,000,000 divided into 41,000,000 Equity Shares of INR10 each, having made consequential amendments to the charter documents of Q Tech India and relevant local filings under applicable law;
- (ix) Q Tech India having undertaken all necessary actions for the issuance and allotment of the Subscription Shares under applicable law, including board and shareholders' approvals, statutory filings and issuance of offer letters;
- (x) Q Tech India having obtained approval from the Greater Noida Industrial Development Authority for the change in control;
- (xi) the restated articles of association of Q Tech India being in an agreed form;
- (xii) the proposed Management Services Agreement and the Technical Services and Assistance Agreement (to be executed at Closing) shall be in an agreed form;
- (xiii) Q Tech India having obtained the Additional ECB Loan;
- (xiv) all applicable third-party consents or governmental approvals, including the approval of Competition Commission of India ("CCI") having been obtained;
- (xv) the Parties having agreed on the roles and responsibility matrices of the chief executive officer and chief financial officer of Q Tech India;
- (xvi) Q Tech India having obtained necessary consents from Q Tech International and Q Tech HK for consummation of the Transaction;
- (xvii) satisfactory completion of legal, accounting, tax, and commercial due diligence by Dixon over Q Tech India, and Q Tech India addressing all issues identified thereunder to the satisfaction of Dixon; and
- (xviii) Q Tech India having obtained balance confirmations from banks, lenders, its key customers and key vendors.

### **Purchaser Conditions Precedent**

The obligation of the Selling Shareholders to consummate the Transactions shall be subject to the fulfilment by Dixon of the following Conditions (unless waived in writing, in whole or in part, by the Selling Shareholders, where permissible) (the "**Purchaser Conditions Precedent**") on or prior to the Long Stop Date:

- (i) there must be no subsisting judgment, injunction, or restraining order by any governmental authority that prohibits Dixon to consummate the Transaction;

- (ii) there being no applicable law enacted, promulgated or enforced by any governmental authority after the date of signing the SSPA which prohibits Dixon to consummate the Transaction;
- (iii) the Parties having agreed on the roles and responsibility matrices of the chief executive officer and chief financial officer of Q Tech India;
- (iv) all applicable third-party consents or governmental approvals, including the approval of CCI having been obtained;
- (v) Dixon's warranties being true and correct, and not misleading as of the date of signing the SSPA and as of the Closing Date; and
- (vi) there being no insolvency event with respect to Dixon.

### **Responsibility for Satisfaction**

- (i) Each Party must use best efforts to assist the other in satisfying the Conditions on or before the Long Stop Date.
- (ii) Upon satisfaction of the relevant Conditions by a Party, the Party must provide notice and supporting documents to the other Party. After receiving such notice, the other Party shall have 5 Business Days to review the documents. If the other Party is not satisfied that the Conditions have been met, the other Party must notify the Party in writing, explaining the reasons. The Party must then address the issues and resubmit the documents.
- (iii) Each Party must resolve any deficiencies identified by the other Party and repeat the notification and review process until all Conditions are satisfactorily fulfilled or waived.

As at the date of this announcement, save for conditions (i) to (iv), (xv) to (xvii) of the Sellers Conditions Precedent and conditions (i) to (iii) and (vi) of the Purchaser Conditions Precedent which have been fulfilled, none of the Conditions have been fulfilled or waived.

### **Closing**

The Share Purchase and the Share Subscription are inter-conditional upon each other and shall be completed simultaneously.

Closing shall take place on the Closing Date.

Upon Closing, the Group will retain 48.92% equity interest in Q Tech India, and Q Tech India will cease to be consolidated as a subsidiary of the Company.

## **Exclusivity**

During the period commencing from the date of the SSPA till the termination of its term, (i) the Group or any of its other group companies or affiliates or representatives shall cease to solicit offers, inquiries or proposals from, or negotiate, accept, approve, recommend 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 other 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.

## **3. THE SHAREHOLDERS' AGREEMENT**

Q Tech India, Q Tech Singapore and Dixon also agreed on the form of the Shareholders' Agreement to be executed at Closing. Key terms of the Shareholders' Agreement are set out as follows:

