



# 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

## Annual Report 2024



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# Corporate Information

## Executive Directors

Mr. Fei Zhengxiang (Chairman)  
Mr. Zheng Yuhong  
Mr. Xia Guoping  
Mr. Chen Junhua  
Mr. Wang Chuanbao  
Ms. Cao Xue  
(appointed with effect from 28 February 2025)

## Non-executive Directors

Ms. Zhao Xiaoyun  
Mr. Tian Kehan  
(appointed with effect from 28 February 2025)

## Independent non-executive Directors

Dr. Xiao Fei  
Mr. Chen Yi  
Dr. Wu Ying  
Mr. Jin Yiting  
(appointed with effect from 28 February 2025)

## Supervisors

Mr. Xu Jingming  
Mr. Tang Baohua  
Ms. Li Yan

## Joint Company Secretaries

Ms. Cao Xue  
Mr. Chan Pui Hang

## Authorized Representatives

Mr. Fei Zhengxiang  
Mr. Chan Pui Hang

## Audit Committee

Mr. Chen Yi (Chairman)  
Dr. Wu Ying  
Dr. Xiao Fei

## Remuneration Committee

Dr. Wu Ying (Chairman)  
Dr. Xiao Fei  
Mr. Chen Junhua

## Nomination Committee

Dr. Xiao Fei (Chairman)  
Mr. Chen Yi  
Mr. Xia Guoping

## Corporate Information

<b>Strategy Committee</b>	Mr. Fei Zhengxiang (Chairman) Mr. Wang Chuanbao Dr. Xiao Fei
<b>Risk Management Committee</b>	Mr. Fei Zhengxiang (Chairman) Mr. Zheng Yuhong Mr. Chen Yi
<b>ESG Committee</b>	Mr. Fei Zhengxiang (Chairman) Mr. Zheng Yuhong Mr. Xia Guoping
<b>Registered Office, Headquarters and Principal Place of Business in the PRC</b>	4th Floor, Building 35, No. 1-42 Lane 83 Hongxiang North Road, Lin-gang Special Area China (Shanghai) Pilot Free Trade Zone China
<b>Principal Place of Business in Hong Kong</b>	1901A, 1902 & 1902A, 19/F, New World Tower I, 16-18 Queen's Road Central, Central, Hong Kong
<b>Company Website</b>	<a href="http://www.conantoptical.com.cn">www.conantoptical.com.cn</a>
<b>Auditor</b>	Deloitte Touche Tohmatsu
<b>H Share Registrar</b>	Computershare Hong Kong Investor Services Limited Shops 1712-1716 17th Floor, Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
<b>Stock Code</b>	2276
<b>Legal Counsel</b>	CLKW Lawyers LLP

# Definitions

“AGM”	the annual general meeting of the Company to be held on 12 June 2025
“Articles of Association”	the articles of association of the Company as supplemented, amended or otherwise modified from time to time
“Asahi Holdings”	Asahi Lite Holdings Limited (朝日鏡片控股有限公司), a limited liability company incorporated in Hong Kong on 3 July 2013 and a direct wholly-owned subsidiary of the Company
“Asahi Optical”	Asahi Lite Optical Co., Ltd (株式会社アサヒオプティカル), a stock company with limited liability incorporated in Japan on 12 December 1980
“Audit Committee”	the audit committee of the Company
“Board” or “Board of Directors”	the board of Directors
“Board of Supervisors” or “Supervisory Committee”	the supervisory committee of the Company established pursuant to the PRC Company Law
“CG Code”	the Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules
“China” or the “PRC”	the People’s Republic of China and, except where the context otherwise requires and only for the purpose of this annual report, references to China or the PRC exclude Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan

## Definitions

“Company”	Shanghai Conant Optical Co., Ltd. (上海康耐特光學科技集團股份有限公司), a limited liability company established in the PRC on 20 June 2018 and subsequently converted into a joint stock company with limited liability on 23 February 2021
“Conant Eyewear”	Jiangsu Conant Optics Eyewear Co., Ltd.* (江蘇康耐特光學眼鏡有限公司), a limited liability company established in the PRC on 27 January 2011 and an indirect wholly-owned subsidiary of the Company
“connected transaction(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules, including any person or group of persons who are entitled to exercise 30% or more of the voting power at our general meeting or are in a position to control the composition of a majority of the Board, which as at the Latest Practicable Date consisted of Mr. Fei
“Director(s)” or “our Directors”	the director(s) of our Company
“ESG Committee”	the environmental, social and governance committee of the Company
“Global Offering”	the Hong Kong Public Offering (as defined in the Prospectus) and the International Placing (as defined in the Prospectus)

## Definitions

“Group”, “our Group”, “we”, “our” or “us”	the Company and its subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, such subsidiaries as if they were the Company’s subsidiaries at the relevant time, or the businesses acquired or operated by them or (as the case may be) their predecessors
“H Share(s)” or “Share(s)”	overseas listed foreign share(s) in the share capital of the Company with nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and are listed on the Stock Exchange (stock code: 2276)
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollar(s)” or “HK\$”	Hong Kong dollar(s) and cent(s), the lawful currency of Hong Kong
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“IFRS”	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and interpretation issued by the International Accounting Standards Committee
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which, as far as the Directors are aware after having made all reasonable enquiries, is/are not a connected person of our Company within the meaning of the Hong Kong Listing Rules
“Latest Practicable Date”	24 April 2025, being the latest practicable date prior to the bulk printing and publication of this annual report
“Listing”	the listing and the commencement of dealings of the H Shares on the Main Board

## Definitions

“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules
“Mr. Fei”	Fei Zhengxiang (費錚翔), the founder of our Group, chairman of our Board, an executive Director, the general manager of our Company and our Controlling Shareholder
“Nomination Committee”	the nomination committee of the Company
“PRC Company Law”	the Company Law of the PRC* (《中華人民共和國公司法》), as enacted the Standing Committee of the Eighth National People’s Congress on 29 December 1993 and effective on 1 July 1994, as amended, supplemented or otherwise modified from time to time
“PRC GAAP”	the Accounting Standards for Business Enterprises (《企業會計準則》) promulgated by the Ministry of Finance
“Prospectus”	the prospectus of the Company dated 30 November 2021
“Qitian Technology”	Qitian Technology Group Co., Ltd. (旗天科技集團股份有限公司) (formerly known as Shanghai Conant Optics Co., Ltd. (上海康耐特光學有限公司) from 5 December 1996 to 28 April 2008, Shanghai Conant Optics Co., Ltd. (上海康耐特光學股份有限公司) from 29 April 2008 to 23 July 2017 and Shanghai Conant Macroflag Group Co., Ltd. (上海康耐特旗計智能科技集團股份有限公司) from 24 July 2017 to 14 January 2020), a joint stock limited company established in the PRC whose shares are listed on the ChiNext Market of the Shenzhen Stock Exchange (stock code: 300061)

## Definitions

“Remuneration Committee”	the remuneration committee of the Company
“Reporting Period”	the period beginning from 1 January 2024 and ending on 31 December 2024
“Risk Management Committee”	the risk management committee of the Company
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Conant”	Shanghai Conant Optics Co., Ltd.* (上海康耐特光學有限公司), a limited liability company established in the PRC on 13 April 2011 and a wholly-owned subsidiary of the Company
“Shanghai Fengchang”	Shanghai Fengchang Enterprise Management Partnership (Limited Partnership)* (上海風暢企業管理合夥企業(有限合夥)), one of the Company’s pre-IPO investors
“Shanghai Shuyun”	Shanghai Shuyun Enterprise Management Partnership (Limited Partnership)* (上海書雲企業管理合夥企業(有限合夥)), one of the Company’s pre-IPO investors
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategy Committee”	the strategy committee of the Company
“Supervisor(s)”	the supervisor(s) of our Company
“SZSE”	The Shenzhen Stock Exchange
“%”	per cent

\* for identification purpose only

# Five-Year Financial Summary

Set out below are the figures of the Group for the years ended 31 December 2020, 2021, 2022, 2023 and 2024 respectively.

	For the year ended 31 December				
	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000
Revenue	1,093,164	1,356,082	1,561,317	1,759,641	<b>2,060,767</b>
Gross profit	382,051	460,159	537,870	658,134	<b>795,100</b>
Profit before tax	155,263	215,102	281,539	393,010	<b>497,362</b>
Income tax expense	(26,801)	(31,580)	(32,973)	(65,988)	<b>(69,078)</b>
Profit for the year	128,462	183,522	248,566	327,022	<b>428,284</b>
Profit attributable to owners of the parent	128,462	183,522	248,566	327,022	<b>428,284</b>

	As at 31 December				
	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000
Total assets	1,444,200	1,811,349	1,788,632	1,984,313	<b>2,388,784</b>
Total liabilities	939,666	873,951	643,018	589,413	<b>803,227</b>
Net assets	504,534	937,398	1,145,614	1,394,900	<b>1,585,557</b>

# Chairman's Statement

Dear Shareholders,

On behalf of the Board, I am pleased to present the annual report of the Group for the Reporting Period.

## BUSINESS REVIEW AND OUTLOOK

### Overview

We are a leading resin spectacle lens product and service provider in the PRC. With the production facilities in our three production bases, namely the Shanghai Production Base and Jiangsu Production Base in the PRC and the Sabae Production Base in Japan, our Group is capable of manufacturing resin spectacle lens of various specifications. We offer a wide range of resin spectacle lenses to our customers including standardised lenses and customised lenses with personalized, differentiated and high-end features. 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. We strive to become and continue to be one of the world's most prominent spectacle lens product and service provider as a long term of objective and we strive to provide customers with highest quality of products.

Building on the foundation made in the financial year of 2023, our results for the financial year of 2024 experienced further growth. Our revenue increased by 17.1% from RMB1,759.6 million for the year ended 31 December 2023 to RMB2,060.8 million for the year ended 31 December 2024, and our profit increased by 31.0% from RMB327.0 million for the year ended 31 December 2023 to RMB428.3 million for the year ended 31 December 2024, primarily due to the increase in our sales volume from 158.8 million pieces in 2023 to 178.0 million pieces in 2024. Meanwhile, we had further optimized our product structure, and were benefited from the business development of our customized lenses products and end-to-end services. In 2024, the total annual production volume of our three production bases reached 208.6 million pieces, representing a 15.1% year-on-year growth.

### Outlook for 2025

Going forward, we will continue to strengthen our market position and increase our market share by pursuing the following strategies:

Further enhancing our production capacity and continuous upgrading of our automation level. For our future layout, we plan to further enhance the production capacities of our Shanghai customised processing centre and Jiangsu Production Base. Over the past years, the Company has been gradually commencing production capacity enhancement and automation projects in an orderly manner. Currently, the investment programmes were basically completed in phases. As of the end of 2024, we have successively invested in customised automated production equipment involving different production processes to improve manpower efficiency, reduce wastage and enhance production efficiency effectively. In 2025, we will continue to drive the pace of capacity upgrades and automation to expand our competitive advantage.

Strengthening product development capabilities. We believe that the research and development capability of the Company at this stage is crucial for the Company to further enhance its competitiveness in the domestic and international markets. In addition, the Company has also been actively laying out the planning of national-level R&D centres, including the new XR (Extended Reality) R&D centre. The Company will continue to invest, strengthen the project and intellectual property management mechanism, and focus on the transformation of R&D results and industrial synergies. Moreover, the Company has been researching and developing superimposed and innovative products with different refraction index and different functions, and actively enhancing and upgrading the existing products.

## Chairman's Statement

Expansion of customer base in the PRC market and promotion of our brands. We plan to allocate more resources on sales and marketing. As for offline marketing, we will participate in industry exhibitions, event organisation and customer visits, and collaborate with ophthalmology service providers and retailers to boost the building of our distribution channels. We also plan to enhance our online marketing strategies by increasing our online advertising and promotion on multiple platforms and adopt new sales channel. The Company currently adopt a vigorous strategy for brand promotion to attract the attention of the market and consumers. In 2024, we actively participated in various trade fairs, organisational activities and customer visits, and we also established one in-hospital ophthalmology centre through active collaboration with hospital systems to provide customers with one-stop integrated ophthalmology services for diagnosis, treatment, examination and fitting. Meanwhile, hospitals are usually regarded as the authoritative institutes in ophthalmology, which would bring customers sufficient trust and confidence and in turn contribute to enhance the overall image of the brand and the products of the Company. This year, we also focus on enhancing our online marketing strategy by utilizing new marketing channels such as Douyin and WeChat mini programme to further promote the Company's brand image. Our efforts in this area have yielded positive results. In 2025, we will continue to improve our image promotion and brand enhancement in the domestic market, and strive to develop different distribution channels.

XR business (including AR and AI glasses). While continuing to cooperate with a number of leading global technology and consumer electronic companies which include various toptier companies in the U.S. as mentioned above, the Company is also actively expanding its business cooperation opportunities with other domestic and international technology and consumer electronic corporate customers. The Company will continue to cooperate with its customers to continuously promote its existing R&D projects and actively explore new projects in preparation for the possible mass production of AR or AI glasses and other projects in the future.

## APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, suppliers and customers of the Company for their continued support and trust. The Board would also like to thank all the employees and management team for executing the Group's strategies with professionalism, integrity and dedication.

Shanghai Conant Optical Co., Ltd.

**Fei Zhengxiang**

*Chairman of the Board*

Shanghai, the PRC

28 April 2025

# Management Discussion and Analysis

## REVENUE

We generate revenue primarily through the sales of our resin spectacle lenses. Our revenue increased by 17.1% from RMB1,759.6 million in 2023 to RMB2,060.8 million in 2024.

We principally sell our products to customers in the PRC, other Asian countries such as India and Japan, Americas such as the United States, Canada, Argentina and Brazil and Europe such as the Netherlands, Germany and Italy. As compared to 2023, our sales in most geographic locations across the world increased, of which, the sales in Mainland China recorded a year-on-year increase of 13.9% compared to 2023, primarily attributable to an increase in the number of orders as well as the appreciation of U.S. dollar against Renminbi.

We recorded an increase in our revenue in the multifunctional lens segment, standardised lens segment and customised lens segment. Revenue from multifunctional lens, standardised lens and customised lens increased by 32.4%, 8.8% and 11.8% in 2024 as compared to 2023, respectively. Such increases were mainly due to more orders from customers and the appreciation of U.S. dollar against Renminbi.

## COST OF SALES

Our cost of sales increased by 14.9% from RMB1,101.5 million in 2023 to RMB1,265.7 million in 2024, primarily in line with the growth of our revenue.

## Management Discussion and Analysis

### GROSS PROFIT AND GROSS PROFIT MARGIN

As a result of the foregoing, our gross profit increased by 20.8% from RMB658.1 million in 2023 to RMB795.1 million in 2024. Our gross profit margin increased from 37.4% in 2023 to 38.6% in 2024. Primarily due to (i) an increase in the number of orders; (ii) the appreciation of U.S. dollar against Renminbi; and (iii) upgrade of product structure.

### OTHER INCOME AND GAINS

Our other income and gains increased by 19.9% from RMB48.2 million in 2023 to RMB57.8 million in 2024, primarily due to an increase in the receipt of government grants of RMB10.2 million.

### SELLING AND DISTRIBUTION EXPENSES

Our selling and distribution expenses increased by 25.9% from RMB103.2 million in 2023 to RMB129.8 million in 2024, which was primarily due to an increase in the employee remuneration and an increase in business development expenditure.

### ADMINISTRATIVE EXPENSES

Our administrative expenses increased by 10.8% from RMB175.0 million in 2023 to RMB193.9 million in 2024, primarily attributable to an increase in research and development expenses of RMB18.2 million.

### OTHER EXPENSES

Our other expenses significantly decreased by 75.7% from RMB7.0 million in 2023 to RMB1.7 million in 2024, primarily attributable to the elimination of the impact of impairment loss recognised on investment in a joint venture, and the decrease in loss on disposal of long-term assets.

### IMPAIRMENT LOSS OF FINANCIAL ASSETS

Our impairment loss of financial assets increased by 20.1% from RMB14.4 million in 2023 to RMB17.3 million in 2024. The increase in impairment on financial assets in 2024 was mainly due to an increase in the gross amount of trade receivables as of 31 December 2024 that were in line with the increase in revenue as compared to that of 31 December 2023.

### FINANCE COSTS

Our finance costs decreased by 25.0% from RMB13.6 million in 2023 to RMB10.2 million in 2024, primarily due to a decrease in interest on bank and other loans of RMB4.1 million as a result of the effective fund management performed by the Company, which resulted in the decrease of financing costs.

### INCOME TAX EXPENSES

Our income tax expenses increased by 4.7% from RMB66.0 million in 2023 to RMB69.1 million in 2024, primarily due to the increase in taxable income.

### PROFIT FOR THE YEAR

As a result of the foregoing, our profit for the year increased by 31.0% from RMB327.0 million for the year ended 31 December 2023 to RMB428.3 million for the year ended 31 December 2024.

## Management Discussion and Analysis

### CAPITAL STRUCTURE

Our total assets increased by 20.4% from RMB1,984.3 million as of 31 December 2023 to RMB2,388.8 million as of 31 December 2024. Our total liabilities increased by 36.3% from RMB589.4 million as of 31 December 2023 to RMB803.2 million as of 31 December 2024. Liabilities-to-assets ratio increased from 29.7% as of 31 December 2023 to 33.6% as of 31 December 2024.

The current ratio, being current assets divided by current liabilities as of the respective date, decreased from 3.3 times as of 31 December 2023 to 2.2 times as of 31 December 2024.

### LIQUIDITY AND FINANCIAL RESOURCES

Our primary uses of cash are to satisfy our working capital needs and our capital expenditure needs. For the year ended 31 December 2024, we financed our operations primarily through internal resources, bank and other borrowings, and net proceeds from the global offering (the “**Global Offering**”) of its H shares in connection with the listing of the H shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 16 December 2021. Our cash and cash equivalents increased by 51.0% from RMB330.5 million as of 31 December 2023 to RMB499.1 million as of 31 December 2024, primarily attributable to the increase in bank borrowings of RMB84.4 million, as well as 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%, increased from 14.7% as of 31 December 2023 to 18.3% as of 31 December 2024, primarily due to an increase in interest-bearing bank and other borrowings of RMB84.4 million due to receipt of bank loans.

As of 31 December 2024, the Group had interest-bearing bank and other borrowings of RMB289.6 million (as of 31 December 2023: RMB205.2 million), representing 36.1% (as of 31 December 2023: 34.8%) of its total liabilities as of the same date. Of all the borrowings of the Group as of 31 December 2024, RMB289.6 million were repayable within one year and RMBnil million was repayable beyond one year. As of 31 December 2024, all of the Group’s bank borrowings were borrowings with fixed interest rates.

Except for the bank loans amounting to RMB4.6 million as of 31 December 2024 (as of 31 December 2023: RMB5.0 million), which were denominated in Japanese Yen, all the Group’s bank borrowings as of 31 December 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 of 31 December 2024, banking credit facilities of the Group totaling RMB447 million (as of 31 December 2023: RMB494.0 million) were utilised to the extent of RMB289.6 million (as of 31 December 2023: RMB205.0 million).

### CAPITAL EXPENDITURES

Our capital expenditure increased by 70.5% from RMB126.5 million in 2023 to RMB215.7 million in 2024. Our capital expenditure was used primarily for the purchase of other items of long-term assets such as ownership of land and machinery equipment. We financed our capital expenditure primarily through our cash flow generated from operating activities and the net proceeds from the Global Offering.

### CONTINGENT LIABILITIES

As of 31 December 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.

### PLEDGE OF ASSETS

As of 31 December 2024, the Group's property, plant and equipment with carrying values of RMB133.5 million (as of 31 December 2023: RMB131.6 million), investment properties with carrying values of RMB14.2 million (as of 31 December 2023: RMB15.5 million) and right-of-use of land with carrying values of RMB5.3 million (as of 31 December 2023: RMB5.5 million) were pledged to secure general banking facilities granted to the Group.

### 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.

## Management Discussion and Analysis

### SIGNIFICANT INVESTMENT

In 2024, the Group did not have any significant investment which exceeded 5% of the Group's total assets. As of 31 December 2024, the Group held financial assets at FVTPL of RMB149.5 million (as of 31 December 2023: RMB221.0 million), accounting for more than 5% of the Group's total assets as of the same date. Such financial assets included investments in various 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 of 31 December 2024.

### MATERIAL ACQUISITIONS AND FUTURE PLANS FOR MAJOR INVESTMENT

According to the Company's investment plan for Thailand, as of the end of 2024, the Company has invested and paid in the cumulative amount of RMB51,990,400 for the acquisition of land and land prepayment to Thai companies. We will gradually implement this investment project in accordance with the Company's strategic plans.

### SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On 22 December 2024, the Company entered into a placing agreement with ICBC International Securities Limited (the "**Placing Agent**"), pursuant to which the Company has conditionally agreed to place (the "**Placing**"), and the Placing Agent has conditionally agreed, as agent of the Company, to procure the placee to subscribe for 53,325,000 (representing 12.5% of the issued shares prior to the Placing; and 11.11% immediately after completion of the Placing) placing shares at the placing price of HK\$15.86 per placing share, representing a discount of approximately 19.98% to the closing price of HK\$19.82 per Share on the date of the placing agreement. The Placing was completed on 6 January 2025, and the net proceeds from the Placing (after deduction of the placing commission in respect of the Placing and other related expenses including, among others, the professional fees) is approximately HK\$827,930,000, representing a net issue price of approximately HK\$15.53 per placing share. The net proceeds from the Placing will be utilised for the research, development, design and manufacturing of lenses and vision solutions for smart glasses and XR headsets. Please refer to the announcements of the Company dated 23 December 2024 and 6 January 2025 for further details.

Except as disclosed above, there are no material events subsequent to 31 December 2024 which could have a material impact on our operating and financial performance as of the date of this announcement.

### FINAL DIVIDEND

The Board recommends the payment of a final dividend of RMB0.16 (tax inclusive) per ordinary share for the year ended 31 December 2024 (the “**Proposed Final Dividend**”) (for the year ended 31 December 2023: RMB0.20 per share) together with the interim dividend of RMB0.12 per share for 2024, the total dividend declared in 2024 was RMB0.28 per share.

Subject to the approval of shareholders of the Company (the “**Shareholders**”) at the annual general meeting to be held on Thursday, 12 June 2025 (the “**AGM**”), the Proposed Final Dividend will be paid to the Shareholders whose names appear on the register of members of the Company on Monday, 30 June 2025. The Proposed Final 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 AGM. The Proposed Final Dividend is expected to be distributed to the Shareholders no later than Monday, 11 August 2025.

