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Contents

1. 2019 Annual Results Business Review
2. Market Trend Analysis
3. Planning and Outlook of 2020
## Financial Highlights

<table>
<thead>
<tr>
<th></th>
<th>FY</th>
<th>YoY Change</th>
<th>2H</th>
<th>1H</th>
<th>HoH Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RMB ‘000</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales Volume (units)</td>
<td>508.0 KK</td>
<td>+36.8%</td>
<td>287.7KK</td>
<td>220.3KK</td>
<td>+30.6%</td>
</tr>
<tr>
<td>Revenue</td>
<td>13,169,678</td>
<td>+61.9%</td>
<td>8,108,733</td>
<td>5,060,945</td>
<td>+60.2%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>1,179,872</td>
<td>+234.1%</td>
<td>764,667</td>
<td>415,205</td>
<td>+84.2%</td>
</tr>
<tr>
<td>Gross profit margin</td>
<td>9.0%</td>
<td>+4.7pts</td>
<td>9.4%</td>
<td>8.2%</td>
<td>+1.2pts</td>
</tr>
<tr>
<td>OPEX ratio</td>
<td>4.1%</td>
<td>-0.4 pts</td>
<td>4.3%</td>
<td>3.7%</td>
<td>+0.6pts</td>
</tr>
<tr>
<td>Net profit/ loss</td>
<td>542,372</td>
<td>+3,666.7%</td>
<td>361,539</td>
<td>180,833</td>
<td>+99.9%</td>
</tr>
<tr>
<td>Net profit margin</td>
<td>4.1%</td>
<td>+3.9pts</td>
<td>4.5%</td>
<td>3.6%</td>
<td>+0.9pts</td>
</tr>
<tr>
<td>Basic EPS</td>
<td>47.6 cents</td>
<td>+3,561.5%</td>
<td>31.7 cents</td>
<td>15.9 cents</td>
<td>+99.4%</td>
</tr>
<tr>
<td>Operating cash flow</td>
<td>2,399,551</td>
<td>-172,505</td>
<td>N/A</td>
<td>1,455,787</td>
<td>+51.3%</td>
</tr>
<tr>
<td>ROE</td>
<td>18.9%</td>
<td>+18.2pts</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>
Highlight 1: Net Profit Hit Record High, Gross Profit Margin Improved Significantly

During the Year, the Group’s gross profit margin increased to 9.0% from 4.3% in 2018, raised 4.7 pts. Mainly due to:

➢ The production capacity of the Group has recorded a substantial increase, whilst the significant increase in sales volume of camera modules maintained a higher utilisation rate of production capacity, resulting in a lower marginal cost
➢ Production automation upgrading and transformation gradually shows the effect with the manpower requirements for producing the same output significantly reduced, resulting in a decrease in the proportion of labour costs
➢ The significant rise in proportion of high-end products during the Year enhanced the added-value.
➢ However, The RMB exchange rate against the US dollar fluctuated this Year due to trade disputes, which affected the gross profit margin of the Group.
Highlight 2: Deepening Scaling up Strategy, CCM Sales Volume Increased Rapidly

- **2017**
  - CCM Production Capacity: 30KK/month
  - CCM Sales Volume (units): 172KK

- **2018**
  - CCM Production Capacity: 35KK/month
  - CCM Sales Volume (units): 264KK

- **2019**
  - CCM Production Capacity: 50KK/month
  - CCM Sales Volume (units): 406KK

CCM Production Capacity CAGR in 3 years (Base year 2016): 29.5%

CCM Sales Volume GAGR in 3 years (Base year 2016): 31.9%
CCM Monthly Sales Volume Hit Record High

Sales Volume(K)

- 2017
- 2018
- 2019

Jan: 15,434, 10,104
Feb: 16,098, 13,897
Mar: 17,567, 19,330
Apr: 20,264, 20,264
May: 15,418, 15,932
Jun: 17,494, 15,932
Jul: 23,057, 23,057
Aug: 28,933, 28,933
Sep: 27,002, 27,002
Oct: 15,067, 15,067
Nov: 12,929, 14,038
Dec: 31,761, 37,681

Month: Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec
Sales Volume(K): 0, 5,000, 10,000, 15,000, 20,000, 25,000, 30,000, 35,000, 40,000, 45,000
Highlight 3: Product Mix Significantly Improved And Proportion Of High-end CCM Increased Sharply

*Products include single camera module of 32 megapixels and above, dual/multiple camera module, 3D module, automobile camera module and other camera modules
CCM ASP Rebound with Huge Potential Growth