### **1. Governance of Q Tech India**

- 1.1 The daily business and affairs of Q Tech India are managed by the chief executive officer under the supervision and control of the board of directors of Q Tech India, except for the Reserved Matters.
- 1.2 The board of directors of Q Tech India consists of up to six directors. Q Tech Singapore and Dixon each have the right to nominate directors based on their shareholding: one director to be nominated for a shareholder holding at least 14% shareholding in Q Tech India, two directors to be nominated for a shareholder holding at least 28% shareholding in Q Tech India. As such, out of the six members of the board of directors of Q Tech India: (i) two non-executive directors shall be nominated by Dixon; (ii) two directors shall be nominated by Q Tech Singapore; and (iii) two independent directors including one woman director, to be appointed under applicable law and with the mutual agreement of Dixon and Q Tech Singapore.
- 1.3 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 Q Tech Singapore. 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 Q Tech Singapore.
- 1.4 A decision shall be validly made and/or a resolution validly passed at a board meeting only if passed at a validly constituted board meeting having valid quorum, and by a simple majority of the directors present and voting at the relevant board meeting, except the Reserved Matters (as defined below). Each director shall be entitled to one vote at any meeting of the board.
- 1.5 The chairman of the board of directors shall be a Dixon nominee director, who does not have a casting or second vote. Alternate directors are permitted.

- 1.6 Q Tech Singapore 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.
- 1.7 Dixon shall lead and handle all governmental and regulatory related issues in India, in compliance with all applicable laws.
- 1.8 Q Tech India shall conduct its business in accordance with a business plan that may be prepared yearly, as well as the decisions made by its board of directors.
- 1.9 Subject to the aforementioned, Q Tech Singapore shall have exclusive control over Q Tech India's day-to-day managerial, operational, and manufacturing operations.

## **2. Reserved Matters**

- 2.1 Certain key decisions (the “**Reserved Matters**”) relating to Q Tech India's business, governance, and structure cannot be taken or implemented by the board of directors of Q Tech India, any committee, shareholders, or company officers/employees without the prior written consent of both Q Tech Singapore and Dixon, provided each holds at least 15% of the share capital of Q Tech India.
- 2.2 The Reserved Matters include:
  - (i) changes to the name, registered office, or business scope of Q Tech India, including starting new businesses, issuing new shares to third parties, reducing share capital, or share buybacks;
  - (ii) alterations to Q Tech India's constitutional documents or capital structure, including changes to authorized or issued share capital;
  - (iii) sale of all or substantially all of Q Tech India's business;
  - (iv) sale of more than 5% of Q Tech India's net assets (based on the previous year's audited balance sheet);
  - (v) acquiring or selling investment securities or financial interests in other companies or businesses;
  - (vi) approval, amendment, or adoption of Q Tech India's business plan and annual budget;
  - (vii) capital expenditures or investments over INR5,000,000, unless already specified in the approved business plan;
  - (viii) voluntary winding up, liquidation, or dissolution of Q Tech India;
  - (ix) entering into or amending any related party agreements or contracts;

- (x) entering into joint ventures, partnerships, mergers, acquisitions, creation of subsidiaries, or other major business combinations involving Q Tech India or its subsidiaries;
- (xi) changes to Q Tech India's accounting policies or principles, unless required by law;
- (xii) commencing, abandoning, settling, or compromising legal proceedings involving more than INR 25,000,000;
- (xiii) amendments to the internal authority and responsibility matrices of Q Tech India;
- (xiv) entering into, amending, or terminating agreements with or for the benefit of any shareholder, director, key employee, or their relatives;
- (xv) granting loans or similar benefits to Q Tech India's directors;
- (xvi) granting loans, advances, guarantees, or creating security interests over Q Tech India's assets, or providing financial support to Q Tech India, Dixon, or their affiliates;
- (xvii) approving or paying any fees or compensation to directors in their capacity as directors;
- (xviii) debt financing to meet additional funding needs, other than covered in the business plan or annual budget;
- (xix) appointment, removal, replacement, or termination of any key employees; and
- (xx) appointment of internal auditors and statutory auditors of Q Tech India.

2.3 Any resolution or action on Reserved Matters taken without the required consent is invalid and non-binding.

### 3. **Deadlock Resolution**

In case of absence of a valid quorum for 2 (two) consecutive board meetings or general meetings (as the case may be) to consider and decide upon a Reserved Matter and/or failure to approve/rejection of the Reserved Matter, or the failure to approve any other matter placed before the board of Q Tech India for consideration due to a split/equality of votes in 2 (two) consecutive board meetings or general meetings, as the case may be (each a “**Deadlock Event**”), either Dixon or Q Tech Singapore shall have the right to notify each other in writing of such Deadlock Event, with brief description of the Deadlock Event, requiring a resolution (such notice being a “**Deadlock Notice**”). The Shareholders' Agreement provides detailed escalation procedures for the Deadlock Notice, including referral to senior management of both Dixon and Q Tech Singapore to resolve; and if not resolved after a specified period, then the resolution will not be proceeded.



