

*Hong Kong Exchanges 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.*



**Shanghai Conant Optical Co., Ltd.**  
**上海康耐特光學科技集團股份有限公司**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 2276)**

**ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

The board (the “**Board**”) of directors (the “**Director(s)**”) of Shanghai Conant Optical Co., Ltd. (上海康耐特光學科技集團股份有限公司) (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2024, together with comparative figures for the same period in 2023.

In this announcement, “we”, “us”, and “our” refer to the Company and where the context otherwise requires, the Group.

**HIGHLIGHTS**

- Revenue for the six months ended 30 June 2024 amounted to approximately RMB976.4 million, representing an increase of approximately 17.5% as compared with the same period in 2023.
- Gross profit for the six months ended 30 June 2024 amounted to approximately RMB382.4 million, representing an increase of approximately 23.5% as compared with the same period in 2023.
- Profit attributable to owners of the parent for the six months ended 30 June 2024 amounted to approximately RMB208.7 million, representing an increase of approximately 31.6% as compared with the same period in 2023.
- Earnings per share for the six months ended 30 June 2024 amounted to approximately RMB0.50, representing an increase of approximately 35.1% as compared with the same period in 2023.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Notes	For the six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Revenue</b>	3	<b>976,396</b>	831,156
Cost of sales		<u>(594,042)</u>	<u>(521,507)</u>
<b>Gross profit</b>		<b>382,354</b>	309,649
Other income and gains	3	<b>27,098</b>	36,711
Selling and distribution expenses		<b>(53,589)</b>	(44,527)
Administrative expenses		<b>(94,935)</b>	(73,191)
Impairment loss on financial assets		<b>(7,923)</b>	(30,948)
Other expenses		<b>(975)</b>	(2,071)
Finance costs	5	<b>(4,829)</b>	(7,455)
Share of gains/(losses) of:			
A joint venture		<b>(57)</b>	(50)
An associate		<b>(1,446)</b>	36
<b>PROFIT BEFORE TAX</b>	4	<b>245,698</b>	188,154
Income tax expense	6	<b>(36,966)</b>	(29,578)
<b>PROFIT FOR THE PERIOD</b>		<b>208,732</b>	158,576
Attributable to:			
Owners of the parent		<b>208,732</b>	158,576
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted	8	<b>RMB0.50</b>	RMB0.37

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Notes	(Unaudited)	(Unaudited)
<b>PROFIT FOR THE PERIOD</b>	<b><u>208,732</u></b>	<b><u>158,576</u></b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>7,959</u>	<u>(4,611)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b><u>216,691</u></b>	<b><u>153,965</u></b>
Attributable to:		
Owners of the parent	<u>216,691</u>	<u>153,965</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		<b>30 June</b>	31 December
		<b>2024</b>	2023
		<b>RMB'000</b>	<b>RMB'000</b>
	<i>Notes</i>	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>478,891</b>	455,483
Investment properties		<b>14,789</b>	15,520
Right-of-use assets		<b>16,198</b>	15,053
Other intangible assets		<b>396</b>	351
Investment in a joint venture		–	–
Investment in an associate		<b>58,658</b>	60,104
Long-term prepayments		<b>47,381</b>	11,203
Deferred tax assets		<b>5,577</b>	11,916
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>621,890</b>	569,630
<b>CURRENT ASSETS</b>			
Inventories	<i>9</i>	<b>513,946</b>	486,508
Trade and bills receivables	<i>10</i>	<b>354,168</b>	291,710
Due from related parties		<b>356</b>	–
Prepayments, deposits and other receivables		<b>75,679</b>	84,944
Financial assets at fair value through profit or loss		<b>71,000</b>	221,000
Cash and cash equivalents		<b>541,662</b>	330,521
		<hr/>	<hr/>
<b>Total current assets</b>		<b>1,556,811</b>	1,414,683
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	<i>11</i>	<b>163,267</b>	126,158
Other payables and accruals		<b>215,335</b>	137,923
Contract liabilities		<b>59,808</b>	45,567
Interest-bearing bank and other borrowings		<b>144,671</b>	95,247
Lease liabilities		<b>1,375</b>	1,375
Due to related parties		<b>883</b>	–
Tax payable		<b>27,383</b>	25,431
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>612,722</b>	431,701
<b>NET CURRENT ASSETS</b>		<b>944,089</b>	982,982
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,565,979</b>	1,552,612
		<hr/>	<hr/>

	<b>30 June</b>	31 December
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
<i>Notes</i>	<b>(Unaudited)</b>	<i>(Audited)</i>
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank and other borrowings	<b>65,000</b>	110,000
Defined benefit obligations	<b>9,213</b>	10,341
Lease liabilities	<b>7,807</b>	8,331
Deferred tax liabilities	<b>17,146</b>	20,352
Deferred income	<b>7,635</b>	8,688
	<hr/>	<hr/>
<b>Total non-current liabilities</b>	<b>106,801</b>	157,712
	<hr/>	<hr/>
<b>NET ASSETS</b>	<b>1,459,178</b>	1,394,900
	<hr/>	<hr/>
<b>EQUITY</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	<b>426,600</b>	426,600
Reserves	<b>1,032,578</b>	968,300
	<hr/>	<hr/>
<b>TOTAL EQUITY</b>	<b>1,459,178</b>	1,394,900
	<hr/>	<hr/>

## NOTES TO FINANCIAL STATEMENTS

### 1.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) (which include all standards and interpretations, International Accounting Standards (“IASs”) and Standing Interpretations Committee interpretations) approved by the International Accounting Standards Board (the “IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, derivative instruments and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

#### **Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

## 1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Other than additional accounting policies resulting from application of amendments to IFRSs disclosed below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2024 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2023.

### Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2022 for the preparation of the Group's condensed consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	<i>Insurance Contracts</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12	<i>International Tax Reform-Pillar Two model Rules</i>

The application of the amendments to IFRSs in the current interim period has no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

## 2 OPERATING SEGMENT INFORMATION

The Group is principally engaged in the manufacture and sale of resin spectacle lenses.

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assess their performance. The information reported to the directors of the Company, who are the chief operating decision-makers, for the purpose of the resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

## Geographical information

### (a) Revenue from external customers

	For the six months ended 30 June			
	2024		2023	
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>
	<i>(Unaudited)</i>	<i>revenue</i>	<i>(Unaudited)</i>	<i>revenue</i>
Mainland China	<b>301,823</b>	<b>30.9</b>	246,061	29.6
Asia (except mainland China)	<b>241,074</b>	<b>24.7</b>	200,876	24.2
Americas	<b>224,178</b>	<b>22.9</b>	189,890	22.8
Europe	<b>160,937</b>	<b>16.5</b>	144,387	17.4
Oceania	<b>38,100</b>	<b>3.9</b>	37,401	4.5
Africa	<b>10,284</b>	<b>1.1</b>	12,541	1.5
	<b>976,396</b>	<b>100.0</b>	831,156	100.0

The revenue information of continuing operations above is based on the locations of the customers.

### (b) Non-current assets

	30 June	31 December
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Mainland China	<b>598,788</b>	535,582
Japan	<b>17,262</b>	21,841
United States	<b>264</b>	291
Mexico	<b>–</b>	–
	<b>616,314</b>	557,714

The non-current asset information of continuing operations above is based on the locations of the assets and excludes deferred tax assets.

## Information about major customers

For the six months ended 30 June 2024, revenue of approximately RMB99,448,000 (six months ended 30 June 2023: RMB94,419,000) was derived from a single customer, including sales to a group of entities which are known to be under common control with that customer.



### 3 REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue from contracts with customers	<b>976,396</b>	831,156

#### Disaggregated revenue information

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Type of goods or services</b>		
Standardised lenses	778,615	657,415
Customised lenses	194,365	170,921
Others	3,416	2,820
	<b>976,396</b>	831,156
<b>Geographical markets</b>		
Mainland China	301,823	246,061
Asia (except Mainland China)	241,074	200,876
Americas	224,178	189,890
Europe	160,937	144,387
Oceania	38,100	37,401
Africa	10,284	12,541
Total revenue from contracts with customers	<b>976,396</b>	831,156

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	<b>976,396</b>	831,156

An analysis of other income and gains is as follows:

	<i>Notes</i>	<b>For the six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
		<b><i>RMB'000</i></b> <b><i>(Unaudited)</i></b>	<b><i>RMB'000</i></b> <b><i>(Unaudited)</i></b>
<b>Other income</b>			
Government grants and subsidies			
related to income	(i)	<b>6,625</b>	1,607
related to assets	(ii)	<b>1,052</b>	1,070
Gross rental income from investment			
property operating leases		<b>6,289</b>	5,970
Bank interest income		<b>2,386</b>	2,281
Others		<b>4,002</b>	83
		<b>20,354</b>	<b>11,011</b>
<b>Gains</b>			
Foreign exchange differences, net		<b>3,606</b>	18,618
Fair value gain on financial assets at fair value			
through profit or loss		<b>3,138</b>	6,165
Fair value gain on derivative financial instruments		<b>–</b>	917
		<b>6,744</b>	<b>25,700</b>
		<b>27,098</b>	<b>36,711</b>

- (i) The government grants and subsidies related to income have been received principally to reward for the contribution to the local economic growth. These grants related to income are recognised in profit or loss upon receipt of these rewards. There are no unfulfilled conditions or contingencies relating to these grants.
- (ii) The Group has received certain government grants related to the investments in production bases. The grants related to assets were recognised in profit or loss over the useful lives of relevant assets.

#### 4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
<i>Notes</i>	<b>(Unaudited)</b>	<i>(Unaudited)</i>
Cost of inventories sold*	<b>594,042</b>	521,507
Research and development costs	<b>48,399</b>	30,699
Depreciation of property, plant and equipment	<b>26,906</b>	25,165
Depreciation of right-of-use assets	<b>652</b>	737
Depreciation of investment properties	<b>731</b>	699
Amortisation of intangible assets	<b>85</b>	12
Lease payments not included in the measurement of lease liabilities	<b>850</b>	881
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages, salaries and other allowances	<b>165,133</b>	136,295
Pension scheme contributions and social welfare	<b>41,140</b>	41,598
	<b>206,273</b>	177,893
Foreign exchange differences, net	<b>(3,606)</b>	(18,618)
Fair value (gain)/loss on financial instruments	<b>(3,138)</b>	(6,165)
Impairment of trade and other receivables	<b>7,923</b>	30,948
Write-down of inventories to net realisable value	<b>5,662</b>	338
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	<b>59</b>	73

\* During the six months ended 30 June 2024, employee benefit expense of RMB136,526,000 (six months ended 30 June 2023: RMB118,613,000), and write-down of inventories to net realisable value of RMB5,662,000 (six months ended 30 June 2023: RMB338,000) were included in cost of inventories sold disclosed above.

