

Case Study on Financial Fraud of Qingyue Technology

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Abstract. With the reform of the registration-based IPO system, an increasing number of companies have been listed on China's STAR Market. However, some tech enterprises manipulate accounting items and industry characteristics to falsify financial data, obtain IPO funds and stabilize stock prices, which disrupts the capital market order. This paper studies the financial fraud case of Qingyue Technology, which was penalized by the China Securities Regulatory Commission (CSRC) in 2026. From 2021 to 2023, the company repeatedly overstated its profits, involving fraudulent listing and illegal information disclosure. It was finally fined and forced to delist, while an advance compensation mechanism was launched for affected investors. Based on the fraud risk factor theory and information asymmetry theory, this paper summarizes the case background, fraud methods, causes and related responsibilities. It also analyzes the negative impacts of the fraud and proposes practical suggestions for enterprises, intermediary institutions and regulators. This study helps improve information disclosure supervision on the STAR Market and provides references for preventing financial fraud and protecting small investors.

Keywords: Qingyue Technology, Financial Fraud, IPO

1. Introduction

Since the full implementation of the registration-based IPO system, the STAR Market has supported a large number of high-tech enterprises and promoted industrial upgrading. This new system emphasizes true and complete information disclosure, which requires listed companies and professional institutions to provide reliable financial information. Nevertheless, many tech firms face industry downturns and performance pressure. To meet listing standards and gain financing, some companies conduct hidden and long-term financial fraud, which weakens public trust in the capital market [1, 2].

Foreign researchers have built complete theoretical frameworks for financial fraud, such as the fraud risk factor theory and principal-agent theory. Relevant studies summarize common fraud approaches of listed firms. It is found that high-tech industries adopt flexible accounting standards, which creates conditions for hidden fraud, including improper revenue recognition and discretionary adjustment of asset impairment. Besides, inadequate professionalism of intermediary institutions lowers the barrier to implementing such manipulation and damages market information quality.

In recent years, Chinese scholars have concentrated on research amid the registration-based system reform. Most studies identify that STAR Market companies frequently adopt two typical

fraud methods: manipulating asset impairment and fabricating revenue data. Excessive control by actual controllers, defective internal control and negligent intermediary services allow firms to carry out these fraudulent practices. The delisting system and advance compensation mechanism can effectively regulate the market and protect investors. However, few studies carry out comprehensive analysis on the latest complete fraud cases of the STAR Market. This paper fills this research gap [3-5].

Qingyue Technology's fraud case is a typical illegal event on the STAR Market in 2026. The company began falsifying financial data during its IPO application and continued to inflate profits after listing [6]. It finally faced mandatory delisting, while the company's controllers and intermediaries compensated investors in advance. This typical and timely case clearly reflects current fraud problems and regulatory weaknesses in the STAR Market. The research results can help improve corporate governance, strengthen intermediary supervision and optimize investor protection systems.

This paper analyzes the overall situation, specific methods, internal and external causes, market harms and responsible parties of Qingyue Technology's financial fraud. It also puts forward targeted improvement measures. This study mainly adopts the case study method. Based on official CSRC announcements and public market information, the paper summarizes the fraud logic through normative theoretical analysis. Furthermore, this paper is written for testing application of classical fraud theory. It can also provide reference and warning for the internal control management of enterprises, the verification of intermediary institutions and the optimization of regulatory rules.

2. Overview of Qingyue technology's financial fraud case

2.1. Corporate and industrial background

Qingyue Technology is a high-tech manufacturing enterprise listed on the STAR Market, mainly producing optoelectronic display products. The industry is characterized by rapid technological updates and unstable inventory value. When the industry faces a downturn, enterprises often have overstocked goods and operating losses, leaving large space for asset impairment manipulation.

