Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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

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

(Stock Code: 2276)

ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

For the reasons explained below in the section headed "Review of Unaudited Annual Results" in this announcement, the audit process for the annual results of Shanghai Conant Optical Co., Ltd. (上海康耐特光學科技集團股份有限公司) (the "**Company**", together with its subsidiaries, the "**Group**") for the year ended 31 December 2021 has not been completed. The board (the "**Board**") of directors (the "**Director(s)**") of the Company hereby announces the unaudited consolidated results of the Group for the year ended 31 December 2021, together with the audited comparative figures for the year ended 31 December 2020 as follows.

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

HIGHLIGHTS

- Revenue for the year ended 31 December 2021 amounted to approximately RMB1,356.1 million, representing an increase of approximately 24.1% as compared with 2020.
- Gross profit for the year ended 31 December 2021 amounted to approximately RMB460.2 million, representing an increase of approximately 20.4% as compared with 2020.
- Profit for the year attributable to owners of the parent for the year ended 31 December 2021 amounted to approximately RMB183.5 million, representing an increase of approximately 42.9% as compared with 2020.
- Earnings per share for the year ended 31 December 2021 amounted to approximately RMB0.59, representing an increase of approximately 40.5% as compared with 2020.
- For the year ended 31 December 2021, total sales volume of our products amounted to approximately 134.9 million pieces, representing an increase of approximately 23.6% as compared with 2020.
- The Board has recommended the payment of a final dividend of RMB0.085 (tax inclusive) per share for the year ended 31 December 2021.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2021

	Notes	**2021** ***RMB'000*** ***(Unaudited)***	2020 *RMB'000*
Revenue	*3*	**1,356,082**	1,093,164
Cost of sales		**(895,923)**	(711,113)
Gross profit		**460,159**	382,051
Other income and gains	*3*	**25,958**	22,898
Selling and distribution expenses		**(76,235)**	(67,101)
Administrative expenses		**(145,775)**	(112,287)
Impairment loss on financial assets		**(4,701)**	(1,495)
Other expenses		**(8,461)**	(21,682)
Finance costs	*5*	**(34,954)**	(47,079)
Share of losses of:			
A joint venture		**(192)**	(42)
An Associate		**(697)**	–
PROFIT BEFORE TAX	*4*	**215,102**	155,263
Income tax expense	*6*	**(31,580)**	(26,801)
PROFIT FOR THE YEAR		**183,522**	128,462
Attributable to:			
Owners of the parent		**183,522**	128,462
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	*8*	**RMB0.59**	RMB0.42

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

	Notes	**2021** ***RMB'000*** ***(Unaudited)***	2020 *RMB'000*
PROFIT FOR THE YEAR		**183,522**	128,462
OTHER COMPREHENSIVE INCOME			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(16,368)**	(2,126)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**167,154**	126,336
Attributable to:			
Owners of the parent		**167,154**	126,336

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	Notes	**2021** **RMB'000** ***(Unaudited)***	2020 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**333,373**	342,258
Investment properties		**18,184**	19,516
Right-of-use assets		**8,414**	7,555
Other intangible assets		**543**	950
Investment in a joint venture		**2,329**	2,521
Investment in an associate		**11,875**	12,572
Long-term prepayments		**11,479**	1,488
Deferred tax assets		**27,026**	32,016
Total non-current assets		**413,223**	418,876
CURRENT ASSETS			
Inventories	*9*	**408,914**	391,362
Trade and bills receivables	*10*	**212,645**	231,007
Due from related parties		**56**	174,752
Prepayments, deposits and other receivables		**41,170**	26,353
Financial assets at fair value through profit or loss		**145,505**	–
Cash and cash equivalents		**589,836**	201,850
Total current assets		**1,398,126**	1,025,324
CURRENT LIABILITIES			
Trade payables	*11*	**78,958**	84,317
Other payables and accruals		**142,712**	129,052
Derivative financial instruments		**517**	2,361
Interest-bearing bank and other borrowings		**285,042**	291,630
Lease liabilities		**1,379**	738
Tax payable		**17,464**	13,781
Total current liabilities		**526,072**	521,879
NET CURRENT ASSETS		**872,054**	503,445
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,285,277**	922,321