## 5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Interest on bank loans	4,605	7,393
Interest on other loans	–	–
Interest on lease liabilities	194	33
Interest on defined benefit obligations	30	29
	<u>4,829</u>	<u>7,455</u>

## 6. INCOME TAX

Jiangsu Conant Optics Co., Ltd. was accredited as a “High and New Technology Enterprise” in 2023, and therefore the Company is entitled to a preferential EIT rate of 15% for the six months ended 30 June 2024 (six months ended 30 June 2023: 15%). “High and New Technology Enterprise” qualifications are subject to review by the relevant tax authority in the PRC for every three years.

Shanghai Conant Optics Co., Ltd. was accredited as a “High and New Technology Enterprise” in 2021, and therefore the Company is entitled to a preferential EIT rate of 15% for the six months ended 30 June 2024 (six month ended 30 June 2023: 15%). “High and New Technology Enterprise” qualifications are subject to review by the relevant tax authority in the PRC for every three years.

Other subsidiaries located in Mainland China were subject to corporate income tax at the statutory rate of 25% under the income tax rules and regulations in the PRC.

Hong Kong profits tax was provided at the rate of 16.5% on the estimated taxable income arising in Hong Kong for the six months ended 30 June 2024.

Pursuant to the relevant tax laws, the subsidiary incorporated in the United States was subject to federal corporation income tax at the rate of 21% (six months ended 30 June 2023: 21%) on the federal taxable income as well as Georgia’s state corporate income tax at the rate of 5.75% (six months ended 30 June 2023: 5.75%) on its Georgia taxable income for the six months ended 30 June 2024.

According to prevailing Mexican tax law, the subsidiaries located in Mexico were subject to federal corporate income tax at a rate of 30% for the six months ended 30 June 2024 (six months ended 30 June 2023: 30%).

Pursuant to the rules and regulations of Japan, the subsidiary incorporated in Japan was subject to corporate tax, inhabitant tax and enterprise tax, and the effective statutory tax rates for these taxes were 34.26% for the six months ended 30 June 2024 (six months ended 30 June 2023: 34.26%).

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Current – Mainland China	<b>28,197</b>	13,508
Current – Hong Kong	<b>460</b>	663
Current – Japan	<b>4,018</b>	3,563
Current – Mexico	–	–
Current – United States	<b>1,158</b>	1,121
Deferred tax expense	<b>3,133</b>	10,723
	<hr/>	<hr/>
Total tax charge for the period	<b>36,966</b>	29,578
	<hr/>	<hr/>

A reconciliation of tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the income tax expense at the effective tax rate, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Profit before tax	<b>245,698</b>	188,154
Tax at the statutory tax rate of 25%	<b>61,425</b>	47,039
Impact of different tax rates applied to subsidiaries	<b>(25,639)</b>	(16,989)
Effect of withholding tax at 5% on the distributable profits of the Group's subsidiaries	<b>460</b>	663
Gains/(losses) attributable to a joint venture and an associate	<b>376</b>	3
Income not subject to tax	–	(160)
Expenses not deductible for tax	<b>191</b>	245
Additional deduction on research and development expenses	<b>(5,178)</b>	(4,386)
Unrecognised deductible temporary differences	<b>1,534</b>	1,608
Tax losses not recognised	<b>3,653</b>	1,451
Others	<b>144</b>	104
	<hr/>	<hr/>
Tax charge at the Group's effective rate	<b>36,966</b>	29,578
	<hr/>	<hr/>

## 7. DIVIDENDS

During the six months ended 30 June 2024, a final dividend for the year 2023 of RMB0.20 (tax inclusive) per ordinary share, amounting to a total of RMB85,320,000, proposed to the shareholders of the Company was approved at the annual general meeting held on 4 June 2024, which was fully paid on 2 August 2024.

The Board recommends the payment of 2024 interim dividend for the six months ended 30 June 2024 to the shareholders of the Company, details of which is set out in “Interim Dividend” under Management Discussion and Analysis below.

## 8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 418,909,000 (six months ended 30 June 2023: 426,600,000) in issue during the six months ended 30 June 2024.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2023 and 2024.

## 9. INVENTORIES

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Raw materials	<b>197,902</b>	186,716
Finished goods	<b>303,868</b>	281,560
Work in progress	<b>12,176</b>	18,232
	<b><u>513,946</u></b>	<u>486,508</u>

## 10. TRADE AND BILLS RECEIVABLES

	<b>30 June 2024</b>	31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Trade receivables	<b>404,919</b>	332,997
Bills receivables	–	–
Impairment	<b>(50,751)</b>	(41,287)
	<b><u>354,168</u></b>	<u>291,710</u>

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally three months. Most of customers have a maximum credit limit.

