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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

HIGHLIGHTS

- The unaudited revenue of the Group for the six months ended 30 June 2025 (the "**Period**") amounted to approximately RMB8,831,512,000, representing an increase of approximately 15.1% as compared with that of the six months ended 30 June 2024 (the "**Corresponding Period**"). The increase in revenue was mainly attributable to the year-on-year increase of approximately 47.9% in the sales volume of the Group's camera modules applied to automotive and Internet of Things (IoT) for the Period, driving the increase of approximately 27.2% in the comprehensive average unit price of camera module products compared to the Corresponding Period, and an increase of approximately 59.7% in the sales volume of the fingerprint recognition module products compared to the Corresponding Period.

- Gross profit of the Group for the Period was approximately RMB654,051,000, while gross profit margin was approximately 7.4%, which represented an increase of approximately 2.2 percentage points as compared with approximately 5.2% for the Corresponding Period. The increase in gross profit margin was mainly attributable to the following: (i) during the Period, global smartphone sales remained stable, but specifications of camera modules applied to smartphones continued to improve. The Group remained committed to its strategy of focusing on mid-to-high-end camera modules and accelerating development of camera module business applied to the automotive and IoT fields, resulting in continued increase in mid-to-high-end product sales proportion, with sales volume of camera modules applied to automotive and IoT growing approximately 47.9% year-on-year, thereby enabling the Group's revenue for the Period to grow steadily compared to the Corresponding Period. Meanwhile, the increase in proportion of high-end products improved the Group's capacity utilisation rate and product added value, further improving its gross profit margin; and (ii) during the Period, sales volume of the Group's fingerprint recognition module products increased by approximately 59.7% compared to the Corresponding Period, with under-glass optical and ultrasonic fingerprint recognition modules accounting for approximately 66.9%. The dual improvements in scale and specifications resulted in significant growth in the sales revenue of fingerprint recognition module products as well as the enhancement of capacity utilisation rate compared to the Corresponding Period, which in turn helped improve the gross profit margin of fingerprint recognition module products.

- Profit of the Group for the Period was approximately RMB308,352,000, representing an increase of approximately 167.6% as compared with that in the Corresponding Period. The increase in profit was mainly attributable to: (i) a steady growth in revenue compared to the Corresponding Period; (ii) a year-on-year increase in gross profit margin; and (iii) the turnaround of the operating results of an associate, Newmax Technology Co. Ltd. ("**Newmax Technology**"), from loss to profit.

- Basic and diluted earnings per share for the Period were approximately RMB0.260 and RMB0.259 respectively.

- The Board resolved to declare an interim dividend for the six months ended 30 June 2025 of HK$15.0 cents (equivalent to approximately RMB13.7 cents) per share to the shareholders of the Company whose names appear on the register of members of the Company on Friday, 10 October 2025.

FINANCIAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Q Technology (Group) Company Limited (the "**Company**") announces the unaudited consolidated interim results of the Company and its subsidiaries (the "**Group**") for the Period together with the relevant comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue	*3*	**8,831,512**	7,675,142
Cost of sales		**(8,177,461)**	(7,275,043)
Gross profit		**654,051**	400,099
Other income	*4*	**89,316**	200,818
Selling and distribution expenses		**(12,804)**	(10,984)
Administrative and other operating expenses		**(81,839)**	(82,493)
Research and development expenses		**(279,103)**	(286,142)
Reversal of impairment loss/(impairment loss) on trade and other receivables		**458**	(605)
Profit from operations		**370,079**	220,693
Finance costs	*5(a)*	**(55,600)**	(80,872)
Share of gain/(loss) of associates		**48,041**	(14,137)
Profit before taxation	*5*	**362,520**	125,684
Income tax	*6*	**(54,168)**	(10,452)
Profit for the period		**308,352**	115,232
Earnings per share in Renminbi *(RMB cents)*	*7*		
– Basic		**26.0**	9.7
– Diluted	*7(a)*	**25.9**	9.7

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2025 (continued)

	Notes	Six months ended 30 June 2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Other comprehensive (expense) income:			
Items that will not be reclassified to profit or loss:			
Share of other comprehensive income of associates		**(2,925)**	1,759
Equity investment at fair value through other comprehensive income ("**FVTOCI**") – net movement in fair value reserves		**4,868**	1,617
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations outside Chinese Mainland		**25,209**	(18,164)
Share of other comprehensive income of associates		**(5,791)**	3,959
Other comprehensive income (expense) for the period		**21,361**	(10,829)
Total comprehensive income for the period		**329,713**	104,403
Profit for the period attributable to:			
Equity shareholders of the Company		**308,352**	115,232
Non-controlling interests		**–**	–
Total comprehensive income for the period attributable to:			
Equity shareholders of the Company		**329,713**	104,403
Non-controlling interests		**–**	–

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2025

	Notes	**30 June 2025** *RMB'000* **(unaudited)**	31 December 2024 *RMB'000* (audited)
Non-current assets			
Property, plant and equipment		**2,722,282**	2,650,512
Interest in associates	*8*	**493,683**	233,756
Intangible assets		**17,964**	19,459
Equity instruments designated at FVTOCI		**33,185**	56,359
Financial assets measured at fair value through profit or loss ("**FVTPL**")		**153,966**	151,712
Financial assets measured at amortised cost		**1,154,955**	663,038
Prepayment for acquisition of non-current assets		**33,836**	12,369
Other non-current assets		**–**	9,550
Deferred tax assets		**73,485**	105,119
		4,683,356	3,901,874
Current assets			
Inventories		**1,816,658**	1,975,751
Contract assets		**1,662**	6,840
Trade and other receivables	*9*	**4,922,426**	4,987,877
Receivables measured at FVTOCI		**12,344**	–
Financial assets measured at FVTPL		**1,514,992**	350,040
Financial assets measured at amortised cost		**255,529**	182,228
Derivative financial instruments	*10*	**40,239**	99,414
Pledged bank deposits	*11*	**16,760**	555,576
Fixed deposits with banks with original maturity over three months		**282,714**	940,857
Cash and cash equivalents		**1,713,204**	1,447,471
		10,576,528	10,546,054
Current liabilities			
Short-term bank borrowings	*12*	**2,807,225**	2,352,495
Trade and other payables	*13*	**6,709,311**	6,562,764
Contract liabilities		**5,990**	11,863
Derivative financial instruments	*10*	**28,802**	56,568
Lease liabilities		**4,373**	7,165
Current tax payable		**106,560**	94,414
		9,662,261	9,085,269
Net current assets		**914,267**	1,460,785
Total assets less current liabilities		**5,597,623**	5,362,659

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2025 (continued)

	Notes	**30 June 2025** **RMB'000** **(unaudited)**	31 December 2024 *RMB'000* (audited)
Non-current liabilities			
Long-term bank borrowings	*12*	**100,000**	81,876
Lease liabilities		**3,720**	3,493
Deferred income		**161,192**	178,798
Deferred tax liabilities		**977**	7,126
		265,889	271,293
Net assets		**5,331,734**	5,091,366
Capital and reserves			
Share capital	*14*	**9,532**	9,486
Reserves		**5,322,202**	5,081,880
Equity attributable to equity shareholders of the Company		**5,331,734**	5,091,366
Non-controlling interests		**–**	–
Total equity		**5,331,734**	5,091,366

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025

1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "**IASB**") as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Directors of the Company have, at the time of approving the condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

2. Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values, as appropriate.

The preparation of condensed consolidated financial statements in conformity with International Accounting Standards ("**IAS**") 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

The condensed consolidated financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of Q Technology (Group) Company Limited (the "**Company**") and its subsidiaries (the "**Group**") since the 2024 annual financial statements. The condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("**IFRS**") Accounting Standards.

Other than additional/change in accounting policies resulting from application of amendments to IFRS Accounting Standards the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2024.

Application of amendments to "IFRS Accounting Standards"

In the Period, the Group has applied the following amendments to IFRS Accounting Standards issued by the IASB, for the first time, which are mandatorily effective for the annual periods beginning on 1 January 2025 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IAS 21	Lack of Exchangeability

The application of the amendments to IFRS Accounting Standards in the Period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. Revenue and Segment Information

(a) Revenue

The principal activities of the Group are manufacturing and sales of camera modules and fingerprint recognition modules for mobile phones, automobiles, Internet of Things (IoT) and other intelligent mobile terminals. Further details regarding the Group's principal activities are disclosed in note 3(b).

(i) Disaggregation of revenue from contracts with customers

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

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Revenue from contracts with customers within the scope of IFRS 15:		
Disaggregated by major products		
– Revenue from sales of camera modules	**7,956,888**	7,214,806
– Revenue from sales of fingerprint recognition modules	**826,200**	394,671
– Others*	**48,424**	65,665
	8,831,512	7,675,142

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

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in notes 3(b)(i) and 3(b)(iii), respectively.

The Group's customer base is diversified and includes four (six months ended 30 June 2024: three) customers with whom transactions have exceeded 10% of the Group's revenues. For the six months ended 30 June 2025 and 2024, revenue from each of these customers, including sales to entities which are known to the Group to be under common control with these customers is set out below, and arose in all geographical regions as set out in note 3(b)(iii).

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Customer A	**1,869,302**	2,213,145
Customer B	**1,739,688**	N/A*
Customer C	**1,460,823**	1,854,663
Customer D	**930,933**	1,012,022

* Less than 10% of the Group's revenue in the respective period.