## 4. Restrictions on Transfer of Equity Shares

### ***General Prohibition***

No shareholder of Q Tech India may directly or indirectly transfer any Equity Shares held in Q Tech India except as specifically permitted under the Shareholders' Agreement. Dixon and Q Tech Singapore must also ensure that their respective affiliates comply with these restrictions.

### ***Lock-in Period***

From the date of the Shareholders' Agreement until the earlier of ten years or an IPO (the "**Lock-in Period**"), Q Tech Singapore may only transfer Equity Shares to Dixon (or Dixon's nominee), and Dixon may only transfer Equity Shares to Q Tech Singapore (or Q Tech Singapore's nominee).

### ***Invalid Transfers***

Q Tech India will not register any transfer of Equity Shares that violates the Shareholders' Agreement or the restated articles of association of Q Tech India.

### ***Indirect Transfers Prohibited***

The transfer restrictions cannot be circumvented by holding Equity Shares indirectly through any entity that can itself be transferred or diluted to dispose of an interest in Equity Shares free of such restrictions.

### ***Right of First Refusal ("ROFR")***

After the Lock-in Period, if Dixon or Q Tech Singapore wishes to transfer all or any part of its Equity Shares to a bona fide third party, they must first offer the relevant Equity Shares to the other party at the same price and terms.

The offer must include details such as the number and type of relevant Equity Shares, name of the third party, price, payment terms, and other relevant conditions. The recipient has 30 days to accept the offer for all such Equity Shares. If declined or no response, the transferor may proceed to sell to the third party.

### ***Tag Along Rights***

If either Dixon or Q Tech Singapore (each acting as a block with their respective affiliates) wishes to transfer all or part of its Equity Shares in Q Tech India to a bona fide third party after the Lock-in Period, it must first offer those Equity Shares to the other shareholder under a ROFR process. If the non-selling shareholder (the "**Tag Shareholder**") does not exercise its ROFR to purchase all the offered Equity Shares, it may, within the same 30-day acceptance period, issue a tag notice to the selling shareholder (the "**ROFR Transferor**") to exercise its tag along right.

Such right requires the ROFR Transferor to ensure that the third party purchaser acquires a proportionate number of shares from the Tag Shareholder at the same price and on the same terms as those offered to the ROFR Transferor, with the number of shares to be sold by the Tag Shareholder calculated pro rata based on the fully diluted shareholdings of both Dixon and Q Tech Singapore. The Tag Shareholder must provide customary warranties regarding ownership and authority to sell. If neither the ROFR nor the tag along right is exercised within the acceptance period, the ROFR Transferor may proceed to sell the shares to the third party at a price not lower than that offered under the ROFR, within 60 days, provided the third party executes a deed of adherence to the Shareholders' Agreement. If the sale is not completed within this period, the process must be restarted. These provisions ensure that both Dixon and Q Tech Singapore have the opportunity to participate in any sale to a third party on equal terms, protecting their respective interests in Q Tech India.

### ***Restricted Transferees***

No shareholder of Q Tech India may transfer shares to certain designated restricted transferees mutually updated or modified by Dixon and Q Tech Singapore at any time.

## **5. Non-Compete and Non-Solicitation**

For one year after ceasing to hold any Equity Shares of Q Tech India, save for Q Tech Singapore and its affiliates shall always be permitted to trade the components of any of the products pertaining to the business of manufacturing, sale and distribution of camera and fingerprint modules in India, Dixon/Q Tech Singapore and its affiliates are restricted from competing with Q Tech India's business and from soliciting its employees or customers; and Dixon/Q Tech Singapore and its affiliates are restricted from 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.

## **6. Dividend Distribution**

Dixon and Q Tech Singapore shall endeavour to initiate an IPO of Q Tech India in the financial year ending 31 March 2031, based on the full year operation of Q Tech India in the 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, and subject to:

- (a) Q Tech India having a positive net worth and normalized working capital, and
- (b) Q Tech India not having any outstanding external commercial borrowings and/or shareholders' loan from any of its shareholders,

each of the shareholders of Q Tech India shall be entitled to request the board to declare and distribute dividend to all the shareholders of Q Tech India of an amount up to 50% (fifty per cent) of the net profit after tax as per audited accounts (as adjusted after excluding the non-recurring income and including all non-recurring expenses) of Q Tech India for the previous financial year. Subject to applicable law, the board of directors of Q Tech India shall declare such dividend within 15 (fifteen) Business Days of receiving such request.

The restated articles of association of Q Tech India, which are proposed to be adopted upon Closing, contain a provision that Q Tech India shall distribute dividends to its shareholders in proportion to the shareholders' equity interests in Q Tech India.