The Group seeks to maintain strict control over its outstanding receivables and reconciled the balance to customers monthly. Overdue balances are reviewed regularly by sales and financial department. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral over its trade receivable balances. In order to protect the default risk of customers, the Group has purchased certain insurance against credit risk. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	<b>30 June 2024</b>	31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Within 3 months	<b>304,412</b>	256,787
3 to 6 months	<b>41,192</b>	28,526
6 to 12 months	<b>7,181</b>	5,268
1 to 2 years	<b>1,383</b>	1,129
2 to 3 years	–	–
	<b><u>354,168</u></b>	<u>291,710</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
At beginning of year/period	41,287	36,970
Impairment losses recognised	9,631	8,107
Exchange realignment	170	–
Amount written off as uncollectible	<u>(337)</u>	<u>(3,790)</u>
At the end of year/period	<u><b>50,751</b></u>	<u>41,287</u>

Bills receivable are bank acceptance bills that are unconditionally accepted by banks within the maturity period, and there is no loss allowance for impairment of bills receivable.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than three years and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

**As at 30 June 2024 (unaudited)**

	Less than 3 months	3 to 6 months	6 to 12 months	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	4.9%	20.0%	25.0%	75.0%	100.0%	100.0%	12.5%
Gross carrying amount (RMB'000)	320,152	51,490	9,575	5,532	734	17,436	404,919
Expected credit loss (RMB'000)	15,740	10,298	2,394	4,149	734	17,436	50,751



As at 31 December 2023 (audited)

	Less than 3 months	3 to 6 months	6 to 12 months	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	2.1%	15.1%	19.7%	70.4%	100.0%	100.0%	12.4%
Gross carrying amount (RMB'000)	262,391	33,584	6,563	3,815	611	26,033	332,997
Expected credit loss (RMB'000)	5,604	5,058	1,295	2,686	611	26,033	41,287

## 11. TRADE AND BILLS PAYABLES

	<b>30 June 2024</b>	31 December 2023
	<b>RMB'000</b>	RMB'000
Trade payables	<b>128,267</b>	126,158
Bills payables	<b>35,000</b>	–
	<b><u>163,267</u></b>	<u>126,158</u>

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 June 2024</b>	31 December 2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Within 3 months	<b>112,005</b>	104,843
3 to 6 months	<b>13,492</b>	18,107
6 to 12 months	<b>1,431</b>	2,281
Over 1 year	<b>1,339</b>	927
	<b><u>128,267</u></b>	<u>126,158</u>

Trade payables are non-interest-bearing and are normally settled on 90-day terms.

As at 30 June 2024, the bills payables of RMB35,000,000 were commercial acceptance bills discounted by banks due within one year issued and guaranteed by its subsidiaries.

## **BUSINESS REVIEW AND OUTLOOK**

### **Overview**

We are a leading resin spectacle lens manufacturer in the People's Republic of China (the "PRC"). With the production facilities in our three production bases, namely the Shanghai Production Base, the Jiangsu Production Base in the PRC and the Sabae Production Base in Japan, our Group is capable of manufacturing resin spectacle lenses of various specifications. We offer a wide range of resin spectacle lenses to our customers including standardised lenses and customised lenses. We pride ourselves on our broad network of trusted customers worldwide which include some of the most renowned spectacle lens brand owners and international ophthalmic optic companies. Leveraging on our extensive experience in the spectacle lens industry, we have currently produced and sold quality products to over 90 countries, including but not limited to the PRC, the United States, Japan, India, Australia, Thailand, Germany and Brazil.

In the first half of 2024, our domestic and overseas businesses expanded steadily with sales continued to grow. In particular, the proportion of sales generated from customised lenses increased, together with that of standardised lenses with refractive index of 1.74, which further increased our gross profit margin. We also strove to optimise the allocation of resources, synergise production and management in line with the concept of cost efficiency, which in turn facilitates our profit growth. Our revenue increased by 17.5% from RMB831.2 million for the six months ended 30 June 2023 to RMB976.4 million for the six months ended 30 June 2024, and our profit increased by 31.6% from RMB158.6 million for the six months ended 30 June 2023 to RMB208.7 million for the six months ended 30 June 2024, primarily due to (i) an orderly expansion of international and domestic businesses as well as steady increase in sale of high value-added products; and (ii) effective enhancement of productivity and labour efficiency as well as reduction in production costs resulting from restoration of automated production lines. In the first half of 2024, we also recorded gains from foreign exchange differences. The total production volume of our three production bases reached 104.3 million pieces in the first half of 2024, representing an increase of 21.4% as compared with the same period in 2023.

## Outlook

After the H shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in 2021, the Company has been keen to enhance its capabilities in all respects, including technology, production efficiency, scale of productivity and brand image, resulting in boosted effectiveness with steady enhancement of performance attained by the Company. We will make our efforts focusing on the following:

Enhancing level of automation. The Company has been promoting deployment and reformation of automation lately at our production base and upgrading various kinds of automated equipment, such as automated feeder and automated die and mold spotting press, leading to an improvement of production and labour efficiency.

Strengthening high value manufacturing. The Company has been expanding its high value productivity and enhancing the productivity of, among others, its customized processing centre, high refractive index lenses and photochromic spin coating lenses, as well as newly establishing production line for PC lenses for the sake of upgrading product lines and optimising and adjusting product structure. The Company also plans to set up production lines for high refractive index lenses abroad to further enhance our world competitiveness.