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

3. Revenue and Segment Information (Continued)

(b) Segment reporting

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

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

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

(i) Segment results

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

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

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

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2025 and 2024 is set out below.

	Camera modules		**Fingerprint recognition modules**		**Total**	
	Six months ended 30 June 2025 ***RMB'000*** **(unaudited)**	Six months ended 30 June 2024 *RMB'000* (unaudited)	**Six months ended 30 June 2025** ***RMB'000*** **(unaudited)**	Six months ended 30 June 2024 *RMB'000* (unaudited)	**Six months ended 30 June 2025** ***RMB'000*** **(unaudited)**	Six months ended 30 June 2024 *RMB'000* (unaudited)
Disaggregated by timing of revenue recognition – Point in time						
Revenue from external customers	**7,956,888**	7,214,806	**826,200**	394,671	**8,783,088**	7,609,477
Inter-segment revenue	**6,974**	4,389	**–**	–	**6,974**	4,389
Reportable segment revenue	**7,963,862**	7,219,195	**826,200**	394,671	**8,790,062**	7,613,866
Reportable segment profit/(loss)	**527,272**	405,477	**97,018**	(14,429)	**624,290**	391,048

3. **Revenue and Segment Information (Continued)**

(b) Segment reporting (Continued)

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

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Revenue		
Reportable segment revenue	**8,790,062**	7,613,866
Elimination of inter-segment revenue	**(6,974)**	(4,389)
Other revenue	**48,424**	65,665
Consolidated revenue *(note 3(a))*	**8,831,512**	7,675,142
Profit		
Reportable segment profit	**624,290**	391,048
Elimination of inter-segment loss	**2,860**	816
Reportable segment profit derived from Group's external customers	**627,150**	391,864
Gross profit of other revenue	**26,901**	8,235
Other income	**89,316**	200,818
Selling and distribution expenses	**(12,804)**	(10,984)
Administrative and other operating expenses	**(81,839)**	(82,493)
Research and development expenses	**(279,103)**	(286,142)
Reversal of impairment loss/(impairment loss) on trade and other receivables	**458**	(605)
Finance costs	**(55,600)**	(80,872)
Share of gain/(loss) of associates	**48,041**	(14,137)
Consolidated profit before taxation	**362,520**	125,684

(iii) Geographic information

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

	Revenue from external customers		Specified non-current assets	
	Six months ended 30 June		**At 30 June**	At 31 December
	2025	2024	**2025**	2024
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Chinese Mainland	**7,364,708**	6,315,540	**2,381,319**	2,357,042
Hong Kong	**12,145**	6,565	**2,058**	2,776
India	**632,207**	1,008,822	**293,221**	309,768
Vietnam	**668,237**	256,065	**62,093**	–
Others	**154,215**	88,150	**495,238**	234,141
	8,831,512	7,675,142	**3,233,929**	2,903,727

4. Other Income

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest income	**39,561**	75,936
Government grants income *(Note a)*	**34,479**	38,611
Additional deduction of input value-added tax ("**VAT**") *(Note b)*	**11,267**	37,692
Net foreign exchange loss	**(11,744)**	(26,700)
Net fair value changes on financial instruments at FVTPL:		
– foreign exchange option contracts	**(15,626)**	27,858
– forward foreign exchange contracts	**27,428**	38,247
– wealth management products and structured deposits	**14,524**	7,767
– foreign exchange swap contracts	**(4,954)**	–
Net loss on disposal of property, plant and equipment	**(7,383)**	(1,364)
Dividend income from investment in securities	**–**	1,605
Others	**1,764**	1,166
	89,316	200,818

Note a: During the Period, the Group recognised government grants of RMB34,479,000 (six months ended 30 June 2024: RMB38,611,000) received from several local government authorities as a recognition of the Group's contribution towards the local economic development.

Note b: According to Announcement [2023] No. 43 of the Ministry of Finance and the State Taxation Administration of PRC, with effect from 1 January 2023 to 31 December 2027, advanced manufacturing enterprises are entitled to deduct additional 5% of the deductible input VAT from the VAT payable. Three subsidiaries of the Company, namely Kunshan QTech Microelectronics Co., Ltd., Kunshan QTech Biological Recognition Technology Limited and Huizhou DEPAM Precision Automation Co., Ltd. are qualified for such additional input VAT deduction.

5. Profit Before Taxation

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

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
(a) Finance costs		
Interest on bank borrowings	**55,271**	80,536
Interest on lease liabilities	**329**	336
	55,600	80,872
(b) Staff costs		
Contributions to defined contribution retirement plans	**28,906**	22,898
Salaries, wages and other benefits	**549,579**	485,454
Equity settled share-based payment expenses	**3,063**	529
	581,548	508,881

5. Profit Before Taxation (Continued)

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
(c) Other items		
Amortisation of intangible assets	**1,944**	3,216
Depreciation charge*	**202,373**	233,583
Impairment loss on trade receivables	**14**	315
Reversal of impairment loss on other receivables	**(472)**	290
Cost of inventories*	**8,308,654**	7,409,240

* Cost of inventories includes RMB608,797,000 (six months ended 30 June 2024: RMB561,325,000) relating to staff costs and depreciation expenses, which amounts are also included in the respective total amounts disclosed separately above or in note 5(b) for each of these types of expenses.

6. Income Tax

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

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax		
– Corporate tax payable in India	**16,714**	–
– Corporate tax payable in Hong Kong	**8,705**	1,570
– PRC corporate income tax and income taxes of other tax jurisdictions	**327**	136
– Top-up tax under Pillar Two Rules	**1,700**	–
– Under-provision in respect of prior years	**440**	203
	27,886	1,909
Deferred taxation	**26,282**	8,543
Total	**54,168**	10,452

The Company's subsidiaries, Kunshan QTech Biological Recognition Technology Limited and Kunshan QTech Optoelectronic Technology Limited were qualified as High and New Technology Enterprises ("**HNTE**") and thus entitled to a preferential income tax rate of 15% for three years commenced from 1 January 2022. During the Period, both companies were in the process of renewing their HNTE qualification.

Other than the subsidiaries mentioned above, the income tax rates applicable to the Company and other subsidiaries of the Group for the six months ended 30 June 2025 remained consistent with those applied in 2024.

6. Income Tax (Continued)

(b) India Income Tax

Kunshan Q Tech Microelectronics (India) Private Limited ("**Q Tech India**"), a subsidiary of the Company has been involved in inspections initiated by relevant Indian authorities concerning compliance with relevant income tax regulations. In light of the progress of these tax disputes, based on the management's assessment, deferred tax assets of RMB64,676,000 in respecting tax loss were derecognised and taxation payable of RMB88,954,000 was recorded in the consolidated statement of financial position as at 31 December 2024.

The total tax amount payable recognised by Q Tech India for the six months ended 30 June 2025 comprises current income tax expenses of RMB9,279,000 for the period and an additional provision of RMB7,435,000 related to prior years' tax disputes. This additional provision includes a supplementary provision accrued by management based on its latest assessment and incremental interest expenses incurred during the Period arising from delayed tax payments.

(c) Pillar Two income tax

In 2021, the Organisation for Economic Co-operation and Development published the Global Anti-Base Erosion ("**GloBE**") Model Rules ("**Pillar Two Rules**") for a new global minimum tax reform applicable to large multinational enterprises. The Group is subject to the global minimum top-up tax Pillar Two Rules. Pillar Two Rules have become effective in the Republic of Korea, Vietnam, Singapore and Hong Kong in which certain group entities are incorporated.

For operations in Hong Kong and Mainland China, where the annual effective income tax rate is estimated to be below 15%, a Top-up tax is accrued in the current interim period using the tax rate based on the estimated adjusted covered taxes and net GloBE income for the year. The Group has recognised a current tax expense of RMB1,700,000 related to the Pillar Two Rules for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

Operations in the Republic of Korea, Vietnam, and Singapore passed the Transitional Country-by-Country Report Safe Harbour tests based on management's assessment. Accordingly, no top-up tax provision was recorded for the companies incorporated in those jurisdictions for the six months ended 30 June 2025.

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

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

7. Earnings Per Share

The calculations of the basic and diluted earnings per share are based on the following data:

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit:		
Profit for the period for the purposes of calculating basic and diluted earnings per share	**308,352**	115,232

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
Number of shares:		
Weighted average number of shares for the purposes of calculating basic earnings per share	**1,187,035,000**	1,184,538,000
Effect of dilutive potential ordinary shares:		
– Options	**2,228,000**	–
Weighted average number of shares for the purposes of calculating diluted earnings per share	**1,189,263,000**	1,184,538,000

(a) Diluted earnings per share

For the six months ended 30 June 2025, the calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB308,352,000 and the weighted average number of ordinary shares of 1,189,263,000 shares, including weighted average number of 1,187,035,000 ordinary shares at 30 June 2025 and effect of 2,228,000 deemed issue of shares under the Company's share option schemes.

For the six months ended 30 June 2024, share options under the Company's employee share option scheme were excluded from the calculation of diluted earnings per share because their effect would have been anti-dilutive.

