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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)**

**Placing Agent**



**CHINA EVERBRIGHT SECURITIES (HK) LIMITED**

### **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

On 19 December 2017 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Placing Shares, pursuant to which the Placing Agent has conditionally agreed with the Company to place, on a best effort basis, up to a total of 20,000,000 new ordinary shares of the Company to the Placees, who and whose ultimate beneficial owner are not connected persons of the Company, and are third parties independent of the Company and its connected persons, at the Placing Price of HK\$10.80 per Placing Share.

The Placing Shares represent (i) approximately 1.83% of the existing issued share capital of the Company, and (ii) approximately 1.79% of the issued share capital of the Company as enlarged by the issue of the Placing Shares.

The Placing Price of HK\$10.80 represents (i) a discount of approximately 3.74% to the closing price of HK\$11.22 per Share as quoted on the Stock Exchange as at the date of the Placing Agreement; and (ii) a discount of approximately 8.78% to the average closing price of HK\$11.84 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 18 December 2017, the last trading day immediately preceding the date of the Placing Agreement.

The Placing is conditional upon the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

Assuming all the Placing Shares were allotted and issued, the net proceeds from the Placing after deducting the placing fee and other related expenses payable by the Company will amount to approximately HK\$213.84 million. It is expected that (i) approximately HK\$171.07 million, representing approximately 80% of the net proceeds from the Placing, will be used for capital expenditure; and (ii) approximately HK\$42.77 million, representing approximately 20% of the net proceeds from the Placing, will be used for research and development.

**Shareholders and potential investors should note that the Placing is subject to the fulfillment of the conditions under the Placing Agreement as set out in the section headed “Condition of the Placing”. As the Placing may or may not proceed to completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **The Placing Agreement**

Date: 19 December 2017

### **Parties**

Issuer: the Company

Placing Agent: China Everbright Securities (HK) Limited

The Placing Agent has conditionally agreed with the Company to place, on a best effort basis, to Placees up to a total of 20,000,000 new ordinary shares of the Company. The Placing Agent will receive a placing commission of not more than 1% of the aggregate amount equal to the Placing Price multiplied by the number of Placing Shares placed by the Placing Agent. Having considered the size and the terms of the Placing, the Directors are of the view that the placing commission for the Placing is fair and reasonable.

To the best of the Director’s knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

### **Placing Shares**

The Placing Shares represent:

- (i) approximately 1.83% of the existing issued share capital of the Company, and
- (ii) approximately 1.79% of the issued share capital of the Company as enlarged by the issue of the Placing Shares.

Based on the closing price of the Shares of HK\$11.22 per Share on 19 December 2017, being the date of the Placing Agreement, the Placing Shares have a market value of HK\$224.40 million. The Placing Shares have an aggregate nominal value of HK\$200,000.

The Placing Shares will rank, upon issue, pari passu in all respect with the Shares in issue on the date of allotment and issue of the Placing Shares.

## **Placees**

The Placing Agent will place the Placing Shares to not less than six Placees, being professional, institutional and/or other investors, who and whose ultimate beneficial owners are not connected persons of the Company, and are third parties independent of the Company and its connected persons.

It is expected that none of the Placees shall hold 10% or more of the issued share capital of the Company upon taking up the Placing Shares.

## **Placing Price**

The Placing Price of HK\$10.80 represents:

- (i) a discount of approximately 3.74% to the closing price of HK\$11.22 per Share as quoted on the Stock Exchange as at the date of the Placing Agreement; and
- (ii) a discount of approximately 8.78% to the average closing price of HK\$11.84 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 18 December 2017, the last trading day immediately preceding the date of the Placing Agreement.

The Placing Price was negotiated on an arm's length basis between the Company and the Placing Agent and was determined with the current trading price of the Shares. The Directors consider that the Placing Price is fair and reasonable under the current market conditions and hence the Placing is in the interests of the Company and the Shareholders as a whole.

## **Condition of the Placing**

Completion of the Placing is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

Subject to the terms of the Placing Agreement, in the event that the condition to the Placing is not fulfilled on or before 12 January 2018 (or such later date as may be agreed in writing between the Company and the Placing Agent), the Placing Agreement will cease and terminate.

## **Application for the listing of the Placing Shares**

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

## **Termination of the Placing**

The Placing Agent shall be entitled to terminate the Placing Agreement by notice in writing given to the Company prior to 8:00 a.m. (Hong Kong time) on the date of completion of the Placing Agreement, if in the reasonable opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by any of the events as set out below:

- (i) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole and/or prejudice the success of the Placing;
- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, taxation, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America), exchange control or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which would, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole;
- (iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which, in the reasonable opinion of the Placing Agent, affects the success of the Placing;
- (iv) any material litigation or claim being instigated against any member of the Group, which would, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole and the success of the Placing; or
- (v) any suspension in the trading of Shares on the Stock Exchange for a continuous period of five Business Days.

If, at or prior to 8:00 a.m. (Hong Kong time) on the date of completion of the Placing Agreement:

- (i) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under this Agreement;
- (ii) any material adverse change in the business or in the financial or trading position or prospects of any member of the Group taken as a whole which is material in the context of the Placing;

- (iii) any government, governmental, quasi-governmental, statutory or regulatory body, court or agency having granted any order or made any decision that would make the Placing void, unenforceable or illegal, or restrict or prohibit the implementation of, or impose any additional material conditions or obligations with respect to the Placing (other than such orders or decisions as would not have a material adverse effect on the legal ability of the Company to proceed with the Placing); or
- (iv) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate, if repeated, and the Placing Agent shall, in its reasonable opinion determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position of the Company taken as a whole or will otherwise likely to materially and adversely affect the success of the Placing,

the Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the Placing Agreement.