### ***Entire Agreement***

The SSPA together with other Transaction Documents, constitute the whole agreement between the Parties in relation to the Transaction and supersedes any previous arrangements or agreements between them in relation to the Transaction (including the Binding Term Sheet).

## **4. THE LOANS**

After Closing, the Loans from the Group to Q Tech India will remain continuing.

The salient terms of the Loans are set out as follows:

	<b>Existing ECB Loan I</b>	<b>Existing ECB Loan II</b>	<b>Existing ECB Loan III</b>	<b>Additional ECB Loan</b>
<b>Date of agreements:</b>	14 August 2020 (as amended on 1 September 2025)	19 January 2021 (as amended on 1 September 2025)	20 May 2021 (as amended on 1 September 2025)	26 August 2025
<b>Parties:</b>	(i) Lender: Q Tech International (ii) Borrower: Q Tech India	(i) Lender: Q Tech International (ii) Borrower: Q Tech India	(i) Lender: Q Tech International (ii) Borrower: Q Tech India	(i) Lender: Q Tech HK (ii) Borrower: Q Tech India
<b>Loan amount:</b>	US\$27,000,000	US\$10,000,000	US\$11,000,000	US\$10,000,000
<b>Date of Drawdown:</b>	Has been entirely drawn down	Has been entirely drawn down	Has been entirely drawn down	18 September 2025
<b>Purpose:</b>	Importing capital goods	Importing capital goods	Importing capital goods	Importing capital goods
<b>Tenure:</b>	110 months, from 14 August 2020 to 13 October 2029	105 months, from 19 January 2021 to 18 October 2029	101 months, from 20 May 2021 to 19 October 2029	50 months, from 26 August 2025 to 25 October 2029
<b>Annual interest rate:</b>	From 1 September 2025, the annual interest rate will be One-year SOFR as published by the Federal Reserve Bank of New York plus 25 basis points per annum	From 1 September 2025, the annual interest rate will be One-year SOFR plus 25 basis points per annum	From 1 September 2025, the annual interest rate will be One-year SOFR plus 25 basis points per annum	One-year SOFR plus 25 basis points per annum
<b>Interest payment schedule:</b>	On a semi-annually basis	On a semi-annually basis	On a semi-annually basis	On a semi-annually basis
<b>Principal repayments:</b>	(i) Repayment of US\$2,300,000 by 30 September 2027; (ii) Repayment of US\$2,300,000 by 30 September 2028; (iii) Repayment of US\$2,400,000 by 30 September 2029.	(i) Repayment of US\$3,300,000 by 30 September 2027; (ii) Repayment of US\$3,300,000 by 30 September 2028; (iii) Repayment of US\$3,400,000 by 30 September 2029.	(i) Repayment of US\$3,700,000 by 30 September 2027; (ii) Repayment of US\$3,600,000 by 30 September 2028; (iii) Repayment of US\$3,700,000 by 30 September 2029.	(i) Repayment of US\$3,300,000 by 30 September 2027; (ii) Repayment of US\$3,300,000 by 30 September 2028; (iii) Repayment of US\$3,400,000 by 30 September 2029.

	Existing ECB Loan I	Existing ECB Loan II	Existing ECB Loan III	Additional ECB Loan
<b>Remedies for event of default:</b>	The lender is entitled to levy a delayed payment penalty at the rate of non compounding 2% per annum on the outstanding overdue amount, calculated from the due date until the date of actual payment.	The lender is entitled to levy a delayed payment penalty at the rate of non compounding 2% per annum on the outstanding overdue amount, calculated from the due date until the date of actual payment.	The lender is entitled to levy a delayed payment penalty at the rate of non compounding 2% per annum on the outstanding overdue amount, calculated from the due date until the date of actual payment.	The lender is entitled to levy a delayed payment penalty at the rate of non compounding 2% per annum on the outstanding overdue amount, calculated from the due date until the date of actual payment.
<b>Principal repaid as at 31 August 2025:</b>	US\$20,000,000	US\$0	US\$0	US\$0
<b>Accrued outstanding principal and interests as at 31 August 2025:</b>	US\$7,000,000	US\$10,000,000	US\$11,000,000	US\$0 (not yet drawn down as at the date of the SSPA)

The Loans will be provided by the Group out of its own internal resources.