- % of 10M and above
- Peer A ASP
- Q Tech ASP

<table>
<thead>
<tr>
<th>Year/Period</th>
<th>Peer A ASP (%)</th>
<th>Q Tech ASP (RMB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1H2017</td>
<td>50.2</td>
<td></td>
</tr>
<tr>
<td>2H2017</td>
<td>54.7</td>
<td></td>
</tr>
<tr>
<td>1H2018</td>
<td>50.3</td>
<td></td>
</tr>
<tr>
<td>2H2018</td>
<td>42.5</td>
<td></td>
</tr>
<tr>
<td>1H2019</td>
<td>49.8</td>
<td></td>
</tr>
<tr>
<td>2H2019</td>
<td>28.8</td>
<td></td>
</tr>
</tbody>
</table>
Proportion of Under-glass FPM Increased Sharply, Raised ASP and Improved Gross Profit Margin

Proportion of Under-glass FPM: 8.8% (1H2017), 8.5% (2H2017), 0.2% (1H2018), 6.9% (2H2018), 10.1% (1H2019), 13.6% (2H 2019)

Gross Profit Margin: 48.3% (1H2017), 51.0% (2H2017), 20.1% (1H2018), 48.3% (2H2018), 51.0% (1H2019), 48.3% (2H 2019)
Highlight 4: Significant Improvement in Customer Mix and Market Position

Top 5 customers in terms of revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>Top 5 customers</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>79.7%</td>
<td>20.3%</td>
</tr>
<tr>
<td>2018</td>
<td>83.5%</td>
<td>16.5%</td>
</tr>
<tr>
<td>2019</td>
<td>92.2%</td>
<td>7.8%</td>
</tr>
</tbody>
</table>

Leading Branded Customers and ODM Customers
Highlight 5: Sound Progress in Automation, Labor Cost Further Optimized

**Labor Costs / Cost of Sales**

<table>
<thead>
<tr>
<th>Period</th>
<th>1H 2016</th>
<th>2H 2016</th>
<th>1H 2017</th>
<th>2H 2017</th>
<th>1H 2018</th>
<th>2H 2018</th>
<th>1H 2019</th>
<th>2H 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4.8%</td>
<td>4.2%</td>
<td>4.3%</td>
<td>6.0%</td>
<td>7.6%</td>
<td>5.9%</td>
<td>4.7%</td>
<td>4.3%</td>
</tr>
</tbody>
</table>

**Depreciation Cost / Cost of Sales**

<table>
<thead>
<tr>
<th>Period</th>
<th>1H 2016</th>
<th>2H 2016</th>
<th>1H 2017</th>
<th>2H 2017</th>
<th>1H 2018</th>
<th>2H 2018</th>
<th>1H 2019</th>
<th>2H 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.4%</td>
<td>1.0%</td>
<td>1.5%</td>
<td>1.6%</td>
<td>2.7%</td>
<td>2.1%</td>
<td>2.1%</td>
<td>2.0%</td>
</tr>
</tbody>
</table>
Highlight 6: New Product Development leading the Market

- **Jul 2018**: First mass production of front cam 3D structured light module in PRC
- **Mar 2019**: Mass production of 2nd generation under-glass FPM
- **July 2019**: Mass production of 48M ultra-high pixel module
- **Oct 2019**: Mass production of integrated triple camera module and ToF module
- **Nov 2019**: Mass production of 64M ultra-high pixel module
- **Dec 2019**: Mass production of ultra-thin optical under-glass FPM
Highlight 7: Vertical Integration Strategy Executed Well with Newmax Technology’s Financial Results Improved Significantly

- Revenue up by 110.6% y-o-y in 2019
- Turnaround with a net profit of NT$507 million in 2019
Highlight 8: Balancing the Credit Risk and Production Expansion

Debt to Equity Ratio

<table>
<thead>
<tr>
<th>Year</th>
<th>Q Tech</th>
<th>Peer A</th>
<th>Peer B</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>50.2%</td>
<td>56.0%</td>
<td>48.2%</td>
</tr>
</tbody>
</table>

Inventory Turnover Days

<table>
<thead>
<tr>
<th>Year</th>
<th>Q Tech</th>
<th>Peer A</th>
<th>Peer B</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>33 Days</td>
<td>47 Days</td>
<td>78 Days</td>
</tr>
<tr>
<td>2018</td>
<td>33 Days</td>
<td>47 Days</td>
<td>77 Days</td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td>40 Days</td>
</tr>
</tbody>
</table>

Net Cash Generated From Operating Activities (RMB K)

<table>
<thead>
<tr>
<th>Year</th>
<th>Q Tech</th>
<th>Peer A</th>
<th>Peer B</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>2,221,513</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>2,399,551</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

CCM capacity expanded by approx. 27KK/month (approx. 117%) from 2017-2019
Other Financial Ratios