### ANNUAL GENERAL MEETING

The AGM will be held on Thursday, 12 June 2025. A notice convening the AGM will be published and despatched to the Shareholders in the manner required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) in due course.

## Management Discussion and Analysis

### CLOSURE OF REGISTER OF MEMBERS

#### (a) Entitlement to Attend and Vote at the AGM

For the purpose of ascertaining the members' eligibility to attend and vote at the AGM, the Company's register of members will be closed from Friday, 6 June 2025 to Thursday, 12 June 2025, both days inclusive, during which period no transfer of share will be registered. In order to be eligible to attend and vote at the AGM, 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 Thursday, 5 June 2025.

#### (b) Entitlement to the Proposed Final Dividend

For determining the entitlement of the Shareholders to receive the Proposed Final Dividend, the Company's register of members will be closed from Tuesday, 24 June 2025 to Monday, 30 June 2025, both days inclusive, during which period no transfer of share will be registered. In order to be eligible to receive the Proposed Final 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 Monday, 23 June 2025.

### EMPLOYEES

As of 31 December 2024, we had a total of 2,723 employees who were based in PRC, Japan, United States.

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 year ended 31 December 2024, our employee benefit expenses including Director's and chief executive's remuneration, wages, salaries and other allowances, and pension scheme contributions and social welfare amounted to approximately RMB430.8 million (for the year ended 31 December 2023: RMB387.5 million).

The Group adopted the restricted share unit scheme on 18 December 2023 (the "**2023 Share Award Scheme**") and the second restricted share unit scheme on 20 January 2025 (the "**2025 Share Award Scheme**") respectively, which will provide incentive to retain and encourage the selected participants for the continual operation and development of the Group. Details of the 2023 Share Award Scheme and the 2025 Share Award Scheme have been disclosed in the announcements of the Company dated 27 November 2023, 12 December 2024 and 7 January 2025, and the circulars dated 1 December 2023 and 20 December 2024 respectively. From the beginning of 2024 to the Latest Practicable Date, the trustee has purchased an aggregate of 14,987,000 H Shares from the open market of the Stock Exchange and held such shares on trust platforms as incentives under Employee Share Award Scheme.

### ROUNDING

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

# Profiles of Directors, Supervisors and Senior Management

## DIRECTORS

### Executive Directors

**Mr. Fei Zhengxiang (費錚翔) ("Mr. Fei")**, aged 64, is the Controlling Shareholder and the founder of the Group. Mr. Fei was re-elected as our executive Director of the second session of the Board on 7 March 2024. Mr. Fei was appointed as the general manager of the Company on 20 June 2018 and is primarily responsible for formulating the overall development strategies and overseeing the operation of our Group. Mr. Fei is also the executive director of Jiangsu Conant Optics Co., Ltd.\* (江蘇康耐特光學有限公司) and Jiangsu Asahi Optical Co., Ltd.\* (江蘇朝日光學有限公司), each a wholly-owned subsidiary of our Company, the chairman of board of directors of Conant Eyewear and a director of Asahi Holdings and Asahi Optical. As of the Latest Practicable Date, Mr. Fei held approximately 44.33% of the total issued share capital in the Company.

Mr. Fei has over 29 years of experience in the eyewear industry. He founded Qitian Technology on 5 December 1996 which was listed on the SZSE (stock code: 300061) in March 2010. Mr. Fei acted as the chairman of board of directors of Qitian Technology from March 2008 to November 2019 and was re-designated as a director of Qitian Technology from November 2019 to May 2020. Mr. Fei had served as a supervisor of Qitian Technology until August 2022.

He obtained a bachelor's degree in chemistry from the department of chemistry of Zhejiang University (浙江大學, formerly known as Hangzhou University (杭州大學)) in Zhejiang province, the PRC in April 1982. Prior to joining our Group, Mr. Fei was a post-doctoral fellow at Emory University in Georgia, the United States from 1989 to 1991. Mr. Fei was awarded as one of the 2010 Shanghai Leading Talents (2010年上海領軍人才) in December 2010 by the Organisational Department of the CPC Shanghai Municipal Committee and Shanghai Human Resources and Social Insurance Bureau. He is also the vice president of Shanghai Overseas Chinese Chamber of Commerce (上海市僑商會).

## Profiles of Directors, Supervisors and Senior Management

**Mr. Zheng Yuhong (鄭育紅) (“Mr. Zheng”)**, aged 56, was re-elected as our executive Director on 7 March 2024. Mr. Zheng was appointed as a deputy general manager of the Company on 1 January 2019 and is primarily responsible for formulating the overall development strategies and overseeing the Shanghai operation of our Group. Mr. Zheng is also (i) the general manager of Shanghai Conant; and (ii) the general manager and a director of Conant Eyewear. Mr. Zheng acted as a director of Qitian Technology from April 2008 to November 2019 and as the deputy general manager of Qitian Technology from April 2008 to January 2019.

Mr. Zheng graduated with a Bachelor of Engineering degree majoring in lifting transportation and construction machinery from Wuhan University (武漢大學, formerly known as Wuhan University of Hydraulic and Electrical Engineering (武漢水利電力學院)) in Hubei province, the PRC in June 1990.

**Mr. Xia Guoping (夏國平) (“Mr. Xia”)**, aged 66, was re-elected as our executive Director on 7 March 2024. Mr. Xia was appointed as a deputy general manager of the Company on 1 January 2019 and is responsible for formulating the overall development strategies and overseeing the Jiangsu operation of our Group.

Mr. Xia worked at Qitian Technology as a director from September 2010 to January 2017, and as a deputy general manager from May 2010 to January 2019. He was responsible for the overall management of such company during the time.

Mr. Xia graduated with a bachelor’s degree majoring in physics from the department of physics of Zhejiang University (浙江大學, formerly known as Hangzhou University (杭州大學)) in Zhejiang province, the PRC in January 1982. In May 2003, Mr. Xia obtained an Executive Master in Business Administration degree from Bircham International University in Madrid, Spain.

**Mr. Chen Junhua (陳俊華) (“Mr. Chen”)**, aged 57, was re-elected as our executive Director on 7 March 2024. Mr. Chen was appointed as a deputy general manager of the Company on 1 January 2019 and is primarily responsible for overseeing the marketing operations of our Group. Mr. Chen joined our Group in October 2009 as a manufacturing manager responsible for supervising production process and improving production technology. He has served as deputy general manager of Shanghai Conant since 5 March 2014 and was a director of Asahi Optical between 22 April 2017 and 31 March 2021.

Mr. Chen graduated from Shanghai Open University (上海開放大學, formerly known as Shanghai Television University (上海電視大學)) with a college degree majoring in public relations in Shanghai, the PRC, in July 1991.

## Profiles of Directors, Supervisors and Senior Management

**Mr. Wang Chuanbao (王傳寶) (“Mr. Wang”)**, aged 38, was appointed as our executive Director on 7 March 2024. Mr. Wang joined the Group in August 2016 as a deputy director of the research and development center. He was responsible for the research and development of production craftsmanship and techniques. He was appointed as a technical director of the Company and a vice-general manager of Jiangsu Conant Optics Co., Ltd. on 1 April 2023. Mr. Wang is a Jiangsu (Qidong Nantong) representative of the Chinese People’s Political Consultative Conference. He is currently a technical director of the Company and a vice-general manager of Jiangsu Conant Optics Co., Ltd, a wholly-owned subsidiary of the Company. Prior to joining the Group, Mr. Wang was a technology development engineer of the research and development department of YAPP Automotive Systems (亞普汽車部件股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603013).

Mr. Wang obtained his bachelor degree in Polymer Material Science & Engineering from Yangzhou University in 2009, and further obtained a doctorate degree in Materials Science and Engineering from Nanjing University of Science and Technology in 2014.

**Ms. Cao Xue (曹雪) (“Ms. Cao”)**, aged 34, was appointed as an executive Director on 28 February 2025. Ms. Cao has over 10 years of experience in the resin spectacle lens industry. She has extensive knowledge about the business operations, corporate culture and matters concerning the corporate governance of the Company. Ms. Cao joined the Group in October 2013 and was responsible for the accounting and financial management of a subsidiary of the Company, Shanghai Conant Optics Co., Ltd. (“Shanghai Conant Optics”) until December 2015. She served as a financial supervisor of Shanghai Conant Optics from January 2016 to December 2020 and was appointed as the manager of overseas asset management department of Shanghai Conant Optics in January 2021. She has been appointed as one of the joint company secretaries of the Company with effect from the date of listing on the Stock Exchange. Ms. Cao was appointed as the secretary of the Board on 22 February 2021. She has also served as a director of Asahi Holdings since May 2017 and a director of Asahi Optical since April 2021.

Ms. Cao obtained a bachelor’s degree in literature majoring in Japanese from Tongji University (同濟大學) in July 2013. She obtained a master’s degree of Corporate Governance from Hong Kong Metropolitan University (香港都會大學) in September 2023, and has become a member of The Hong Kong Chartered Governance Institute and the Chartered Governance Institute in January 2024. She also possesses the qualifications of Chartered Governance Professional and Chartered Secretary.

## Profiles of Directors, Supervisors and Senior Management

### Non-executive Directors

**Ms. Zhao xiaoyun (趙曉雲) ("Ms. Zhao")**, aged 52, was re-elected as our non-executive Director on 7 March 2024. She is currently the supervisor (part-time) of Asahi Optical.

Prior to joining the Group in April 2018, Ms. Zhao worked in a number of financial consultancy, asset management and securities companies in the PRC as their legal representative and/or financial controller.

Ms. Zhao holds a Bachelor of Arts in Literature from Waseda University in Japan. She passed the examination for the securities qualification issued by the Securities Association of China (中國證券業協會) in September 2009 and the fund qualification issued by the Asset Management Association of China (中國證券投資基金業協會) in June 2018, and possesses the accounting qualification (intermediate level) (會計中級職稱) issued by the Ministry of Personnel of the PRC in May 2007.

**Mr. Tian Kehan (田克漢) ("Mr. Tian")**, aged 48, was appointed as a non-executive Director on 28 February 2025. Mr. Tian holds a bachelor degree and a master degree both in the department of precision instruments in Tsinghua University and a Ph.D. in optics from the Massachusetts Institute of Technology. He is an international renowned expert in the field of optoelectronics and has successively won the IBM Research Achievement Award, the IBM Master Inventor and the IBM Invention Achievement Award. He has published over 50 academic papers and over 120 authorized patents. He has joined Goertek Optical Technology Co., Ltd (which is an associated company of Goertek (Hong Kong) Co., Limited, a substantial shareholder of the Company) since 2023 and is currently working as the Chief Technology Officer there.

## Profiles of Directors, Supervisors and Senior Management

### Independent Non-executive Directors

**Dr. Xiao Fei (肖斐) (“Dr. Xiao”)**, aged 62, was re-elected as our independent non-executive Director on 7 March 2024. Dr. Xiao is responsible for providing independent advice and judgement to our Board.

Dr. Xiao has at least 16 years of experience in education and academic research in material science. Dr. Xiao commenced his career as a lecturer in Fudan University (復旦大學) in March 1992 and has served as an associate professor and a professor consecutively for materials science since June 1997 prior to joining our Group. He is primarily responsible for teaching classes, mentoring graduate students and conducting academic researches. Prior to that, Dr. Xiao was a visiting scholar focusing on electronic packaging material in Eastern Michigan University and Georgia Institute of Technology respectively.

Dr. Xiao obtained his Bachelor of Science degree majoring in chemistry from Fudan University (復旦大學) in July 1983, and further obtained a Master of Science degree from Fudan University (復旦大學) in July 1986. In December 1991, Dr. Xiao graduated from Shanghai Institute of Organic Chemistry, Chinese Academy of Sciences (中國科學院上海有機化學研究所) with a Doctor of Science degree majoring in organic chemistry. He obtained the teacher’s qualification for higher education institutions (高等學校教師資格) granted by Shanghai Municipal Education Commission (上海市教育委員會) in December 1996.

**Mr. Chen Yi (陳一) (“Mr. Chen”)**, aged 40, was re-elected as our independent non-executive Director on 7 March 2024. Mr. Chen is responsible for providing independent advice and judgement to our Board.

Mr. Chen has over 16 years of experience in financial industry. Prior to joining our Group, from October 2007, Mr. Chen served as an auditor and a senior advisor on merger and acquisition in PricewaterhouseCoopers Hong Kong (香港羅兵咸永道會計師事務所). From October 2011, Mr. Chen served as a senior executive in The Bank of East Asia (China) Limited (東亞銀行(中國)有限公司) responsible for strategic planning. From July 2016, he worked at China Minsheng Investment Co., Ltd. (中國民生投資股份有限公司), whose principal business is investment management, as the manager of strategy and investment department and was responsible for strategic planning. From April 2017, Mr. Chen served as the chief financial officer and secretary of board of directors in Jiangsu PayEgis Co., Ltd (江蘇通付盾科技有限公司), an intelligent network service provider focusing on digital identity authentication, responsible for the financial management of the company. From January 2018, Mr. Chen served as the financial director in Guangdong Te-pemic Medical Co., Ltd (廣東騰湃醫療股份有限公司), which provides preventive medical services, responsible for financial management. Since November 2021, Mr. Chen has served as the financial director of Shenzhen Ruiji Biotechnology Co., Ltd. (深圳市瑞吉生物科技有限公司), an biotechnology company devoted to developing mRNA-based vaccines and therapeutics, responsible for financial management.

## Profiles of Directors, Supervisors and Senior Management

Mr. Chen obtained his bachelor's degree in economics and finance from the University of Hong Kong (香港大學) in November 2007. He then obtained a Finance Master of Business Administration degree from China Europe International Business School (中歐國際工商學院) in November 2022. He was admitted as a certified public accountant of Hong Kong Institute of Certified Public Accountants (香港會計師公會) in January 2011.

**Dr. Wu Ying (吳瑩)**, aged 47, was appointed as our independent non-executive Director on 7 March 2024. Dr. Wu is responsible for providing independent advice and judgement to our Board. Dr. Wu was graduated from Fudan University with a bachelor's degree in Clinical Medicine. She ranked second in the five-year overall evaluation during her study, and was exempted from examination and was recommended to Fudan University Affiliated Eye, Ear, Nose and Throat Hospital for a master's degree in ophthalmology. She was then awarded the Outstanding Doctoral Graduate of Fudan University in 2006 and stayed in the hospital to work as an ophthalmologist, majoring in: Optometry and refractive surgery. She was promoted to attending physician in 2007. From 2008 to 2009, she served as a visiting scholar at Nova Southeastern University College of Optometry in the United States. In 2014, she was promoted to associate chief physician. Currently, she serves as secretary of the Department of Optometry at the Eye, Ear, Nose and Throat Hospital of Fudan University, youth committee member of the Optometry Branch of the Shanghai Medical Association, member of the Optometry Professional Committee of the Chinese Female Doctors Association, senior lecturer at the EVO ICL Asia Pacific Training Center, and mentor at the SMILE Asia Pacific Training Center. Her professional direction is various types of refractive surgery (SMILE/TransPRK/LASIK/PTK), endoscopic EVO ICL implantation, more than 20,000 cases of various refractive surgeries such as SMILE and ICL implantation have been completed, and the diagnosis and treatment of adolescent myopia, diagnosis and treatment of strabismus and amblyopia in children, and has completed more than 3,000 cases of various types of strabismus surgery.

**Mr. Jin Yiting (金益亭) ("Mr. Jin")**, aged 47, was appointed as an independent non-executive Director on 28 February 2025. Mr. Jin is a qualified independent director recognised by the Shanghai Stock Exchange and a member of the PRC Bar. He joined AllBright Law Offices in January 2018 and has served as a senior partner since September 2022. Prior to that, Mr. Jin was a senior partner in Zhong Yin Law Firm (中銀律師事務所). He has served in the Company as an independent non-executive director from 22 February 2021 and retired from the same on 7 March 2024 following the conclusion of the first extraordinary general meeting of 2024 held on 7 March 2024. He obtained a Master of Laws majoring in international economic law from East China University of Political Science and Law (華東政法大學), in Shanghai, the PRC in June 2004, and further obtained an Executive Master of Business Administration degree from the Shanghai Advanced Institute of Finance of the Shanghai Jiao Tong University (上海交通大學上海高級金融學院) in Shanghai, the PRC in June 2019.

## Profiles of Directors, Supervisors and Senior Management

### Further Information about the Biography of the Director

For further information of Mr. Fei under Rule 13.51(2)(h) of the Hong Kong Listing Rules, please refer to the section headed “Directors, Supervisors and Senior Management – Directors” in the Prospectus.

### SUPERVISORY COMMITTEE

**Mr. Xu Jingming (徐敬明) (“Mr. Xu”)**, aged 61, was appointed as a Supervisor on 7 March 2024. He has been a chairman of the Supervisory Committee since 7 March 2024. He is responsible for supervising the performance of our Board and members of the senior management in performing their duties to the Company. As of the Latest Practicable Date, Mr. Xu held approximately 12.58% of the total issued share capital in Shanghai Shuyun, which held approximately 4.31% of the total issued share capital in the Company.

Mr. Xu joined our Group in December 2006, where he served as head of manufacturing department, procurement manager, and deputy general manager from December 2006 to December 2009, from January 2010 to December 2018, from January 2019 to present, respectively. He was appointed as (i) director of Qitian Technology from January 2014 to January 2017 and (ii) a deputy general manager of Shanghai Conant on 1 January 2019, where he is primarily responsible for procurement management, human resource management and other administrative work.

**Mr. Tang Baohua (唐寶華) (“Mr. Tang”)**, aged 43, was appointed as a Supervisor on 7 March 2024. He is responsible for supervising the performance of our Board and members of the senior management in performing their duties to the Company. Since January 2016, Mr. Tang has served in Shanghai Conant as a human resources manager assistant, where he is primarily responsible for facilitating the manager of the human resources department and managing the administrative work of the department. He was appointed as a supervisor of Qitian Technology from December 2014 to May 2017 and from March 2018 to November 2019, respectively.

Mr. Tang obtained his Bachelor of Management degree from The Open University of China (國家開放大學) majoring in administrative management in January 2017.

## Profiles of Directors, Supervisors and Senior Management

**Ms. Li Yan (李艷) (“Ms Li”)**, aged 42, was appointed as a Supervisor on 7 March 2024. She is responsible for the supervision of the performance of the Company’s duties by the members of the Board and the senior management. She has joined the procurement department of the Company since 2006, and acted as the assistant to the procurement manager since 2013 to 2019, as the vice-procurement manager since 2019 to 2021, as the senior vice-procurement manager since 2021 to 2023 and since then has been promoted to the manager of the procurement department of the Company. Ms. Li graduated from Zhengzhou University with a bachelor degree in Business Administration in 2005 which was recognised by Fort Hays State University and has the equivalent status as the bachelor degree of General Studies (Concentration: Business Management) thereof.

### SENIOR MANAGEMENT

**Mr. Xu Huyin (許胡寅) (“Mr. Xu”)**, aged 38, was appointed as the financial controller of the Company on 29 January 2024 and is primarily responsible for overseeing the accounting and financial management of our Group. Mr. Xu was also appointed as the financial director of Shanghai Conant in January 2019. As of the Latest Practicable Date, Mr. Xu held approximately 3.61% of the total issued share capital in Shanghai Shuyun, which held approximately 4.31% of the total issued share capital in the Company.

Mr. Xu has over ten years of experience in accounting and financial management. He joined Shanghai Conant as financial supervisor from January 2012 to December 2012 and then served as assistant to financial manager from January 2013 to December 2013, as deputy financial manager from January 2014 to July 2015 and as financial manager from July 2015 to December 2018, respectively. He was appointed as the financial controller of Shanghai Conant since January 2019. Prior to joining our Group, Mr. Xu worked at Shanghai Liandong Tianxia Network Technology Co., Ltd. (上海聯動天下網絡科技有限公司), whose principal business is online marketing, as a product manager responsible for web projects and marketing planning from March 2010 to September 2010. Mr. Xu served as a supervisor in Shanghai Qiji Intelligent Technology Co., Ltd. (上海旗計智能科技有限公司) from October 2016 to May 2019.

Mr. Xu obtained a bachelor’s degree in accounting from Shanghai Sanda University (上海杉達學院) in Shanghai, the PRC in July 2008. Mr. Xu is a member of the Chinese Institute of Certified Public Accountants, the China Certified Tax Agents Association (中國註冊稅務師協會) and the China Appraisal Society (中國資產評估協會). He was admitted as a senior accountant by Shanghai Municipal Human Resource and Social Security Bureau in November 2022. He was also admitted as a member of 2020 Shanghai Senior Accounting (reserve) Talents (2020年度上海市會計高級(後備)人才) recognised by Shanghai Finance Bureau and a member of 2022 Shanghai Outstanding Accounting Talents (2022年度上海優秀會計人才) recognised by Shanghai Finance Bureau and Shanghai National Accounting Institute (上海國家會計學院).

## Profiles of Directors, Supervisors and Senior Management

### JOINT COMPANY SECRETARIES

**Ms. Cao Xue (曹雪) ("Ms. Cao")**, aged 34, has been appointed as one of our joint company secretaries with effect from the date of Listing. Ms. Cao was appointed as the secretary of the Board on 22 February 2021.

For further information of Ms. Cao, please refer to the above.

**Mr. Chan Pui Hang (陳沛恒) ("Mr. Chan")**, was appointed as as one of our joint company secretaries with effect from 1 December 2023.

Mr. Chan is currently a solicitor at the law firm of CLKW Lawyers LLP in Hong Kong, specialising in corporate finance work including initial public offerings, mergers and acquisitions and restructuring. Mr. Chan is a practising solicitor and was admitted as a solicitor in Hong Kong in December 2011. He received a degree of Bachelor of Social Science (Government & Laws) and a degree of Bachelor of Laws from the University of Hong Kong in December 2002 and December 2003 respectively.

### CHANGES OF INFORMATION OF DIRECTORS AND SUPERVISORS UNDER RULE 13.51B(1) OF THE LISTING RULES

As of the Latest Practicable Date, there was no information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

# Report of the Directors

The Board hereby presents the report of the Directors and the audited consolidated financial statements for the Reporting Period.