Heightening our competitiveness in domestic market. The Company has eagerly explored marketing and distribution channels in domestic market. For online marketing and distribution, we promote our products and brands through personal media, hot media, such as Douyin and Xiaohongshu, we sell our differentiated or personalised products through mainstream e-commerce platforms and get the most out of advertising and promotion through top search engines. For offline marketing and distribution, we actively participate in trade fairs and academic conferences at home and abroad for making interactions with customers and suppliers, establish ophthalmology centres in collaboration with hospital systems for providing healthcare services as well as strengthen its domestic marketing team for penetrating the terminal channels of all provinces throughout China.

We will gain an insight into the needs of the market and consumers from retail end customers around the globe and answer customers’ needs through launching and upgrading new products by our technological research and development team as well as our superb craftsmanship and techniques of our products.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Revenue**

We generate revenue primarily through the sales of our resin spectacle lenses. Our revenue increased by 17.5% from RMB831.2 million for the six months ended 30 June 2023 to RMB976.4 million for the six months ended 30 June 2024.

We principally sell our products to customers in the PRC, other Asian countries such as India and Japan, the United States and Europe such as the Netherlands, Germany and Italy. Our sales in most geographic location increased in the first half of 2024 as compared to the first half of 2023, primarily attributable to (i) sales growth through different channels and (ii) the continuous upgrades of our products and services and optimisation of our product mix.

We recorded an increase in our revenue in both the standardised lens segment and customised lens segment. The increase in revenue from standardised lenses was primarily attributable to our promotion of high-end lenses, such as high refractive index lenses and multifunctional lenses. In particular, revenue from standardised lenses with refractive index of 1.67 and 1.74 increased by 15.4% and 31.1% in the first half of 2024, respectively, as compared to that in the first half of 2023. Revenue from customised lenses increased by 13.7% in the first half of 2024 as compared to that in the first half of 2023. Such increases were mainly due to the expansion of our customer base of customised lenses.

### **Cost of Sales**

Our cost of sales increased by 13.9% from RMB521.5 million for the six months ended 30 June 2023 to RMB594.0 million for the six months ended 30 June 2024, which was generally in line with our sales growth.

### **Gross Profit and Gross Profit Margin**

As a result of the foregoing, our gross profit increased by 23.5% from RMB309.6 million for the six months ended 30 June 2023 to RMB382.4 million for the six months ended 30 June 2024. Our overall gross profit margin increased from 37.3% for the six months ended 30 June 2023 to 39.2% for the six months ended 30 June 2024, primarily due to an increase in sales of high refractive lenses and multi-functional lenses.

The gross profit margin of our standardised lenses increased from 31.4% for the six months ended 30 June 2023 to 33.8% for the six months ended 30 June 2024, primarily due to an increase in the proportion of sales of high-end products, such as lenses with higher refractive indices and multifunctional lenses.

The gross profit margin of our customised lenses decreased from 59.9% for the six months ended 30 June 2023 to 59.5% for the six months ended 30 June 2024, primarily due to relatively steady sale of our high-end customised products.

### **Other Income and Gains**

Our other income and gains decreased by 26.2% from RMB36.7 million for the six months ended 30 June 2023 to RMB27.1 million for the six months ended 30 June 2024, primarily due to a decrease in net foreign exchange gain in the sum of RMB15.0 million as a result of the appreciation of U.S. dollar against Renminbi.

### **Selling and Distribution Expenses**

Our selling and distribution expenses increased by 20.4% from RMB44.5 million for the six months ended 30 June 2023 to RMB53.6 million for the six months ended 30 June 2024. The increase was primarily due to the increases in wages and salaries, advertisement expenses, travel expenses and sales commissions for business expansion.

### **Administrative Expenses**

Our administrative expenses increased by 29.6% from RMB73.2 million for the six months ended 30 June 2023 to RMB94.9 million for the six months ended 30 June 2024, primarily attributable to our continuous investment in research and development.

### **Other Expenses**

Our other expenses decreased by 52.4% from RMB2.1 million for the six months ended 30 June 2023 to RMB1.0 million for the six months ended 30 June 2024, primarily because we recorded a reduction in loss from disposal of equipment.

## **Impairment on Financial Assets**

Our impairment loss on financial assets decreased by 74.4% from RMB30.9 million for the six months ended 30 June 2023 to RMB7.9 million for the six months ended 30 June 2024. The decrease was mainly due to the reversal of the impairment provision for receivables upon the redemption of our investment in Viner Total Investments Fund. As at 30 June 2024, the receivables from the investment redemption have been fully recovered.

## **Finance Costs**

Our finance costs decreased by 36.0% from RMB7.5 million for the six months ended 30 June 2023 to RMB4.8 million for the six months ended 30 June 2024, primarily due to a decrease in interest payment for bank loans of RMB2.7 million as a result of optimised financing structure and reduced financing scale.

## **Income Tax Expenses**

Our income tax increased by 25.0% from RMB29.6 million for the six months ended 30 June 2023 to RMB37.0 million for the six months ended 30 June 2024, primarily due to an overall increase in taxable profit after our growth in profit.

## **Profit for the Period**

As a result of the foregoing, our profit for the period increased by 31.6% from RMB158.6 million for the six months ended 30 June 2023 to RMB208.7 million for the six months ended 30 June 2024.

## **Capital Structure**

Our total assets increased by 9.8% from RMB1,984.3 million as at 31 December 2023 to RMB2,178.7 million as at 30 June 2024. Our total liabilities increased by 22.1% from RMB589.4 million as at 31 December 2023 to RMB719.5 million as at 30 June 2024. Liabilities-to-assets ratio increased from 29.7% as at 31 December 2023 to 33.0% as at 30 June 2024.