8. Interest in Associates

	At 30 June 2025 RMB'000 (unaudited)	At 31 December 2024 RMB'000 (audited)
Investment in associates under equity method		
– Newmax Technology Co., Ltd.("**Newmax Technology**") (新鉅科技股份有限公司)(i)	**374,953**	233,756
– poLight ASA ("**poLight**") (ii)	**118,730**	–
	493,683	233,756

Name of Associates	Form of business structure	Place of incorporation and business	Registered and paid up issued capital	Proportion of ownership interest: Held by the Group (%) At 30 June 2025	Held by the Group (%) At 31 Dec. 2024	Held by the Company (%) At 30 June 2025	Held by the Company (%) At 31 Dec. 2024	Held by a subsidiary (%) At 30 June 2025	Held by a subsidiary (%) At 31 Dec. 2024	Principal activities
Newmax Technology	Incorporated	Taiwan	TWD 2,041,918,480	**41.79**	35.47	**37.71**	30.95	**4.08**	4.52	Design, research, development, manufacture and sales of optical lens
poLight	Incorporated	Norway	NOK 7,734,588.68	**32.97**	–	**32.97**	–	**–**	–	Offer patented, state-of-the-art tunable optics technology, leveraging its proprietary polymer and piezo MEMS technology

(i) Newmax Technology is a company incorporated under the laws of Taiwan and listed on the Taipei Exchange as a strategic partner for the Group in developing optical lens business where Newmax Technology has extensive experience. On 3 March 2025, the Company participated in the private placement of Newmax Technology. An aggregate of 20,000,000 Placing Shares have been issued to the Company at the price of TWD22.16 per share for a total consideration of approximately TWD443,200,000 (equivalent to approximately RMB96,413,000, translated at the exchange rate of acquisition date), representing approximately 9.8% of the total number of issued ordinary shares of Newmax Technology as enlarged upon completion of the private placement. The Group does not gain controllership of Newmax Technology after completion of the private placement.

As at 30 June 2025, 26,160,850 (31 December 2024: 26,160,850) shares of Newmax Technology held by the Group were pledged as security for short-term bank borrowings.

(ii) poLight is a company incorporated under the laws of Norway and listed on the Oslo Stock Exchange. On 15 April 2025, the Company signed the Investment Agreement with poLight and agreed to subscribe for 63,743,112 placing shares intended to be issued by poLight at a price of NOK2.69 per share for a total consideration of approximately NOK171,469,000 (equivalent to approximately RMB120,852,000, translated at the exchange rate of acquisition date). On 4 June 2025, the private placement has been completed, and a total of 63,743,112 placing shares were issued to the Company, representing approximately 32.97% of the total number of issued shares of poLight as enlarged upon completion of the private placement. Upon completion of the private placement, the Company has the right to appoint 2 directors, representing two-seventh of the board of directors of poLight.

These associates are accounted for using the equity method in the condensed consolidated financial statements.

9. Trade and Other Receivables

	At 30 June 2025 *RMB'000* **(unaudited)**	At 31 December 2024 *RMB'000* (audited)
Trade receivables		
– third parties	**4,671,320**	4,623,846
– related parties	**19,892**	41,648
Bills receivable		
– third parties	**240**	38,822
Trade and bills receivables	**4,691,452**	4,704,316
Less: loss allowance	**(694)**	(682)
	4,690,758	4,703,634
Other deposits, prepayments and receivables	**231,937**	284,984
Less: loss allowance	**(269)**	(741)
	4,922,426	4,987,877

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

Ageing analysis

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

	At 30 June 2025 *RMB'000* **(unaudited)**	At 31 December 2024 *RMB'000* (audited)
Within 1 month	**3,457,746**	3,141,400
Over 1 month but within 3 months	**1,223,575**	1,549,549
Over 3 months but within 6 months	**8,198**	12,143
Over 6 months but within 1 year	**1,239**	542
	4,690,758	4,703,634

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

10. Derivative Financial Instruments

	At 30 June 2025	
	Assets	**Liabilities**
	RMB'000	***RMB'000***
	(unaudited)	**(unaudited)**
Foreign currency derivative instruments		
– Forward foreign exchange contracts	**27,107**	**(6,960)**
– Foreign exchange option contracts	**13,132**	**(21,842)**
	40,239	**(28,802)**

	At 31 December 2024	
	Assets	Liabilities
	RMB'000	*RMB'000*
	(audited)	(audited)
Foreign currency derivative instruments		
– Forward foreign exchange contracts	37,438	(15,989)
– Foreign exchange option contracts	61,976	(40,579)
	99,414	(56,568)

11. Pledged Bank Deposits

	At 30 June 2025	At 31 December 2024
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Pledged for		
– short-term bank borrowings *(note 12)*	**–**	256,012
– letters of guarantee	**16,760**	299,564
	16,760	555,576

12. Bank Borrowings

	At 30 June 2025 *RMB'000* (unaudited)	At 31 December 2024 *RMB'000* (audited)
Long-term bank borrowings		
– unsecured	**100,000**	81,876
Short-term bank borrowings		
– secured	**274,301**	425,424
– unsecured	**2,532,924**	1,927,071
	2,807,225	2,352,495
	2,907,225	2,434,371

Bank borrowings bear interest ranging from 1.05% to 5.60% per annum as at 30 June 2025 (31 December 2024: 2.50% to 5.60%).

During the Period, the Group obtained new bank loans amounting to RMB2,149,440,000 (six months ended 30 June 2024: RMB3,503,808,000). The loans carry interest ranging from 1.05% to 4.62% per annum.

(a) Assets pledged as security for bank borrowings

At 30 June 2025, the secured bank borrowings of RMB274,301,000 (31 December 2024: RMB425,424,000) were secured by the following assets of the Group:

	At 30 June 2025 *RMB'000* (unaudited)	At 31 December 2024 *RMB'000* (audited)
Pledged by shares of an associate *(note 8)*	**114,954**	93,605
Pledged by bank deposits *(note 11)*	**–**	256,012
Wealth management products	**250,941**	151,712
	365,895	501,329

12. Bank Borrowings (Continued)

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

	At 30 June 2025 ***RMB'000*** **(unaudited)**	At 31 December 2024 *RMB'000* (audited)
Within 1 year or on demand	**2,807,225**	2,352,495
Over 1 year but within 2 years	**100,000**	81,876
	2,907,225	2,434,371

(c) Several banking facilities and borrowings of the Group are subject to the fulfilment of covenants relating to certain of the Group's subsidiaries' statement of financial position ratio. If the Group was to breach the covenants the drawn down facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants. The Group has complied with the relevant covenants at each test date on or before the end of the reporting period and classified the related bank loans balance as non-current in accordance with the repayment schedules of the bank borrowings.

13. Trade and Other Payables

	At 30 June 2025 ***RMB'000*** **(unaudited)**	At 31 December 2024 *RMB'000* (audited)
Trade payables		
– third parties	**4,642,451**	4,567,346
– related parties	**29,885**	18,180
Bills payable		
– third parties	**1,675,674**	1,668,450
Trade and bills payables	**6,348,010**	6,253,976
Accrued payroll	**101,480**	111,513
Other payables and accruals	**259,821**	197,275
	6,709,311	6,562,764

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

13. Trade and Other Payables (Continued)

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

	At 30 June 2025 *RMB'000* **(unaudited)**	At 31 December 2024 *RMB'000* (audited)
Within 3 months	**5,195,089**	5,092,169
Over 3 months but within 6 months	**731,158**	583,894
Over 6 months but within 1 year	**2,185**	331
Over 1 year	**3,204**	4,780
	5,931,636	5,681,174

As at 30 June 2025, the accrued trade payables which represented the amounts with no invoice received by the end of the reporting period, amounted to RMB416,374,000(31 December 2024: RMB572,802,000).

14. Share Capital

	Number of Shares *'000*	**Amount** *HK$'000*
Authorised:		
Ordinary shares of HK$0.01 each	50,000,000	500,000

	Number of shares *'000*	**Nominal value of ordinary shares** *HK$'000*	*RMB'000*
Issued and fully paid:			
At 1 January 2024 (audited), 30 June 2024 (unaudited) and 1 January 2025 (audited)	1,184,538	11,844	9,486
At 30 June 2025 (unaudited)	1,189,531	11,895	9,532

15. Share-Based Payment

(a) Share-based payment on 5 June 2024

On 5 June 2024, the Company granted share options to 506 eligible participants to subscribe for a total of 10,280,000 ordinary shares in accordance with the terms and conditions of the post-IPO share option scheme adopted by the Company on 13 November 2014.

The number and weighted average exercise prices of share options are as follows:

	Six months ended 30 June 2025	
	Weighted average exercise price	**Number of options**
	HKD	
Outstanding at the beginning of the period	**3,518**	**10,121,000**
Granted during the period	**–**	**–**
Exercised during the period	**3.518**	**(4,993,000)**
Forfeited during the period	**3.518**	**(150,500)**
Outstanding at the end of the period	**3.518**	**4,977,500**

The closing price of the Company's shares immediately before the date on which the options were exercised was HKD7.43.

The options outstanding at 30 June 2025 had an exercise price of HKD3.518 per share and a weighted average remaining contractual life of 1 year and 6 months.

15. Share-Based Payment (Continued)

(b) Share-based payment on 27 June 2025

On 27 June 2025, the Company granted share options to 700 eligible participants to subscribe for a total of 14,688,000 ordinary shares in accordance with the terms and conditions of the share scheme adopted by the Company on 28 June 2024. Each option gives the holder the right to subscribe for one ordinary share of the Company, subject to certain performance conditions as disclosed in relevant announcement of the Company. The exercise price is HKD8.23 per share, being the closing price for the date of grant. No options were exercised during the six months ended 30 June 2025.