## PRINCIPAL ACTIVITIES

The Company is a joint stock company with limited liability registered under the PRC Company Law and was listed on the Main Board of the Stock Exchange on 16 December 2021. The Company, being a one-stop product and service provider of optical resin spectacle lenses, offers personalized and customized lenses, including standardized lenses. The Company's products are exported to the United States, Japan, India, Australia, Thailand, Germany, Brazil and other countries and regions. The business of the subsidiaries of the Company are set out in Note 1 to the financial statements. During the Reporting Period, there was no material change to the nature of the major business of the Company. For further discussion and analysis of the principal business, please refer to the section headed "Management Discussion and Analysis" as set out in this annual report.

## BUSINESS REVIEW

The discussion and analysis on the performance review, results, financial position and other relevant significant factors of the Group during the year and the prospects of the business of the Group are set out in the section headed "Management Discussion and Analysis" in this annual report. Additionally, for particulars of major financial risks the Company is exposed to and the management goal and policies against such risks undertaken by the Company, please refer to Note 38 to the financial statements. These discussions form part of this Report of Directors.

## INFORMATION ABOUT SUBSIDIARIES

Details of the information about the subsidiaries of the Company are set out in Note 41 to the financial statements.

## Report of the Directors

### DIVIDENDS

The results as at 31 December 2024 of the Company are set out in the consolidated financial statements of this annual report.

The Board recommends the distribution of a final dividend (the “**Proposed Final Dividend**”) of RMB0.16 (tax inclusive) per share during the Reporting Period, with a total amount of RMB76,788,000, which is subject to the approval by the Shareholders at the AGM. If such Proposed Final Dividend is approved by the Shareholders, the Proposed Final Dividend will be paid no later than Monday, 11 August 2025 to the Shareholders whose names are listed on the register of Shareholders on Monday, 30 June 2025.

The Company will not be liable for any claim or dispute over the withholding mechanism arising from any delay in, or inaccurate determination of the status of the Shareholders.

The Board is not aware of any Shareholders who have waived or agreed to waive any dividend.

### DIVIDEND POLICY

The Company currently does not have a pre-determined dividend payout ratio. Pursuant to the Articles of Association, the Board may declare dividends in the future after taking into account its results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. The Group’s historical declarations of dividends may not reflect its future declarations of dividends.

Since the Company and a majority of its major subsidiaries were established in the PRC, the future dividend payments of the Company will depend largely upon the availability of dividends received from its subsidiaries in the PRC, which were subject to the PRC laws. Under the PRC laws, dividends can only be paid out of distributable profit of a PRC company. PRC laws require that dividends be paid only out of the profit for the year calculated according to the PRC GAAP, which differ in certain aspects from the generally accepted accounting principles in other jurisdictions, including the IFRSs. PRC laws also require the Company’s subsidiaries to set aside at least 10% of its net profit as statutory reserves, which are not available for distribution as cash dividends. Distributable profit is the Company’s profit as determined under PRC GAAP or IFRSs, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other statutory funds we are required to make. Any declaration and payment as well as the amount of dividends will be subject to the Articles of Association, applicable PRC laws and approval by the Shareholders. No dividend shall be declared or payable except out of the Company’s profits and reserves lawfully available for distribution.

### FINANCIAL HIGHLIGHTS FOR THE PAST FIVE FINANCIAL YEARS

Financial highlights of the Group's results and balance sheets prepared in accordance with IFRSs for the past five financial years are set out in the section headed "Five-Year Financial Summary" of this annual report.

### ENVIRONMENTAL PROTECTION POLICY

The Company responds to the environmental policies proactively and has fully complied with environmental protection laws and regulations promulgated by the governments in the jurisdictions in which the Company operates its business. The Company has taken measures to ensure that its business operations are in line with relevant environmental protection provisions, including but not limited to establishing an ESG Committee to assist the Board in guiding and supervising the development and implementation of environmental, social and governance works of the Group to ensure compliance with relevant legal and regulatory requirements, treating production wastes and having procedures in place in compliance with applicable environmental standards and designating special staff to treat and dispose of any hazardous waste.

### COMPLIANCE WITH LAWS AND REGULATIONS

The Board attaches great importance to compliance of the Company's policies and practices with applicable legal and regulatory requirements in the PRC. As of 31 December 2024, to the best of knowledge of the Board, save as disclosed in the Prospectus, the Company did not have any material breach of or non-compliance with the laws and regulations applicable to the Company, neither was there any event that has had significant effect on the business and operation of the Company.

### RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The success of the Group relies on the support of important relations such as employees, customers and suppliers. The Company maintains a good relationship with its employees, customers and suppliers in order to ensure smooth business operation.

During the Reporting Period, we did not experience any major disputes with our employees, and we believe our Group's working relationship with our employees is satisfactory in general.

## **Report of the Directors**

### **SUBSEQUENT SIGNIFICANT EVENTS**

Particulars of significant events subsequent to the Reporting Period are set out in Note 43 to the financial statements and the section headed “Significant Events after the Reporting Period” in “Management Discussion and Analysis” of this annual report.

### **FINANCIAL REVIEW**

#### **Property, Plant and Equipment**

Movements in the property, plant and equipment of the Company during the Reporting Period are set out in Note 14 to the financial statements.

#### **Bank Borrowings**

Bank borrowings of the Company during the Reporting Period are set out in Note 29 to the financial statements.

#### **Share Capital**

Details of movements in the share capital of the Company during the Reporting Period are set out in Note 30 to the financial statements in this annual report.

### PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the PRC laws, which oblige the Company to offer new shares on a pro rata basis to the existing Shareholders.

### RESERVES AND DISTRIBUTABLE RESERVES

Particulars on changes on the reserves of the Company and the Group during the Reporting Period are set out in the consolidated statement of changes in equity and Note 42 to the financial statements, respectively. As calculated in accordance with the applicable laws in the PRC where the Company was registered, distributable reserves of the Company as at 31 December 2024 amounted to approximately RMB1,159.0 million (as at 31 December 2023: RMB968.3 million).

### MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, the aggregate revenue attributable to our top five customers and our largest customer accounted for approximately 27.2% and 9.8% of the Group's total revenue, respectively.

During the Reporting Period, the total purchases from our top five largest suppliers and our largest supplier accounted for 44.1% and 25.6% of the Group's total purchases, respectively.

None of the Directors, their close associates, or any Shareholders (that, as far as is known to the Directors, own more than 5% of the issued shares of the Company) held any interest in the Company's top five customers or suppliers.

### PURCHASE, SALE OR REPURCHASE OF LISTED SECURITIES OF THE COMPANY

Save as disclosed in "Employees" in the section headed "Management Discussion and Analysis", neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the Reporting Period.

## Report of the Directors

### DONATION

During the Reporting Period, the Group's made donations in the amount of RMB346,018 (for the year ended 31 December 2023: RMB306,528).

### DIRECTORS AND SUPERVISORS

Directors and Supervisors in office during the Reporting Period and up to the date of this report are as follows:

#### Executive Directors

Mr. Fei Zhengxiang (Chairman)  
Mr. Zheng Yuhong  
Mr. Xia Guoping  
Mr. Chen Junhua  
Mr. Wang Chuanbao (appointed on 7 March 2024)  
Ms. Cao Xue (appointed with effect from 28 February 2025)

#### Non-Executive Directors

Dr. Takamatsu Ken (retired on 7 March 2024)  
Ms. Zhao Xiaoyun  
Mr. Tian Kehan (appointed with effect from 28 February 2025)

#### Independent Non-Executive Directors

Dr. Xiao Fei  
Mr. Chen Yi  
Mr. Jin Yiting (retired on 7 March 2024)  
Dr. Wu Ying (appointed on 7 March 2024)  
Mr. Jin Yiting (appointed with effect from 28 February 2025)

#### Supervisors

Mr. Xu Jingming  
Mr. Tang Baohua  
Ms. Li Yan (appointed on 7 March 2024)

Detailed biographies of the Directors, Supervisors and senior management of the Company are set out in the section headed "Profiles of Directors, Supervisors and Senior Management" in this annual report.

## INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES

As at 31 December 2024, to the best knowledge of the Directors, interests and short positions of Directors, Supervisors and chief executives in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of SFO), which will have to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under provision of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to herein, or will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, are as follows:

### Long positions in Shares

Name of Director	Nature of interests	Number and Class of Shares held	Approximate percentage of shareholding in relevant class of Shares (%) <sup>(1)</sup>	Approximate percentage of shareholding in the total share capital of our Company (%) <sup>(1)</sup>
Mr. Fei	Beneficial owner	212,740,030 H Shares	49.87	49.87

Note:

1. The calculation is based on the total number of Shares in issue as at 31 December 2024, being 426,600,000 Shares.

Save as disclosed above, as at 31 December 2024, none of the Directors, Supervisors or chief executives of the Company had interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of SFO), which will have to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under provision of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to herein, or will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## Report of the Directors

### INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2024, as far as known to the Directors, no persons (excluding Directors, Supervisors and chief executives of the Company) had interests and short positions in Shares and underlying shares of the Company that fell to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or were recorded in the register of the interests required to be kept by the Company under Section 336 of the SFO.

### SERVICE CONTRACTS WITH DIRECTORS AND SUPERVISORS

Each of the Directors (including non-executive Director and independent non-executive Directors) has entered into a new service contract with the Company on 7 March 2024 (or on 28 February 2025 for the case of Ms. Cao Xue, Mr. Tian Kehan and Mr. Jin Yiting). The principal particulars of these service contracts are (a) for a term commencing from their respective effective date of appointment until the day on which the next general meeting of the shareholders for re-election of Directors is held, and (b) are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with our Articles of Association and the applicable rules.

Each of Mr. Xu Jingming, Mr. Tang Baohua and Ms Li Yan have entered into contracts with the Company on 7 March 2024, in respect of, among others, compliance of relevant laws, regulations, the Articles of Association and applicable provision on arbitration.

Save as disclosed above, none of our Directors or Supervisors had entered into, or had proposed to enter into, a service contract with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

### FIVE HIGHEST PAID INDIVIDUALS

Information on the five highest paid individuals (including chief executives) of the Company during the Reporting Period is set out in Note 11 to the financial statements.

### INTERESTS OF DIRECTORS, SUPERVISORS AND CONTROLLING SHAREHOLDER IN CONTRACTS

Save as the related party transactions as disclosed in Note 37 to the consolidated financial statements, during the Reporting Period, the Group did not enter into any significant transactions, arrangements or contracts in relation to the business of the Group, in which the Directors, Supervisors, Controlling Shareholder or their respective associated entities is materially interested, directly or indirectly.

### **DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES**

Save as disclosed in the section headed "Interests of Directors, Supervisors and Chief Executives" in this annual report, at any time, during the Reporting Period and up to the Latest Practicable Date, none of the Company, or any of its subsidiaries or its holding company or any of the subsidiaries of the Company's holding company, have entered into any arrangement to enable the Directors or Supervisors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other corporate body, and none of the Directors and Supervisors or their spouses and children under the age of 18 had any right to subscribe for the securities of the Company or had exercised any such right during such period.

### **PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**

Profiles of Directors, Supervisors and senior management of the Company are set out in the section headed "Profiles of Directors, Supervisors and Senior Management" of this annual report.

### **PERMITTED INDEMNITY**

The Company has maintained appropriate liability insurance for Directors and senior management of the Company and such permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the Reporting Period. Save for the foregoing, during the Reporting Period and as at the date of the annual report, the Company had no other permitted indemnity in force.

### **PENSION SCHEMES**

Particulars of the pension scheme of the Group are set out in Note 35 to the financial statements.

### **TAX RELIEF AND EXEMPTION**

The Company is not aware that any holders of securities of the Company are entitled to any tax relief or exemption by reason of their holding of such securities.

## Report of the Directors

### RELATED PARTIES AND RELATED PARTY TRANSACTIONS

Overview of related party transactions conducted by the Group during the Reporting Period is set out in Note 37 to the financial statements.

During the Reporting Period, the lease payments to the spouse of Mr. Fei Zhengxiang, our Director as disclosed in Note 37 to the financial statements fell under the definition of “connected transaction” and it is fully exempt under Chapter 14 of the Hong Kong Listing Rules. The Directors confirm that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Hong Kong Listing Rules.

Saved as disclosed above, the related party transactions set out in Note 37 to the financial statements do not constitute connected transactions of the Group under Chapter 14A of the Hong Kong Listing Rules.

### CONNECTED TRANSACTIONS

During the Reporting Period, the Group did not have any connected transactions required to be disclosed under the Hong Kong Listing Rules and were in compliance with the provisions of Chapter 14A of the Hong Kong Listing Rules.

### MANAGEMENT CONTRACTS

During the Reporting Period, the Company did not enter into any contract in respect of the management or administration of the entire or any significant part of the business, nor did any such contract subsist.

### COMPETING BUSINESS

During the Reporting Period and up to the Latest Practicable Date, none of the Directors, Supervisors, chief executives of the Company or their respective associates was deemed to be directly or indirectly interested in a business which competed or might compete with the businesses of the Group (as defined under the Hong Kong Listing Rules).

### PERFORMANCE OF NON-COMPETITION UNDERTAKING

In accordance with the non-competition undertaking (the “**Non-competition Undertaking**”) entered into by Mr. Fei with and in favour of the Company, if Mr. Fei or his close associates (excluding the Company and the subsidiaries of the Company) become aware of, notice, are recommended or provided with a new business opportunity (“**Business Opportunity**”) which will directly or indirectly compete or is likely to compete with the Restrained Businesses (as defined in the Prospectus) within the PRC, Japan, the United States and Thailand during the term of the Non-competition Undertaking, such new Business Opportunity should be referred or recommended to the Group. For details, please refer to the section headed “Relationship with Controlling Shareholder – Non-Competition Undertaking” in the Prospectus.

The independent non-executive Directors have reviewed the compliance by Mr. Fei of the Non-competition Undertaking and confirmed that Mr. Fei has complied with the terms of such undertaking during the Reporting Period. Mr. Fei has also confirmed to the Company that he has complied with the terms of the Non-Competition Undertaking. The independent non-executive Directors were not aware of any breach of the terms of the Non-Competition Undertaking by Mr. Fei and therefore, no remedy action was required to be taken by the Company during the Reporting Period.

During the Reporting Period, the Directors (including the independent non-executive Directors) did not make any decisions in relation to the exercise or termination of the option or the right of first refusal or take up or waive any Business Opportunities.

### EMOLUMENT POLICY

The Directors believe that the ability to attract, motivate and retain skilled and experienced personnel, including the employees responsible for research and development as well as quality control, is of significant importance to the long-term successful development of the Group. The remuneration package of the Group’s employees includes salaries, allowances, benefit in kind and performance-related bonuses. The Group has established a Remuneration Committee to establish and review the policy and structure of the remuneration for the Directors and senior management and make recommendations on employee benefit arrangement. In general, the Group determines the emolument payable to its Directors based on the Company’s guidelines and objectives, remuneration paid by comparable companies, time commitment and responsibilities of the directors and senior management, and employment conditions elsewhere within the Company, as well as the performance of the Group.

### SUFFICIENCY OF PUBLIC FLOAT

As at the Latest Practicable Date, based on the information publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that the Company has sufficient public float as required under the Hong Kong Listing Rules with the minimum public float requirement of 25%.

## Report of the Directors

### CONFIRMATION ON INDEPENDENCE

Each of the independent non-executive Directors has provided a written statement confirming his independence to the Company pursuant to Rule 3.13 of the Hong Kong Listing Rules. Upon assessment, the Company concludes that each of the independent non-executive Directors is an independent party.

### CHANGES IN DIRECTORS

As disclosed in the announcement of the Company dated 28 February 2025, Ms. Cao Xue was appointed as an executive Director, Mr. Tian Kehan was appointed as a non-executive Director and Mr. Jin Yiting was appointed as an independent non-executive Director, at the conclusion of second extraordinary general meeting of the Company for 2025 held on 28 February 2025.

On 5 February 2025, Ms. Cao Xue, Mr. Tian Kehan and Mr. Jin Yiting sought legal advices in respect of the requirements applicable to directors of listed issuers under the Listing Rules, and the possible consequences of providing false statements or false information to the Stock Exchanges from a law firm which is qualified to provide legal advices regarding laws of Hong Kong.

### CHANGES IN SUPERVISORS

During the Reporting Period and up to the Latest Practicable Date, there were no changes in supervisors of the Company.

### 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. For details in respect of the change in intended use of net proceeds as disclosed in the Prospectus, please refer to the announcement of the Company dated 29 November 2022 (the “**Change in Use of Proceeds Announcement**”).

As at 31 December 2024, the Group has utilised approximately HK\$443.1 million of the net proceeds for the intended purposes set out in the Prospectus and the Change in Use of Proceeds Announcement, accounting for 93.6% of all raised funds, and the remaining unutilised net proceeds was approximately HK\$30.4 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 was as follows:

## Report of the Directors

Intended use of proceeds	Original allocation of net proceeds as stated in the Prospectus	Revised allocation of net proceeds (note 1)	Actual use of net proceeds up to 31 December 2024	Unutilized proceeds as of 31 December 2024	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)	HK\$219.7 million	HK\$219.7 million	HK\$198.1 million	HK\$21.6 million	By the first half of 2025
Strengthening the Group's research and development capability	HK\$94.2 million	HK\$94.2 million	HK\$94.2 million	–	Not applicable
Enhancing the Group's sales and marketing efforts	HK\$48.8 million	HK\$10.9 million	HK\$4.7 million	HK\$6.2 million	By the first half of 2025 <sup>2</sup>
Working capital and general corporate purposes	HK\$47.3 million	HK\$47.3 million	HK\$47.3 million	–	Not applicable
Enhance the Group's production efficiency and technology in craftsmanship	HK\$38.4 million	HK\$38.4 million	HK\$35.8 million	HK\$2.6 million	By the first half of 2025
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	HK\$25.1 million <sup>3</sup>	HK\$62.0 million	HK\$62.0 million	–	Not applicable

### Notes:

- For the avoidance of doubt, any discrepancies between the total and the sums of the amounts listed in the table are due to rounding.
- The Company expects to fully utilise the remaining unutilised net proceeds for enhancing the Group's sales and marketing efforts by the first half of 2025, representing a two-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.
- 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.

In addition, as disclosed in the announcements of the Company dated 23 December 2024 and 6 January 2025, the Company entered into the Placing Agreement with the Placing Agent on 22 December 2024 and completed the Placing on 6 January 2025. The gross proceeds from the Placing is HK\$845.7 million, and the net proceeds from the Placing (after deduction of the placing commission and other related expenses including, among others, the professional fees) is approximately HK\$827.9 million. Up to the Latest Practicable Date, the net proceeds from the Placing of HK\$76.9 million have been utilised for the research, development, design and manufacturing of lenses and vision solutions for smart glasses and XR headsets.

## Report of the Directors

### PROPERTY INTERESTS AND PROPERTY VALUATION

Details of the investment properties of the Group are set out in Note 15 to the financial statements and as follows:

Location	Existing use	Lease term
Block 9, No. 555-585 Chuanda Road, Pudong New District, Shanghai, PRC	Rental	Medium term
Block 10, No. 555-585 Chuanda Road, Pudong New District, Shanghai, PRC	Rental	Medium term
Block 11, No. 555-585 Chuanda Road, Pudong New District, Shanghai, PRC	Rental	Medium term
Block 12, No. 555-585 Chuanda Road, Pudong New District, Shanghai, PRC	Rental	Medium term

### ANNUAL GENERAL MEETING

The AGM will be held on Thursday, 12 June 2025. A notice of the AGM will be dispatched to the Shareholders in the manner as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) in due course. The information about the closure of the register of members will be specified in the circular.

### AUDITOR

The financial statements have been audited by Messrs. Deloitte Touche Tohmatsu. Re-appointment of Deloitte Touche Tohmatsu will be approved by the shareholders at the AGM.

On behalf of the Board

**Shanghai Conant Optical Co., Ltd.**

**Fei Zhengxiang**

*Chairman of the Board*

Shanghai, the PRC

28 April 2025

# Report of the Supervisors

During the Reporting Period, the Board of Supervisors has earnestly performed its duties of supervision and in accordance with the principle of being accountable to all Shareholders. The Board of Supervisors carefully performed the duties granted by relevant laws and regulations, actively conducted work and supervised the operation of the Company in accordance with laws and the performance of duties by the Directors, managers and other senior management of the Company in accordance with the provisions of the PRC Company Law, the Articles of Association, Rules of Procedure for the Board of Supervisors and other relevant laws and regulations, and safeguarded the legitimate interests of the Company and Shareholders as a whole.

## Meetings and Resolutions of the Board of Supervisors

A total of three meetings of the Board of Supervisors were convened during the Reporting Period. The details of such meetings and relevant resolutions are as follows:

<b>Session of the Meeting</b>	<b>Convening Date</b>	<b>Resolutions considered and approved</b>
1st meeting of the 2nd session of the Board of Supervisors	19 January 2024	(i) electing Mr. Xu Jingming as the chairman of the 2nd session of the Board of Supervisors
2nd meeting of the 2nd session of the Board of Supervisors	27 March 2024	Resolutions on: (i) 2023 work report of the Supervisory Committee; (ii) audited consolidated financial statements of the Group for the year ended 31 December 2023; (iii) annual results announcement of the Group for the year ended 31 December 2023; (iv) annual report of the Group for the year ended 31 December 2023; (v) Directors' remuneration; and (vi) final dividend and closure of books.

## Report of the Supervisors

Session of the Meeting	Convening Date	Resolutions considered and approved
3rd meeting of the 2nd session of the Board of Supervisors	5 August 2024	Resolutions on: (i) interim results announcement and interim report of the Group for the six months ended 30 June 2024; and (ii) the effectiveness of the risk management and internal control system of the Group.

### Independent opinions of the Board of Supervisors

The Board of Supervisors has expressed the following opinions in respect of the relevant matters during the Reporting Period:

#### *(i) Operation conditions of the Company in accordance with laws*

During the Reporting Period, the Board of Supervisors sat in on the Board meetings and general meetings, and monitored and examined the convening procedures and resolutions of the Board meetings and general meetings, performance of duties by senior management of the Company, implementation of various management system of the Company as well as production and operation of the Company. The Board of Supervisors is of the opinion that the Board can strictly follow the requirements of relevant laws and regulations and the Articles of Association and carry out operation in accordance with laws. The significant operation decision-making of the Company is reasonable and the decision-making procedures are lawful and effective. In order to consistently improve corporate governance, the Company further improved various internal management systems and internal control systems. In performing their duties for the Company, the Directors and senior management of the Company can earnestly implement the resolutions of the general meeting and the Board in accordance with the relevant laws and regulations and the Articles of Association. To the best knowledge of the Board of Supervisors, there are no violation of laws and regulations and the Articles of Association nor activities jeopardizing the interests of the Company and its Shareholders during the performance of duties for the Company by the Directors and senior management of the Company.