Upon termination of the Placing Agreement pursuant to the above paragraphs, all obligations of the parties under the Placing Agreement shall cease and terminate and no party shall have claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for certain clauses and any antecedent breaches of obligations and certain obligations and liabilities already accrued under the Placing Agreement.

The Board is not aware of the occurrence of any of such events as at the date of this announcement.

### **Completion of the Placing**

Completion of the Placing is expected to take place at or before 4:00 p.m. (Hong Kong time) on the second Business Day upon the fulfillment of the condition set out in the Placing Agreement (or such other time or date as the Company and the Placing Agent may agree in writing).

### **General Mandate**

The Placing Shares will be issued under the general mandate granted by the Shareholders to the Directors pursuant to the resolution passed on 19 May 2017 and therefore the Placing is not subject to the Shareholders' approval. As at the date of passing of such resolution on 19 May 2017, the Company had 1,095,597,000 Shares in issue, and the general mandate granted to the Directors was to issue up to 219,119,400 Shares, representing 20% of the number of Shares in issue as at the date of the passing of the resolution.

As at the date of this announcement, no Shares have been issued pursuant to such general mandate, and the Company has not repurchased any Shares in the 30 days immediately preceding the date of the Placing Agreement.

## EFFECT ON THE SHAREHOLDING OF THE COMPANY FOLLOWING COMPLETION OF THE PLACING

Set out below is the table of the shareholdings in the Company before and after completion of the Placing:

Shareholders	Shareholding as at the date of this announcement		Shareholding upon completion of the Placing	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Q Technology Investment Inc.	751,391,000	68.58	751,391,000	67.35
Wang Jianqiang	10,000,000	0.91	10,000,000	0.90
Hu Sanmu	1,493,000	0.14	1,493,000	0.13
<b>Public Shareholders</b>				
The Placees	–	–	20,000,000	1.79
Other public shareholders	332,713,000	30.37	332,713,000	29.82
<b>Total</b>	<b>1,095,597,000</b>	<b>100.00</b>	<b>1,115,597,000</b>	<b>100.00</b>

## FUND RAISING ACTIVITIES BY ISSUE OF EQUITY SECURITIES IN THE PAST TWELVE MONTHS

The Company did not carry out any fund raising activities by issue of equity securities in the past 12 months immediately preceding the date of this announcement.

## REASONS FOR THE PLACING

The Company is an investment holding company and together with its subsidiaries are principally engaged in the business of manufacturing camera module and fingerprint recognition module, dedicated to provide systematic products on machine vision and human vision for global smart mobile terminals.

To enhance the research and development of camera module and 3D sensing module and as the capital requirement for the manufacturing is high, the Directors consider that the Placing offers a good opportunity to raise additional funds to strengthen the financial position. The Directors are of the view that the Placing will also broaden the shareholder base and the capital base of the Company and is helpful to the continuous growth and sustainable development of the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement are fair and reasonable, on normal and commercial terms and are in the interests of the Company and the Shareholders as a whole.

## USE OF PROCEEDS

Assuming all the Placing Shares were allotted and issued, the gross proceeds from the Placing will amount to approximately HK\$216.00 million and the net proceeds from the Placing after deducting the placing fee and other related expenses payable by the Company will amount to approximately HK\$213.84 million. The net proceeds raised per Placing Share is approximately HK\$10.69.

It is expected that (i) approximately HK\$171.07 million, representing approximately 80% of the net proceeds from the Placing, will be used for capital expenditure; and (ii) approximately HK\$42.77 million, representing approximately 20% of the net proceeds from the Placing, will be used for research and development.

**Shareholders and potential investors should note that the Placing is subject to the fulfillment of the conditions under the Placing Agreement as set out in the section headed “Condition of the Placing”. As the Placing may or may not proceed to Completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Board”	the board of Directors;
“Business Day”	any day (excluding Saturday, Sunday and public holiday) on which banks are generally open for business in Hong Kong;
“Company”	Q Technology (Group) Company Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Committee”	has the meaning ascribed thereto under the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Placee(s)”	the placee(s) to be procured by the Placing Agent under the Placing;

“Placing”	the placing of the Placing Shares pursuant to the terms of the Placing Agreement;
“Placing Agent”	China Everbright Securities (HK) Limited, a corporation licensed to carry on business in type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 19 December 2017 in relation to the Placing;
“Placing Price”	HK\$10.80 per Placing Share;
“Placing Shares”	up to a maximum of 20,000,000 Shares to be placed pursuant to the terms of the Placing Agreement;
“Share(s)”	ordinary shares of HK\$0.01 each in the capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“substantial shareholder(s)”	has the meaning ascribed thereto under in the Listing Rules; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

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

Hong Kong, 19 December 2017

*As at the date of this announcement, the Executive Directors are Mr. He Ningning (Chairman), Mr. Wang Jianqiang (Chief Executive Officer) and Mr. Hu Sanmu; and the Independent Non-executive Directors are Mr. Ko Ping Keung, Mr. Chu Chia-Hsiang and Mr. Ng Sui Yin.*