The current ratio, being current assets divided by current liabilities as at the respective date, decreased from 3.3 times as at 31 December 2023 to 2.5 times as at 30 June 2024.

## Liquidity and Financial Resources

The Group adopts a prudent funding and treasury policy with a view to optimise our financial position. We regularly monitor our funding requirements to support our business operations and perform ongoing liquidity review. Our primary uses of cash are to satisfy our working capital needs and our capital expenditure needs. For the six months ended 30 June 2024, we financed our operations primarily through internal resources and bank and other borrowings. Our cash and cash equivalents increased by 63.9% from RMB330.5 million as at 31 December 2023 to RMB541.7 million as at 30 June 2024, primarily attributable to an increase in our net cash generated from operating activities.

Our gearing ratio, which is calculated based on the total borrowings divided by the total equity and multiplied by 100%, decreased from 14.7% as at 31 December 2023 to 14.4% as at 30 June 2024 as a result of (i) the decrease in the total borrowings and (ii) the increase in total equity attributable to our increased retained profits.

As at 30 June 2024, the Group had interest-bearing and other borrowings of RMB209.7 million (as at 31 December 2023: RMB205.2 million), representing 29.1% (as at 31 December 2023: 34.8%) of its total liabilities as at the same date. Of all the borrowings of the Group as at 30 June 2024, RMB144.7 million were repayable within one year and RMB65.0 million were repayable beyond one year. The Group's bank borrowings amounting to RMB185.7 million as at 30 June 2024 (as at 31 December 2023: RMB180.2 million) were borrowings with floating interest rates.

Except for the bank and other loans amounting to RMB4.5 million as at 30 June 2024 (as at 31 December 2023: RMB5.0 million), which were denominated in Japanese Yen, all the Group's bank and other borrowings as at 30 June 2024 were denominated in Renminbi. The Group mainly uses Renminbi, Japanese Yen, U.S. dollar and Hong Kong dollar to make borrowings and loans and to hold cash and cash equivalents.

As at 30 June 2024, banking facilities of the Group totalling RMB454.0 million (as at 31 December 2023: RMB494.0 million) were utilised to the extent of RMB209.5 million (as at 31 December 2023: RMB205.0 million).

## **Capital Expenditures**

Our capital expenditure increased by 181.0% from RMB36.4 million for the six months ended 30 June 2023 to RMB102.3 million for the six months ended 30 June 2024. Our capital expenditure was used primarily for the purchase of plant and machineries and other items of fixed assets. We financed our capital expenditure primarily through our cash flow generated from operating activities and bank borrowings.

## **Contingent Liabilities**

As at 30 June 2024, the Group did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of our Group that was likely to have a material and adverse effect on our business, financial condition or results of operations.

## **Interim Dividend**

The Board recommends the payment of an interim dividend of RMB0.12 (tax inclusive) per ordinary share for the six months ended 30 June 2024 (the “**Proposed Interim Dividend**”) (for the six months ended 30 June 2023: nil). Subject to the approval of shareholders of the Company (the “**Shareholders**”) at the second extraordinary general meeting to be held on Monday, 9 September 2024 (the “**EGM**”), the Proposed Interim Dividend will be paid to the Shareholders whose names appear on the register of members of the Company on Thursday, 19 September 2024. The Proposed Interim Dividend will be declared in Renminbi and paid in Hong Kong dollars based on the average exchange rate of Renminbi against Hong Kong dollars published by the People’s Bank of China five business days prior to the date of the EGM. The Proposed Interim Dividend is expected to be distributed to the Shareholders not later than Tuesday, 15 October 2024.



## **Closure of Register of Members**

### **(a) Entitlement to attend and vote at the EGM**

For determining the entitlement of the Shareholders to attend and vote at the EGM, the Company's register of members will be closed from Wednesday, 4 September 2024 to Monday, 9 September 2024, both days inclusive, during which period no transfer of share will be registered. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 3 September 2024.

### **(b) Entitlement to the Interim Dividend**

For determining the entitlement of the Shareholders to receive the Proposed Interim Dividend, the Company's register of members will be closed from Monday, 16 September 2024 to Thursday, 19 September 2024, both days inclusive, during which period no transfer of share will be registered. In order to be eligible to receive the Proposed Interim Dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 13 September 2024.

## **Pledge of Assets**

As at 30 June 2024, the Group's property, plant and equipment with carrying values of RMB125.0 million (as at 31 December 2023: RMB131.6 million), investment properties with carrying values of RMB14.9 million (as at 31 December 2023: RMB15.5 million) and leasehold land with carrying values of RMB5.4 million (as at 31 December 2023: RMB5.5 million) were pledged to secure general banking facilities granted to the Group. The Company has pledged the equity interests in certain of its subsidiaries to secure the Company's bank loans of RMB145.2 million as at 30 June 2024.

## **Foreign Exchange Risk and Hedging**

The Group has a significant amount of overseas sales from overseas customers and purchases of raw materials from overseas suppliers. Most of the Group's overseas sales are denominated in U.S. dollar. The Group's sales or purchases may also be denominated in U.S. dollar, Japanese Yen, Renminbi or Euro, which are the currencies other than local currency adopted by the relevant subsidiaries. As such, the Group is exposed to foreign currency risk. The Group currently does not have any hedging policy, but will closely monitor the exposure and will take measures when necessary to make sure the foreign exchange risks are manageable.