### **(ii) *Financial conditions of the Company***

The Board of Supervisors carefully reviewed statements of account and other financial documents of the Company during the Reporting Period and discovered no violation of the relevant rules. The Board of Supervisors consider the financial management of the Company is comprehensive and complete. No asset of the Company was illegally embezzled and there were no capital losses. The financial statements truthfully and accurately reflected the financial conditions and operation results of the Company. Deloitte Touche Tohmatsu, the Company's external auditor for the 2024 financial report of the Company, issued audit reports with "unqualified opinion." Their audit opinions are objective and fair.

### **(iii) *Actual use of proceeds of the Company***

During the Reporting Period, the Board of Supervisors supervised the use of the proceeds of the Company and is of the opinion that the use and management of the proceeds of the Company are in compliance with the provisions of relevant laws and regulations and the Articles of Association without violating the interests of the Company and its shareholders. The Board of Supervisors will continue to supervise and monitor the use of proceeds.

### **(iv) *External investments of the Company***

During the Reporting Period, the Board of Supervisors supervised the external investments of the Company and is of the opinion that the Company performed the corresponding decision-making procedures on external investments without prejudice to the interests of the Company.

### **(v) *Connected transactions of the Company***

During the Reporting Period, the Group did not have any connected transactions required to be disclosed under the Hong Kong Listing Rules and were in compliance with the provisions of Chapter 14A of the Hong Kong Listing Rules.

## Report of the Supervisors

### *(vi) Self-appraisal of internal control*

The Board of Supervisors reviewed the establishment and operation of the internal control system of the Company and is of the opinion that the Company has established a relatively complete internal control system, which is in compliance with the requirements of relevant laws and regulations and meets the actual demands of the production, operation and management of the Company and were effectively implemented. The establishment of the internal control system can better prevent and control the risks in various processes of the operation and management of the Company. To the best knowledge of the Board of Supervisors, there is no material internal control deficiencies. The design and operation of the internal control of the Company are effective.

### *(vii) Preparation and review of annual report of the Company*

The preparation and review procedures of the 2024 annual report of the Company conformed to all the relevant regulations of the China Securities Regulatory Commission and the Stock Exchange. No breach of confidentiality provisions by any person involved in the preparation or review of annual report has been found.

In the coming year, the Board of Supervisors will continue to perform its supervisory and monitoring duties with an aim to strengthen the overall competitiveness and sustainable profitability of the Company and to protect the interests of shareholders and the Company.

**Mr. Xu Jingming**

*Chairman of the Board of Supervisors*

28 April 2025

# Corporate Governance Report

The Board is pleased to present this corporate governance report in the Company's annual report for the Reporting Period.

## CORPORATE GOVERNANCE FUNCTION

The Board is responsible for performing the corporate governance duties in accordance with Code Provision A.2.1 of Part 2 to the CG Code. The Board is responsible for the formulation of the corporate governance policy for the Company and shall fulfil the following corporate governance duties:

- i. to develop and review the Group's policies and practices on corporate governance and make recommendations to the Board;
- ii. to review and monitor the training and continuous professional development of Directors and senior management;
- iii. to review and monitor the Group's policies and practices in compliance with legal and regulatory requirements;
- iv. to formulate, review and monitor the code of conduct and compliance manual applicable to the Group's employees and Directors; and
- v. to review the Group's compliance with the CG Code and disclosure in the Company's corporate governance report.

## COMPLIANCE WITH THE CG CODE

The Company is firmly committed to achieving and maintaining high overall standards of corporate governance through continuous effort in improving its corporate governance practices and processes. Through the establishment of a sound and effective corporate governance framework, the Company strives to achieve completeness and transparency in its information disclosure and enhance stable operation, so as to safeguard the interests of the Shareholders to the greatest extent. The Company has adopted the principles of all code provisions and the CG Code as the basis of its corporate governance practices. The Company has complied with all the code provisions during the Reporting Period, except for the deviation from Code Provision C.2.1 of Part 2 to the CG Code as illustrated in relevant paragraphs of this corporate governance report.

## Corporate Governance Report

### Deviation from the Code Provision C.2.1 of Part 2 to the CG Code

Mr. Fei is the chairperson 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 Latest Practicable Date, the Board comprises six executive Directors (including Mr. Fei), two non-executive Directors and four 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 Group; 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.

### SECURITIES TRANSACTIONS OF DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code as its model code of conduct for securities transactions by the Directors and Supervisors. 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 Reporting Period. 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 Reporting Period.

### THE BOARD

#### (1) Composition and responsibilities of the Board

The Board is responsible for planning and overseeing the overall development and management of the Group with the objective of enhancing Shareholders' value. The Board delegates day-to-day operation of the Company to executive Directors and the Company's senior management, including taking charge of managing the Company's business, the implementation of major strategies and initiatives approved by the Board. On the other hand, the Board reserves certain key matters in making strategic decisions for their approval. The day-to-day management, administration and operation of the Company are delegated to the senior management, including the preparation of annual and interim reports for the Board's approval before public reporting, the implementation of various strategies approved by the Board, the implementation of internal control procedures, and ensuring the compliance with relevant statutory requirements and other rules and regulations. The balance of power and authority is ensured by the operation of the senior management and the Board.

As at the Latest Practicable Date, the Board comprised six executive Directors, two non-executive Directors and four independent non-executive Directors. Each of the Directors (except for Ms. Cao Xue, Mr. Tian Kehan and Mr. Jin Yiting) has entered into a service contract with the Company on 7 March 2024 for a term of three years. Ms. Cao Xue, Mr. Tian Kehan and Mr. Jin Yiting have entered into a service contract with the Company on 28 February 2025 with their terms of office commencing from 28 February 2025 until expiry of the term of the current session of the Board.

## Corporate Governance Report

During the Reporting Period, the Board had met the requirements of Rules 3.10 and 3.10A of the Hong Kong Listing Rules of having at least three independent non-executive Directors (representing at least one-third of the Board) with one of them (namely, Mr. Chen Yi) possessing the appropriate accounting professional qualifications.

The Company has received written annual confirmation of independence from each independent non-executive Director in accordance with Rule 3.13 of the Hong Kong Listing Rules. The Company has assessed their independence and concluded that all the independent non-executive Directors are independent within the meaning of the Hong Kong Listing Rules and there are no direct or indirect major relationships between them and the Company. The Directors are of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Hong Kong Listing Rules. In addition, each of the independent non-executive Directors during the Reporting Period had demonstrated the attributes of an independent non-executive director by providing independent views and advice and there is no evidence that their tenure has had any impact on their independence. Accordingly, the Directors are of the opinion that each of the current independent non-executive Directors have the required character, integrity, independence and experience to perform the role of an independent non-executive director. The Board is not aware of any circumstances that might influence each of the current independent non-executive Directors in exercising their independent judgement and the Board believes that their external experience will continue to generate significant contribution to the Company and the Shareholders as a whole.

The Company has established mechanisms to ensure independent views and input are available to the Board including but not limited to, all Directors are entitled to engage independent professional advisors as and when it is required, all Directors are encouraged to express their views in an open and candid manner during the Board or committees meetings and that the number of independent non-executive Directors comply with the requirements of the Hong Kong Listing Rules that at least one-third of the Board members are independent non-executive directors. The implementation and effectiveness of such mechanisms are reviewed on an annual basis by the Board.

All Directors, including non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professional skills to the Board for its efficient and effective functioning. Each Director has carried out duties in good faith and been in compliance with applicable laws and regulations, and has acted in the interests of the Company and the Shareholders at all times. There are not any financial, business, family or other material/relevant relationships between the members of the Board of the Company.

### (2) Attendance of meetings of the Board and general meetings

During the Reporting Period, the Company convened six Board meetings and three general meetings. The attendance records of each Director is set out as follows:

Name of Director	Position	Attendance/ Number of Board meeting(s) held during his/her term of office (Note)	Attendance/ Number of general meeting(s) held during his/her term of office (Note)
Mr. Fei Zhengxiang	Executive Director and chairman	6/6	2/3
Mr. Zheng Yuhong	Executive Director	6/6	3/3
Mr. Xia Guoping	Executive Director	6/6	3/3
Mr. Chen Junhua	Executive Director	6/6	3/3
Mr. Wang Chuanbao (appointed on 7 March 2024)	Executive Director	6/6	2/2
Ms. Cao Xue (appointed with effect from 28 February 2025)	Executive Director	–	–
Dr. Takamatsu Ken (retired on 7 March 2024)	Non-executive Director	1/1	1/1
Ms. Zhao Xiaoyun	Non-executive Director	6/6	3/3
Mr. Tian Kehan (appointed with effect from 28 February 2025)	Non-executive Director	–	–
Dr. Xiao Fei	Independent non-executive Director	6/6	3/3
Mr. Chen Yi	Independent non- executive Director	6/6	3/3
Dr. Wu Ying (appointed on 7 March 2024)	Independent non- executive Director	5/5	2/2
Mr. Jin Yiting (appointed with effect from 28 February 2025)	Independent non-executive Director	–	–

Note: The number of meetings held is equivalent to the number of meetings held after the Director has been appointed.

Minutes of the Board meetings are kept by the joint company secretaries of the Company and are available for inspection by the Directors and the auditor of the Company.

The chairman of the Board had met with the independent non-executive Directors without the presence of other Directors during the Reporting Period.

## Corporate Governance Report

### (3) Technology, knowledge, experience and details of Directors

All Directors are aware of their collective and individual responsibilities to the Shareholders and have exercised their duties with care, skill and diligence, contributing to the successful performance of the Company for the Reporting Period. The Company is responsible for arranging and funding appropriate continuous professional development programmes for all Directors. Biographies of each Director are set out in the section headed "Profiles of Directors, Supervisors and Senior Management" of this annual report.

### (4) Continuous professional development of Directors

Pursuant to the corporate governance requirements, the Directors should participate in continuous professional development ("CPD") programme to develop and update their knowledge and skills and ensure their sufficient understanding of the Company's businesses and their duties as Directors under laws and regulations. The particulars of the trainings of each Director during the Reporting Period are set out as follows:

<u>Name of Director</u>	<u>Position</u>	<u>Type(s) of CPD trainings participated</u>
Mr. Fei Zhengxiang	Executive Director and chairman	Trainings on the understanding of the implementation of the Listing Rules, how the Directors response to actions by the Stock Exchange, the latest regulatory policies on information disclosure of the listed companies and case analysis provided by external professionals
Mr. Zheng Yuhong	Executive Director	Trainings on the understanding of the implementation of the Listing Rules, how the Directors response to actions by the Stock Exchange, the latest regulatory policies on information disclosure of the listed companies and case analysis provided by external professionals

## Corporate Governance Report

Name of Director	Position	Type(s) of CPD trainings participated
Mr. Xia Guoping	Executive Director	Trainings on the understanding of the implementation of the Listing Rules, how the Directors response to actions by the Stock Exchange, the latest regulatory policies on information disclosure of the listed companies and case analysis provided by external professionals
Mr. Chen Junhua	Executive Director	Trainings on the understanding of the implementation of the Listing Rules, how the Directors response to actions by the Stock Exchange, the latest regulatory policies on information disclosure of the listed companies and case analysis provided by external professionals
Mr. Wang Chuanbao	Executive Director	Trainings on the understanding of the implementation of the Listing Rules, how the Directors response to actions by the Stock Exchange, the latest regulatory policies on information disclosure of the listed companies and case analysis provided by external professionals
Dr. Takamatsu Ken	Non-executive Director	Trainings on the understanding of the implementation of the Listing Rules, how the Directors response to actions by the Stock Exchange, the latest regulatory policies on information disclosure of the listed companies and case analysis provided by external professionals
Ms. Zhao Xiaoyun	Non-executive Director	Trainings on the understanding of the implementation of the Listing Rules, how the Directors response to actions by the Stock Exchange, the latest regulatory policies on information disclosure of the listed companies and case analysis provided by external professionals

## Corporate Governance Report

Name of Director	Position	Type(s) of CPD trainings participated
Dr. Xiao Fei	Independent non-executive Director	Trainings on the understanding of the implementation of the Listing Rules, how the Directors response to actions by the Stock Exchange, the latest regulatory policies on information disclosure of the listed companies and case analysis provided by external professionals
Mr. Chen Yi	Independent non-executive Director	Trainings on the understanding of the implementation of the Listing Rules, how the Directors response to actions by the Stock Exchange, the latest regulatory policies on information disclosure of the listed companies and case analysis provided by external professionals
Dr. Wu Ying	Independent non-executive Director	Trainings on the understanding of the implementation of the Listing Rules, how the Directors response to actions by the Stock Exchange, the latest regulatory policies on information disclosure of the listed companies and case analysis provided by external professionals

### (5) Liability insurance for Directors and senior management

The Company has arranged appropriate insurance cover in respect of potential legal actions against its Directors and senior management, to minimize the risks that may incur during the course of performance of their duties. The Board will review such insurance each year.

### (6) Policy of nomination, election and re-election of Directors

Subject to the election in the general meeting, the selection and nomination of a director are determined by the Board and in accordance with the Articles of Association.

The Nomination Committee shall firstly propose and consider a list of candidates for Directors, which shall then be submitted by the Nomination Committee to the Board for review. The Board shall then submit the relevant proposal to the general meeting for approval.

The examination procedures of the candidates for Directors are: (i) actively studying the demand of the Company for new Directors and present such information in writing; (ii) seeking candidates from within the Company, its wholly-owned subsidiaries, controlled subsidiaries, investees and the human resources market; (iii) gathering information about the occupation, academic qualifications, titles of position, detailed work experience and all the concurrent posts of the candidates and present such information in writing; (iv) convening a meeting of the Nomination Committee to review the qualifications of the candidates based on the criteria for Directors; (v) submitting recommendations and relevant information to the Board prior to the election of new Directors; and (vi) carrying out additional follow-up works based on the decision of, and feedback from, the Board.

### CHAIRMAN OF THE BOARD AND GENERAL MANAGER

Mr. Fei serves as the chairman of the Board and the general manager, and is responsible for the overall management of business strategies and operations of the Company.

### BOARD COMMITTEES OF THE COMPANY

To further improve corporate governance of the Company, as at the Latest Practicable Date, the Board has set up six Board special committees, including the Strategy Committee, the Audit Committee, the Remuneration Committee, the Nomination Committee, the Risk Management Committee and the ESG Committee. Each committee reports regularly to the Board, addressing major findings with valuable recommendations for the decision making of the Board. The committees have formulated their working rules which clarify their powers and duties. The list of members of each committee has been disclosed on the websites of the Company and the Stock Exchange.

#### Strategy Committee

The Company established the Strategy Committee, which consists of one executive Director, one non-executive Director and one independent non-executive Director, namely Mr. Fei (chairman), Mr. Wang Chuanbao and Dr. Xiao Fei as at the Latest Practicable Date. The written terms of reference of the Strategy Committee are available on the websites of the Stock Exchange and the Company.

## Corporate Governance Report

The primary duties of the Strategy Committee include: (i) analysing and advising on the Company's mid to long-term development strategies; (ii) analysing and advising on the major investments and financing plans which shall be approved by the Board as stipulated in the Articles of Association; (iii) analysing and advising on the major capital operations and asset management projects which shall be approved by the Board as stipulated in the Articles of Association; and (iv) supervising and inspecting the implementation of the aforementioned matters;

During the Reporting Period, the Strategy Committee held two meetings in total, to discuss and review the Group's current operations and development strategy.

The attendance record of each member of the Strategy Committee during the Reporting Period is set out as follows:

<b>Members of the Strategy Committee</b>	<b>Attendance/Number of meeting(s) held during his/her term of office</b>
Mr. Fei Zhengxiang (chairman)	2/2
Dr. Takamatsu Ken (retired on 7 March 2024)	0/0
Dr. Xiao Fei	2/2
Mr. Wang Chuanbao (appointed with effect from 7 March 2024)	2/2

### Audit Committee

The Company established the Audit Committee, which consists of three independent non-executive Directors, namely Mr. Chen Yi (chairman), Dr. Xiao Fei, Dr. Wu Ying as at the Latest Practicable Date. The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

The primary duties of the Audit Committee include: (i) supervising and assessing the external and internal audit works; (ii) reviewing the financial reports of the Company and express their opinions thereon; and (iii) coordinating the communication between the management, the internal audit department and relevant departments and the external audit firms.

During the Reporting Period, the Audit Committee held two meetings in total, to discuss (i) review of the annual and interim financial results and key audit matters of the Company for the year ended 31 December 2023 and the six months ended 30 June 2024, respectively; (ii) review of the Group's internal control policy, risk management systems and internal audit functions.

The attendance record of each member of the Audit Committee during the Reporting Period is set out as follows:

<b>Members of the Audit Committee</b>	<b>Attendance/Number of meeting(s) held during his/her term of office</b>
Mr. Chen Yi (chairman)	2/2
Dr. Xiao Fei	2/2
Mr. Jin Yiting (retired on 7 March 2024)	0/0
Dr. Wu Ying (appointed with effect from 7 March 2024)	2/2

### Remuneration Committee

The Company established the Remuneration Committee, which consists of one executive Director and two independent non-executive Directors, namely Mr. Chen Junhua, Dr. Wu Ying (chairman) and Dr. Xiao Fei as at the Latest Practicable Date. The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

The primary duties of the Remuneration Committee include: (i) reviewing and making recommendations to the Board regarding remuneration policies and structure for Directors and senior management; (ii) reviewing the performance of duties by Directors and senior management of the Company, and conducting performance appraisal and evaluation over them; and (iii) supervising the implementation of remuneration policies.

During the Reporting Period, the Remuneration Committee held three meetings in total, to discuss and review the remuneration policy and structure of the Company, as well as make recommendations to the Board on the remuneration packages of Directors and senior management and other related matters of the Company (i.e. the model disclosed in code provision E.1.2(c)(ii) of part 2 of the CG Code was adopted; and to make recommendation to the Board. The Remuneration Committee noted that the Board has not resolved to approve any remuneration or cooperation arrangements with which the Remuneration Committee has disagreed with.

## Corporate Governance Report

The attendance record of each member of the Remuneration Committee during the Reporting Period is set out as follows:

<b>Members of the Remuneration Committee</b>	<b>Attendance/Number of meeting(s) held during his/her term of office</b>
Mr. Chen Junhua	3/3
Dr. Wu Ying (appointed with effect from 7 March 2024) (chairman)	2/2
Dr. Xiao Fei	3/3
Mr. Jing Yiting (chairman) (retired with effect from 7 March 2024)	1/1

### Nomination Committee

The Company established the Nomination Committee, which consists of one executive Director and two independent non-executive Directors, namely Mr. Xia Guoping, Dr. Xiao Fei (chairman) and Mr. Chen Yi as at the Latest Practicable Date. The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

The primary duties of the Nomination Committee include: (i) reviewing the composition of the Board and assessing the ability and experience of Directors; (ii) making recommendations regarding the appointment and removal of Directors and the general manager; and (iii) assessing the independence of the independent non-executive Directors. The nomination procedures of the Directors involve the Nomination Committee to firstly propose and consider a list of candidates for Directors, which shall then be submitted by the Committee to the Board for review. The Board shall then submit the relevant proposal to the general meeting for approval. In selecting and recommending candidates for directorship, the Nomination Committee will take into account the business model and specific needs of the Company, consider diversity of the Board in various aspects, including but not limited to, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The final appointment recommendation shall be made to the Board by the Nomination Committee based on merit and contribution that the selected candidates will bring to the Board after taking into account the relevant aspects mentioned above.

During the Reporting Period, the Nomination Committee held two meetings in total, to (i) discuss and review the structure, size and composition of the Board, including making recommendations regarding the Board diversity and relevant diversity targets; and (ii) discuss and confirm the independence of the independent non-executive Directors and that the Directors have devoted sufficient time to make contributions to the Company which are commensurated to their roles and the responsibilities of the Board.

The attendance record of each member of the Nomination Committee during the Reporting Period is set out as follows:

<b>Members of the Nomination Committee</b>	<b>Attendance/Number of meeting(s) held during his/her term of office</b>
Mr. Xia Guoping	2/2
Dr. Xiao Fei (chairman)	2/2
Mr. Chen Yi	2/2

### Board Diversity Policy

The Board has adopted a diversity policy, which sets out the objective and approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board. The Nomination Committee is delegated by the Board to be responsible for compliance with relevant code governing board diversity under the CG Code.

The Board continuously seeks to enhance its operation effectiveness and to maintain the highest standards of corporate governance and recognizes the vital importance of Board diversity for maintaining competitive advantage and sustainable development. The ultimate decision will be made based on the contribution and merit that the designated candidates will bring to the Board. The Board strives to ensure that it has the balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategies and the effective operation of the Board.

The Company intends to increase the proportion of female members of the Board over time, which will be reviewed on an annual basis. The Nomination Committee will take opportunities to increase female representation on the Board when selecting and recommending suitable candidates for Board appointments in accordance with the Company's diversity policy and nomination policy. Following the appointment of Ms. Zhao Xiaoyun as a non-executive Director with effect from 16 December 2022, the Board has achieved gender diversity and thus fulfils the requirement under Rule 13.92 of the Listing Rules. The Company appointed Ms. Wu Ying as an independent non-executive Director of the second session of the Board on a shareholder meeting held on 7 March 2024, and appointed Ms Li Yan as a non-employee representative supervisor of the second session of the Supervisory Committee of the Company on the same day, and also appointed Ms. Cao Xue as an executive Director of the second session of the Board on the second extraordinary general meeting for 2025 held on 28 February 2025.

## Corporate Governance Report

As at the Latest Practicable Date, the number of female members of the Group's workforce was 1,359 (equivalent to approximately 49.8% of the Group's total workforce). In addition to the Board level, the Group aims to also promote gender diversity when recruiting staff at the mid to senior level to develop a pipeline of female senior management and potential successors to the Board. The Group plans to provide career opportunities and training programmes to female employees whom it considers to have the suitable experience, skills and knowledge of its operation and business. As the Group understands the importance of gender diversity throughout senior management level, the Group targets to reach 20% female members in senior management and the overall workforce by the end of 2027. Further, the Group also values the importance of gender diversity through the Group's workforce, and will strive to maintain the current level, or a number no less than 20%, of female members in the Group's total workforce.