## 5. INFORMATION ON Q TECH INDIA

As at the date of this announcement, Q Tech India is an indirect wholly-owned subsidiary of the Company and incorporated in India with limited liability. 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>(Audited)</b>
	<i>INR lakhs</i>	<i>INR lakhs</i>
Revenue	244,035.12	198,254.65
Profit/(Loss) before taxation	7,330.80	9,704.43
Profit/(Loss) for the year	7,330.80	7,225.16
		<b>As at</b>
		<b>31 March</b>
		<b>2025</b>
		<i>INR lakhs</i>
Net worth		(27,424.40)

## **6. FINANCIAL EFFECT OF THE TRANSACTION AND THE LOANS, AND INTENDED USE OF PROCEEDS**

Subject to final audit, the Group currently expects to record a gain of approximately INR10,300,000,000 (equivalent to approximately RMB833,352,000) from the Transaction, including a gain of approximately INR4,600,000,000 on disposal of 51.08% equity interest and a gain of INR5,700,000,000 on revaluation of the remaining 48.92% equity interest at fair value after loss of control, which is estimated based on (i) the unaudited net deficit of Q Tech India as of 30 June 2025; and (ii) 51.08% of the Valuation amount, before any related expenses and tax.

The Group's actual gain or loss arising from the Transaction may be different from the above and shall be subject to the review by the Company's auditors and determined as of the Closing Date, based on the net asset value of Q Tech India as of the Closing Date, the Total Consideration, 51.08% of the Valuation amount, and the amount of tax and other expenses incidental to the Transaction.

Upon Closing, Q Tech India will be owned as to 51.08% by Dixon and 48.92% by the Group. Q Tech India will cease to be consolidated as a subsidiary of the Company, the Loans to Q Tech India will be booked as other receivables and no longer be consolidated for offset, 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. According to the unaudited financial statements of Q Tech India for the six months ended 30 June 2025, the revenue of Q Tech India was INR7,961,696,000 (equivalent to approximately RMB644,165,000) and the profit after taxation of Q Tech India was INR251,011,000 (equivalent to approximately RMB20,309,000).

The Company currently intends to utilize the net proceeds of approximately INR4,279,999,895 (equivalent to approximately RMB346,286,000) from the Share Purchase, after deduction of all relevant expenses, as working capital for the Group's daily operation (including but not limited to, employees related costs, other operating expenses such as maintenance and equipment costs).

The proceeds from the Share Subscription paid by Dixon are intended to be used solely for the purpose of meeting the capex requirements under the ECMS of the Government of India for Q Tech India, unless otherwise agreed by Dixon. If Q Tech India does not qualify for ECMS within a period of 3 months from the date of the SSPA, it shall be free to use the proceeds from the Share Subscription for any capital expenditure for capacity utilisation deemed appropriate by the Board.

The aggregate principal amount of the Loans amounts to US\$38,000,000 (equivalent to approximately RMB269,849,000), representing (i) approximately 1.79% of the Group's total assets as of 30 June 2025 (after deducting the interim dividends for the six months ended 30 June 2025), and (ii) approximately 1.67% of the Group's revenue for the year ended 31 December 2024.

If Q Tech India fails to repay the Loans, the Group will provide for impairment losses on the principal and receivable interest, which will reduce the current period profit. Meanwhile, the total assets will decrease, and the debt-to-asset ratio will increase. According to the Shareholders' Agreement, the number of directors of Q Tech India will be equally divided between the Group and Dixon, and the chief executive officer will be appointed by the Group and is responsible for the day-to-day operations. The Group has sufficient understanding and supervision over the operational management of Q Tech India and can monitor and identify the risk of overdue repayment at any time. Therefore, the Group believes that the risk of Q Tech India failing to repay the loan on schedule is relatively low.

## **7. 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.

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

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

As at the date of this announcement, Q Tech HK is an indirect wholly-owned subsidiary of the Company, primarily engaged in trading of fingerprint recognition modules.

As at the date of this announcement, each of Q Tech Singapore and Q Tech International holds 32,523,210 Equity Shares (representing approximately 90% of the total issued and paid-up share capital of Q Tech India) and 3,613,690 Equity Shares (representing approximately 10% of the total issued and paid-up share capital of Q Tech India), respectively; Q Tech India is thus an indirect wholly-owned subsidiary of the Company. Q Tech India is primarily engaged in the design, research and development, manufacturing, and sales of camera 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, to the best knowledge, information and belief of the Directors and having made all reasonable enquiries, Dixon and its ultimate beneficial owners are Independent Third Parties.

## **8. REASONS FOR AND BENEFITS OF THE TRANSACTION AND THE LOANS**

As stated in the announcement of the Company dated 15 July 2025, India has the largest population in the world and holds great potential in the consumption of intelligent terminal products. 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, would significantly aid Q Tech India in further expanding its production capacity. 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.