**ROE**

- 2017: 20.3%
- 2018: 0.7%
- 2019: 18.9%

**Debt to Asset Ratio**

- 2017: 64.8%
- 2018: 67.3%
- 2019: 73.0%

**Accounts Payable Turnover Days**

- 2017: 130 days
- 2018: 128 days
- 2019: 128 days

**Accounts Receivable Turnover Days**

- 2017: 104 days
- 2018: 113 days
- 2019: 109 days
1. 2019 Annual Results Business Review
2. Market Trend Analysis
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Rationale of Intelligent Vision Industry Growth

**Huge Market Demand**
IoT era driven by AI, CCM is the largest information collection interface

**Vision Technologies Continue to Growth**
Optical + mathematical + computation power improvement lead intelligent vision development, and further expand the application of CCM

**Market Trend**
CCM market continues to grow, CCM specifications continue to upgrade
5G Commercialization Trend Speeds up 5G Infrastructure Development

- China Mobile: Completed 5G 1st phase infrastructure development; realized 5G commercialization in 50 cities, strive to reach 300,000 5G base stations in order to cover all prefecture-level cities.
- China Unicom: 64,000 5G base stations were built covering all direct-controlled municipalities and major cities such as Beijing-Tianjin-Hebei, and other cities in Yangtze River Delta, Greater Bay Area.
- China Telecom: Through the 5G co-construction and sharing agreement with China Unicom, construction of 100,000 base stations were completed in 1H 2019 and 250,000 base stations nationwide were built by 3Q.
- China’s three major operators’ estimated capital expenditure in 2020 will grow by 15-20% YoY.

- 2019: China’s four major brands have launched 5G mobile phones, with a total sales of about 15-20 million units.
- By market estimations:
  - 2020: global sales of 5G mobile phones will be about 200-250 million units, with Chinese mobile phones accounting for more than 150 million units.
  - January 2020: 5G mobile phones accounted for 27% of China’s mobile phone shipments.
  - 2021: penetration rate of global 5G mobile phones will reach 35-40%.

- 5G mobile phones boost ASP of mobile phones by about RMB 300-500.
- Increased bandwidth drive users to take more high-quality photos and videos.
- Camera upgrade trend: multi-camera, ultra-high pixel, new optical image stabilization, wide angle.
- Promote the development of 3D modules: front biometric authentication, rear 3D modeling, gaming, AR / VR.

*Information is sourced from independent research institution without Company’s verification, and therefore for reference purposes only.
Multi-CCM, Higher Specification and Wider Application Trend

1. The number of CCM per mobile phone has grown significantly
   Cameras adopt dual-, triple- or even quad-camera design, becoming a trend

2. Significant increase in the value of CCM in each mobile phone
   Achieve higher-end shooting effects, such as multiple optical zoom, large aperture and ultra high pixels, etc.

3. Expansion of applications of camera module
   Facial recognition, AR/VR, 3D modeling, etc

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## Multi-CCM Specification Boost up Both Volumes and ASP

<table>
<thead>
<tr>
<th></th>
<th>Main</th>
<th>Tele/Marco</th>
<th>Wide-angle</th>
<th>Depth/3D</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Low-end</strong> (RMB &lt;1000)</td>
<td>13M 16M</td>
<td>Marco 2M (AF)</td>
<td>8M</td>
<td>Bokeh 2M (FF)</td>
</tr>
<tr>
<td><strong>Mid-end</strong> (RMB 2000-3500)</td>
<td>48M</td>
<td>2X optical Zoom 13M/32M</td>
<td>13M</td>
<td>Bokeh 5M (FF)</td>
</tr>
<tr>
<td><strong>Flagship</strong> (RMB 3500-7000)</td>
<td>48M OIS 64M OIS 108M OIS</td>
<td>3X optical zoom (8M/13M) 5X Periscope</td>
<td>40M (OIS) 108M</td>
<td>ToF</td>
</tr>
</tbody>
</table>
Value Proportion of CCM in Smartphone Continue to Grow

*Information is sourced from independent research institution without Company’s verification, and therefore for reference purposes only*
ToF Modules Penetration Rate in Smartphone Continues to Grow

*Information is sourced from independent research institution without Company's verification, and therefore for reference purposes only*
Under-glass FPM Products Continue to Evolve

**Full screen**

**2019**
**Key new products:** Fixed Optical Under-glass FPM + Ultra-thin solution
**Global Sales Volume:** over 150mn pcs

**2020**
**Key new products:** Large area / Half screen optical FPM
**Global Sales Volume:** expect to reach 250mn pcs

*Information is sourced from independent research institution without Company's verification, and therefore for reference purposes only*
IoT Vision Products Become Focus of The Market

**Consumer robots**
- Sweeping robot, companion/educational robot, toy robot

**Industrial robots**
- Warehouse sorting robot, food delivery robot, commercial robot, medical robot

**Industrial security cameras**
- Building surveillance camera, industrial camera, public transportation monitoring system

