

**Q TECHNOLOGY (GROUP) COMPANY LTD:
ARE THESE FINANCIALS TOO GOOD TO BE TRUE ?**

It is difficult to believe, but, if it is stated in a prospectus of a limited liability company, a company that is desirous of obtaining a listing on The Stock Exchange of Hongkong Ltd, one whose prospectus that has been vetted by the powers-that-be at The Securities and Futures Commission (SFC), then it must be true.

Q Technology (Group) Company Ltd ([]) (Code: 1478, Main Board, The Stock Exchange of Hongkong Ltd), the last of three companies to go public in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), has produced financials which, in a word, are incredible:

1. The Turnover rose by 121.17 percent in the 2013 Financial Year, compared with the 2012 Financial Year;
2. The Net Profit Attributable to Shareholders rose by 223.28 percent in the 2013 Financial Year, compared with the 2012 Financial Year; and,
3. Management has strongly indicated that, in respect of the Current Financial Year, ending December 31, 2014, there will be another material surge in both the Turnover and the Net Profit.

The Initial Public Offering (IPO)

On November 20, 2014, Q Technology launched its Global Offering Prospectus in which it is stated that 250 million, one-cent Shares are being Offered at the Indicative Offer Price Per Share, ranging from a low of \$HK2.79 to a high of \$HK3.60.

Of the total number of Shares on Offer, 25 million Shares are being Offered to Hongkong Investors and 225 million Shares are to be Offered to International Investors.

At the midpoint of the Indicative Offer Price Per Share, being \$HK3.195, Management expects to net about \$HK734.90 million.

That amount of money is to be used as follows:

1. About \$HK286.60 million, representing approximately 39 percent of the net proceeds, *'to be used primarily for purchasing additional advanced production and testing machinery and equipment, such as die bonding and attaching machines (), ultrasonic cleaning machines (), multiarms (), and active alignment bonding machines (), to increase our production capacities and enhance our automation, testing and functionalities of our production process'*;
2. About \$HK183.70 million, representing approximately 25 percent of the net proceeds, *'for further enhancing our design, research and development capabilities, including design, research and development on products' specifications and functionalities in relation to optical image stabilisation (), larger aperture () and iris recognition (), software and other products'*

applications (including purchasing raw materials and components with better quality and more technological advancement to develop new types of camera modules), acquiring advanced technological machinery and equipment both for our current and future use on design, research and development, and constructing a new building for our design, research and development centre at our Kunshan Production Base or purchasing a new building for our Chengdu design, research and development centre. We plan to commence the construction or purchase the new building either for our Kunshan design, research and development centre or Chengdu design, research and development centre in the second half of 2015’;

3. *About \$HK113.90 million, that is approximately 15.50 percent of the net proceeds, ‘to be used primarily for expanding and modernizing our Kunshan Production Base by further enlarging and upgrading our Class 10 and Class 1,000 Cleanrooms (an environment, used in manufacturing or scientific research with a low level of environmental pollutants) for our production process from approximately 8,533.0 sq.m. (square meters) to approximately 18,000.0 sq.m. and constructing two dormitory buildings and auxiliary facilities mainly for our production employees. We plan to commence the expansion of our Kunshan Production Base in the second half of 2014 and expect it to be fully completed by the end of 2015’;*
4. *About \$HK52.20 million, that is approximately 7.10 percent of the net proceeds, to repay some bank borrowings to China Construction Bank Corporation ();*
5. *About \$HK25 million, that is approximately 3.40 percent of the net proceeds, to be used for operational and administrative needs; and,*
6. *About \$HK73.50 million, that is approximately 10 percent of the net proceeds, to be tipped into the Company’s Working Capital Account.*

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