The terms and conditions of the grants are as follow:

	Number of share options	**Vesting period**	**Contractual life of options**
Granted to managements:			
– on 27 June 2025	1,855,500	9 months from date of grant to 31 March 2026	1 year and 6 months
– on 27 June 2025	1,855,500	1 year and 9 months from date of grant to 31 March 2027	2 years and 6 months
Granted to employees:			
– on 27 June 2025	5,488,500	9 months from date of grant to 31 March 2026	1 year and 6 months
– on 27 June 2025	5,488,500	1 year and 9 months from date of grant to 31 March 2027	2 years and 6 months
Total	14,688,000		

The number of the options to be exercised after each vesting period is subject to a performance guarantee mechanism with reference to audited profit before taxation after excluding the share of profits/(losses) of associates and government grants of the Group for the respective financial year as disclosed in relevant announcement of the Company.

The number and weighted average exercise prices of share options are as follows:

	Six months ended 30 June 2025	
	Weighted average exercise price ***HKD***	**Number of options**
Outstanding at the beginning of the period	**–**	**–**
Granted during the period	**8.23**	**14,688,000**
Forfeited during the period	**–**	**–**
Outstanding at the end of the period	**8.23**	**14,688,000**

The options outstanding at 30 June 2025 had an exercise price of HKD8.23 per share and a weighted average remaining contractual life of 2 years.

15. Share-Based Payment (Continued)

(b) Share-based payment on 27 June 2025 (Continued)

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options is measured based on a binomial option pricing model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the model.

Fair value of share options and assumptions		
Vesting date	01/04/2026	01/04/2027
Maturity date	31/12/2026	31/12/2027
Fair value of share options granted to managements at measurement date	HKD2.374	HKD2.981
Fair value of share options granted to employees at measurement date	HKD2.360	HKD2.968
Share price	HKD8.23	HKD8.23
Exercise Price	HKD8.23	HKD8.23
Expected volatility	58.83%	57.38%
Risk-free interest rate	1.72%	1.86%
Expected dividends	0.00%	0.00%

The expected volatilities are referenced to the historical share price volatilities of the Company. Expected dividends are estimated based on the Company's dividend plan. Changes in the subjective input assumptions could materially affect the fair value estimate.

16. Events after the Reporting Period

The disposal of 51% equity interest in a subsidiary Q Tech India

On 15 July 2025, the Group has entered into a binding term sheet (the "**Binding Term Sheet**") with Dixon Technologies (India) Limited ("**Dixon**"), pursuant to which Dixon has conditionally agreed to acquire an aggregate of 51% paid-up share capital of Q Tech India (the "**Proposed Transaction**"). The consideration for the Proposed Transaction is initially agreed to be INR5,530,000,000 (equivalent to approximately RMB461.29 million). Upon completion of the Proposed Transaction, the Group will retain 49% equity interest in Q Tech India, which will cease to be consolidated as a subsidiary of the Company.

The Directors believe the Proposed Transaction could help establish an equity partnership with Dixon in Q Tech India which will facilitate Q Tech India's rapid growth and swift capture of a larger market share in India, ultimately benefiting Q Tech India and the Group in further improving their operational performance. In light of the foregoing, the Board considers the terms of the Binding Term Sheet to be normal commercial terms and the transactions contemplated under the Binding Term Sheet is fair and reasonable and in the interests of the Company and its shareholders as a whole.

As of the date of this announcement, the company is still negotiating further details with Dixon and the relevant transaction has not yet been completed.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Looking back to the Period, opportunities and challenges coexisted. On one hand, volatile global macro political and economic landscape posed varying degrees of challenges across industries; on the other hand, intelligent vision products are increasingly recognized as the core gateway for information interaction in the artificial intelligence (AI) era, with continuously expanding applications and steady product specification upgrades that created favorable growth opportunities for the Group. In terms of the global macro political and economic landscape, on one hand, intensified military conflicts among Middle Eastern countries, overlapping with the ongoing Russia-Ukraine military conflict, resulted in continuous escalation of global geopolitical conflicts and further intensification of ideological divisions, sharpening challenges to global political and economic cooperation; on the other hand, the U.S.-led tariff hikes significantly increased uncertainty in global economic development. Pending tariff negotiations among major countries and economic entities continued to weigh on investment, consumption, and employment, while the U.S. Federal Reserve paused its interest rate cut, leaving monetary policy outlooks unclear. According to the World Economic Situation and Prospects 2025: Mid-Year Update by the United Nations in May 2025, global economic growth is currently projected to slow from 2.9% in 2024 to 2.4% in 2025, revised down by 0.4 percentage points from the January 2025 forecast. The US and China are expected to see economic growth rates of 1.6% and 4.6%, respectively, in 2025. According to preliminary data released by the US Bureau of Economic Analysis on 30 July 2025, the US Gross Domestic Product (GDP) grew at a rate of approximately 3% in the second quarter of 2025, compared to a decline of 0.5% in real GDP growth in the first quarter. Although the international situation continues to change and external pressure is increasing, the growth of domestic demand, especially consumer spending, has enabled China's economy to maintain its sound growth. According to data published by China's National Bureau of Statistics on 15 July 2025, China's GDP growth rate in the first half of 2025 was 5.3%, up 0.3 percentage points compared to the Corresponding Period. Despite the complex and evolving global macro political and economic landscape posing challenges across industries, AI advancements continued to steadily propel the world into a new AI era. Intelligent vision products, as core gateway for information collection and interaction, gained broader adoption in smart terminals such as smartphones, IoT, smart vehicles, and embodied robots with continuous upgrades in functionality and performance, laying a solid foundation for the Group's business growth.

In terms of smartphones: according to publicly available information, preliminary data from a report published by International Data Corporation ("**IDC**"), an independent third-party research institution, in July 2025 shows that global smartphone shipments in the second quarter of 2025 increased by 1.0% year-on-year to 295.2 million units. Despite persistent political conflicts, war impacts, and tariff complexities, the smartphone market still achieved 1% growth, a key signal indicating that the market demand for smartphones has a solid foundation and is highly resilient. The new models launched intensively in the second quarter featured innovative design and deep AI integration, driving the market to achieve eight consecutive quarters of growth, an achievement unprecedented since 2013. The latest report by Counterpoint Research, another independent third-party research institution, also shows that in the second quarter of 2025, global smartphone shipments achieved positive growth for the second consecutive quarter, representing a 2% year-on-year growth. The improvement in both global smartphone sales volume and product specifications provided favourable opportunities for increases in sales volume and upgrades in product specifications of camera modules and fingerprint recognition modules applied to smartphones.

In terms of IoT intelligent terminals: improving macroeconomic conditions combined with product technological advancements and enhanced application content have driven significant improvement in IoT intelligent terminal sales. In 2024, the "low-altitude economy" was first written into China's Government Work Report and designated as a strategic emerging industry by the Central Economic Work Conference. Low-altitude equipment represented by drones laid the foundation for the scale of the low-altitude economy, resulting in the rapid growth of the drone industry in the first half of 2025. In the meanwhile, according to public information, products such as action cameras remained popular in June this year. Driven by both national subsidies and platform discounts, the cumulative transaction amount of digital camera products increased by over 80% year-on-year, among which action cameras saw a 112% increase year-on-year in transaction. Furthermore, sales volume of AI smart glasses (including augmented reality (AR) glasses) increased significantly for the Period compared to the Corresponding Period, while sales volume and sale value of drones, action cameras, and robotic vacuum cleaners also grew steadily compared to the Corresponding Period. Therefore, sales volume of camera modules applied to the aforementioned IoT intelligent terminals also showed steady growth.

In terms of smart vehicles: according to data released by the China Association of Automobile Manufacturers on 10 July 2025, China's cumulative automobile sales in the first half of 2025 were 15.653 million units, representing an increase of 11.4% year-on-year, of which cumulative sales of new energy vehicles were 6.937 million units, representing an increase of 40.3% year-on-year. Sales of new energy vehicles reached 44.3% of total new vehicle sales, with the automotive industry continuing to release vitality. Meanwhile, smart driving equality continues to deepen. According to the Automotive Intelligent Connected Insight Report April 2025 jointly released in June 2025 by China Passenger Car Association ("**CPCA**") and Kerui Zhuoxin (Beijing) Consulting Co., Ltd., from January to April 2025, the installation rate of L2+ assisted driving functions in new energy passenger vehicles reached 77.8%, with the installation rate in the market segment of RMB160,000 and below further increasing. As technology matures and costs decline, assisted driving functions will accelerate penetration into lower-priced markets. The rapid growth in sales volume of new energy vehicles, steady increase in the penetration rate of intelligent driving solutions, and continuous improvement in both the quantity and specification configurations of camera modules per vehicle all provide a solid foundation for the development of intelligent driving devices such as automotive camera modules and LiDAR.