The Loans provided by the Group to Q Tech India are mainly used for importing capital goods of Q Tech India. Q Tech India was established at the beginning of 2019 in India, and started formal operations and mass production in October 2019. As the operations of Q Tech India become more regular, its funding needs for day-to-day operations increased significantly. The Group originally planned to increase the registered capital of Q Tech India in batches according to the demand after Q Tech India began formal operations. However, the Indian government made several adjustments to its foreign investment policies from the year 2019 to 2020, making it difficult for Chinese investors to increase their investments in India. This prevented the Group from increasing its investment in Q Tech India to meet its funding needs in production expansion and operation through increasing registered capital. In order to maintain the funding needs of Q Tech India for day-to-day operations and production expansion so as to create better strategic benefits for the Group, considering that the Indian government allows Chinese investors to allocate funds to their subsidiaries in India through providing the Loans, therefore, Q Tech HK, the shareholder of Q Tech India, provided a loan of US\$27,000,000 to Q Tech India through providing the Existing ECB Loan I. At the end of 2020, Q Tech HK transferred all its shareholding interests in Q Tech India to Q Tech International, and the Existing ECB Loan I also transferred to Q Tech International accordingly. Subsequently, Q Tech International also provided the Existing ECB Loan II of an amount of US\$10,000,000 and the Existing ECB Loan III of an amount of US\$11,000,000 to Q Tech India in January 2021 and May 2021, respectively. As of 31 August 2025, the total outstanding principal of the Existing ECBs provided by Q Tech International to Q Tech India was US\$28,000,000.



Due to the current substantive approval procedures of the Indian government, it is difficult for the Group to increase the investment in Q Tech India by way of increasing registered capital. At the same time, given the current net asset of Q Tech India, it is also difficult for Q Tech India to obtain large amount of bank financing from local banks on its own (even if it could, it would require the Group to provide a guarantee for Q Tech India's bank financing, which would essentially increase the Group's risks and burdens. Moreover, providing a guarantee for the bank financing of Q Tech India also constitutes financial assistance after Closing). Therefore, after discussion, it is considered that providing the Loans to Q Tech India by the Group on a continuous basis is still the most appropriate financing method.

The Transaction comprises the Share Purchase and the Share Subscription. For the Share Subscription, Dixon will subscribe to new shares issued by Q Tech India through a capital increase. Q Tech India is expected to receive a proceed of approximately INR1,249,999,965 (equivalent to approximately US\$14,245,000) for the Share Subscription from Dixon. As of 31 March 2025, Q Tech India had net deficit of approximately INR2,742,440,000. It was difficult for Q Tech India to increase its working capital through bank loans or other similar means. However, during the eight-month from 1 January 2025 to 31 August 2025, Q Tech India recorded an unaudited operating revenue of approximately INR923,289,000, and based on orders placed by customers and the demand forecasts provided, it is estimated that Q Tech India's revenue in the remaining months of the year 2025 will record an increase. This indicates that its operations are gradually improving. Therefore, additional funds are required to maintain daily operations and expand production and business activities. On the other hand, most of Q Tech India's camera module manufacturing lines are currently for the back-end production process. The front-end process is usually completed by the Group's wholly-owned subsidiary in Kunshan, and then the semi-finished products are sold to Q Tech India. After Q Tech India completes the back-end production process, the products are sold to the end customers in India. Both the Group and Dixon hope that their investments in Q Tech India will increase the production capacity of the front-end process of camera modules after Closing and further enhance Q Tech India's operational capabilities. However, after the Share Subscription is completed, the funds obtained by Q Tech India will only be approximately INR1,250,000,000 (equivalent to approximately US\$14,245,000), which will not be sufficient to meet all the funding needs for further improving the production lines and expanding operations. Therefore, when negotiating the terms of the Transaction, considering that Dixon has already injected funds into Q Tech India through a capital increase, the Group and Dixon have discussed and concluded that it is reasonable for the Group to continue to provide the Existing ECBs to Q Tech India after the Closing, and to additionally provide the Additional ECB Loan of US\$10,000,000 until 30 September 2029. This arrangement is beneficial for ensuring the normal operational funding needs of Q Tech India, for solving the investment in the front-end process production capacity of Q Tech India, and for further enhancing the profitability of Q Tech India, which ultimately benefits the Group's long-term interests. The Existing ECBs of US\$28,000,000 had already been in place before the Transaction occurred. Therefore, from the perspective of recovery risk, there is essentially no difference in the overall arrangement of the Additional ECB Loan with just an increase of US\$10,000,000 for the principal amount.