## **Significant Investment**

In the first half of 2024, the Group did not have any significant investment which exceeded 5% of the Group's total assets. As at 30 June 2024, the Group held financial assets at fair value through profit or loss of RMB71.0 million (as at 31 December 2023: RMB221.0 million), accounting for less than 5% of the Group's total assets as at the same date. Such financial assets included investments in various fund or wealth management products which were managed or issued by several major and reputable financial institution or commercial banks in the PRC. The value of such investments from any single financial institution or bank did not reach 5% of the Group's total assets as at 30 June 2024.

## **Material Acquisitions and Future Plans for Major Investment**

ASAHI LITE (THAILAND) CO., LTD., a wholly-owned subsidiary of the Company, has recently entered into a land purchase agreement with ASIA INDUSTRIAL ESTATE CO., LTD. for the acquisition of the ownership of a piece of land in Thailand at a consideration of THB 196,142,775 (equivalent to approximately RMB39 million). The consideration will be satisfied by internal resources of the Company. The Company plans to use the Land for the construction of production plant and corresponding supporting facilities, mainly for the establishment of automated production lines for high-end refractive index resin lens and semi-finished products module supporting warehouses and logistics delivery and sales.

## **Significant Events After the Reporting Period**

### *Payment of Dividend*

The Company paid 2023 final dividend of RMB0.20 (tax inclusive) per ordinary share in full on 2 August 2024, amounting to a total of RMB85,320,000.

Except as disclosed in this announcement, there are no material events subsequent to 30 June 2024 which could have a material impact on our operating and financial performance as at the date of this announcement.

## **Company Information**

The Company was incorporated in the PRC on 20 June 2018 and is a joint stock company with limited liability. The H shares of the Company were listed on the Stock Exchange on 16 December 2021.

## **Employees**

As at 30 June 2024, we had a total of 2,756 employees who were based in PRC, Japan, United States and Mexico.

The ability to recruit and retain experienced and skilled labour is crucial to our business development and growth. The remuneration payable to our employees generally includes basic salaries and discretionary bonuses. The basic salaries of our employees are generally determined by the employee's rank, position, qualification, experience and performance. The discretionary bonuses are paid on an annual basis, depending on the performance of the individual staff. In order to incentivise, attract and retain our employees, we assess the remuneration package offered to our employees on an annual basis to determine whether any adjustment to the basic salaries and bonus should be made. For the six months ended 30 June 2024, our employee benefit expenses including director's and chief executive's remuneration, wages salary, and other allowances amounted to approximately RMB206.3 million. The Group has provided various training opportunities including induction courses for new employees, training courses on management skills and technical skills.

## **No Material Change**

Since the publication of the Group's audited financial statements for the year ended 31 December 2023 on 27 March 2024, there has been no material change to the Group's business.

## **Material Litigation**

The Company was not involved in any material litigation or arbitration during the six months ended 30 June 2024. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Company during the six months ended 30 June 2024.

## **Rounding**

Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

## **OTHER INFORMATION**

### **Compliance with the Corporate Governance Code**

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders and to enhance corporate value and accountability. The Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. The Company has adopted Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange as its own code of governance. The Board is of the view that the Company has complied with all the code provisions as set out in the CG Code during the six months ended 30 June 2024, except for the deviation from code provision C.2.1 as explained below.

Mr. Fei Zhengxiang (“**Mr. Fei**”) is the chairman the Board and the general manager of the Company and he has been managing the Group’s business and supervising the overall operations of the Group since 2006. The Board considers that vesting the roles of the chairman of the Board and the general manager of the Company in Mr. Fei is beneficial to the management and business development of the Group and will provide a strong and consistent leadership to the Group. The Company believes that the balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high-calibre individuals. As at the date of this announcement, the Board comprises five executive Directors (including Mr. Fei), one non-executive Director and three independent non-executive Directors. The Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that:

- i. there is sufficient check and balance in the Board as the decisions to be made by the Board require approval by at least a majority of the Directors;
- ii. Mr. Fei and the other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that they act for the benefit and in the best interest of the Company and make decisions for the Company accordingly;
- iii. the balance of power and authority is ensured by the operations of the Board which comprises experienced and high-calibre individuals who meet regularly to discuss issues affecting the operations of the Company; and
- iv. the overall strategy and other key business, financial, and operational policies of the Company are made collectively after thorough discussion at both Board and senior management levels.

The Board will continue to review and consider splitting the roles of the chairman of the Board and the general manager at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

## **Compliance with the Model Code for Securities Transactions by Directors and Supervisors**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as its model code of conduct for securities transactions by the Directors and supervisors (the “**Supervisors**”) of the Company. Having made specific enquiry to all Directors and Supervisors, the Company confirms that the Directors and Supervisors have complied with the provisions regarding the securities transactions by Directors and Supervisors as set out in the Model Code for the six months ended 30 June 2024. No incident of non-compliance in relation to the guidelines of the Model Code by the Directors, Supervisors and relevant employees was noted by the Company during the six months ended 30 June 2024.

## **Purchase, Sale or Repurchase of Listed Securities of the Company**

For the six months ended 30 June 2024, the Company repurchased 9.6 million shares in total of listed securities of the Company which are expected to be used for employees’ share incentive scheme.