During the Period, under a stable macroeconomic environment and a gradually recovering industry landscape, the management and all employees of the Group adhered to the unchanging vision of "illuminating things", continuing to advance large-scale intelligent manufacturing, research and development (the "**R&D**") of new technologies, and vertical chain integration, and steadfastly pursued its platform strategy, device strategy, and system integration strategy. Efforts were directed toward enhancing the comprehensive capabilities in optical design, structural design, self-developed equipment, and algorithm integration for camera modules. The Group consistently prioritized technological leadership, quality excellence, and cost efficiency as key competitive advantages to provide excellent services to customers and stand out in an increasingly competitive market. On the one hand, the Group remained committed to a product mix upgrade strategy of focusing on mid-to-high end camera modules, and has prioritized the market expansion of the mid-to-high end camera module products for smartphones with resolutions of 32 megapixels and above. During the Period, the sales volume of such products accounted for approximately 53.4% of total sales volume of mobile phone camera module, representing an increase of approximately 5.5 percentage points compared to approximately 47.9% in the Corresponding Period; meanwhile, the Group strengthened its efforts to expand its camera module business applied to the non-handset fields such as automotive and IoT. By the end of the Period, on one hand, the Group had established partnerships with 7 globally leading smart driving solution providers (Tier 1 suppliers), obtained supplier certifications from 37 globally leading automotive and/or new energy vehicle brands, and gradually initiated business collaborations; on the other hand, the Group has also become a core camera module supplier for the world's leading consumer drone and action camera brands. As a result, the sales volume of camera modules applied to the non-handset fields such as automotive and IoT increased by approximately 47.9% compared to that of the Corresponding Period, with the proportion of total camera module sales increasing from approximately 2.5% in the Corresponding Period to approximately 4.2%, providing a second growth driver for the rapid growth of the Group's camera module business. The significant improvement in product mix drove the Group's camera module average selling price to steadily increase from approximately RMB32.59 in the Corresponding Period to approximately RMB41.45, representing an increase of approximately 27.2%. The increase in the proportion of high-end products helped the Group expand revenue scale, improve capacity utilisation rate, and further enhance added value.

While actively promoting the camera module business, the Group also remained committed to the development of its fingerprint recognition module business. During the Period, the Group focused on increasing the market share of its fingerprint recognition module business and optimizing the product mix for fingerprint recognition modules. On one hand, sales volume of fingerprint recognition modules reached approximately 94.357 million units, representing an increase of approximately 59.7% compared to that of the Corresponding Period, establishing the Group as a leader in the global fingerprint recognition module segment in terms of sales scale; on the other hand, sales volume of ultrasonic fingerprint recognition modules that have a higher average unit price reached approximately 13.638 million units, representing an increase of approximately 33.62 times compared to the Corresponding Period and approximately 68.4% sequentially compared to the second half of 2024, establishing the Group as a product technology leader in the fingerprint recognition module segment. The growth in sales volume and improvement in product specifications jointly drove favourable development of the fingerprint recognition module business of the Group, with sales revenue increasing approximately 109.3% compared to the Corresponding Period and capacity utilisation rate also significantly improving compared to the Corresponding Period, further enhancing product added value.

Supported by both scale expansion and product mix optimisation, the Group's gross profit during the Period achieved significant growth, reaching approximately RMB654,051,000 (Corresponding Period: approximately RMB400,099,000), representing an increase of approximately 63.5% year-on-year; Gross profit margin was approximately 7.4% (Corresponding Period: approximately 5.2%), representing an increase of approximately 2.2 percentage points year-on-year. The year-on-year increase in gross profit margin was mainly attributable to the following: (i) during the Period, global smartphone sales remained stable, but specifications of camera modules applied to smartphones continued to improve. The Group remained committed to its strategy of focusing on mid-to-high-end camera modules and accelerating development of camera module business applied to the automotive and IoT fields, resulting in continued increase in mid-to-high-end product sales proportion, with sales volume of camera modules applied to automotive and IoT growing approximately 47.9% year-on-year, thereby enabling the Group's revenue for the Period to grow steadily compared to the Corresponding Period. Meanwhile, the increase in proportion of high-end products improved the Group's capacity utilisation rate and product added value, further improving its gross profit margin; and (ii) during the Period, sales volume of the Group's fingerprint recognition module products increased by approximately 59.7% compared to the Corresponding Period, with under-glass optical and ultrasonic fingerprint recognition modules accounting for approximately 66.9%. The dual improvements in scale and specifications resulted in significant growth in the sales revenue of fingerprint recognition module products as well as the enhancement of capacity utilisation rate compared to the Corresponding Period, which in turn helped improve the gross profit margin of fingerprint recognition module products.

During the Period, the Group's profit was approximately RMB308,352,000, representing an increase of approximately 167.6% compared to the Corresponding Period. The profit growth was mainly attributable to (i) the increase in revenue of approximately 15.1% compared to the Corresponding Period; (ii) the increase in gross profit margin of approximately 2.2 percentage points compared to the Corresponding Period; and (iii) the operating results of an associate Newmax Technology turning from loss to profit.

The Group published the Strategic Plan for the Five-Year (2021-2025) Operation and Development of Q Technology (Group) Company Limited (《丘鈦科技(集團)有限公司五年(2021-2025年)經營發展戰略規劃》) (the "**Five-year Strategic Plan**") for the first time in the 2021 interim results announcement of the Company, setting out a development blueprint for the next five years. Now in the fifth year, the Group's strategic plan has been better executed, with results gradually emerging. Notable improvements have been made in market positioning and technological capabilities for mobile phone camera modules, camera modules applied to non-handset fields such as automotive and IoT and fingerprint recognition modules. Meanwhile, the Group has actively advanced its vertical chain integration strategy centered around intelligent vision system products, thereby further enhancing its core competitiveness and ability to deliver quality services to customers. During the Period, the management team led all employees to focus on enhancing the technology of mid-to-high-end mobile phone camera modules, expanding the market presence of camera module products in IoT, strengthening internationalisation, strengthening application of intelligent-to-digital transformation in precision manufacturing, and strengthening vertical chain integration and systematic product capability building. Both product mix and revenue quality improved as a result, with all businesses including mid-to-high-end camera modules applied to smartphones, camera modules applied to IoT intelligent terminals, high-end fingerprint recognition modules, and intelligent equipment production lines centred on automatic optical inspection (AOI) recorded satisfactory business development. Based on this solid foundation, the Group will steadfastly accomplish its strategic objectives, face challenges head-on and mobilize all resources to fulfill the objectives outlined in its Five-year Strategic Plan.

PROSPECTS

Looking ahead, the global macro political and economic landscape remains unpredictable. Amidst such macro uncertainty, the Directors believe that openness, inclusiveness, cooperation, and mutual benefit will continue to be prevailing themes in this new era. The AI era is inevitable, and intelligent vision system products will play a vital role in information interaction in the AI era. Therefore, the Group firmly believes that application scenarios of intelligent vision products will continue to expand, with product specifications across various sectors expected to be upgraded steadily. On one hand, the Group notes signs of easing in tariff disputes. According to public information, the US has successively reached some agreements or consensus on tariff easing with multiple countries and regions including China, Vietnam and the European Union; on the other hand, public reports from major monetary authorities such as the US Federal Reserve and the European Central Bank have indicated room for potential interest rate cuts, and furthermore, the IMF released an update to its "World Economic Outlook" report on 29 July 2025, expecting the world economy to grow by 3% in 2025 and 3.1% in 2026, respectively, up 0.2 and 0.1 percentage points from the forecast in April this year, and the IMF also significantly revised up China's economic growth rate for this year by 0.8 percentage points to 4.8%, which may support the global economy in maintaining resilience. Meanwhile, data released by China's National Bureau of Statistics on 15 July 2025 shows China's GDP growth reached approximately 5.3% during the Period, exceeding the approximately 5% economic growth target announced by China's National Bureau of Statistics on 17 January 2025, and it is believed that in the second half of the year, there is clear support for China's economic growth, which is expected to maintain a stable and progressive momentum. Economic growth resilience and vitality help boost investment confidence across industries and consumption confidence globally, which is favourable for driving demand for consumer products such as smartphones, smart vehicles and IoT terminals, and in turn, driving demand for intelligent vision system products and fingerprint recognition module products. Leading companies in these product segments are expected to benefit from such growth opportunities.

In terms of smartphones, a report released by the third-party research institute IDC in June 2025 indicates that global smartphone shipments in 2025 are expected to grow 0.6% year-on-year to 1.24 billion units. Due to weakening consumer spending amid macroeconomic challenges, IDC revised this forecast down from 2.3% in February to 0.6%, with a five-year (2024-2029) compound annual growth rate (CAGR) expected at 1.4%. IDC also projected in its Top Ten Insights into China's Smartphone Market 2025, published in December 2024, that purchasing demand of high-end users will not be directly affected by rising prices. It expects the market share of phones priced over US$600 in China's smartphone market will reach 30.9% in 2025, representing an increase of 2.1 percentage points year-on-year; meanwhile, IDC expects China's next-generation AI phone shipments reach 118 million units in 2025, representing an increase of 59.8% year-on-year, accounting for 40.7% of the overall market; IDC also expects China's foldable phone shipments in 2025 to be around 10 million units, representing an increase of 8.3% year-on-year, with a four-year CAGR of 10.6% through 2028. Another third-party research institute Canalys (now merged into Omedia) also projects 2025 global smartphone shipments to reach 1.22 billion units, representing an increase of 0.1% year-on-year. The waning upgrade demand in the low-end price segment, geopolitical uncertainties, and the shifting policies of local governments may pose challenges for market growth, with the market expected to grow modestly at a CAGR of 1% from 2025 to 2029. Meanwhile, Canalys believes demand in the high-end phone market maintains resilient, with global shipments of smartphones priced above US$600 increasing by 12% year-on-year in the first quarter of 2025. The continued investment in high-end models by manufacturers and the advancement of AI smartphones are expected to further boost growth in the high-end market. The smartphone market has shifted from volume-based competition to innovation-driven competition in existing market base, and the configuration and innovation of intelligent vision products are one of the highlights and key focuses in this context.