Since the Group will retain a 48.92% equity interest in Q Tech India post-Closing, it remains a shareholder with a significant vested interest in Q Tech India's success. This alignment of interests means the Group is not acting as a disinterested lender but as a strategic investor supporting Q Tech India's growth. Besides, after Closing, Q Tech Singapore shall, in their sole discretion, have the right to appoint, remove and/or replace the chief executive officer of Q Tech India. Q Tech Singapore shall also have exclusive control over Q Tech India's managerial, operational, and manufacturing operations. Requiring a counter-guarantee from Dixon could be seen as commercially disproportionate, especially if the Loans proceeds are intended to benefit the joint venture as a whole. The absence of a counter-guarantee may also reflect a negotiated risk allocation between the parties, where the Group accepts credit risk in exchange for governance rights or other contractual protections. This structure is not uncommon in joint ventures where one party provides funding and the other contributes operational expertise.

The Group believes that continuing to provide the Loans to Q Tech India is in line with the long-term interests of the shareholders of the Company and is risk-controllable:

- (i) the Loans are in the form of debts. Considering that the Group will still hold 48.92% of the equity interests in Q Tech India, and Dixon is a well-capitalized and strong large listed company in India with good credit standing, the Group maintains confidence in the long-term positive operation of Q Tech India. Therefore, the repayment of the Loans by Q Tech India is operationally secured;
- (ii) maintaining the Existing ECBs helps to ensure the normal operation of Q Tech India, while providing the Additional ECB Loan helps finance Q Tech India to establish the front-end process production capacity for camera modules. This is conducive to expanding operations and optimizing costs. After the Closing, the Group will still hold 48.92% of the equity interest in Q Tech India. The better performance of Q Tech India is also in the interest of the Group; and
- (iii) the interest rate of the Loans is One-year SOFR as published by the Federal Reserve Bank of New York plus 25 basis points per annum. Based on the interest rate data as of 1 September 2025, the interest rate of the Loans was initially set at 4.0346%. The agreed interest rate is higher than the fixed deposit interest rate the Group can obtain from commercial banks in Hong Kong during the same period (which are approximately 3.66% to 3.7846%). Therefore, it can also provide the Group with stable and stable interest income.

In light of the foregoing, the Board considers the terms of the SSPA, the Shareholders' Agreement and the Loans to be normal commercial terms and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its shareholders as a whole, based on the following considerations:

- (i) the provision of the Loans to Q Tech India helps to maintain its operations and assists in enhancing its production capacity, thereby contributing to the improvement of Q Tech India's operations. Although Q Tech India will no longer be consolidated as a subsidiary of the Company after Closing, it will be reflected in the Group's financials as an associate based on the equity method, and its performance will continue to impact the Group's operational results. Therefore, a better performance of Q Tech India is also in the interest of the Group;
- (ii) the Group will provide the Loans using its own funds, and the agreed interest rate for the Loans is more favorable to the Group than the interest rate to be placed as bank fixed deposits for the same period, potentially yielding up to approximately US\$4,715,000 (equivalent to approximately RMB33,483,000) in total interest income for the Group over the tenure periods; and
- (iii) the terms of the Loans are essentially the same after Closing, maintaining continuity and without any amendments and differences.

## **9. LISTING RULES IMPLICATIONS**

As the highest of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Transaction exceeds 5% but all relevant percentage ratios are less than 25%, the Transaction on a standalone basis constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As none of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Loans on a standalone basis exceeds 5%, the Loans do not constitute a notifiable transaction for the Company.

As the highest of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Transaction and the Loans on an aggregated basis exceed 5% but all relevant percentage ratios are less than 25%, the Transaction and the Loans constitute a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **10. GENERAL**

None of the Directors had a material interest in the SSPA, the Loans and the transactions contemplated thereunder and no Director was required under the Listing Rules to abstain from voting on the Board resolutions approving the SSPA, the Loans and the transactions contemplated thereunder.

As at the date of this announcement, save for the Transaction, the Company has no intention, understanding, negotiation or arrangement to downsize, discontinue or dispose of its existing businesses. The Company may, depending on the Group's business, financial and other conditions and the prevailing market circumstances from time to time, acquire or dispose of assets or businesses.

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

## **11. DEFINITIONS**

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

“Additional ECB Loan”	the outstanding unsecured loan in the principal amount of US\$10,000,000 under the loan agreement dated 26 August 2025 entered into between Q Tech HK and Q Tech India
“Announcements”	the announcements dated 15 July 2025 and 7 August 2025 in relation to the Binding Term Sheet and the Transaction
“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
“Business Day”	a day other than Saturday, Sunday or any other day on which banking business is not carried on in Hong Kong, Singapore and/or Gautam Budh Nagar, Uttar Pradesh, India
“Closing”	closing of the Transaction
“Closing Date”	the date which is not later than the 7th Business Day after the Conditions are satisfied or waived by the Parties, or such other day mutually agreeable to the Parties
“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”	the conditions precedent to Closing under the SSPA
“connected person(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)
“ECMS”	Electronics Components Manufacturing Scheme