### Risk Management Committee

The Company established the Risk Management Committee, which consists of two executive Directors and one independent non-executive Director, namely Mr. Fei (chairman), Mr. Zheng Yuhong and Mr. Chen Yi as at the Latest Practicable Date. The written terms of reference of the Risk Management Committee are available on the websites of the Stock Exchange and the Company.

The primary duties of the Risk Management Committee include: (i) evaluating the risks associated with international sanctions against Company's operations and the implementation of relevant internal control procedures; (ii) review the execution of internal control procedures within the Company, including review of the relevant internal control documents; (iii) advising on material decisions affecting Company's risk level; (iv) reviewing Company's risk management measures and approving the processes and procedures; and (v) reviewing the identified material risks and associated risk mitigation.

During the Reporting Period, the Risk Management Committee held two meetings in total, to discuss and make recommendations on the Group's overall risk management, including but not limited to its operations management, internal control management and financial management, as well as formulating plans to improve internal policies and systems.

The attendance record of each member of the Risk Management Committee during the Reporting Period is set out as follows:

<b>Members of the Risk Management Committee</b>	<b>Attendance/Number of meeting(s) held during his/her term of office</b>
Mr. Fei Zhengxiang (chairman)	2/2
Mr. Zheng Yuhong	2/2
Mr. Chen Yi	2/2

### ESG Committee

The Company established the ESG Committee, which consists of three executive Directors, namely Mr. Fei (chairman), Mr. Zheng Yuhong and Mr. Xia Guoping as at the Latest Practicable Date. The written terms of reference of the ESG Committee are available on the websites of the Stock Exchange and the Company.

The primary duties of the ESG Committee include assisting the Board in guiding and supervising the development and implementation of environmental, social and governance works of the Group to ensure compliance with relevant legal and regulatory requirements.

During the Reporting Period, the ESG Committee held two meetings in total, to (i) identify and evaluate ESG risks, assist in the setting of the Group's ESG targets, perform important analysis and manage material matters and risks in relation to ESG issues; (ii) evaluate the performance of the Group and the impact of the Group's operation to the environment; and (iii) review the draft of the Company's environmental, social and governance report for 2023 and the evaluation results of the materiality of the issues for the year.

The attendance record of each member of the ESG Committee during the Reporting Period is set out as follows:

<b>Members of the ESG Committee</b>	<b>Attendance/Number of meeting(s) held during his/her term of office</b>
Mr. Fei Zhengxiang (chairman)	2/2
Mr. Zheng Yuhong	2/2
Mr. Xia Guoping	2/2

## Corporate Governance Report

### REMUNERATION POLICY FOR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The principal elements of the remuneration package of executive Directors, Supervisors and senior management include basic salary, discretionary bonus, allowances, share award, and other benefits in kind such as contribution to pension plans. The remuneration of non-executive Directors mainly includes the Director's fees. The Company reimburses reasonable expenses incurred by Directors, Supervisors and senior management in the course of their carrying out of duties. The emoluments paid to each Director of the Company for the Reporting Period are set out in Note 11 to the financial statements.

### AUDITORS' REMUNERATION

During the Reporting Period, the fees charged by the Company's external auditor, Deloitte Touche Tohmatsu, for audit and non-audit services are set out below:

Item	Amount (RMB)
Audit services (including annual audit)	1,950,000
Non-audit services	–
Total	1,950,000

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements of the Company for the Reporting Period. The statement of the external auditors of the Company about their reporting responsibilities on the Company's consolidated financial statements for the Reporting Period is set out in the section headed "Independent Auditor's Report" of this annual report. The Board and the Audit Committee did not have any disagreement over the selection and re-appointment of the external auditors during the Reporting Period.

### JOINT COMPANY SECRETARIES

**Ms. Cao Xue ("Ms. Cao")** has been appointed as one of the joint company secretaries by the Board, with effect from the date of Listing. Following the resignation of Mr. Wong Keith Shing Cheung as the joint company secretary of the Company with effect from 25 March 2022, Ms. Lin Sio Ngo ("**Ms. Lin**") had been appointed as one of the joint company secretaries by the Board with effect from 25 March 2022 until 1 December 2023. Mr. Chan Pui Hang ("**Mr. Chan**") has been appointed as one of the joint company secretaries by the Board with effect from 1 December 2023.

Ms. Cao is primarily responsible for the business operations, corporate culture and matters concerning corporate governance of the Company. Ms. Lin is a manager of SWCS Corporate Services Group (Hong Kong) Limited (方圓企業服務集團(香港)有限公司). Mr. Chan is a solicitor at the law firm of CLKW Lawyers LLP and is responsible for assisting Ms. Cao in her performance of duties as the joint company secretary of the Company. Mr. Chan's primary corporate contact person at the Company is Ms. Cao.

During the Reporting Period, each of Ms. Cao and Mr. Chan has taken no less than 15 hours of the relevant professional training in compliance with Rule 3.29 of the Hong Kong Listing Rules.

### SHAREHOLDERS' RIGHTS

According to the Articles of Association, the Board shall issue a notice to convene an extraordinary general meeting within 30 days when Shareholders individually or jointly holding more than 10% of the Company's Shares request in writing to hold an extraordinary general meeting. The Board will attend the extraordinary general meeting as far as practicable. Besides, according to the Articles of Association, Shareholders individually or jointly holding more than 3% of the Company's Shares may propose and submit an interim proposal in writing to the convener ten days prior to date of the meeting. The convener shall dispatch a supplementary notice of the general meeting within two days after receipt of the proposals and announce the contents of such interim proposal.

### COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and the investors' understanding of the Group's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable the Shareholders and investors to make informed investment decisions.

The Board has adopted a shareholders' communication policy, which sets out the objective and approach to ensuring communication transparent, accurate and open communications with the Shareholders. The policy aims to maintain an on-going dialogue with Shareholders and the investment community, which will be regularly reviewed by the Board to ensure its effectiveness and to reflect current best practices in communications with Shareholders. During the Reporting Period, the Board has reviewed the implementation of the shareholders' communication policy and deems it effective.

## Corporate Governance Report

Shareholders are entitled to supervise the business operations of the Company and put forward recommendations or enquiries in relation thereto. Shareholders and public investors are welcome to make enquiries and put forward suggestions to the Company, and the Board will strive to attend the general meeting so as to answer the questions of the Shareholders. The Company has specially set up the Investor Relations column on its website to publish basic information and development updates of the Company. In addition, Shareholders may send their written concerns and enquiries that need to be brought to the attention of the Board to the company secretaries of the Company at the principal place of business of the Company in Hong Kong and send email to the Company's email address, details of the address and email address are set out as below:

Principal place of business in Hong Kong:

Rooms 1901A, 1902 & 1902A,  
19/F, New World Tower I,  
16-18 Queen's Road Central,  
Central, Hong Kong

Email address of the Company:  
caoxue@conantoptical.com

## ARTICLES OF ASSOCIATION

During the Reporting Period, the following amendments were made by the Company to the Articles of Association of the Company:

The Board noted that the Listing Rules have been amended with effect from 1 January 2022 to adopt a uniform set of 14 core standards for shareholder protections (the "**Core Standards**") for issuers regardless of their place of incorporation. Pursuant to the transitional arrangements permitted under Appendix 3 to the Listing Rules, existing issuers listed on the Stock Exchange as at 31 December 2021 would have until their second annual general meeting following 1 January 2022 to make necessary changes to their constitutional documents to conform to the Core Standards set out in Appendix 3 to the Listing Rules.

On 14 February 2023, the State Council of the PRC (the “**State Council**”) issued the Decision of the State Council to Repeal Certain Administrative Regulations and Documents (《國務院關於廢止部分行政法規和文件的決定》) (the “**Decision**”), which includes the repeal of the Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》) issued by the State Council on 4 August 1994. On 17 February 2023, the CSRC issued the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Trial Measures**”) and relevant guidelines, which includes the repeal of the Notice on the Implementation of the Mandatory Provisions for Companies Listing Overseas (《關於執行〈到境外上市公司章程必備條款〉的通知》). The Decision and the Trial Measures have been effective since 31 March 2023 (the “**PRC Regulation Changes**”). From the effective date of the Decision and the Trial Measures, PRC issuers shall formulate their articles of association with reference to the Guidelines on Articles of Association of Listed Companies (《上市公司章程指引》) instead of the Mandatory Provisions.

In view of the above PRC Regulation Changes, the Stock Exchange also released a consultation paper “Rule Amendments Following Mainland China Regulation Updates and Other Proposed Rule Amendments Relating to PRC Issuers” (the “**Consultation Paper**”) on 24 February 2023, stipulating the consequential Listing Rules Amendments. In particular, the Stock Exchange proposes to (i) remove the class meeting and related requirements for the issue of new shares by PRC issuers; (ii) repeal Appendix 13D to the Listing Rules, which requires PRC issuers’ articles of association to include the Mandatory Provisions and other ancillary requirements; (iii) amend the Listing Rules in Chapters 9 and 19A to reflect the CSRC record filing regime; (iv) remove the arbitration clause for disputes involving H shareholders as required under the Mandatory Provisions; and (v) modify the other Listing Rules that address issues arising from Domestic Shares and H Shares being treated as different classes. Accordingly, the Company is required to amend its existing Articles of Association to comply with the requirements of the Listing Rules and the applicable laws and regulations of the PRC.

In light of the above, on 14 June 2023, the shareholders resolved and proposed to make certain amendments to the existing articles of association of the Company at the annual general meeting in order to, among others, (i) make the articles of association of the Company in line with the latest legal and regulatory requirements, including the latest legal and regulatory updates in the People’s Republic of China and the amendments made to Appendix 3 to the Listing Rules with effect from 1 January 2022; and (ii) make other corresponding and housekeeping amendments.

### RISK MANAGEMENT AND INTERNAL CONTROL

The Board highly values the internal control and risk management of the Company. During the Reporting Period, the Board conducted an annual review to evaluate the effectiveness of the Company's risk management and internal control system. The Audit Committee and the Risk Management Committee shall support the Board to fulfil its supervision and corporate governance responsibilities, which cover such aspects as finance, operations, compliance, risk management and internal control, as well as the internal audit function. The Board has reviewed the risk management and internal control system of the Company and deems it effective and adequate. The Company has developed an internal audit function. The Company establishes an internal audit system and has assigned specialized audit personnel to conduct internal audit and supervision on the incomes and expenses and business activities of the Company. The internal audit system and duties of audit personnel shall be approved by the Board before implementation. The responsible audit personnel shall be accountable to and report to the Board.

The Company has established a set of internal control and risk management procedures to address various potential operational, financial, legal and market risks identified in relation to our operations, including but not limited to procurement management, sales management, inventory management, research and development management, investment management, credit risk, connected party transaction controls, information disclosure controls, human resources, IT management, environmental, social and governance performance and reporting, and other various financial and operational controls and monitoring procedures. These risk management policies set forth procedures regarding the relevant reporting hierarchy of risks identified in our operations. The Board is responsible for overseeing the overall risk management. Our internal control and risk management procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Further, the Company has put in place a set of policy for the disclosure of inside information which sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner and in compliance with the SFO. Unless the inside information falls within any of the safe harbours as permitted under the SFO, the Company is required to disseminate such information through the electronic publication system operated by the Stock Exchange to the public in a timely manner. All Directors, officers and relevant employees are required to take reasonable precautions for preserving the confidentiality of inside information and the relevant announcement (if applicable) before publication. If the Company believes that the necessary degree of confidentiality cannot be maintained, the Company will immediately disclose the information to the public as soon as reasonably practicable. The policy and its effectiveness are subject to review on a regular basis.

## Corporate Governance Report

The Group treasures the highest standards of integrity and ethical behavior in conducting its business. The Group has adopted an anti-corruption policy which sets out the guidelines that the Group's personnel and business partners shall follow to combat corruption. The anti-corruption policy is reviewed periodically to align with the applicable laws and regulations. To promote ethical behaviour and encourages the reporting of misconduct and unlawful conduct, the Group also adopted a whistle blowing policy to foster a culture of compliance with ethical behavior and good corporate governance. No incident of fraud or misconduct that have material effect on the Group's financial statements or overall operations for the year ended 31 December 2024 has been discovered.

### GOING CONCERN

As at 31 December 2024, the Company did not have any material uncertain eventuality that may prejudice the Company's ability to continue as a going concern.

# Independent Auditor's Report

**Deloitte.**

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To the Shareholders of Shanghai Conant Optical Co., Ltd.  
(incorporated in the People's Republic of China with limited liability)

## OPINION

We have audited the consolidated financial statements of Shanghai Conant Optical Co., Ltd. (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 70 to 172, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (the "**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### **Key audit matter**

#### **How our audit addressed the key audit matter**

##### **Revenue recognition for sales of lenses**

The Group sells resin spectacle lenses directly to customers and revenue is recognised when the control of the products has been transferred to the customers in accordance with the agreed delivery terms.

Our procedures in relation to revenue recognition for sales of lenses from major customers with high increase included:

- Understanding the key internal controls in respect of occurrence of revenue recognition for sales of lenses, evaluating the design and implementation of these controls and testing the operating effectiveness of relevant controls if the design and implementation is effective;
- Reviewing the sales contracts with these customers, on a sampling basis, and verifying the terms and conditions set out in the sales contracts regarding the criteria of satisfaction of performance obligations in accordance with IFRS 15 *Revenue from Contracts with Customers*;
- Analysing revenue and gross margin from sales of lenses during the current reporting period and identifying unusual fluctuations and inquiring the management to understand and evaluate the appropriateness of the reasons for the unusual fluctuations (if applicable);

## Independent Auditor's Report

Key audit matter (Continued)	How our audit addressed the key audit matter
<p>As disclosed in Note 5 to the consolidated financial statements, for the year ended 31 December 2024, revenue of the Group in total was Renminbi ("RMB")2,061 million, of which RMB2,057 million was derived from sales of lenses. Among revenue derived from sales of lenses, we identified occurrence of revenue from major customers with high increase as a key audit matter due to the significance to the Group's consolidated financial statements. For the year ended 31 December 2024, the Group has recognised revenue of RMB549 million from abovementioned customers, which accounted for 26.6% of total revenue of the Group.</p>	<ul style="list-style-type: none"><li>• Testing the sales of lenses, on a sampling basis, by examining the relevant documents supporting the transfer of control of goods and performing audit confirmation procedure;</li><li>• Performing background search on these customers, on a sampling basis, to assess the relationship between the Group and these customers and the reasonableness of these transactions; and</li><li>• Identifying significant sales returns from the sales ledger after the year end and inspecting the underlying documentation in relation to these sales returns to assess the business rationale of these transactions.</li></ul>

### Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

## Independent Auditor's Report

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

## Independent Auditor's Report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Bao Jie.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*

Hong Kong  
31 March 2025

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For The Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>Revenue</b>	5	<b>2,060,767</b>	1,759,641
Cost of sales		(1,265,667)	(1,101,507)
Gross profit		<b>795,100</b>	658,134
Other income and gains	7	<b>57,842</b>	48,248
Impairment losses under expected credit loss model, net of reversal		(17,267)	(14,386)
Distribution and selling expenses		(129,847)	(103,174)
Other expenses	7	(1,651)	(6,996)
Administrative expenses		(193,932)	(174,991)
Finance costs	8	(10,228)	(13,649)
Share of results of a joint venture		63	(50)
Share of results of an associate		(2,718)	(126)
Profit before tax		<b>497,362</b>	393,010
Income tax expense	9	(69,078)	(65,988)
<b>Profit for the year</b>	10	<b>428,284</b>	327,022
<b>Other comprehensive income (expense)</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<b>2,473</b>	(13,746)
Other comprehensive income (expense) for the year, net of income tax		<b>2,473</b>	(13,746)
<b>Total comprehensive income for the year</b>		<b>430,757</b>	313,276
Total comprehensive income for the year attributable to:			
Owners of the Company		<b>430,757</b>	313,276
Earnings per share			
Basic	13	<b>RMB 1.03</b>	RMB0.77

# Consolidated Statement of Financial Position

At 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	14	586,852	455,483
Investment properties	15	14,188	15,520
Right-of-use assets	16	32,045	15,053
Other intangible assets	17	559	351
Investment in a joint venture	18	63	–
Investment in an associate	19	57,386	60,104
Deferred tax assets	20	8,378	11,916
Time deposits	25	50,000	–
Prepayment for acquisition of property, plant and equipment		20,338	11,203
<b>Total non-current assets</b>		<b>769,809</b>	<b>569,630</b>
<b>Current assets</b>			
Inventories	21	562,857	486,508
Trade receivables	22	355,862	291,710
Amount due from a related party	37	12	–
Prepayments, deposits and other receivables	23	48,720	84,944
Financial assets at fair value through profit or loss (“FVTPL”)	24	149,454	221,000
Pledged bank deposits	25	3,000	–
Cash and cash equivalents	25	499,070	330,521
<b>Total current assets</b>		<b>1,618,975</b>	<b>1,414,683</b>
<b>Current liabilities</b>			
Trade payables	26	189,287	126,158
Other payables and accruals	27	177,245	137,923
Contract Liabilities	28	47,144	45,567
Interest-bearing bank borrowings	29	289,623	95,247
Lease liabilities	31	2,548	1,375
Amount due to a related party	37	1,247	–
Tax payable		25,134	25,431
<b>Total current liabilities</b>		<b>732,228</b>	<b>431,701</b>
<b>Net current assets</b>		<b>886,747</b>	<b>982,982</b>
<b>Total assets less current liabilities</b>		<b>1,656,556</b>	<b>1,552,612</b>

## Consolidated Statement of Financial Position

At 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>Non-current liabilities</b>			
Deferred tax liabilities	20	28,926	20,352
Interest-bearing bank borrowings	29	–	110,000
Lease liabilities	31	25,373	8,331
Retirement benefit obligations	35	10,103	10,341
Deferred income	36	6,597	8,688
Total non-current liabilities		70,999	157,712
<b>Net assets</b>		1,585,557	1,394,900
<b>Capital and reserves</b>			
Share capital	30	426,600	426,600
Share premium and reserves		1,158,957	968,300
Equity attributable to owners of the Company		1,585,557	1,394,900
<b>Total equity</b>		1,585,557	1,394,900

The consolidated financial statements on pages 76 to 172 were approved and authorised for issue by the board of directors (the “**Board**”) on 31 March 2025 and are signed on its behalf by:

\_\_\_\_\_  
Fei Zhengxiang  
DIRECTOR

\_\_\_\_\_  
Zheng Yuhong  
DIRECTOR

# Consolidated Statement of Changes in Equity

For The Year ended 31 December 2024

	Share capital RMB'000	Share premium RMB'000 (note i)	Treasury shares RMB'000	Statutory surplus reserve RMB'000 (note ii)	Exchange fluctuation reserve RMB'000 (note iii)	Retained profits RMB'000	Total RMB'000
At 1 January 2023	426,600	286,725	-	103,439	(16,830)	345,680	1,145,614
Profit for the year	-	-	-	-	-	327,022	327,022
Other comprehensive expense for the year	-	-	-	-	(13,746)	-	(13,746)
Total comprehensive (expense) income for the year	-	-	-	-	(13,746)	327,022	313,276
Appropriations to statutory surplus reserve	-	-	-	51,628	-	(51,628)	-
Dividends recognised as distribution (Note 12)	-	-	-	-	-	(63,990)	(63,990)
At 1 January 2024	426,600	286,725	-	155,067	(30,576)	557,084	1,394,900
Profit for the year	-	-	-	-	-	428,284	428,284
Other comprehensive income for the year	-	-	-	-	2,473	-	2,473
Total comprehensive income for the year	-	-	-	-	2,473	428,284	430,757
Appropriations to statutory surplus reserve	-	-	-	71,063	-	(71,063)	-
Dividends recognised as distribution (Note 12)	-	-	-	-	-	(133,577)	(133,577)
Repurchase of shares (Note 30)	-	-	(106,523)	-	-	-	(106,523)
At 31 December 2024	426,600	286,725	(106,523)	226,130	(28,103)	780,728	1,585,557

## Consolidated Statement of Changes in Equity

For The Year ended 31 December 2024

### Notes:

- (i) The share premium represents the difference between the par value of the shares issued and the consideration received, and the effect on conversion into a joint stock company is considered as well.
- (ii) In accordance with the Company Law of the the People's Republic of China ("**PRC**"), the Company and certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserves may be converted to share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.
- (iii) The exchange fluctuation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

# Consolidated Statement of Cash Flows

For The Year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
<b>Operating activities</b>		
Profit before tax	497,362	393,010
Adjustments for:		
Finance costs	10,228	13,649
Interest income	(5,874)	(3,565)
Share of results of a joint venture	(63)	50
Share of results of an associate	2,718	126
Depreciation of property, plant and equipment	69,760	55,346
Depreciation of investment properties	1,332	1,332
Depreciation of right-of-use assets	3,194	2,210
Amortisation of other intangible assets	149	223
Deferred income recognised in profit or loss	(2,091)	(3,109)
Fair value changes of other financial assets at FVTPL	(4,090)	(7,472)
(Gain)/losses on disposal of property, plant and equipment	(1,650)	2,231
Impairment loss, net of reversal		
– financial assets and other items under expected credit loss model	17,267	14,386
– inventories	9,428	6,462
– property, plant and equipment	18,953	20,639
– investment in a joint venture	–	2,249
Operating cash flows before movements in working capital	616,623	497,767
(Increase)/decrease in inventories	(85,777)	40,274
Increase in trade receivables	(84,776)	(61,556)
(Increase)/decrease in amount due from a related party	(12)	2
Increase in prepayments, deposits and other receivables	(3,275)	(19,309)
Increase in trade payables	54,537	25,591
Increase in other payables and accruals	39,322	25,292
Increase in retirement benefit obligations	563	341
Increase in contract liabilities	1,577	22,415
Increase/(decrease) in amount due to a related party	1,247	(214)
<b>Cash generated from operations</b>	<b>540,029</b>	<b>530,603</b>
Income taxes paid	(57,671)	(39,435)
Interest paid	(10,423)	(14,054)
Interest received	5,874	3,565
<b>Net cash from operating activities</b>	<b>477,809</b>	<b>480,679</b>

## Consolidated Statement of Cash Flows

For The Year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
<b>Investing activities</b>		
Acquisition of financial assets at FVTPL	(340,170)	(500,000)
Proceeds from disposal of financial assets at FVTPL	461,950	357,484
Proceeds from disposal of property, plant and equipment	4,282	1,261
Purchases of property, plant and equipment	(215,667)	(126,458)
Purchases of other intangible assets	(385)	(273)
Government subsidies received relating to the purchase of property, plant and equipment	–	198
Increase in prepayment for acquisition of property, plant and equipment	(9,135)	(5,453)
Placement of pledged bank deposits and time deposits	(53,000)	–
<b>Net cash used in investing activities</b>	<b>(152,125)</b>	<b>(273,241)</b>
<b>Financing activities</b>		
Repayments of borrowings	(240,000)	(231,587)
Repayments of lease liabilities	(1,971)	(1,862)
Payments on repurchase of shares	(106,523)	–
New borrowings raised	325,000	85,087
Dividends paid	(133,577)	(63,990)
<b>Net cash used in financing activities (note 39)</b>	<b>(157,071)</b>	<b>(212,352)</b>
Net increase/(decrease) in cash and cash equivalents	168,613	(4,914)
Cash and cash equivalents at the beginning of the year	330,521	335,618
Effect of foreign exchange rate changes	(64)	(183)
<b>Cash and cash equivalents at the end of the year</b>	<b>499,070</b>	<b>330,521</b>
<b>Analysis of the balances of cash and cash equivalents</b>		
Cash and cash equivalents	499,070	330,521

# Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

## 1. GENERAL INFORMATION

Shanghai Conant Optical Co., Ltd. (the “**Company**”) was incorporated and registered in the PRC on 20 June 2018, and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 16 December 2021. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The Company and its subsidiaries (the “**Group**”) are principally engaged in manufacture and sale of resin spectacle lenses.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company.