In terms of IoT intelligent terminals, IDC's Global Augmented and Virtual Reality Spending Guide report published in May 2025 predicts that total investment in global augmented and virtual reality (AR/VR) reached US$15.22 billion in 2024 and is expected to increase to US$39.70 billion by 2029, representing a five-year CAGR of 21.1%. China is expected to emerge as one of the world's most important AR/VR markets. IDC predicts China's AR/VR market will maintain an exponential growth at CAGR of 41.1% from 2024 to 2029, the highest globally. According to data from independent third-party market research institute Valuates Report, the global aerial drone market size in 2023 was approximately US$7.1 billion and is expected to reach US$12.2 billion by 2030. According to a report published by independent third-party research institute Global Market Insights Inc. in August 2024, drones are increasingly used in agriculture, construction, energy, and logistics for tasks including crop monitoring, site inspection, delivery services, and asset management, with a CAGR expected to exceed 10% from 2024 to 2032, reaching a market size of US$78.5 billion by 2032. According to data from Frost & Sullivan's Global Handheld Smart Imaging Equipment Market Development White Paper, the global action camera market size in 2023 was RMB31.44 billion and is expected to reach RMB51.35 billion by 2027, with a CAGR of 13.0%; the global panoramic camera market size in 2023 was RMB5.03 billion and is expected to reach RMB7.85 billion by 2027, with a CAGR of 11.8%. According to data released by IDC in June 2025, global smart glasses market shipments are expected to reach 14.518 million units in 2025, representing an increase of 42.5% year-on-year; China's smart glasses market shipments are expected to reach 2.907 million units in 2025, representing an increase of 121.1% year-on-year. AR/VR device shipments are expected to reach 742,000 units, representing an increase of 38.1% year-on-year. Perception and recognition intelligence are critical parts of information interaction in IoT intelligent terminals, with machine vision being the most important aspect of perception and recognition intelligence. Camera modules, as the most significant and mature implementation method of machine vision, are likely to see significant growth prospects as AI technology continues to integrate into social and economic life. The increasing variety of IoT intelligent terminals is expected to bring more advanced demands for camera modules in terms of quantity, functionality, performance and size. This will contribute to the growth in the scale, enhancement of specifications, and increase in added value of camera modules. Additionally, LiDAR applied to IoT intelligent terminals such as drones and embodied robots will also present significant market potential. The integration of IoT and AI is rapidly evolving, shaping a grand vision for an intelligent future.

In terms of passenger vehicles, according to forecast data released by CPCA in January 2025, under the assumption that 2024 policies remain largely unchanged, domestic vehicle retail volume is expected to reach 23.4 million units in 2025, representing an increase of 2%, with new energy passenger vehicle retail volume reaching 13.3 million units, representing an increase of 20% and a penetration rate of 57%. Meanwhile, a report released by independent third-party research institute Canalys in April 2025 shows that the penetration rate of L2+ function is expected to reach 62% in China's market in 2025, a significant improvement from 2024, with highway navigation on autopilot (NOA) and urban NOA reaching 10.8% and 9.9%, respectively. The rising Urban NOA penetration is driving growth in the LiDAR industry. A report by independent third-party research institute Yole Group in April 2025 predicts that driven by China's leading carmakers, global LiDAR delivery volume will exceed 3 million units in 2025. The steady growth in new energy vehicle sales volume and the rapid rise in autonomous driving penetration provide significant opportunities for the development of automotive camera modules, LiDAR systems, and other intelligent driving components. Information released by various Tier 1 suppliers and automotive brands indicates that the quantity and specifications of automotive camera modules and LiDAR sensors they plan to adopt continue to grow and improve. This will not only drive the volume growth of automotive camera modules but also promote upgrades in product specifications. The Group's technological expertise and production capacity in chip on board (COB) packaging processes are well-positioned to meet the higher functional and performance requirements for automotive camera module specifications. The Group has already established cooperative relationships with numerous Tier 1 suppliers and automotive brands in the segment of automotive camera modules and has gradually expanded its collaborations with these partners in areas such as LiDAR and domain controllers. These developments are expected to create more market opportunities for the Group in this rapidly growing business sector.

At the same time, with the rapid development of foldable smartphones, screens are evolving towards higher resolutions and lower power consumption. Meanwhile, smartphone brands are eager to equip their mobile phones with additional functions, such as health monitoring. Given these trends, the advantages of ultrasonic technology in terms of physical properties and functional expansion have become increasingly evident. As a result, ultrasonic technology is being widely adopted as a new product category. According to data from reports by independent third-party research institutes such as Intelligence Research Group and QYResearch, in recent years, the domestic ultrasonic fingerprint recognition module industry has achieved rapid penetration of ultrasonic fingerprint recognition module products from high-end markets to mass-market segments through breakthroughs in core technology and significant manufacturing cost reductions. Under the dual driving force of cost reduction and performance enhancements, application scenarios of ultrasonic fingerprint recognition modules have expanded rapidly. Global ultrasonic fingerprint recognition module market sales are expected to reach RMB31.84 billion in 2031, with a CAGR of 14.9% from 2025 to 2031. The Group's extensive channel network and excellent service capabilities in the ultrasonic fingerprint recognition module business position it well to capture more opportunities in this fast-growing market.

In summary, the Directors believe that the intelligent vision industry will face both opportunities and challenges in the future. In the long term, the steady growth of smartphones, the rapid growth of smart driving, the flourishing diversity of IoT intelligent terminals, and the accelerating adoption of artificial intelligence (AI) glasses by consumers will impose increasingly higher demands on intelligent vision products. The development potential of intelligent vision products is vast. Meanwhile, the optical design, structural design, and integration of key components and algorithms in camera modules will become more critical and complex. Intelligent vision product manufacturers capable of providing comprehensive solutions that are both technologically advanced and cost-competitive are more likely to meet the evolving demands of the era and stand out in the intense competition. To this end, the Group will focus on building leading technological capabilities, superior quality, and leading cost capability. It will continue to advance large-scale intelligent manufacturing, R&D of new technologies, and vertical chain integration and steadfastly pursue its platform strategy, device strategy, and system integration strategy, adhering to a customer-centric service approach, so as to provide high-quality, premium products and responsive services to its customers. It will also continue to focus on the expansion of its camera module business for smartphones with resolutions of 32 megapixels and above, as well as camera modules applied to smart cars, IoT intelligent terminals and other areas. Additionally, the Group will accelerate the development of intelligent vision product solutions for innovative segments such as AI glasses and embodied robots, while expediting vertical chain integration efforts. Based on business development during the Period and outlook for the second half of the year, the Directors revise two of the business development goals ("**Business Development Goals**") proposed in the Company's 2024 annual results announcement published on 17 March 2025 to: (i) a year-on-year increase of not less than 60% in the sales volume of camera modules applied to the non-handset fields such as automotive and IoT (original Business Development Target: increase of not less than 40%); (ii) a year-on-year increase of not less than 30% in the sales volume of fingerprint recognition modules (original Business Development Target: increase of not less than 20%), with other Business Development Targets remaining unchanged. Considering the market conditions and the Group's actual development and comprehensive capabilities, the Directors remain confident in guiding the Group to navigate challenges and achieve commendable progress in the second half of the year. We are committed to realizing the goals in the Five-year Strategic Plan proposed in 2021 by the end of the year, adhering to upholding the Group's vision of "illuminating things" and striving to create greater value for the Company's shareholders ("**Shareholders**").

FINANCIAL REVIEW

Revenue

During the Period, the revenue of the Group amounted to approximately RMB8,831,512,000, representing a year-on-year increase of approximately 15.1% as compared with approximately RMB7,675,142,000 in the Corresponding Period. The year-on-year increase in revenue was mainly attributable to: (i) the year-on-year increase of approximately 47.9% in the sales volume of camera modules applied to non-handset fields such as automotive and IoT during the Period along with the steady increase in the sales proportion of camera modules with resolutions of 32 megapixels and above applied to mobile phones, driving the increase of approximately 27.2% in the comprehensive average unit price of camera module products compared to the Corresponding Period, thereby effectively increasing the revenue of camera module products; and (ii) a year-on-year increase of approximately 59.7% in the sales volume of the fingerprint recognition modules of the Group during the Period.

Cost of sales

During the Period, the cost of sales of the Group amounted to approximately RMB8,177,461,000, representing an increase of approximately 12.4% as compared with approximately RMB7,275,043,000 in the Corresponding Period. The year-on-year increase in cost of sales was mainly attributable to the growth in sales revenue, which results in an increase in material costs, labour costs and other costs.