“Equity Shares”	equity shares in the issued, subscribed and paid-up equity share capital of Q Tech India having a face value of INR10 each
“Existing ECB Loan I”	the outstanding unsecured loan in the principal amount of US\$7,000,000 under the loan agreement dated 14 August 2020 (as amended on 1 September 2025) entered into between Q Tech International and Q Tech India
“Existing ECB Loan II”	the outstanding unsecured loan in the principal amount of US\$10,000,000 under the loan agreement dated 19 January 2021 (as amended on 1 September 2025) entered into between Q Tech International and Q Tech India
“Existing ECB Loan III”	the outstanding unsecured loan in the principal amount of US\$11,000,000 under the loan agreement dated 20 May 2021 (as amended on 1 September 2025) entered into between Q Tech International and Q Tech India
“Existing ECBs”	collectively, the Existing ECB Loan I, the Existing ECB Loan II and the Existing ECB Loan III
“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
“IPO”	initial public offering
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loans”	collectively, the Existing ECB Loan I, the Existing ECB Loan II, the Existing ECB Loan III and the Additional ECB Loan
“Long Stop Date”	the date which is 90 days after the date of execution of the SSPA or such other extended date as is mutually agreed between the Selling Shareholders and Dixon in writing
“Management Services Agreement”	an agreement to be entered into between Q Tech India and Dixon in order to govern and regulate, inter alia, the provision of management consultancy and training services by Dixon to Q Tech India, in consideration for an agreed service fee

“One-year SOFR”	one-year Secured Overnight Financing Rate
“Parties”	the parties to the SSPA, namely Q Tech India, the Selling Shareholders and Dixon
“PRC”	the People’s Republic of China
“Q Tech HK”	Kunshan Q Technology (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, which is an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“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 as at the date of this announcement
“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 as at the date of this announcement
“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 as at the date of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	a total of 16,150,943 fully paid-up Equity Shares, which comprises the Sale Shares A and the Sale Shares B
“Sale Shares A”	12,537,253 fully paid-up Equity Shares being held by Q Tech Singapore, representing approximately 34.69% of the total issued and paid-up share capital of Q Tech India as at the date of this announcement
“Sale Shares B”	3,613,690 fully paid-up Equity Shares being held by Q Tech International, representing approximately 10% of the total issued and paid-up share capital of Q Tech India as at the date of this announcement
“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 under the SSPA



“Share Subscription”	the issue and subscription of the Subscription Shares under the SSPA
“Shareholders Agreement”	the shareholders agreement to be executed amongst Dixon, Q Tech Singapore and Q Tech India upon Closing, the form of which has been agreed by the Parties in the SSPA
“SSPA”	a share subscription and purchase agreement dated 17 September 2025 executed 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”	4,716,981 Equity Shares
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Technical Services and Assistance Agreement”	an agreement to be entered into between Q Tech India and a specified entity within the Group in order to govern and regulate, inter alia, the provision of research and development services, technical support and training services, advisory and support services with respect to new product requirements, engineering and design services, as well as all other related matters, by the Group to Q Tech India, in exchange for the remittance of associated product/project running costs by Q Tech India
“Total Consideration”	the total consideration for the Share Purchase and the Share Subscription
“Transaction”	the disposal of 51.08% paid-up share capital of Q Tech India to Dixon by way of the Share Purchase and the Share Subscription
“Transaction Documents”	collectively, the SSPA, the Shareholders Agreement, the Technical Services and Assistance Agreement, the Management Services Agreement and such other documents as may be deemed necessary by Dixon and the Group for the Transaction
“US\$”	United States dollars, the lawful currency of the United States of America
“Valuation”	the valuation of 100% equity interest of Q Tech India as at 31 March 2025 by the Valuer
“Valuation Report”	the valuation report dated 7 July 2025 issued by the Valuer in relation to the Valuation



“Valuer”

Pensar Advisors Private Limited, an independent registered valuer under section 247 of the Companies Act 2013 of India

“%”

per cent.

*For the purpose of this announcement and for illustrative purpose only, INR is converted into RMB at the exchange rate of INR1,235.97 to RMB100, INR is converted into US\$ at the exchange rate of INR8,775.23 to US\$100, and US\$ is converted into RMB at the exchange rate of US\$100 to RMB710.13. No representation is made that any amounts in INR, US\$ or RMB has been or could be converted at the above rates or any other rates.*

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

Hong Kong, 17 September 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. Xiaomin Fu, Mr. Chu Chia-Hsiang, Mr. Ko Ping Keung and Ms. Hui Hiu Ching.*