**Consumer-grade camera**
- Sports camera, handheld PTZ camera, sports DV

**Smart Home Devices**
- Smart door lock, visual doorbell, smart camera, smart TV

**UAV**
- Aerial photography UAV, police/agriculture/surveying and mapping and other industries UAV

**Cargo identification equipment**
- Smart shelves, unmanned supermarkets, License plate recognition system of intelligent parking lot

**Face recognition device**
- Face recognition payment equipment, attendance machine, Face recognition device of public access gate

**Travel/Business**
- Smart rearview mirror, car camera, Business conference system

**AR/VR**
- VR Glasses, AR Glasses
HD Car Camera Development Towards Three Applications

**Around View**
1. Rich application scenarios: DMS, Face ID, Body Tracking, Gesture Control

**Smart Cabin**
1. Rich application scenarios: DMS, Face ID, Body Tracking, Gesture Control
2. Application of new technology: Global Shutter, RGB IR

**ADAS**
1. High resolution: 2M/4M/8M
2. High performance: 120dB HDR, LFM, Stellar
3. Vision algorithm application: LDW/FCW/LKA/PCW/AEB
4. Multi-modules fusion: High frame rate, frame synchronization
1. 2019 Annual Results Business Review

2. Market Trend Analysis

3. Planning and Outlook of 2020
Building core capabilities, further enhancing product mix and the positioning as a major supplier
Mission: To Illuminate Machine
Vision: Leading Camera Module Technology, Serving Customers with Excellent Customer Experience
Core Technologies of CCM

01 Miniaturization
02 Front and rear 3D Sensing
03 Rear High Pixel
04 Rear Optical Zoom
05 PTZ stabilization
Core Technologies of FPM

2019 New Technology

Side-mounted Capacitive Coating Fingerprint

AMOLED optical under-glass FPM/ Optical Under-glass Ultra-thin FPM

2020 Technology trend

AMOLED Optical Half Screen under-glass FPM

LCD Optical under-glass FPM

Under-glass FPM Mid- to High-end Flagships Models
Core Technologies of Automotive CCM

01 RGB IR Camera
- Personal Identification
- Behavioral Identification
- Child care

02 ADAS Front Camera
- Signal and sign recognition
- Pedestrian recognition
- AEB Active Security Assisted piloting

03 DMS Camera
- Fatigue analysis
- Sight analysis
- Emotional analysis

04 AVM Around View Camera
- APA Auto-parking
- BSD Blind Spot Warning
Core Technologies of IoT CCM

IoT CCM

- 3D modules
- Large sensor camera module
- Visual obstacle avoidance module
- Large wide-angle module
- High power optical zoom module
Building Industrial 4.0 Mass Production System

Automated Production

Process Digitalization

Intelligent Control
Fully Automated Module Manufacturing Workshop and Testing Workshop

- COB Inline production line
- Automated testing workshop
Vertical Integration Implementation Continue

01 Technology enhancement
6P lens, 7P lens, 3D lens, FOD lens

02 Scale up production
Expansion of Jingke capacity and building of CTSP new production base

03 Client base expansion
Four key Chinese customers and overseas customers
02
Expanding overseas markets,
Building second production base in India
Customers Acquisition Roadmap

- 01 ODM Customers
- 02 Branded Customers
- 03 Covered Four Major Brands in China
- 04 Overseas Android Customers
- 05 Overseas Non-Android Customers
Global Layout Rolled Out Smoothly, Expand India Production Base

Growth of smartphone sales volume in India 2019 (M pcs)

*Information is sourced from independent research institution without Company’s verification, and therefore for reference purposes only

- **Jan 2019**: Company incorporation
- **Oct 2018**: Indian project started
- **Apr 2019**: Factory lease confirmed
- **Aug 2019**: Renovation completed, Machinery moved in
- **Sept 2019**: Commenced trial production for first order
- **Dec 2019**: CCM monthly shipment exceeded 1KK
- **Aug 2019**: Renovation completed
- **Dec 2019**: CCM monthly shipment exceeded 1KK

**By End of 2020**
Target production capacity of CCM not less than 8KK/month

- **2Q 2020**: Monthly shipment of CCM target to reach 4KK
03
Extending to non-handset applications
Accelerating penetration into automotive and IoT markets
Four Major Non-Handset Applications

- Facial Recognition Payment
- Drone
- Smart Security
- Automotive
Operating Targets in 2020

2019 Targets (Revised up)

➢ CCM sales volume grow by 50%, of which not less than 50% are mid-to-high end products of 10M and above
➢ The under-glass FPM account for not less than 40% of total sales volume of FPM
➢ Production capacity of CCM expand to approximately 50KK/month

2020 Targets

➢ Sales Volume of CCM grows by not less than 20% YoY, of which 10 mega pixels and above will account for not less than 60% and 32 mega pixels and above will account for not less than 25%;
➢ Expand production capacity of CCM to not less than 60KK units per month by the end of 2020