The controlling shareholder of the Group is Mr. Fei Zhengxiang.

## 2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

### Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (the “**IASB**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

The application of the amendments to IFRS Accounting Standards in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (Continued)

#### New and Amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments<sup>3</sup></i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity<sup>3</sup></i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>1</sup></i>
Amendments to IFRS Accounting Standards	<i>Annual Improvements to IFRS Accounting Standards - Volume 11<sup>3</sup></i>
Amendments to IAS 21	<i>Lack of Exchangeability<sup>2</sup></i>
IFRS 18	<i>Presentation and Disclosure in Financial Statements<sup>4</sup></i>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2027

Except for the new IFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all other amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (Continued)

#### Impacts on application of Amendments to IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

#### 3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

#### 3.2 Material accounting policy information

##### *Basis of consolidation*

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### 3.2 Material accounting policy information (Continued)

##### *Basis of consolidation (Continued)*

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company. Total comprehensive income of subsidiaries is attributed to the owners of the Company.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

##### *Investments in an associate and a joint venture*

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### 3.2 Material accounting policy information (Continued)

##### *Investments in an associate and a joint venture (Continued)*

The results and assets and liabilities of an associate or a joint venture are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of the associate and joint venture used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### 3.2 Material accounting policy information (Continued)

##### *Investments in an associate and a joint venture (Continued)*

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

##### *Revenue from contracts with customers*

Information about the Group's accounting policies relating to contracts with customers is provided in Notes 5, 22 and 28.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### 3.2 Material accounting policy information (Continued)

##### *Leases*

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

##### *The Group as a lessee*

##### Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

##### Short-term leases

The Group applies the short-term lease recognition exemption to leases of buildings, motor vehicles, furniture and equipment, and machinery that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### 3.2 Material accounting policy information (Continued)

##### *Leases (Continued)*

##### *The Group as a lessee (Continued)*

##### Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date; and
- any initial direct costs incurred by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

##### Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### 3.2 Material accounting policy information (Continued)

##### *Leases (Continued)*

##### *The Group as a lessee (Continued)*

##### Lease liabilities (Continued)

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

##### *The Group as a lessor*

##### Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. All of the Group's leases during the year and prior year are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### 3.2 Material accounting policy information (Continued)

##### *Foreign currencies*

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates prevailing at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange fluctuation reserve.

##### *Borrowing costs*

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### 3.2 Material accounting policy information (Continued)

##### *Government grants*

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

##### *Employee benefits*

##### *Retirement benefit costs*

Payments to defined contribution retirement benefit plans and state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### 3.2 Material accounting policy information (Continued)

##### *Employee benefits (Continued)*

##### *Retirement benefit costs (Continued)*

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. In determining the present value of the Group's defined benefit obligations and the related current service cost and, where applicable, past service cost, the Group attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than earlier years, the Group attributes the benefit on a straight-line basis from:

- (a) the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service) until
- (b) the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### 3.2 Material accounting policy information (Continued)

##### *Employee benefits (Continued)*

##### *Retirement benefit costs (Continued)*

The Group presents the defined benefit costs in profit or loss in the line item “cost of sales”, “administrative expenses” and “distribution and selling expenses”.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

##### *Short-term employee benefits*

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

##### *Taxation*

Income tax expense represents the sum of current and deferred income tax expense.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### 3.2 Material accounting policy information (Continued)

##### *Taxation (Continued)*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and an associate, and interests in a joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### 3.2 Material accounting policy information (Continued)

##### *Taxation (Continued)*

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### 3.2 Material accounting policy information (Continued)

##### *Taxation (Continued)*

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

##### *Property, plant and equipment*

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Freehold lands are not depreciated and are measured at cost less subsequent accumulated impairment losses.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### 3.2 Material accounting policy information (Continued)

##### *Property, plant and equipment (Continued)*

Buildings in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Sale proceeds of items that are produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly), and the related costs of producing those items are recognised in the profit or loss. The cost of those items are measured in accordance with the measurement requirements of IAS 2. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than freehold land and properties under construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### 3.2 Material accounting policy information (Continued)

##### *Investment properties*

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

##### *Intangible assets*

##### *Intangible assets acquired separately*

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### 3.2 Material accounting policy information (Continued)

##### *Intangible assets (Continued)*

##### *Intangible assets acquired separately (Continued)*

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

##### *Impairment losses on property, plant and equipment, right-of-use assets, and intangible assets other than goodwill*

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### 3.2 Material accounting policy information (Continued)

##### *Impairment losses on property, plant and equipment, right-of-use assets, and intangible assets other than goodwill (Continued)*

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro-rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### 3.2 Material accounting policy information (Continued)

##### *Cash and cash equivalents*

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

##### *Inventories*

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### 3.2 Material accounting policy information (Continued)

##### *Financial instruments*

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liabilities and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### 3.2 Material accounting policy information (Continued)

##### *Financial instruments (Continued)*

##### *Financial assets*

##### Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### 3.2 Material accounting policy information (Continued)

##### *Financial instruments (Continued)*

##### *Financial assets (Continued)*

##### Classification and subsequent measurement of financial assets (Continued)

##### (ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any interest earned on the financial asset and is included in the "other income and gains" line item.

##### Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade receivables, and other receivables) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### 3.2 Material accounting policy information (Continued)

##### *Financial instruments (Continued)*

##### *Financial assets (Continued)*

##### Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

The Group always recognises lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### 3.2 Material accounting policy information (Continued)

##### *Financial instruments (Continued)*

##### *Financial assets (Continued)*

##### Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

##### (i) Significant increase in credit risk (Continued)

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### 3.2 Material accounting policy information (Continued)

##### *Financial instruments (Continued)*

##### *Financial assets (Continued)*

##### Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

##### (ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

##### (iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### 3.2 Material accounting policy information (Continued)

##### *Financial instruments (Continued)*

##### *Financial assets (Continued)*

##### Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimation ECL on trade receivables. The measurement of ECL on those trade receivables with high credit risk are assessed on an individual basis, and the remaining is assessed collectively using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### 3.2 Material accounting policy information (Continued)

##### *Financial instruments (Continued)*

##### *Financial assets (Continued)*

##### Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

##### (v) Measurement and recognition of ECL (Continued)

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### 3.2 Material accounting policy information (Continued)

##### *Financial instruments (Continued)*

##### *Financial assets (Continued)*

##### Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

##### (v) Measurement and recognition of ECL (Continued)

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and other receivables where the corresponding adjustment is recognised in “impairment losses under expected credit loss model, net of reversal” line item.

##### Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the “other income and gains” and “other expenses” line item as part of the net foreign exchange gains/(losses);
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the “other income and gains” and “other expenses” line item as part of the fair value gain/(losses) of financial assets.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### 3.2 Material accounting policy information (Continued)

##### *Financial instruments (Continued)*

##### *Financial assets (Continued)*

##### Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

##### *Financial liabilities and equity*

##### Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

##### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### 3.2 Material accounting policy information (Continued)

##### *Financial instruments (Continued)*

##### *Financial liabilities and equity (Continued)*

##### Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL. All of the Group's financial liabilities during the year and prior year are measured at amortised cost.

##### Financial liabilities at amortised cost

Financial liabilities including amount due to a related party, interest-bearing bank borrowings, trade payables, other payables and accruals are subsequently measured at amortised cost, using the effective interest method.

##### Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains are determined based on the amortised cost of the instruments. These foreign exchange gains are recognised in the "other income and gains" line item in profit or loss as part of net foreign exchange gains/(losses) for financial liabilities that are not part of a designated hedging relationship.

##### Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### Provision of ECL for trade receivables

The measurement of ECL on those trade receivables with high credit risk are assessed on an individual basis, and the remaining is assessed collectively using provision matrix. The provision matrix is based on the Group's historical default rates taking into consideration of forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Notes 22 and 38.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

#### Allowances for inventories

The Group reviews the aging of the inventories at the end of each reporting period, and make allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use in production or saleable in the market. The Group estimates the net realisable value for such items based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review on a product-by-product basis at the end of the reporting period and makes allowance for obsolete and slow-moving items.

As at 31 December 2024, the carrying amount of inventories was RMB562,857,000 (net of allowance for inventories of RMB22,499,000) (2023: carrying amount of inventories was RMB486,508,000 (net of allowance for inventories of RMB23,256,000)).

#### Impairment of property, plant and equipment, investment properties, right-of-use assets, and other intangible assets

The Group assesses whether there are any indicators of impairment for plant and equipment, investment properties, right-of-use assets and other intangible assets at the end of each reporting period. All plant and equipment, investment properties, right-of-use assets and other intangible assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

#### Deferred tax assets

As at 31 December 2024, a deferred tax asset of RMB1,972,000 (2023: RMB5,239,000) in relation to unused tax losses for certain operating subsidiaries has been recognised in the consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of RMB30,128,000 (2023: RMB23,154,000) for some subsidiaries due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient taxable profits will be available in the future or taxable temporary differences are expected to reverse in the same period as the expected reversal of the deductible temporary differences, which is a key source of estimation uncertainty.

In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place. Significant management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

### 5. REVENUE

#### (i) Disaggregation of revenue from contracts with customers

	2024 RMB'000	2023 RMB'000
<b>Sales of goods</b>		
Standardised lenses	906,853	833,404
Functional lenses	755,154	570,541
Customised lenses	395,281	353,522
Others	3,479	2,174
<b>Total</b>	<b>2,060,767</b>	<b>1,759,641</b>

All the revenue of the Group has been recognised at a point in time.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 5. REVENUE (Continued)

#### (ii) Performance obligations for contracts with customers and revenue recognition policies

##### *Sales of goods*

The Group sells resin spectacle lenses directly to customers in accordance with the orders from and framework contracts entered with the customers. For domestic sales, revenue is recognised when the control of the products has been transferred to the customers, being at the point the goods are delivered to the customer or third-party logistics company. For overseas sales, revenue is recognised according to relevant incoterms. The normal credit term is 90 days effective from the delivery, except for new customers, where payment in advance is normally required. The transaction price received by the Group is recognised as a contract liability until the related performance obligation is satisfied.

Some contracts provide customers with volume rebates which give rise to variable consideration subject to constraint.

#### (iii) Transaction price allocated to the remaining performance obligation for contracts with customers

All performance obligations for sales of resin spectacle lenses are within period less than one year. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

### 6. SEGMENT INFORMATION

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 of the Company reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 6. SEGMENT INFORMATION (Continued)

#### Geographical information

The Group's operations are mainly located in the Mainland China, Japan, Thailand and the United States of America (the "USA").

Information about the Group's revenue is presented based on the geographical locations of the Group's customers.

	2024 RMB'000	2023 RMB'000
Mainland China	655,433	575,351
Asia (except for mainland China)	522,452	378,923
America	474,261	405,599
Europe	319,046	299,901
Oceania	65,373	75,865
Africa	24,202	24,002
	<b>2,060,767</b>	<b>1,759,641</b>

Information about the Group's non-current assets is presented based on the geographical locations of the assets.

	2024 RMB'000	2023 RMB'000
Mainland China	639,679	535,582
Japan	19,762	21,841
Thailand	51,990	–
USA	–	291
	<b>711,431</b>	<b>557,714</b>

Note: non-current assets excluded time deposits and deferred tax assets.

#### Information about major customer

No customer contributes over 10% of the total revenue of the Group for the years ended 31 December 2024. Revenue of approximately RMB183,190,000 was derived from a single customer for the years ended 31 December 2023, including sales to a group of entities which are known to be under common control with that customer.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 7. OTHER INCOME, GAINS AND OTHER EXPENSES

	2024 RMB'000	2023 RMB'000
<b>Other income</b>		
Government grants (note i)	18,007	7,758
Rental income	12,678	12,073
Bank interest income	5,874	3,565
Gain on disposal of property, plant and equipment	1,650	–
Others	6,159	3,623
<b>Sub-total</b>	<b>44,368</b>	27,019
<b>Gains</b>		
Net foreign exchange gains	9,384	13,757
Gains on fair value changes of financial assets at FVTPL	4,090	7,472
<b>Sub-total</b>	<b>13,474</b>	21,229
<b>Total</b>	<b>57,842</b>	48,248
<b>Other expenses</b>		
Impairment losses recognised on investment in a joint venture	–	2,249
Loss on disposal of property, plant and equipment	–	2,231
Rental cost	1,432	1,408
Non-operating expenses	219	1,108
<b>Total</b>	<b>1,651</b>	6,996

Note:

- (i) The amounts represent various subsidies granted by the PRC local government authorities to group entities as incentives for their good performance in quality control or environmental protection, or involvement in the hi-tech know-how industry and product development activities. The government grants were unconditional and had been approved by the PRC local government authorities.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 8. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest on bank borrowings	9,204	13,325
Interest on lease liabilities	993	293
Interest on defined benefit obligations	31	31
<b>Total finance costs</b>	<b>10,228</b>	<b>13,649</b>

### 9. INCOME TAX EXPENSE

	2024 RMB'000	2023 RMB'000
Current tax:		
PRC Enterprise Income Tax	47,539	38,261
Japan	8,517	5,286
USA	2,398	2,184
Hong Kong	460	664
	<b>58,914</b>	<b>46,395</b>
(Over) under provision in prior years:	(1,540)	1,358
Deferred tax:		
Current year charge (Note 20)	11,704	18,235
	<b>69,078</b>	<b>65,988</b>

Under the Law of the PRC on Enterprise Income Tax (the "EIT") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

Under the two-tiered profits tax rates regime in Hong Kong, the first Hong Kong dollars ("HK\$") 2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 9. INCOME TAX EXPENSE (Continued)

For certain Group's subsidiaries operating in the PRC are eligible for certain concessions, which were accredited as "High and New Technology Enterprise", and were therefore entitled to a preferential EIT rate of 15%.

The directors of the Company are of the view that it is very probable that the subsidiaries which are accredited as "High and New Technology Enterprise" are able to extend their accreditation upon expiry.

Pursuant to the relevant tax laws, the subsidiary incorporated in the USA was subject to federal corporation income tax at the rate of 21% (2023: 21%) on the federal taxable income as well as Georgia's state corporate income tax at the rate of 5.75% (2023: 5.75%) on its Georgia taxable income during the year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Pursuant to the tax treaty agreed between Japan and Hong Kong, a 5% withholding tax is levied on dividends declared to Hong Kong investors from enterprises established in Japan. The Group is therefore liable for withholding taxes on dividends to be distributed by the subsidiary established in Japan.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 9. INCOME TAX EXPENSE (Continued)

The tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 RMB'000	2023 RMB'000
Profit before tax	497,362	393,010
Tax charge at the EIT rate of 25%	124,341	98,253
Tax effect of share of results of an associate and a joint venture	664	44
Tax effect of expenses not deductible for tax purpose	408	653
(Over) under provision in respect of prior years	(1,540)	1,358
Effect of additional deduction of research and development expenses	(19,578)	(10,886)
Effect of tax losses not recognised as deferred tax assets	1,870	2,715
Effect of deductible temporary differences not recognised	–	1,207
Utilisation of tax losses previously not recognised as deferred tax assets	(126)	(1,517)
Income tax at concessionary rates	(37,010)	(25,298)
Effect of withholding tax at 5% on the distributable profits of the Group's subsidiaries	–	(664)
Others	49	123
Income tax expense	69,078	65,988

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 10. PROFIT FOR THE YEAR

	2024 RMB'000	2023 RMB'000
Profit for the year has been arrived at after charging:		
Depreciation of property, plant and equipment	69,760	55,346
Depreciation of investment properties	1,332	1,332
Depreciation of right-of-use assets	3,194	2,210
Amortisation of other intangible assets	149	223
<b>Total depreciation and amortisation</b>	<b>74,435</b>	<b>59,111</b>
Impairment losses recognised on		
– property, plant and equipment included in cost of sales	18,953	20,639
– investment in a joint venture	–	2,249
Auditor's remuneration	1,950	1,700
Research expenditure recognised as an expense (included in administrative expenses)	88,336	70,091
Gross rental income from investment properties	12,678	12,073
Less: direct operating expenses incurred for investment properties that generated rental income during the year	(100)	(76)
<b>Subtotal</b>	<b>12,578</b>	<b>11,997</b>
Employee benefits expenses (including directors' and chief executive's remuneration):		
– Wages, salaries and other allowances	334,551	303,643
– Pension scheme contributions and social welfare	96,210	83,889
<b>Total employee benefit expense</b>	<b>430,761</b>	<b>387,532</b>
Cost of inventories recognised as an expense (including write-down of inventories amounting to RMB 9,428,000 (2023: RMB 6,462,000))	1,246,714	1,080,868
(Gain)/loss on disposal of property, plant and equipment (included in other income, gains and other expenses)	(1,650)	2,231

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

#### (a) Directors' and Chief Executive's emoluments

Details of the emoluments paid or payable to the directors and the Chief Executive of the Company for the service provided to the Group during the years ended 31 December 2024 and 2023 are as follows:

	Fees RMB'000	Salaries and other benefits RMB'000	Performance related bonus RMB'000 (note i)	Retirement benefits scheme contributions RMB'000	Total RMB'000
<b>2024</b>					
Executive directors:					
Mr. Fei Zhengxiang	-	1,647	601	74	2,322
Mr. Zheng Yuhong	-	1,160	427	74	1,661
Mr. Xia Guoping	-	1,128	449	-	1,577
Mr. Chen Junhua	-	487	360	74	921
Mr. Wang Chuanbao (note ii)	-	766	371	60	1,197
	-	5,188	2,208	282	7,678

	Fees RMB'000	Salaries and other benefits RMB'000	Performance related bonus RMB'000	Retirement benefits scheme contributions RMB'000	Total RMB'000
<b>2024</b>					
Non-executive directors:					
Dr. Takamatsu Ken (note iii)	-	77	-	-	77
Ms. Zhao Xiaoyun	-	131	-	-	131
	-	208	-	-	208

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

#### (a) Directors' and Chief Executive's emoluments (Continued)

	Fees RMB'000	Salaries and other benefits RMB'000	Performance related bonus RMB'000	Retirement benefits scheme contributions RMB'000	Total RMB'000
<b>2024</b>					
Independent non-executive directors:					
Mr. Chen Yi	131	-	-	-	131
Dr. Xiao Fei	128	-	-	-	128
Mr. Jin Yiting (note iii)	15	-	-	-	15
Dr. Wu Ying (note ii)	113	-	-	-	113
	<b>387</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>387</b>

	Fees RMB'000	Salaries and other benefits RMB'000	Performance related bonus RMB'000 (note i)	Retirement benefits scheme contributions RMB'000	Total RMB'000
<b>2023</b>					
Executive directors:					
Mr. Fei Zhengxiang	-	971	853	72	1,896
Mr. Zheng Yuhong	-	601	801	72	1,474
Mr. Xia Guoping	-	580	890	-	1,470
Mr. Chen Junhua	-	411	660	72	1,143
	<b>-</b>	<b>2,563</b>	<b>3,204</b>	<b>216</b>	<b>5,983</b>

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

#### (a) Directors' and Chief Executive's emoluments (Continued)

	Fees RMB'000	Salaries and other benefits RMB'000	Performance related bonus RMB'000	Retirement benefits scheme contributions RMB'000	Total RMB'000
<b>2023</b>					
Non-executive directors:					
Dr. Takamatsu Ken	-	481	-	-	481
Ms. Zhao Xiaoyun	-	111	-	-	111
	-	592	-	-	592

	Fees RMB'000	Salaries and other benefits RMB'000	Performance related bonus RMB'000	Retirement benefits scheme contributions RMB'000	Total RMB'000
<b>2023</b>					
Independent non-executive directors:					
Mr. Chen Yi	106	-	-	-	106
Dr. Xiao Fei	88	-	-	-	88
Mr. Jin Yiting	88	-	-	-	88
	282	-	-	-	282

The executive directors' emoluments shown above were for their service in connection with the management of the affairs of the Company and the Group. The non-executive and independent non-executive directors' emoluments shown above were for their service as directors of the Company.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

#### (a) Directors' and Chief Executive's emoluments (Continued)

Notes:

- i. Performance related bonus is determined based on their duties and responsibilities of the relevant individuals within the Group and the Group's performance.
- ii. On 7 March 2024, Mr. Wang Chuanbao was appointed as an executive director of the Company, and Dr. Wu Ying was appointed as an independent non-executive director of the Company.
- iii. On 7 March 2024, Dr. Takamatsu Ken retired as a non-executive director of the Company and Mr. Jin Yiting retired as an independent non-executive director of the Company.

