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Q Tech

Q TECHNOLOGY (GROUP) COMPANY LIMITED

丘鈇科技（集團）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1478)

VOLUNTARY ANNOUNCEMENT POSSIBLE SUBSCRIPTIONS OF CERTAIN WEALTH MANAGEMENT PRODUCTS

This announcement is made by Q Technology (Group) Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

BACKGROUND

The Board announced that in order to further improve the revenue of the idle self-owned funds of the Group and utilize financial resources rationally and more efficiently, Kunshan QT China, an indirect wholly-owned subsidiary of the Company, may subscribe wealth management products from more than one Chinese commercial bank issuers (the “**Proposed Subscriptions**”) taking into account of various factors, including the normal working capital requirements of the Group, capital protection and liquidity, etc.. In order to assist the internal risk control department, the shareholders of the Company and potential investors to understand and evaluate the features and investment risks of these wealth management products, the Group classifies the wealth management products proposed to be subscribed as (i) fixed-term non-principal-guaranteed wealth management products (the “**Class A Products**”); and (ii) non-principal-guaranteed wealth management products with no fixed term (the “**Class B Products**”) (collectively referred to as “**Certain WMP**”).

(i) Class A Products

The Class A Products are fixed-term, non-principal-guaranteed wealth management products with investment terms ranging from 90 to 365 days, with floating return and no guarantee. The expected yield rate of the Class A Products generally ranges from 2.8% to 4.1% per annum, which are non-principal-guaranteed, and the product Risk Level is low to intermediate. The scope of underlying investment of the Class A Products includes but not limited to cash assets, currency market instruments and funds, bond products, asset-backed securities, standardized fixed income assets and non-standardized debt assets, etc. The products can be used as collateral for bank borrowings and/or bank acceptance bills of the issuing bank of the wealth management products and no early redemption can be made after subscriptions.

(ii) Class B Products

The Class B Products are non-principal-guaranteed wealth management products with no fixed term, with floating return and no guarantee. The expected yield rate of the Class B Products generally ranges from 1.8% to 3.4% per annum, which are non-principal-guaranteed, and the product Risk Level is low to intermediate. The scope of underlying investment of the Class B Products includes but not limited to cash assets, currency market instruments and funds, bond products, asset-backed securities, standardized fixed income assets and non-standardized debt assets, etc. After the subscription of the Class B Products, they can be redeemed within designated trading hours of the same day of notification to the commercial bank or the next Trading Day, excluding the day of product subscription.

TREASURY POLICY OF THE GROUP

The treasury policy of the Group was first disclosed in the prospectus of the Company dated 20 November 2014 and amended by the Risk Management Committee on 24 March 2016, the details of which were disclosed on an ongoing basis in the annual reports in 2016-2019. According to the treasury policy of the Group, an investment of wealth management products with a single amount exceeding RMB50,000,000 (excluding RMB50,000,000) is required to be examined and approved by the Risk Management Committee, and the remaining balance of fixed-term non-principal-guaranteed wealth management products shall not exceed an amount equivalent to RMB1 billion. In the event of purchase of the Certain WMP, the Group will submit to the Risk Management Committee for approval in accordance with the treasury policy of the Group depending on the amount of subscription.

REASONS FOR AND BENEFITS OF THE PROPOSED SUBSCRIPTIONS

The Proposed Subscriptions will be monitored by the Group in accordance with the treasury policy and subscribed with the Group's idle self-owned funds, and is conducted on the premises that the Proposed Subscription is expected not to adversely affect the daily working capital requirements, capital protection and liquidity of the Group, nor will it adversely affect the principal business development of the Group.

Taking into account of: (i) the risk exposure and principal protection of the same or similar wealth management products in the past; (ii) the expected yield rate and historical yield rates of the same or similar products; (iii) the term and redemption mechanism; and (iv) whether it can be used as a collateral for bank borrowings and/or bank acceptance bills, the Directors are of the view that the above Proposed Subscription will not adversely affect the daily working capital requirements and the development of principal businesses, and it can provide better return than the deposit interest of general commercial banks, which can effectively increase the yield rate of the idle self-owned funds of the Group. The Proposed Subscriptions will be in line with the treasury policy of the Group and will be in the interests of the Group and the Shareholders as a whole.

In line with the principle of maximizing the interests of the Shareholders and under the premise of complying with the treasury policies of the Group, the Group considers to combine idle funds with capital budgets to subscribe for wealth management products as and when appropriate, and will strive to diversify its investment in different banks and wealth management products in order to reduce concentration risk. The Group will implement sufficient and appropriate internal controls to ensure that the Proposed Subscription will be conducted on normal commercial terms, is fair and reasonable, and is in the interest of the Group and the Shareholders as a whole.

GENERAL

The Group may or may not subscribe Certain WMP. If a proposed subscription of the Class A Products and/or the Class B Products constitutes a notifiable transaction under Chapter 14 of the Listing Rules, further announcement(s) will be made by the Company in compliance with the Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

Unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Director(s)”	the director(s) of the Company
“HK\$”	Hong Kong dollar, the lawful currency of the Hong Kong Special Administrative Region
“Kunshan QT China”	Kunshan Q Technology Limited, an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Risk Level”	overall risk ratings of Certain WMP as stated in certain wealth management product manuals, which are assessed by issuing banks in accordance with their respective internal risk rating standards, instead of the risk ratings made by the Company
“Risk Management Committee”	Risk Management Committee under the Board of the Company
“RMB”	Renminbi, the lawful currency of PRC
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Trading Day(s)”

business day(s) of commercial banks in PRC

“%”

per cent.

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

Hong Kong, 13 July 2020

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