

*Hong Kong Exchange and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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)**

### **INSIDE INFORMATION**

This announcement is made by Q Technology (Group) Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to (i) the section headed “Management Discussion and Analysis – Contingencies” and note 36 “Contingencies” of the notes to the consolidated financial statements of the Company in its annual report for the year ended 31 December 2023; and (ii) the section headed “Management Discussion and Analysis – Contingent Liabilities” and note 23 “Contingencies” of the notes to the condensed consolidated financial statements of the Company in its interim report for the six months ended 30 June 2024. On 30 December 2023, Kunshan Q Tech Microelectronic (India) Private Limited (“**India Q Tech**”), a wholly-owned subsidiary of the Company, received a draft assessment order (the “**DAO**”) from Government of India Ministry of Finance Income Tax Department Office of the Assistant Commissioner of Income Tax (the “**Assessing Office**”) regarding, among others, the treatment of costs and expenses including purchase costs of raw materials and machinery paid by India Q Tech to other member companies of the Group in relation to the computation of the taxable income of India Q Tech for the year ended 31 March 2021. The management of the Company, having considered all relevant facts and circumstances (including the opinion from tax adviser), concluded that India Q Tech had valid grounds to object to the Assessing Office in respect of the DAO. India Q Tech filed its written objections and complaint before the Dispute Resolution Panel of Income Tax Department, New Delhi (“**DRP**”) with a view to resolving the tax dispute regarding the DAO, and the dispute resolution proceedings with the DRP were still in progress as of 30 June 2024.

On 5 November 2024, India Q Tech was notified by the Assessing Office by way of its uploading the final assessment order dated 29 October 2024 (the “**FAO**”) to the digital portal of the relevant Indian tax authorities, regarding the direction of the DRP and the final assessment results. According to the FAO, the DRP had determined that part of the basis of assessment adopted in the DAO was incorrect and directed the Assessing Office to complete the assessment as per its direction. Accordingly, the revised amount of income tax payable by India Q Tech (the “**Income Tax**”) as determined by the Assessing Office was approximately INR1,215,350,000 (equivalent to approximately RMB102,656,000, based on the reference exchange rate on 5 November 2024 of RMB1,000 = INR11,839), based on an operating margin of 15.21% and taking into account other adjustment items, plus the total interest payable (the “**Interest**”) of approximately INR582,992,000 (equivalent to approximately RMB49,243,000, based on the same reference exchange rate as above) (the Income Tax and Interest are collectively referred to as “**Taxes**”). Such Taxes are required to be paid by India Q Tech within 30 days of the date of the FAO. India Q Tech may also present an appeal against the FAO to the Income-tax Appellate Tribunal, Delhi (the “**ITAT**”) within 60 days from the date of the FAO, and during the appeal period, India Q Tech may apply to the relevant tax authorities/ITAT for a stay of demand, with the payment of a security deposit of a specified percentage amount (generally equals to 20% of the Taxes, subject to the amount as confirmed by the relevant tax authorities/ITAT).

After considering the advice from its Indian legal and tax advisers, India Q Tech believes that the tax assessment logic and applicable data used in the FAO are objectionable, and it will continue to vigorously defend its position. On 22 November 2024, India Q Tech filed the grounds of appeal against the FAO to the ITAT, and obtained an acknowledgment of submission on the same day. The Group is also assessing the impact of the relevant event on the financial statements and the need to make a provision for tax liabilities in relation to the above matter in accordance with the applicable accounting standards. Considering the nature of the tax dispute and the financial resources of the Group, it is expected that the FAO will not have a material adverse effect on the existing production and operating activities of the Group.

The board of directors (the “**Board**”) of the Company is currently assessing the impact of the related events on the financial statements of the Group as a whole, as well as the further actions to be taken. The Company will keep its shareholders and potential investors informed of any further material development by way of announcement(s) as and when appropriate.

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

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

Hong Kong, 22 November 2024

*As at the date of this announcement, the executive directors of the Company 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.*