2.2. Basic facts of the case

Table 1. Timeline

Time Period	Specific Fraud Behaviors	Financial Consequences
2021(IPO Application Stage)	Under-recorded inventory depreciation reserves and fabricated chip sales	Falsely increased profits by 10.6549 million yuan, accounting for 21.72% of the disclosed annual profit, constituting fraudulent issuance
2022(Post-listing Period)	Under-recorded inventory and accounts receivable impairment losses, fabricated display module sales, and failed to make timely tax-related accounting adjustments	Overstated profits by 45.402 million yuan, equivalent to 104.58% of the disclosed annual profit

Table 1. (continued)

H1 2023 (Post-listing Period)	Continued multi-means financial manipulation and concealed accounting adjustments	Falsely increased profits by 47.536 million yuan, accounting for 145.10% of the absolute value of the reported profit
2023	Concealed supplementary export tax rebate income	Hidden income of 44.4199 million yuan, occupying 79.74% of the audited net profit in 2022
May 2026	CSRC issued official penalty announcement	Confirmed systematic financial fraud of Qingyue Technology from 2021 to the first half of 2023, covering both IPO and post-listing periods

According to the penalty announcement issued by the CSRC in May 2026, Qingyue Technology committed systematic financial fraud covering the IPO application stage and post-listing period from 2021 to the first half of 2023. It adopted multiple deceptive accounting practices to inflate profits. In 2021, the company deliberately under-recorded inventory depreciation reserves and fabricated chip sales, falsely raising total profit by 10.6549 million yuan, which accounted for 21.72% of its disclosed annual profit. This false content in IPO offering documents constituted fraudulent issuance [7].

As shown in Table 1, from 2022 to the first half of 2023, the enterprise continued multiple fraudulent acts: under-recording inventory depreciation and accounts receivable impairment losses, fabricating sales of display modules, and failing to make timely accounting adjustments for supplementary tax payments. These behaviors led to an overstatement of total profit by 45.402 million yuan in 2022 (104.58% of the disclosed figure), and a false profit increase of 47.536 million yuan in the first half of 2023 (145.10% of the absolute value of reported profit). Besides, the firm concealed the 44.4199 million yuan supplementary export tax rebate in 2023, an amount equivalent to 79.74% of its audited net profit in 2022.

2.3. Regulatory disposal results

The CSRC fined Qingyue Technology 172.88 million yuan and imposed a total fine of 33 million yuan on four key responsible persons, who were also banned from the securities market for 4 to 8 years. The Shanghai Stock Exchange launched mandatory delisting procedures. The regulator froze the company's raised fund accounts, investigated related intermediaries including GF Securities and Lixin Certified Public Accountants, and transferred suspected criminal clues to public security authorities.

The company's actual controllers, together with its sponsor and audit institution, promised to provide advance compensation for eligible investors who suffered losses. With the support of investor protection organizations, the compensation mechanism effectively reduced the difficulty and cost of investor rights protection.

3. Overview of Qingyue technology's financial fraud case

3.1. Fraud motives

Affected by industry recession, Qingyue Technology suffered great operational pressure and capital strain. The enterprise intended to acquire STAR Market listing qualifications and raise funds. After listing, in order to maintain listing status and evade delisting risks, the company was further motivated to manipulate financial data [8].

3.2. Fraud methods

The primary method was asset impairment manipulation. The firm exploited the uncertainty in inventory valuation to under-record inventory depreciation and bad debt provisions, concealing asset losses and inflating profits. Meanwhile, it fabricated business transactions and covered up accounting errors to polish revenue figures and mask operating losses.

3.3. Characteristics of financial fraud

First, the fraud lasted for a long period, covering pre-IPO and post-listing stages. Second, it was organized by the actual controller with cooperation from senior management, indicating severe failure of internal governance. In addition, depending on subjective accounting estimates and industrial traits, the fraud was highly concealed and hard to detect. Moreover, it had explicit aims: obtaining listing qualification, financing and sustaining listing status.