## **Audit Committee and Review of Financial Statements**

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. As at the date of this announcement, the Audit Committee consists of three independent non-executive Directors, namely Mr. Chen Yi (chairman of the Audit Committee, and who possesses the appropriate professional qualifications and accounting and related financial management expertise), Dr. Xiao Fei and Dr. Wu Ying. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group, oversee the audit process, review and oversee the existing and potential risks of the Group and perform other duties and responsibilities as assigned by the Board.

The Audit Committee has reviewed the Company’s unaudited condensed consolidated interim results for the six months ended 30 June 2024, and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made.

## Future Plans and Use of Proceeds

The H Shares were listed on the Stock Exchange in December 2021, and the Company obtained net proceeds of approximately HK\$473.5 million from the global offering (the “**Global Offering**”). In order to enhance the efficiency of the use of the net proceeds and to balance the use of the net proceeds in a more reasonable manner while aligning with the Company’s business development need, coupled with the changes in external environmental factors, the Board has resolved on 29 November 2022 to utilise approximately HK\$36.9 million of the net proceeds (approximately RMB30.0 million and approximately 7.8% of the net proceeds) to repay existing bank borrowings of the Group. For further details in respect of the change in use of proceeds from the Global Offering, please refer to the announcement of the Company dated 29 November 2022 (the “**Change in Use of Proceeds Announcement**”).

As at 30 June 2024, the Group has utilised approximately HK\$437.4 million of the net proceeds for the intended purposes set out in the Prospectus and the Change in Use of Proceeds Announcement, accounting for 92.2% of all raised funds, and the remaining unutilised net proceeds was approximately HK\$36.1 million. It is expected that the unutilised net proceeds from the Global Offering will continue to be used according to the purposes and proportions as disclosed in the Prospectus and the Change in Use of Proceeds Announcement. Details of the use of proceeds from the Global Offering are as follows:

Intended use of proceeds	Original allocation of net proceeds as stated in the Prospectus (HK\$ million)	Revised allocation of net proceeds <sup>1</sup> (HK\$ million)	Actual use of net proceeds up to 30 June 2024 (HK\$ million)	Unutilised proceeds as at 30 June 2024 (HK\$ million)	Expected timeline for use of unutilised proceeds
Increase the Group’s production capacity of the Shanghai Production Base (as defined in the Prospectus) and the Jiangsu Production Base (as defined in the Prospectus)	219.7	219.7	193.9	25.8	Before December 2024
Strengthening the Group’s research and development capability	94.2	94.2	94.2	—	Not applicable
Enhancing the Group’s sales and marketing efforts	48.8	10.9	3.6	7.3	Before December 2024 <sup>2</sup>

<b>Intended use of proceeds</b>	<b>Original allocation of net proceeds as stated in the Prospectus (HK\$ million)</b>	<b>Revised allocation of net proceeds<sup>1</sup> (HK\$ million)</b>	<b>Actual use of net proceeds up to 30 June 2024 (HK\$ million)</b>	<b>Unutilised proceeds as at 30 June 2024 (HK\$ million)</b>	<b>Expected timeline for use of unutilised proceeds</b>
Working capital and general corporate purposes	47.3	47.3	47.3	–	Not applicable
Enhance the Group's production efficiency and technology in craftsmanship	38.4	38.4	35.4	3.0	Before December 2024
Repayment of the Group's bank borrowings, while such borrowings were principally used to finance the Group's working capital to support its business operation	25.1 <sup>4</sup>	62.0 <sup>3</sup>	62.0	–	Not applicable

*Notes:*

1. For the avoidance of doubt, any discrepancies between the total and the sums of the amounts listed in the table are due to rounding.
2. The Company expects to fully utilise the remaining unutilised net proceeds for enhancing the Group's sales and marketing efforts in the second half of 2024, representing a one-year delay in its expected timeframe. The delay is primarily due to the adjustment of its business development strategy as affected by the social, economic and environmental impacts on the macroeconomic environment in China.
3. The Board has resolved on 29 November 2022 to utilise approximately HK\$36.9 million of the net proceeds (approximately RMB30.0 million and approximately 7.8% of the net proceeds) to repay existing bank borrowings of the Group. For further details in respect of the change in use of proceeds from the Global Offering, please refer to the Change in Use of Proceeds Announcement.
4. The net proceeds for the planned use under the original allocation, being approximately HK\$25.1 million, have been fully utilised for the repayment of the Group's bank borrowings as set out in the Prospectus.



## **Publication of Interim Results Announcement and Interim Report**

This interim results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.conantoptical.com](http://www.conantoptical.com)), and the interim report of the Company for the six months ended 30 June 2024 containing all the information required by the Listing Rules will be dispatched to the shareholders and published on the above websites in due course.

By order of the Board  
**Shanghai Conant Optical Co., Ltd.**  
**Fei Zhengxiang**  
*Chairman*

Hong Kong, 5 August 2024

*As at the date of this announcement, the Board comprises Mr. Fei Zhengxiang, Mr. Zheng Yuhong, Mr. Xia Guoping, Mr. Chen Junhua and Mr. Wang Chuanbao as executive Directors; Ms. Zhao Xiaoyun as non-executive Directors; and Dr. Xiao Fei, Mr. Chen Yi and Dr. Wu Ying as independent non-executive Directors.*