Gross profit and gross profit margin

During the Period, the gross profit of the Group amounted to approximately RMB654,051,000 (Corresponding Period: approximately RMB400,099,000), representing a year-on-year increase of approximately 63.5%; while the gross profit margin was approximately 7.4% (Corresponding Period: approximately 5.2%), representing a year-on-year increase of approximately 2.2 percentage points. The increase in gross profit margin was mainly attributable to the following: (i) during the Period, global smartphone sales remained stable, but specifications of camera modules applied to smartphones continued to improve. The Group remained committed to its strategy of focusing on mid-to-high-end camera modules and accelerating development of camera module business applied to the automotive and IoT fields, resulting in continued increase in mid-to-high-end product sales proportion, with sales volume of camera modules applied to automotive and IoT growing approximately 47.9% year-on-year, thereby enabling the Group's revenue for the Period to grow steadily compared to the Corresponding Period. Meanwhile, the increase in proportion of high-end products improved the Group's capacity utilisation rate and product added value, further improving its gross profit margin; and (ii) during the Period, sales volume of the Group's fingerprint recognition module products increased by approximately 59.7% compared to the Corresponding Period, with under-glass optical and ultrasonic fingerprint recognition modules accounting for approximately 66.9%. The dual improvements in scale and specifications resulted in significant growth in the sales revenue of fingerprint recognition module products as well as the enhancement of capacity utilisation rate compared to the Corresponding Period, which in turn helped improve the gross profit margin of fingerprint recognition module products.

Other income

During the Period, the Group's other income amounted to approximately RMB89,316,000, representing a decrease of approximately 55.5% as compared with approximately RMB200,818,000 in the Corresponding Period. The decrease in other income was mainly attributable to: (i) additional deduction of input value-added tax of approximately RMB11,267,000 during the Period, representing a decrease of approximately RMB26,425,000 compared to approximately RMB37,692,000 in the Corresponding Period; (ii) the decrease in interest income by approximately RMB36,375,000 from approximately RMB75,936,000 in the Corresponding Period to approximately RMB39,561,000 in the Period due to the decline in interest rates; and (iii) during the Period, the Group recorded a net fair value change on financial instruments at FVTPL of approximately RMB21,372,000, representing a decrease of approximately RMB52,500,000 compared with that of approximately RMB73,872,000 in the Corresponding Period.

Selling and distribution expenses

During the Period, selling and distribution expenses of the Group amounted to approximately RMB12,804,000, representing an increase of approximately 16.6% as compared with approximately RMB10,984,000 in the Corresponding Period. The ratio of selling and distribution expenses to revenue was approximately 0.1% (Corresponding Period: approximately 0.1%). The year-on-year increase in selling and distribution expenses was mainly attributable to: the increase in business travel and communication activities with customers during the Period as the Group expanded its markets and increased sales.

Administrative and other operating expenses

During the Period, the total administrative and other operating expenses of the Group amounted to approximately RMB81,839,000, representing a decrease of approximately 0.8% as compared with approximately RMB82,493,000 in the Corresponding Period.

R&D expenses

During the Period, the total R&D expenses of the Group amounted to approximately RMB279,103,000, representing a decrease of approximately 2.5% as compared with approximately RMB286,142,000 in the Corresponding Period. The year-on-year decrease in R&D expenses was mainly attributable to: the decrease in direct material inputs as a result of the enhanced management of R&D material requisition of the Group during the Period.

Finance costs

During the Period, the finance costs of the Group were approximately RMB55,600,000, representing a decrease of approximately 31.2% as compared with approximately RMB80,872,000 in the Corresponding Period. The year-on-year decrease in finance costs was mainly attributable to: (i) a decrease in benchmark interest rates for both RMB and USD during the Period, which reduced the interest expenses on the Group's RMB and USD borrowings; and (ii) a significant reduction in the Group's utilisation of bank borrowings for the Period compared to that of the Corresponding Period. As of 30 June 2025, the total balance of bank borrowings of the Group amounted to approximately RMB2,907,225,000, representing a decrease of approximately 29.8% compared to approximately RMB4,139,304,000 as of 30 June 2024.

Share of gain/(loss) of associates

During the Period, the Company recorded a share of gain of associates of approximately RMB48,041,000 (Corresponding Period: share of loss of an associate of approximately RMB14,137,000), mainly because: (i) during the Period, Newmax Technology, an associate of the Company, achieved a turnaround from loss to profit, resulting in the Company recording a share of gain of an associate of approximately RMB50,171,000 from Newmax Technology, while the Company recorded a share of loss of an associate in the Corresponding Period; however, (ii) the Company made a new investment in an associate, poLight ASA ("**poLight**"), during the Period and recorded a share of loss of an associate of approximately RMB2,130,000 from poLight, while no share of loss of an associate from poLight was recorded in the Corresponding Period.

Income tax expenses

During the Period, the income tax expenses of the Group amounted to approximately RMB54,168,000, representing an increase of approximately 418.3% as compared with approximately RMB10,452,000 in the Corresponding Period. The significant increase in income tax expenses was mainly attributable to: (i) an increase of approximately 167.6% in profit for the Period as compared to the Corresponding Period; and (ii) the reversal of deferred tax resulting from temporary differences for the Period amounted to approximately RMB26,282,000, representing an increase of approximately RMB17,739,000 as compared to approximately RMB8,543,000 for the Corresponding Period.

Profit for the Period

Based on the foregoing, the profit of the Group for the Period amounted to approximately RMB308,352,000 (Corresponding Period: approximately RMB115,232,000), representing an increase of approximately 167.6%. The year-on-year increase in profit was mainly attributable to: (i) an increase in revenue of approximately 15.1% compared to the Corresponding Period; (ii) an increase in gross profit margin of approximately 2.2 percentage points compared to the Corresponding Period; and (iii) a turnaround from loss to profit during the Period by Newmax Technology, an associate in which the Group invested, with the Group recording a share of gain of associates of approximately RMB48,041,000.

LIQUIDITY AND FINANCIAL RESOURCES

Bank borrowings

As at 30 June 2025, the bank borrowings of the Group amounted to approximately RMB2,907,225,000, representing a decrease of approximately 29.8% from approximately RMB4,139,304,000 as at 30 June 2024 and an increase of approximately 19.4% from approximately RMB2,434,371,000 as at 31 December 2024. Among the bank borrowings as at 30 June 2025, short-term borrowings repayable within one year or on demand amounted to approximately RMB2,807,225,000, while long-term borrowings amounted to approximately RMB100,000,000.

As at 30 June 2025, the Group's bank borrowings were mainly denominated in RMB and/or USD.

The following is an overview of the Group's cash flow during the Period and in the Corresponding Period:

	For the six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
Net cash generated from operating activities	**1,147,028**	691,268
Net cash used in investing activities	**(1,460,476)**	(1,589,624)
Net cash generated from/(used in) financing activities	**576,804**	(286,416)

As of 30 June 2025, the cash and cash equivalents of the Group amounted to approximately RMB1,713,204,000, representing an increase of approximately RMB3,174,000 from approximately RMB1,710,030,000 as at 30 June 2024, and an increase of approximately RMB265,733,000 from approximately RMB1,447,471,000 as at 31 December 2024. The change in cash and cash equivalents was mainly attributable to an increase in the balance of bank borrowings as at 30 June 2025 as compared to 31 December 2024, and an increase in the balance of demand funds to meet the Company's operating requirements.

Operating activities

During the Period, the Group recorded a net cash inflow of approximately RMB1,147,028,000 in operating activities, while there was a net cash inflow of approximately RMB691,268,000 in the Corresponding Period, which was mainly attributable to the increase in both the Group's revenue and gross profit margin during the Period as compared to the Corresponding Period.

Investing activities

During the Period, the Group recorded net cash used in investing activities of approximately RMB1,460,476,000, while recording net cash used in investing activities of approximately RMB1,589,624,000 for the Corresponding Period. The net cash used in investing activities of the Group mainly comprised: (i) the net cash for the purchase of wealth management products and other financial assets of approximately RMB1,152,681,000; and (ii) the payment of amounts due for acquisition of fixed assets such as equipment of approximately RMB336,513,000.

Financing activities

During the Period, the Group recorded net cash generated from the financing activities of approximately RMB576,804,000 (Corresponding Period: net cash used of approximately RMB286,416,000), which was mainly attributable to: (i) the excess of proceeds from bank borrowings over the repayment of bank borrowings of approximately RMB478,331,000; and (ii) the recovery of pledged bank deposits of approximately RMB256,012,000 upon maturity.

Gearing ratio

The gearing ratio of the Group as at 30 June 2025, as defined by the total balance of bank borrowings and lease liabilities divided by total equity at the end of the Period, was approximately 54.7%, representing an increase of approximately 6.7 percentage points from approximately 48.0% as at 31 December 2024, which was mainly attributable to an increase of approximately 19.4% in the balance of bank borrowings as of the end of the Period compared to that as of 31 December 2024.

Debt to Asset ratio

As at 30 June 2025, the Group's debt to asset ratio (defined as total liabilities divided by total assets at the end of the Period) was approximately 65.1%, representing an increase of approximately 0.3 percentage points from approximately 64.8% as at 31 December 2024, and the debt to asset ratio remained stable.

TREASURY POLICIES

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

The Board, the Risk Management Committee and the staff at the relevant positions of the Company maintain ongoing monitoring and conduct risk assessments of the wealth management products purchased by the Group from time to time for treasury management purpose in the ordinary course of business. Meanwhile, the Company also pays close attention to the Group's liquidity and the position of its assets and liabilities to ensure sufficient working capital and maintain a reasonable level of its debt to asset ratio.

MATERIAL ACQUISITION AND DISPOSAL

On 18 December 2024, the Company entered into a share subscription agreement with Newmax Technology, an associate of the Company, to conditionally subscribe for 20,000,000 ordinary shares to be issued by Newmax Technology (the "**Newmax Private Placement**"). The Newmax Private Placement was completed on 3 March 2025, and a total of 20,000,000 ordinary shares of Newmax Technology were allotted and issued to the Company at the price of TWD22.16 per share, representing approximately 9.8% of the total number of issued ordinary shares of Newmax Technology as enlarged upon completion of the Newmax Private Placement. The total consideration for the Newmax Private Placement was TWD443,200,000 (equivalent to approximately RMB96,413,000, translated at the exchange rate of acquisition date). Upon completion of the Newmax Private Placement, the Group held in aggregate approximately 41.8% of the total number of issued ordinary shares of Newmax Technology. For details, please refer to the announcements of the Company dated 18 December 2024 and 3 March 2025.