#### (b) Five highest paid employees' emoluments

The five individuals with the highest emoluments in the Group include four (2023: four) directors disclosed above. Details of the remuneration for the year of the remaining one (2023: one) highest paid employee who is neither a director nor chief executive of the Group are as follows:

	2024 RMB'000	2023 RMB'000
Salaries and other benefits	518	571
Performance related bonus	632	761
Retirement benefits scheme contributions	71	72
	<b>1,221</b>	<b>1,404</b>

The emoluments of the five highest paid employees who is not the directors of the Company whose remuneration fell within the following bands is as follows:

	2024 No. of employee	2023 No. of employee
HK\$1,000,001 to HK\$1,500,000	1	–
HK\$1,500,001 to HK\$2,000,000	–	1

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 12. DIVIDENDS

	2024 RMB'000	2023 RMB'000
Dividends recognised as distribution during the year: 2023 Final – RMB0.20, 2024 Interim – RMB0.12 (2022 Final - RMB0.15) per share	<b>133,577</b>	63,990

The proposed 2023 final dividend of RMB0.20 (tax inclusive) per ordinary share was approved by the Company's shareholders at the annual general meeting held on 4 June 2024 and was fully paid on 2 August 2024. The proposed 2024 interim dividend of RMB0.12 (tax inclusive) per ordinary share was approved by the Company's shareholders at the annual general meeting held on 9 September 2024 and was fully paid on 15 October 2024.

### 13. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	2024 RMB'000	2023 RMB'000
<b>Earnings</b>		
Earnings for the purposes of basic earnings per share	<b>428,284</b>	327,022

	2024 '000	2023 '000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>416,841</b>	426,600

Note: No diluted earnings per share for both 2024 and 2023 were presented as there were no potential ordinary shares in issue for both 2024 and 2023.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 14. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Electronic equipment RMB'000	Devices and equipment RMB'000	Construction in progress RMB'000	Total RMB'000
<b>COST</b>								
At 1 January 2023	235,136	12,131	371,127	12,780	30,447	21,404	-	683,025
Exchange adjustments	(227)	(204)	(523)	(4)	-	(85)	-	(1,043)
Additions	9,194	7,834	83,002	1,164	7,262	2,612	21,825	132,893
Disposals	(50)	-	(11,010)	(620)	(2,632)	(1,667)	-	(15,979)
Transfers	-	-	6,075	-	254	-	(6,329)	-
At 31 December 2023	<b>244,053</b>	<b>19,761</b>	<b>448,671</b>	<b>13,320</b>	<b>35,331</b>	<b>22,264</b>	<b>15,496</b>	<b>798,896</b>
Exchange adjustments	(881)	(679)	(1,007)	(6)	-	-	(29)	(2,602)
Additions	42,897	5,442	127,884	3,926	5,089	2,866	36,155	224,259
Disposals	-	(1,335)	(7,464)	(2,260)	(1,916)	(1,735)	(1,284)	(15,994)
Transfers	7,631	16,492	21,675	-	2,716	-	(48,514)	-
At 31 December 2024	<b>293,700</b>	<b>39,681</b>	<b>589,759</b>	<b>14,980</b>	<b>41,220</b>	<b>23,395</b>	<b>1,824</b>	<b>1,004,559</b>
<b>DEPRECIATION AND IMPAIRMENT</b>								
At 1 January 2023	88,853	7,346	144,858	9,999	18,420	10,816	-	280,292
Exchange adjustments	(59)	(68)	(202)	(1)	-	(47)	-	(377)
Provided for the year	12,319	1,792	34,513	822	3,278	2,622	-	55,346
Impairment loss recognised in profit or loss	-	-	20,593	-	-	46	-	20,639
Eliminated on disposals	(12)	-	(8,934)	(544)	(2,464)	(533)	-	(12,487)
At 31 December 2023	<b>101,101</b>	<b>9,070</b>	<b>190,828</b>	<b>10,276</b>	<b>19,234</b>	<b>12,904</b>	<b>-</b>	<b>343,413</b>
Exchange adjustments	(165)	(335)	(555)	(2)	-	-	-	(1,057)
Provided for the year	15,032	6,586	40,167	1,023	4,213	2,739	-	69,760
Impairment loss recognised in profit or loss	-	-	18,932	-	-	21	-	18,953
Eliminated on disposals	-	(1,296)	(6,532)	(2,146)	(1,755)	(1,633)	-	(13,362)
At 31 December 2024	<b>115,968</b>	<b>14,025</b>	<b>242,840</b>	<b>9,151</b>	<b>21,692</b>	<b>14,031</b>	<b>-</b>	<b>417,707</b>
<b>CARRYING AMOUNT</b>								
At 31 December 2024	<b>177,732</b>	<b>25,656</b>	<b>346,919</b>	<b>5,829</b>	<b>19,528</b>	<b>9,364</b>	<b>1,824</b>	<b>586,852</b>
At 31 December 2023	142,952	10,691	257,843	3,044	16,097	9,360	15,496	455,483

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 14. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment, except for construction in progress, are depreciated on a straight-line basis, after taking into account their estimated residual value, at the following rates per annum:

Freehold land	Not depreciated
Buildings	3.80% - 9.50%
Leasehold improvements	Over the shorter of the lease term or 20%
Plant and machinery	9.50% - 19.00%
Motor vehicles	19.00%
Electronic equipment	19.00%
Devices and equipment	9.50% - 19.00%

The freehold land is located in Japan and Thailand.

At 31 December 2024, certain of the Group's property, plant and equipment with a net carrying value of RMB133,514,000 (2023: RMB131,586,000) were pledged to secure general banking facilities granted to the Group. Details are set out in Note 29.

#### Impairment assessment

Due to the upgrading of production lines, part of the equipment would be replaced and cease to be used and the management of the Group concluded there was indication for impairment and conducted impairment assessment on certain property, plant and equipment with carrying amounts of RMB19,033,000 (2023: RMB24,411,000). The recoverable amount of owned properties are estimated individually.

The recoverable amounts of the owned properties have been determined based on their fair value less costs of disposal. The Group estimate the fair value less costs of disposal of the assets based on the residual value of related assets. The fair value measurement is categorised into Level 3 fair value hierarchy. The relevant assets were impaired to their recoverable amount of RMB80,000 (2023: RMB3,772,000), which is their carrying values at year end and the impairment of RMB18,953,000 (2023: RMB20,639,000) has been recognised in profit or loss within the relevant functions to which these assets relate during the year.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 15. INVESTMENT PROPERTIES

The Group leases out four buildings in Shanghai under operating leases with rentals payable quarterly. The leases typically run for an initial period of 6.5 years (2023: 6.5 years).

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

	RMB'000
<b>COST</b>	
At 31 December 2023 and 31 December 2024	<b>33,948</b>
<b>ACCUMULATED DEPRECIATION</b>	
At 1 January 2023	17,096
Provided for the year	1,332
At 31 December 2023	18,428
Provided for the year	1,332
At 31 December 2024	<b>19,760</b>
<b>CARRYING VALUE</b>	
At 31 December 2024	<b>14,188</b>
At 31 December 2023	15,520

The fair value of the Group's investment properties as at 31 December 2024 was RMB142,000,000 (2023: RMB140,070,000). The fair value has been valued by the directors of the Company with reference to a valuation carried out by independent qualified professional valuers not connected with the Group.

The fair value was determined based on the income approach, by taking into account the rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate. Where appropriate, reference to the comparable sales transactions as available in the relevant market has also been considered.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 15. INVESTMENT PROPERTIES (Continued)

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Details of the Group's investment properties and information about the fair value hierarchy as at the end of the reporting period are as follows:

	2024		2023	
	Carrying amount RMB'000	Fair value at Level 3 hierarchy RMB'000	Carrying amount RMB'000	Fair value at Level 3 hierarchy RMB'000
Buildings located in Shanghai, the PRC	<b>14,188</b>	<b>142,000</b>	15,520	140,070

At 31 December 2024, the Group's investment properties with a carrying value of RMB14,188,000 (2023: RMB15,520,000) were pledged to secure general banking facilities granted to the Group. Details are set out in Note 29.

The above investment properties are depreciated on a straight-line basis at the following rates per annum:

Buildings	4.00%
Land	2.00%

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 16. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	Plant and properties RMB'000	Total RMB'000
<b>As at 31 December 2024</b>			
Carrying amount	5,337	26,708	32,045
<b>As at 31 December 2023</b>			
Carrying amount	5,512	9,541	15,053
<b>For the year ended 31 December 2024</b>			
Depreciation charge	175	3,019	3,194
<b>For the year ended 31 December 2023</b>			
Depreciation charge	175	2,035	2,210
		<b>2024</b>	2023
		<b>RMB'000</b>	RMB'000
Expense relating to short-term leases		431	557
Total cash outflow for leases (note i)		3,395	2,712
Additions to right-of-use assets (note ii)		20,186	9,222

Notes:

- i. Amount includes payments of principal and interest portion of lease liabilities, short-term leases, and payments of lease payments on or before lease commencement date (including leasehold lands). These amounts could be presented in operating or financing cash flows.
- ii. During the year ended 31 December 2024, the Group recognised RMB20,186,000 right-of-use assets in respect of newly leased buildings (2023: RMB9,222,000).

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 16. RIGHT-OF-USE ASSETS (Continued)

The Group has lease contracts for various items of plant and properties used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of plant and properties generally have lease terms between 5 and 10 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

At 31 December 2024, the Group has obtained the land use right certificates for all leasehold lands.

At 31 December 2024, the Group's leasehold lands with a carrying value of RMB5,337,000 (2023: RMB5,512,000) was pledged to secure general banking facilities granted to the Group. Details are set out in Note 29.

The Group regularly entered into short-term leases for buildings, motor vehicles, furniture and equipment, and machinery. As at 31 December 2024 and 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

#### Restrictions or covenants on leases

Lease liabilities of RMB27,921,000 are recognised with related right-of-use assets of RMB26,708,000 as at 31 December 2024 (2023: lease liabilities of RMB9,706,000 are recognised with related right-of-use assets of RMB9,541,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 17. OTHER INTANGIBLE ASSETS

	Software RMB'000	Others RMB'000	Total RMB'000
<b>COST</b>			
At 1 January 2023	3,946	65	4,011
Additions	273	–	273
Exchange adjustments	(56)	(3)	(59)
At 31 December 2023	<b>4,163</b>	<b>62</b>	<b>4,225</b>
Additions	<b>385</b>	–	<b>385</b>
Disposals	–	<b>(62)</b>	<b>(62)</b>
Exchange adjustments	<b>(128)</b>	–	<b>(128)</b>
At 31 December 2024	<b>4,420</b>	–	<b>4,420</b>
<b>AMORTISATION</b>			
At 1 January 2023	3,637	65	3,702
Charge for the year	223	–	223
Exchange adjustments	(48)	(3)	(51)
At 31 December 2023	<b>3,812</b>	<b>62</b>	<b>3,874</b>
Charge for the year	<b>149</b>	–	<b>149</b>
Disposals	–	<b>(62)</b>	<b>(62)</b>
Exchange adjustments	<b>(100)</b>	–	<b>(100)</b>
At 31 December 2024	<b>3,861</b>	–	<b>3,861</b>
<b>CARRYING AMOUNT</b>			
At 31 December 2024	<b>559</b>	–	<b>559</b>
At 31 December 2023	351	–	351

The above other intangible assets have definite useful lives over which the assets are amortised. The amortisation periods range from two to ten years.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 18. INVESTMENT IN A JOINT VENTURE

	2024 RMB'000	2023 RMB'000
Cost of investment in a joint venture	2,328	2,328
Share of post-acquisition losses	(16)	(79)
Impairment loss recognised in profit and loss	(2,249)	(2,249)
	<b>63</b>	–

As at 31 December 2024 and 2023, the Group had interests in the following joint venture:

Name of entity	Country of Incorporation and operation	Share capital	Proportion of ownership interest held by the Group %	Proportion of voting rights held by the group %	Principal activity
Hakone Sanmaru Co., Ltd. * ("Hakone Sanmaru")	Japan	JPY15,000,000	33	33	Hotel management

Note: The Group has 33% ownership interest and voting rights in Hakone Sanmaru. Under a shareholders' agreement, each of the three shareholders owns 33% of interest of Hakone Sanmaru and none of the other shareholders has control over Hakone Sanmaru. Therefore, Hakone Sanmaru is classified as a joint venture.

The following table illustrates the financial information of the Group's joint venture that is not individually material:

	2024 RMB'000	2023 RMB'000
The Group's share of gain/(loss)	63	(50)
Carrying amount of the Group's interests in these joint ventures	<b>63</b>	–

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 19. INVESTMENT IN AN ASSOCIATE

	2024 RMB'000	2023 RMB'000
Investment in an associate under equity method	<b>57,386</b>	60,104

As at 31 December 2024 and 2023, the Group had interests in the following associate:

Name of entity	Country of incorporation and operation	Share capital RMB'000	Proportion of ownership interest held by the Group %	Proportion of voting rights held by the group %	Principal activities
Jiangsu Blue Optics Lens Co., Ltd. ("Jiangsu Blue Optics Lens")	The PRC	130,000	49	49	Sale of spectacle cases and frames

Note: The Group is able to exercise significant influence over Jiangsu Blue Optics Lens by taking all the rights and decision powers pursuant to the articles of association of Jiangsu Blue Optics Lens into consideration.

The financial information in respect of the Group's associate is set out below, representing amounts shown in the associate's financial statements prepared in accordance with IFRS Accounting Standards.

The associate is accounted for using the equity method in these consolidated financial statements.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 19. INVESTMENT IN AN ASSOCIATE (Continued)

#### (a) Jiangsu Blue Optics Lens

	2024 RMB'000	2023 RMB'000
Current assets	55,749	83,762
Non-current assets	157,658	147,148
Current liabilities	(48,043)	(85,199)
Non-current liabilities	(48,250)	(23,050)

	For the year ended 31 December 2024 RMB'000	For the year ended 31 December 2023 RMB'000
Revenue	16,189	10,884
Loss for the year	(5,547)	(257)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Jiangsu Blue Optics Lens recognised in the consolidated financial statements:

	2024 RMB'000	2023 RMB'000
Net assets of Jiangsu Blue Optics Lens	117,114	122,661
Proportion of the Group's ownership interest in Jiangsu Blue Optics Lens	49%	49%
Carrying amount of the Group's interest in Jiangsu Blue Optics Lens	57,386	60,104

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 20. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of deferred tax balances for financial reporting purposes:

	2024 RMB'000	2023 RMB'000
Deferred tax assets	8,378	11,916
Deferred tax liabilities	(28,926)	(20,352)
	<b>(20,548)</b>	<b>(8,436)</b>

The following are the major deferred tax assets and liabilities recognised and movements thereon during the current year:

	Impairment of financial assets RMB'000	Provision for inventories RMB'000	Impairment of property, plant and equipment RMB'000	Unrealised profits RMB'000	Government grants RMB'000	Losses available for offsetting against future taxable profits RMB'000	Expense for offsetting against future taxable profits RMB'000	Financial assets at FVTPL RMB'000	Lease Liabilities RMB'000	Total RMB'000
At 1 January 2023	5,130	1,485	18	640	1,929	12,118	12,816	7,074	166	41,376
(Charge) credit to profit or loss	(1,624)	4,383	3,057	96	(610)	(6,879)	(793)	(7,074)	1,278	(8,166)
Exchange differences	(10)	(31)	-	-	(16)	-	(147)	-	-	(204)
At 31 December 2023	3,496	5,837	3,075	736	1,303	5,239	11,876	-	1,444	33,006
Credit (charge) to profit or loss	5,589	(2,192)	2,660	(241)	(314)	(3,267)	2,581	82	2,754	7,652
Exchange differences	(34)	(54)	-	-	-	-	(320)	-	-	(408)
At 31 December 2024	9,051	3,591	5,735	495	989	1,972	14,137	82	4,198	40,250

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 20. DEFERRED TAXATION (Continued)

	Depreciation allowance in excess of related depreciation RMB'000	Withholding taxes RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 1 January 2023	27,749	3,458	166	31,373
Charge (credit) to profit or loss	9,472	(664)	1,261	10,069
At 31 December 2023	<b>37,221</b>	<b>2,794</b>	<b>1,427</b>	<b>41,442</b>
Charge (credit) to profit or loss	<b>17,225</b>	<b>(460)</b>	<b>2,591</b>	<b>19,356</b>
At 31 December 2024	<b>54,446</b>	<b>2,334</b>	<b>4,018</b>	<b>60,798</b>

At the end of the reporting period, the Group has unused tax losses of RMB 38,016,000 (2023: RMB44,123,000) available for offset against future profits. A deferred tax asset of RMB1,972,000 (2023: RMB5,239,000) has been recognised in respect of such losses. No deferred tax asset has been recognised in respect of the remaining RMB30,128,000 (2023: RMB23,154,000) due to the unpredictability of future profit streams.

	2024 RMB'000	2023 RMB'000
Tax loss expire in 2027	132	132
Tax loss expire in 2028	1,535	1,965
Tax loss expire in and after 2029	28,461	21,057
	<b>30,128</b>	<b>23,154</b>

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 20. DEFERRED TAXATION (Continued)

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries established in the USA for which deferred tax liabilities have not been recognised was approximately RMB43,146,000 (2023: RMB35,387,000). No deferred tax liability has been recognised in respect of these differences because in the opinion of the directors of the Company, the Group's fund will be retained in the USA for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

At the end of the reporting period, the Group has not recognised deferred tax assets in relation to deductible temporary differences of RMB2,262,000 (2023: RMB18,247,000) as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

### 21. INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials	223,969	186,716
Work in progress	17,321	18,232
Finished goods	321,567	281,560
	<b>562,857</b>	486,508

Raw materials and finished goods are net of a write-down of approximately RMB22,499,000 for the year ended December 31, 2024 (2023: RMB23,256,000).

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 22. TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	414,407	332,997
Less: Allowance for credit losses	(58,545)	(41,287)
	<b>355,862</b>	<b>291,710</b>

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 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 the 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.

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	2024 RMB'000	2023 RMB'000
0 to 90 days	305,441	239,999
91 to 180 days	41,772	45,521
181 to 365 days	7,569	5,053
1 to 2 years	1,080	1,137
	<b>355,862</b>	<b>291,710</b>

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 22. TRADE RECEIVABLES (Continued)

The measurement of ECL on those trade receivables with high credit risk are assessed on an individual basis, and the remaining is assessed collectively using a provision matrix with reference to the historical records, past experience and also available reasonable and supportive forward-looking information to those customers. The directors of the Company have considered the recoverable amount and credit risk of the relevant customers and concluded that ECL is reasonably assessed.

Details of impairment assessment of trade receivables are set out in Note 38.

The Group's trade receivables which are not denominated in the functional currencies of the respective group entities are as follows:

	2024 RMB'000	2023 RMB'000
United States dollars ("US\$")	240,512	217,467
Japanese Yen ("JPY")	–	24,925

As at 1 January 2023, trade receivables from contracts with customers amounted to RMB251,292,000.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Other receivables	2,923	49,051
Less: Allowance for credit losses	–	(6,645)
	<b>2,923</b>	42,406
Prepayments to suppliers	2,162	6,940
Other prepayments	2,763	2,313
Other tax recoverable	40,872	33,285
<b>Total prepayments, deposits and other receivables</b>	<b>48,720</b>	84,944

Details of impairment assessment of other receivables are set out in Note 38.

The Group's other receivables which are not denominated in the functional currencies of the respective group entities are as follows:

	2024 RMB'000	2023 RMB'000
US\$	–	46,047
JPY	–	3,733

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 24. FINANCIAL ASSETS AT FVTPL

	2024 RMB'000	2023 RMB'000
Wealth management products (note i)	149,454	221,000

Note:

- (i) During the year ended 31 December 2024, the Group entered into several contracts of wealth management products with reputable banks in Mainland China under which the maturity terms are within 12 months.

### 25. CASH AND CASH EQUIVALENTS, PLEDGED BANK DEPOSITS AND TIME DEPOSITS

Cash and cash equivalents carry interest at market rates which range from 0.0001% to 4.39% (2023: 0.0001% to 1.725%) per annum. The pledged bank deposits carry interest at fixed interest rates of 0.10% (2023: Nil). The time deposits carry interest at fixed interest rates of 2.7% (2023: Nil).

At 31 December 2024, pledged bank deposits amounting to RMB3,000,000 have been pledged to banks to secure short-term banking facilities including letter of credits granted to the Group and are therefore classified as current assets. The pledged bank deposits will be released upon the settlement of relevant bank facilities. The Group has no pledged bank deposits at 31 December 2023.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 25. CASH AND CASH EQUIVALENTS, PLEDGED BANK DEPOSITS AND TIME DEPOSITS (Continued)

The Group's certain cash and cash equivalents that are denominated in currencies other than the functional currencies of the relevant group entities are mainly set out below:

	2024 RMB'000	2023 RMB'000
US\$	187,928	136,510
Euro ("EUR")	6,058	436
HK\$	4,762	762
JPY	97	35,748

### 26. TRADE PAYABLES

The average credit period on purchases of goods is 90 days (2023: 90 days).

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2024 RMB'000	2023 RMB'000
0 to 90 days	122,469	104,843
91 to 180 days	62,859	18,107
181 to 365 days	2,549	2,281
Over 1 years	1,410	927
	189,287	126,158

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 27. OTHER PAYABLES AND ACCRUALS

	2024 RMB'000	2023 RMB'000
Payroll and welfare payables	117,228	104,292
Deposits received and other payables	49,189	19,320
Other current liabilities	5,919	6,628
Other tax payable	1,652	4,539
Receipts in advance from lessee	3,257	3,144
<b>Total other payables and accruals</b>	<b>177,245</b>	<b>137,923</b>

The Group's certain trade payables, other payables and accruals which are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2024 RMB'000	2023 RMB'000
US\$	36,369	12,449
EUR	16,980	5,973
JPY	39	12,315
<b>Total</b>	<b>53,388</b>	<b>30,737</b>

### 28. CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Short-term advances received from customers		
Sales of goods	47,144	45,567

As at 1 January, 2023, contract liabilities amounted to RMB23,152,000.

Revenue of RMB45,567,000 was recognised during the year ended 31 December 2024 that was included in the contract liabilities at the beginning the year of 2024 (2023: RMB23,152,000).

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 29. INTEREST-BEARING BANK BORROWINGS

	2024 RMB'000	2023 RMB'000
Secured (notes i and ii)	259,623	185,247
Unsecured	30,000	20,000
	<b>289,623</b>	205,247
Fixed-rate borrowings	289,623	25,021
Variable-rate borrowings	–	180,226
	<b>289,623</b>	205,247
Carrying amount repayable (based on scheduled repayment terms):		
Within one year	289,623	95,247
Within a period of more than one year but not exceeding two years	–	90,000
Within a period of more than two years but not exceeding five years	–	20,000
	<b>289,623</b>	205,247

Notes:

- i. As at 31 December 2024, the balance was secured by leasehold lands, investment properties, property, plant and equipment of the Group with carrying amounts of RMB153,039,000 (2023: RMB152,618,000).
- ii. The Company has pledged the equity interests in certain of its subsidiaries to secure the Company's bank loans of RMB180,226,000 as at 31 December 2023. Such bank loans were fully repaid in 2024 and the related pledge was subsequently released.