4. Analysis of fraud motivations

4.1. Fraud pressure

Due to industrial technological iteration and decreasing market demand, the company's real performance continued to decline and failed to meet listing and operating standards. Meanwhile, the enterprise strongly needed IPO financing. To obtain capital and maintain stock market value, the management had strong motivation to falsify financial data.

4.2. Fraud opportunities

The actual controllers held excessive centralized power, while the board of directors, supervisors and internal audit department failed to perform supervision duties. The subjective judgment space of asset impairment accounting also provided convenient conditions for profit manipulation. Moreover, sponsor and audit institutions did not conduct sufficient inspections and failed to discover major financial errors [9].

4.3. Fraud rationalization and low violation cost

The management held a fluke mentality and believed that temporary performance beautification could help the company survive the industry downturn. Before the exposure of this case, similar fraud penalties were not severe enough, making the company believe that the cost of violation was low and encouraging illegal behaviors.

5. Fraud hazards and responsibility analysis

5.1. Market hazards of financial fraud

For the enterprise itself, huge fines and mandatory delisting led to collapsed corporate credit and suspended business operations. For small and medium-sized investors, false financial statements misled investment decisions and caused massive property losses, which was directly reflected in sharp stock price slumps. After the news of three-year financial fraud and pending compulsory delisting was released, the stock was suspended for one day on May 11, 2026, and renamed ST Qingyue with a 20% daily price limit after resuming trading on May 12. It hit daily down limits for four consecutive trading days, with a weekly drop of 59.08%. Compared with its IPO issue price of 9.16 yuan, the stock price fell more than 50% shortly after the penalty announcement, and its price shrank over 80% from the historical peak, wiping out huge market value and bringing heavy losses to most retail investors.

For the capital market, fraud destroyed the information disclosure order of the STAR Market, weakened investors' confidence in the market and distorted the capital market's function of resource allocation. Meanwhile, this case exposed dereliction of duties among intermediaries and damaged the credibility of the gatekeeper system in the capital market.

5.2. Responsibility deficiencies of all parties

The company had serious internal control failures. Controllers and senior managers ignored compliance rules and organized financial fraud. Intermediary institutions failed to complete due diligence and professional audit procedures, resulting in untrue financial information. In terms of supervision, the early warning system for hidden asset-impairment fraud of tech enterprises still needs to be improved [10, 11].

6. Conclusion

This paper systematically analyzes the financial fraud case of Qingyue Technology, a representative fraud incident on the STAR Market under the registration-based system. Faced with industry downturn and financing pressure, the company took advantage of excessive control by actual controllers and defective internal governance to implement long-term concealed financial fraud, mainly through revenue falsification and arbitrary manipulation of asset impairment. The dereliction of gatekeeper duties by intermediary institutions and insufficient regulatory supervision further allowed the continuous violation behaviors, eventually resulting in severe regulatory penalties and mandatory delisting. This case reveals the inherent financial fraud risks of high-tech enterprises and the weaknesses in the current multi-level capital market supervision system.

While this study summarizes the fraud motives, means and governance deficiencies of the selected case, it still has certain research limitations. This paper focuses only on a single STAR Market enterprise, and the applicability of the research conclusions to the entire high-tech industry requires further empirical verification with more samples. Based on the case findings, this paper proposes multi-dimensional governance enlightenments. Enterprises should optimize their ownership structure and internal control systems, standardize asset impairment evaluation and daily financial management to curb internal fraud incentives. Intermediary institutions are supposed to strengthen due diligence procedures for high-tech enterprises, maintain professional independence and implement lifelong accountability mechanisms. Regulators need to enhance daily supervision

and penalty intensity, strictly implement the zero-tolerance policy for financial fraud, and further improve delisting and advance compensation systems. In addition, small and medium-sized investors should improve their risk identification capability by focusing on key financial indicators so as to avoid blind investment. The coordinated governance of enterprises, intermediaries, regulators and investors is essential to restrain financial fraud, optimize the STAR Market ecological environment and safeguard a fair, transparent and orderly capital market.

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