On 15 April 2025, the Company entered into an investment agreement with poLight (stock code: PLT), a Norwegian company listed on the Oslo Stock Exchange, pursuant to which poLight conditionally agreed to issue, and the Company conditionally agreed to subscribe for 63,743,112 ordinary shares intended to be issued by poLight at a price of NOK2.69 per share, at a total consideration of NOK171,469,000 (equivalent to approximately RMB120,852,000, translated at the exchange rate of acquisition date) (the "**poLight Private Placement**"). On 4 June 2025, the poLight Private Placement was completed, and a total of 63,743,112 ordinary shares of poLight were issued to the Company, representing approximately 32.97% of the total issued shares of poLight as enlarged upon completion of the poLight Private Placement. For details, please refer to the announcement of the Company dated 5 June 2025.

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

SIGNIFICANT INVESTMENT

The Group did not hold any significant investment for the six months ended 30 June 2025.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 30 June 2025, the Board has not approved any plans for other significant investments or acquisitions of capital assets.

PLEDGE OF ASSETS

As at 30 June 2025, the assets pledged by the Group included bank deposits, wealth management products and shares of an associate, which amounted to approximately RMB382,655,000 in total, representing a decrease of approximately RMB418,238,000 as compared with approximately RMB800,893,000 as at 31 December 2024. These pledged assets were used as security for bank borrowings and bank guarantees.

EMPLOYEE POLICIES AND REMUNERATION

As at 30 June 2025, the total number of staff of the Group (including contractual staff and non-contractual staff such as interns and staff under labour service agreements) was 10,297 (as at 30 June 2024: 9,396). The Group is committed to providing all staff with a fair working environment. New hires are offered induction training and job specific technical counseling to facilitate a rapid adaptation to their role requirements. Clear job responsibility guidelines are provided to all staff, and the Group continues to offer on-the-job training and other training programs for staff across various positions, enabling them to enhance their skills and knowledge. The Group also endeavors to provide competitive compensation and benefits packages to all staff. During the Period, the remuneration of the staff (including staff under labour service agreements and interns) of the Group was approximately RMB581,548,000 (Corresponding Period: approximately RMB508,881,000). Apart from basic salary, the package also includes performance bonus, medical insurance, share options and provident fund (for staff under labour service agreements and interns, their remunerations are treated according to the laws and regulations of the PRC).

FOREIGN EXCHANGE EXPOSURE

The Group is exposed to currency risk primarily due to certain receivables, payables, cash balances and loans that are denominated in foreign currencies other than RMB arising from operating activities such as bank borrowings, product sales and purchase of raw materials. The Group is also exposed to currency risk from exchange or translation of USD into RMB and USD into INR. During the Period, the sales income of the Group was still mainly settled in RMB, but there was a steady increase in sales income settled in USD and INR. Various raw materials for production and some equipment for production were purchased from overseas and settled in USD. Therefore, any depreciation in the value of RMB and/or INR against the USD, or INR against RMB, would not be favourable to the Group. During the Period, the Chinese economy achieved solid growth, while the USD Index fell from approximately 108.48 at the end of 2024 to approximately 96.81 at the end of the Period, declining as much as approximately 10.8%. However, the central parity rate of RMB against USD remained generally stable, adjusting from 7.1884 at the end of 2024 to 7.1586 at the end of the Period, representing an appreciation of only 0.4%. The Group continues to adopt the principle of exchange rate management neutrality, mainly utilizing financial instruments, such as foreign exchange option contracts and foreign exchange forward contracts, to lock in the exchange rate cost of RMB against USD with reference to rolling business forecasts. During the Period, the Group recorded a net foreign exchange loss of approximately RMB4,896,000 (Corresponding Period: a net foreign exchange gain of approximately RMB39,405,000 in aggregate) from foreign exchange option contracts net fair value changes, foreign exchange forward/swap contracts net fair value changes, and foreign exchange losses. Influenced by various factors such as political, economic, and supply and demand dynamics, the future trends of RMB and/or INR against USD and INR against INR remain highly uncertain. Although the Group's overseas business development continues to make new progress and USD-denominated operating revenue is expected to continue to increase, the Group's business model is difficult to change in the short term. Consequently, the Group's future profit or loss may continue to be affected by exchange rate fluctuations. On one hand, the Group will persist in strengthening its overseas business development efforts to increase USD revenue. On the other hand, the Group will continue to enhance its daily monitoring of exchange rates and appropriately utilize financial instruments to lock in future exchange costs, striving to strengthen the management of foreign exchange risks and mitigate foreign exchange losses. However, the Group also clearly recognises that numerous factors influence exchange rates and the mechanism for determining exchange rates is complex and everchanging, making it challenging to accurately predict exchange rate trends. Therefore, the Group's profit or loss may still be susceptible to the effects of exchange rate fluctuations.

DIVIDEND

The Board resolved to declare an interim dividend for the six months ended 30 June 2025 of HK$15.0 cents (equivalent to approximately RMB13.7 cents) per share to the Shareholders whose names appear on the register of members of the Company on Friday, 10 October 2025 (interim dividend for the six months ended 30 June 2024: Nil). The interim dividend is expected to be paid on or around Friday, 24 October 2025.

CLOSURE OF REGISTER OF MEMBERS

To be qualified for receiving the interim dividend, the register of members of the Company will be closed from 8 October 2025 to 10 October 2025 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on 6 October 2025.

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

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares). As at 30 June 2025, the Company did not hold any treasury shares.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its own code of conduct governing the securities transactions by the Directors. The Company has made specific inquiries with the Directors, and all of them confirmed that they had complied with the required standard set out in the Model Code during the Period.

CORPORATE GOVERNANCE

The Company is committed to the principle of fulfilling its responsibilities to the Shareholders and will enhance Shareholders' returns through good corporate governance.

During the Period, the Company has fully complied with the applicable code provisions as set out in the Corporate Governance Code as contained in Part 2 of Appendix C1 to the Listing Rules.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The Company has established an audit committee (the "**Audit Committee**") in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of Part 2 of Appendix C1 to the Listing Rules. The Audit Committee comprises three members, namely Ms. Hui Hiu Ching (chairlady), Mr. Ko Ping Keung and Mr. Chu Chia-Hsiang, all of whom are independent non-executive Directors of the Company. The Audit Committee has reviewed the unaudited interim results and the interim report of the Company for the Period. The interim financial report is unaudited, but has been reviewed by Deloitte Touche Tohmatsu in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants.

EVENTS AFTER THE REPORTING PERIOD

On 15 July 2025, Kunshan Q Tech Microelectronics (India) Private Limited ("**Q Tech India**"), Kunshan Q Technology International Limited ("**Q Tech International**") and Q Technology (Singapore) Private Limited ("**Q Tech Singapore**"), each an indirect wholly-owned subsidiary of the Company, entered into a binding term sheet (the "**Term Sheet**") with Dixon Technologies (India) Limited ("**Dixon**", whose shares are listed on the Bombay Stock Exchange (ticker: 540699) and the National Stock Exchange of India Limited (ticker: DIXON)). Pursuant to the Term Sheet, Dixon has conditionally agreed to acquire an aggregate of 51% of the paid-up share capital of Q Tech India (the "**Proposed Transaction**") by way of (i) the purchase of existing fully paid-up equity shares of Q Tech India held by Q Tech Singapore and Q Tech International, respectively (the "**Share Purchase**") and (ii) the subscription of new fully paid-up equity shares intended to be issued by Q Tech India (the "**Share Subscription**"), the terms and conditions of which are subject to further negotiation among the parties and will be set out in the transaction documents to be entered into by the parties (the "**Transaction Documents**"). The total consideration for the Proposed Transaction has been preliminarily agreed at INR5,530,000,000 (equivalent to approximately RMB461,290,000), comprising (i) consideration for the Share Purchase of INR4,280,000,000; and (ii) consideration for the Share Subscription of INR1,250,000,000, subject to the final valuation and agreement to be set out in the Transaction Documents. Upon completion of the Proposed Transaction, the Group will retain a 49% equity interest in Q Tech India, and Q Tech India will cease to be consolidated as a subsidiary of the Company. As at the date of this announcement, the Proposed Transaction has not been completed. For details, please refer to the announcements of the Company dated 15 July 2025 and 7 August 2025.

Save as disclosed in the section headed "Business Review" and above, there was no other significant event affecting the Group that occurred after 30 June 2025 and up to the date of this announcement.

INTERIM REPORT

This results announcement is available on the respective websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.qtechsmartvision.com). The 2025 interim report will be despatched to the Shareholders and will be published on the above websites in due course.

APPRECIATION

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

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

Hong Kong, 11 August 2025

As at the date of this announcement, the executive Directors are Mr. He Ningning (chairman), Mr. Hu Sanmu (chief executive officer) and Mr. Fan Fuqiang; and the independent non-executive Directors are Mr. Chu Chia-Hsiang, Mr. Ko Ping Keung and Ms. Hui Hiu Ching.