As at 31 December 2023, the Group has variable-rate borrowings which carry interest at the LPR minus 10Bps. Interest is repriced every year. The variable-rate borrowings have been repaid in 2024.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 29. INTEREST-BEARING BANK BORROWINGS (Continued)

The ranges of the effective interest rates on the Group's borrowings are as follows:

	2024	2023
Effective interest rate:		
Fixed-rate borrowings	1.07% to 2.60%	2.23% to 3.50%
Variable-rate borrowings	N/A	4.10%

The Group's borrowings that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2024 RMB'000	2023 RMB'000
JPY	4,623	5,021

### 30. SHARE CAPITAL AND TREASURY SHARES

	Number of ordinary shares '000	Share capital RMB'000
Ordinary shares of RMB1 each		
<b>Authorised and issued</b>		
At 1 January 2023, 31 December 2023 and 2024	426,600	426,600

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 30. SHARE CAPITAL AND TREASURY SHARES (Continued)

During the year ended 31 December 2024, the Company repurchased its own ordinary shares through The Stock Exchange of Hong Kong Limited as follows (2023: Nil):

Months of repurchase	No. of ordinary shares	Price per share		Aggregate consideration paid RMB'000
		Highest HK\$	Lowest HK\$	
January, 2024	9,000,000	7.96	7.44	62,863
April, 2024	336,000	8.02	8.01	2,439
May, 2024	245,000	9.41	7.94	1,791
August, 2024	1,640,000	12.82	11.29	18,284
September, 2024	1,281,500	14.87	14.56	17,207
October, 2024	295,500	14.61	14.61	3,939

The above ordinary shares were not cancelled and remained as treasury shares at the end of the reporting period.

At 31 December 2024, the Company had outstanding treasury shares of 12,798,000 (31 December 2023: Nil) shares.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 31. LEASE LIABILITIES

	2024 RMB'000	2023 RMB'000
<b>Lease liabilities payable:</b>		
Within one year	2,548	1,375
Within a period of more than one year but not more than two years	2,653	875
Within a period of more than two years but not more than five years	8,455	2,680
Within a period of more than five years	14,265	4,776
	<b>27,921</b>	9,706
Less: Amount due for settlement within 12 months shown under current liabilities	(2,548)	(1,375)
Amount due for settlement after 12 months shown under non-current liabilities	<b>25,373</b>	8,331

The weighted average incremental borrowing rates applied to lease liabilities range from 3.95% to 4.45% (2023: 1.30% to 4.5%) per annum.

### 32. OPERATING LEASING ARRANGEMENTS

#### The Group as lessor

All of the properties held by the Group for rental purposes have committed lessees for 6.5 years. Rental income achieved during the current year was RMB12,678,000 (2023: RMB12,073,000).

Undiscounted lease payments receivable on leases are as follows:

	2024 RMB'000	2023 RMB'000
Within one year	5,685	13,126
In the second year	–	5,685
	<b>5,685</b>	18,811

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 33. COMMITMENTS

	2024 RMB'000	2023 RMB'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	45,666	33,113

### 34. CAPITAL RISK MANAGEMENT

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 34. CAPITAL RISK MANAGEMENT (Continued)

The Group monitors capital using a gearing ratio, which is net debt divided by the adjusted capital plus net debt. Net debt includes interest-bearing bank borrowings, amount due to a related party, trade payables, and other payables and accruals excluding receipts in advance from lessee, less cash and cash equivalents. Capital includes equity attributable to owners of the company. The gearing ratios as at the end of the reporting periods were as follows:

	2024 RMB'000	2023 RMB'000
Trade payables	189,287	126,158
Other payables and accruals	173,988	134,779
Amount due to a related party	1,247	–
Interest-bearing bank borrowings	289,623	205,247
Less: Cash and cash equivalents	(499,070)	(330,521)
Net debt	155,075	135,663
Equity attributable to owners of the company	1,585,557	1,394,900
Capital and net debt	1,740,632	1,530,563
Gearing ratio	8.9%	8.9%

### 35. RETIREMENT BENEFIT OBLIGATIONS

#### Defined contribution plans

The employees of the Company and the Group's PRC subsidiaries are members of the state-managed retirement benefit scheme operated by the PRC government. The Company and the subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

The total cost charged to profit or loss of RMB42,901,000 (2023: RMB37,559,000) represents contributions paid to the retirement benefits scheme by the Group in respect of the current year.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 35. RETIREMENT BENEFIT OBLIGATIONS (Continued)

#### Defined benefit plans

The Group's subsidiary in Japan has unfunded lump-sum payment plans. Under these plans, employees are generally entitled to lump-sum payments upon termination of employment. The benefits under the plans are calculated based upon the employee's position, years of service and the reason for retirement.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 31 December 2024 by Shanghai PG Advisory Co., Ltd., a member of the actuarial society of China, using the projected unit credit actuarial valuation method.

These plans are exposed to interest rate risk.

The total cost charged to profit or loss for the year ended 31 December 2024 is RMB1,050,000 (2023: RMB1,037,000), including the net interest on the net defined benefit liability.

The principal actuarial assumptions used for the purposes of the actual valuations are as follows:

	2024	2023
Discount rate	0.3%	0.3%
Expected rate of salary increases	0%	0%
Expected rate of voluntary separation	3%	3%
Expected rate of passive separation	0.5%	0.5%

The amount included in the consolidated statement of financial position arising from the Group's obligation in respect of its defined benefit plan is as follows:

	2024 RMB'000	2023 RMB'000
Termination benefit plans	10,103	10,341

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 36. DEFERRED INCOME

	2024 RMB'000	2023 RMB'000
Government grants received – non-current liabilities	<b>6,597</b>	8,688

During the current year, government grant amounting to RMB2,091,000 (2023: RMB3,109,000) has been transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets. The relevant government subsidies mainly include technical renovation subsidies, upgrading and renovation rewards, high-quality development subsidies.

### 37. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Other than as disclosed elsewhere in these consolidated financial statements, the Group has following transactions and balances with related parties:

Relationship with related/ connected parties	Nature of transactions	2024 RMB'000	2023 RMB'000
Jiangsu Blue Optics Lens	Sales of products	<b>2,970</b>	7,912
	Lease payments	<b>2,489</b>	815
Spouse of Mr. Fei Zhengxiang	Lease payments	<b>282</b>	254

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 37. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS (Continued)

Outstanding balances with related parties:

	2024 RMB'000	2023 RMB'000
Amount due from a related party:		
Trade related:		
Jiangsu Blue Optics Lens	12	–
Amount due to a related party:		
Trade related:		
Jiangsu Blue Optics Lens	1,247	–
Lease liabilities:		
Jiangsu Blue Optics Lens	27,731	8,891
Spouse of Mr. Fei Zhengxiang	–	230
	<b>27,731</b>	<b>9,121</b>

During the year ended 31 December 2024, the Group entered into new lease agreements with Jiangsu Blue Optics Lens for ten years. The Group has recognised an addition of right-of-use assets and lease liabilities of RMB20,186,000 and RMB20,186,000, respectively, with interest expense RMB634,000 (2023: RMB236,000) in 2024.

The remuneration of directors of the Company and other members of key management during the year is as follows:

	2024 RMB'000	2023 RMB'000
Performance related bonuses	2,570	3,837
Retirement benefits scheme contributions	406	329
Salaries, allowances and benefits	6,990	4,288
	<b>9,966</b>	<b>8,454</b>

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 38. FINANCIAL INSTRUMENTS

#### (a) Categories of financial instruments

	2024 RMB'000	2023 RMB'000
<b>Financial assets:</b>		
Financial assets at amortised cost	910,867	664,637
Financial assets at FVTPL	149,454	221,000
<b>Financial liabilities:</b>		
Financial liabilities at amortised cost	532,548	357,353

#### (b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, cash and cash equivalents, pledged bank deposits, time deposits, financial assets at FVTPL, amount due from a related party, amount due to a related party, interest-bearing bank borrowings, trade payables, other payables and accruals. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

##### **Market risk**

##### *(i) Currency risk*

Certain group entities have foreign currency transactions, including sales and purchases which expose the Group to foreign currency risk. Certain of the Group's cash and cash equivalents, trade and other receivables, trade and other payables and interest-bearing borrowings are denominated in currencies other than the functional currency of the relevant group entities and expose to such foreign currency risk. The carrying amounts of relevant group entities' foreign currency denominated monetary assets and liabilities other than their functional currency are disclosed in the respective notes.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 38. FINANCIAL INSTRUMENTS (Continued)

#### (b) Financial risk management objectives and policies (Continued)

##### Market risk (Continued)

##### (i) Currency risk (Continued)

The Group mainly exposes to foreign currency of US\$, JPY and EUR. The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

##### Sensitivity analysis

This following table details the Group's sensitivity to a 5% (2023: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% (2023: 5%) represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% (2023: 5%) change in foreign currency rates. A positive number below indicates an increase in profit before tax where RMB strengthens 5% (2023: 5%) against the relevant currency while a negative number indicates a decrease in profit before tax.

	2024 RMB'000	2023 RMB'000
US\$	19,604	19,379
JPY	(228)	2,354
EUR	(546)	(277)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 38. FINANCIAL INSTRUMENTS (Continued)

#### (b) Financial risk management objectives and policies (Continued)

##### *Market risk (Continued)*

##### *(ii) Interest rate risk*

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank borrowings and lease liabilities (see Notes 29 and 31).

The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook.

##### *Credit risk and impairment assessment*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of each reporting period, the Group's maximum exposure to credit risk which cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of the financial position.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers will comply to the Group's policy. In addition, trade receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

In addition, the measurement of ECL on those trade receivables with high credit risk are assessed on an individual basis, and the remaining trade receivables are assessed collectively using provision matrix. Details of the quantitative disclosures are set out below in this note.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 38. FINANCIAL INSTRUMENTS (Continued)

#### (b) Financial risk management objectives and policies (Continued)

##### *Credit risk and impairment assessment (Continued)*

The Group has concentration of credit risk on trade receivables. At 31 December 2024, the Group's ten largest customers accounted for 36% (2023: 31%) of the total trade receivables.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 26% (2023: 26%) of the total trade receivables as at 31 December 2024.

##### *Cash and cash equivalents*

Credit risk on cash and cash equivalents is limited because the counterparties are reputable banks with high credit ratings assigned by credit agencies. The Group assessed 12m ECL for cash and cash equivalents by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on cash and cash equivalents is considered to be insignificant and therefore no loss allowance was recognised.

##### *Other receivables*

The Group makes individual assessment for significant outstanding items and portfolio assessment for other items with a large number of insignificant balances on the recoverability of other receivables on 12m ECL basis.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 38. FINANCIAL INSTRUMENTS (Continued)

#### (b) Financial risk management objectives and policies (Continued)

##### *Credit risk and impairment assessment (Continued)*

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

		External Notes credit rating	12-month or lifetime ECL	2024 Gross carrying amount RMB'000	2023 Gross carrying amount RMB'000
<b>Financial assets at amortised costs</b>					
Trade receivables (note i)	22	N/A(note i)	Collectively assessed: Lifetime ECL-not-credit impaired Lifetime ECL-credit impaired  Individual assessed: Lifetime ECL-credit impaired	<b>372,536</b> <b>21,669</b> <b>20,202</b>	302,538 20,661 9,798
Amount due from a related party		N/A	12m ECL	<b>12</b>	-
Cash and cash equivalents	25	Low risk	12m ECL	<b>499,070</b>	330,521
Pledged bank deposits and time deposits	25	Low risk	12m ECL	<b>53,000</b>	-
Financial assets included in other receivables	23	N/A	12m ECL Lifetime ECL	<b>2,923</b> -	48,705 346

Note:

- i: For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors which are assessed individually, the Group determines ECL on these items by using a provision matrix.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 38. FINANCIAL INSTRUMENTS (Continued)

#### (b) Financial risk management objectives and policies (Continued)

##### *Credit risk and impairment assessment (Continued)*

The following table provides information about the exposure to credit risk for trade receivables which are assessed based on collective basis within lifetime ECL as at 31 December 2024:

##### Gross carrying amount

	2024		2023	
	Average loss rate %	Trade receivables RMB'000	Average loss rate %	Trade receivables RMB'000
Not past due	1.16	146,875	1.24	207,598
Past due:				
0 – 90 days	3.50	164,528	5.53	54,793
91 – 180 days	15.77	49,595	15.06	33,584
181 – 365 days	21.40	11,538	19.73	6,563
1 – 2 years	72.92	3,987	70.41	3,815
2 – 3 years	100.00	328	100.00	611
Over 3 years	100.00	17,354	100.00	16,235
		<b>394,205</b>		<b>323,199</b>

During the year ended 31 December 2024, trade receivables amounting to RMB20,202,000 (2023: RMB9,798,000) with high credit risk are assessed for ECL individually.

With reference to the historical records, past experience and also available forward-looking information to those customers whose trade receivables have been pass due over 90 days while within 1 years, the management of the Group does not consider these receivables as credit-impaired as these customers have a good business relationship and satisfactory settlement history.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 38. FINANCIAL INSTRUMENTS (Continued)

#### (b) Financial risk management objectives and policies (Continued)

##### *Credit risk and impairment assessment (Continued)*

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
<b>As at 31 December 2023</b>	11,957	29,330	41,287
Impairment losses recognised	13,828	9,738	23,566
Transfer to credit-impaired	(8,031)	8,031	–
Write-offs	–	(6,308)	(6,308)
<b>As at 31 December 2024</b>	17,754	40,791	58,545

The Group writes off a trade receivable when there is information indicating that debtors are in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtors have been placed under liquidation.

The following table shows reconciliation of loss allowances that has been recognised for other receivables.

	12-month ECL RMB'000	Lifetime ECL (not credit- impaired) RMB'000	Total RMB'000
<b>As at 31 December 2023</b>	6,299	346	6,645
Impairment losses reversed	(6,299)	–	(6,299)
Write-offs	–	(346)	(346)
<b>As at 31 December 2024</b>	–	–	–

For other receivables arose from the redemption of Viner Total Investments Fund, the Group measures the loss allowance equal to 12m ECL.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 38. FINANCIAL INSTRUMENTS (Continued)

#### (b) Financial risk management objectives and policies (Continued)

##### Liquidity risk

The Group closely monitors its cash position resulting from its operations and maintains a level of cash and cash equivalents deemed adequate by the management to enable the Group to meet in full its financial obligations as they fall due for the foreseeable future.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period.

##### Liquidity tables

	Weighted average interest rate %	On demand RMB'000	Less than three months RMB'000	Three months to one year RMB'000	More than one year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
<b>2024</b>							
<b>Non-derivative financial liabilities</b>							
Trade and other payables	N/A	241,678	-	-	-	241,678	241,678
Amount due to a related party	N/A	1,247	-	-	-	1,247	1,247
Lease liabilities	4.05	-	882	2,745	29,905	33,532	27,921
Interest-bearing bank borrowings	2.36	-	20,044	273,096	-	293,140	289,623
		242,925	20,926	275,841	29,905	569,597	560,469

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 38. FINANCIAL INSTRUMENTS (Continued)

#### (b) Financial risk management objectives and policies (Continued)

##### Liquidity risk (Continued)

##### Liquidity tables (Continued)

	Weighted average interest rate %	Repayable on demand RMB'000	Less than three months RMB'000	Three months to one year RMB'000	More than one year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
<b>2023</b>							
<b>Non-derivative financial liabilities</b>							
Trade and other payables	N/A	152,106	-	-	-	152,106	152,106
Lease liabilities	4.05	-	444	1,322	9,928	11,694	9,706
Interest-bearing bank borrowings	4.00	-	55,621	41,097	117,261	213,979	205,247
		152,106	56,065	42,419	127,189	377,779	367,059

#### (c) Fair value

The fair value of financial assets and financial liabilities are determined as follows:

The fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 38. FINANCIAL INSTRUMENTS (Continued)

#### (c) Fair value (Continued)

##### (i) *Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis*

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and input(s) used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

Financial asset	Fair value as at		Fair value hierarchy	Basis of fair value measurement/valuation technique(s) and key input(s)
	31 December 2024 RMB'000	31 December 2023 RMB'000		
Wealth management products	149,454	221,000	Level 2	Cash flow discounted using the expected return based on debts, foreign exchange etc..

##### (ii) *Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis*

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the consolidated financial statements approximate their fair values.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities:

	Lease liabilities RMB'000 (Note 31)	Borrowings RMB'000 (Note 29)	Dividend payable RMB'000 (Note 12)	Total RMB'000
At 1 January 2024	9,706	205,247	-	214,953
Financing cash flows	(1,971)	85,000	(133,577)	(50,548)
Non-cash changes:				
Net foreign exchange gains	-	(398)	-	(398)
Interest expenses	993	9,204	-	10,197
Cash flows used in non-financing activities	(993)	(9,430)	-	(10,423)
Dividends recognised as distribution	-	-	133,577	133,577
Lease liabilities arising on new lease agreements	20,186	-	-	20,186
At 31 December 2024	27,921	289,623	-	317,544

  

	Lease liabilities RMB'000 (Note 31)	Borrowings RMB'000 (Note 29)	Dividend payable RMB'000 (Note 12)	Total RMB'000
At 1 January 2023	2,651	352,430	-	355,081
Financing cash flows	(1,862)	(146,500)	(63,990)	(212,352)
Non-cash changes:				
Net foreign exchange gains	174	(247)	-	(73)
Interest expenses	293	13,325	-	13,618
Cash flows used in non-financing activities	(293)	(13,761)	-	(14,054)
Dividends recognised as distribution	-	-	63,990	63,990
Lease liabilities arising on new lease agreements	9,222	-	-	9,222
Termination of lease contracts	(479)	-	-	(479)
At 31 December 2023	9,706	205,247	-	214,953

## Notes to the Consolidated Financial Statements

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### 40. MAJOR NON-CASH TRANSACTIONS

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB20,186,000 (2023: RMB9,222,000) and RMB20,186,000 (2023: RMB9,222,000), respectively, in respect of lease arrangements for plant and properties.

### 41. DETAILS OF SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 December 2024 and 2023 are as follows:

Name of subsidiaries	Place of Incorporation/ registration/operations	Attributable to equity interest held by the Group		Issued capital/ registered capital	Principal activities
		2024	2023		
<b>Directly held:</b>					
上海康耐特光学有限公司 Shanghai Conant Optics Co., Ltd.*	The PRC 13 April 2011	100%	100%	RMB537,000,000	Manufacture and sale of resin spectacle lenses
江苏康耐特光学有限公司 Jiangsu Conant Optics Co., Ltd.*	The PRC 25 December 2006	100%	100%	RMB480,000,000	Manufacture and sale of resin spectacle lenses
Asahi Lite Holdings Limited	Hong Kong 3 July 2013	100%	100%	US\$16,480,000	Investment holding
Conant Lens Inc.	USA 12 November 2010	100%	100%	US\$200,000	Sale of resin spectacle lenses
<b>Indirectly held:</b>					
Asahi Lite Optical Co., Ltd.	Japan 12 December 1980	100%	100%	JPY100,000,000	Manufacture and sale of resin spectacle lenses
Asahi Lite (Thailand) Co., Ltd.	Thailand 23 May 2024	100%	N/A	US\$10,000,000	Manufacture and sale of resin spectacle lenses

\* The English names are for identification purposes only.

Note: None of the subsidiaries had issued any debt securities during the year or at the end of the year.

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 42. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2024 RMB'000	2023 RMB'000
<b>Non-current assets</b>		
Investments in subsidiaries	1,271,745	1,184,493
Deferred tax assets	2,421	6,874
Right-of-use assets	118	395
Total non-current assets	1,274,284	1,191,762
<b>Current assets</b>		
Trade receivables	10,240	7,219
Prepayments, deposits and other receivables	339,074	70,119
Cash and cash equivalents	74,773	26,637
Total current assets	424,087	103,975
<b>Current liabilities</b>		
Trade payables	181,506	16,546
Other payables and accruals	422,656	75,734
Lease liabilities	–	261
Interest-bearing bank borrowings	–	70,226
Total current liabilities	604,162	162,767
<b>Net current liabilities</b>	(180,075)	(58,792)
<b>Net assets less current liabilities</b>	1,094,209	1,132,970
<b>Non-current liabilities</b>		
Lease liabilities	95	95
Interest-bearing bank borrowings	–	110,000
<b>Total non-current liabilities</b>	95	110,095
<b>Net assets</b>	1,094,114	1,022,875
<b>Capital and Reserves</b>		
Share capital	426,600	426,600
Share premium and reserves	667,514	596,275
<b>Total equity</b>	1,094,114	1,022,875

## Notes to the Consolidated Financial Statements

For The Year ended 31 December 2024

### 42. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Movement in the reserves of the Company is set forth below:

	Share premium RMB'000	Treasury shares RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2023	293,560	-	(173)	32,377	112,520	438,284
Total comprehensive income for the year	-	-	-	-	221,981	221,981
Dividends recognised as distribution (Note 12)	-	-	-	-	(63,990)	(63,990)
Appropriations to statutory surplus reserve	-	-	-	22,132	(22,132)	-
At 31 December 2023	<b>293,560</b>	-	<b>(173)</b>	<b>54,509</b>	<b>248,379</b>	<b>596,275</b>
Total comprehensive income for the year	-	-	-	-	311,339	311,339
Dividends recognised as distribution (Note 12)	-	-	-	-	(133,577)	(133,577)
Repurchase of shares (Note 30)	-	(106,523)	-	-	-	(106,523)
Appropriations to statutory surplus reserve	-	-	-	31,289	(31,289)	-
At 31 December 2024	<b>293,560</b>	<b>(106,523)</b>	<b>(173)</b>	<b>85,798</b>	<b>394,852</b>	<b>667,514</b>

### 43. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in the consolidated financial statements, the Group has the following events taken place subsequent to 31 December 2024:

- (1) On 6 January 2025, an aggregate of 53,325,000 placing shares were allotted and issued to the placee at the placing price of HK\$15.86 per share. Details were set out in the announcement released by the Group on 6 January 2025.
- (2) On 7 January 2025, the Group granted 11,874,300 share options to selected participants pursuant to the restricted share unit scheme. Details were set out in the announcement released by the Group on 7 January 2025.