	Notes	**2021** *RMB'000* ***(Unaudited)***	2020 *RMB'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**311,623**	382,640
Defined benefit obligations		**10,017**	13,046
Lease liabilities		**1,187**	596
Deferred tax liabilities		**11,383**	9,070
Deferred income		**13,669**	12,435
Total non-current liabilities		**347,879**	417,787
NET ASSETS		**937,398**	504,534
EQUITY			
Equity attributable to owners of the parent			
Paid-in capital		**–**	305,000
Share capital		**426,600**	–
Reserves		**510,798**	199,534
TOTAL EQUITY		**937,398**	504,534

NOTES TO FINANCIAL STATEMENTS

1.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

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

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

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

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

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021* (early adopted)

The nature and the impact of the revised IFRS are described below:

(a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("**RFR**"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank and other borrowings denominated in RMB and foreign currencies based on the exchange rates quoted by the People's Bank of China as at 31 December 2021. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings when the "economically equivalent" criterion is met. During the year, the amendments did not have any significant impact on the financial position and performance of the Group.

(b) Amendment to IFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021. However, the Group has not received covid-19-related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

2 OPERATING SEGMENT INFORMATION

The Group is principally engaged in manufacturing and sales of resin spectacle lenses.

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

Geographical information

(a) Revenue from external customers

	2021 ***RMB'000*** ***(Unaudited)***	2020 *RMB'000*
Asia (except Mainland China)	**287,802**	291,541
Mainland China	**389,253**	260,376
United States	**265,577**	203,758
Europe	**232,006**	144,886
Americas (except the United States)	**104,328**	101,800
Africa	**30,112**	52,986
Oceania	**47,004**	37,817
	1,356,082	1,093,164

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

(b) Non-current assets

	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	
Mainland China	**362,564**	362,752
Japan	**23,208**	23,669
Mexico	**100**	223
United States	**325**	216
	386,197	386,860

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

Information about major customers

Revenue of approximately RMB191,006,000 (2020: RMB132,530,000) was derived from a single customer, including sales to a group of entities which are known to be under common control with that customer.

3 REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	
Revenue from contracts with customers	**1,356,082**	1,093,164

Revenue from contracts with customers

(a) Disaggregated revenue information

	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	
Type of goods or services		
Standardised lenses	**1,062,140**	887,851
Customised lenses	**281,262**	197,837
Others	**12,680**	7,476
	1,356,082	1,093,164
Geographical markets		
Asia (except Mainland China)	**287,802**	291,541
Mainland China	**389,253**	260,376
United States	**265,577**	203,758
Europe	**232,006**	144,886
America (except the United States)	**104,328**	101,800
Africa	**30,112**	52,986
Oceania	**47,004**	37,817
Total revenue from contracts with customers	**1,356,082**	1,093,164

	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	
Timing of revenue recognition		
Goods transferred at a point in time	**1,356,082**	1,093,164

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	
Revenue recognised that was included in contract liabilities at beginning of the reporting period:		
Sale of resin spectacle lenses	**14,578**	10,880

(b) ***Performance obligations***

Information about the Group's performance obligations is summarised below:

Sale of goods

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 90 days from delivery, except for new customers, where payment in advance is normally required. Some contracts provide customers with volume rebates which give rise to variable consideration subject to constraint.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	
Amounts expected to be recognised as revenue:		
Within one year	**130,385**	87,469

The amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

An analysis of other income and gains is as follows:

	Notes	2021	2020
		RMB'000	*RMB'000*
		(Unaudited)	
Other income			
Government grants and subsidies			
related to income	*(i)*	**4,905**	7,688
related to assets	*(ii)*	**2,237**	1,545
Gross rental income from investment property operating leases		**9,992**	9,567
Bank interest income		**275**	100
Others		**3,767**	523
		21,176	19,423
Gains			
Fair value gain on financial assets at fair value through profit or loss		**2,938**	1,325
Fair value gain on derivative financial instruments		**1,844**	–
Gain on bargain purchase of investment in an associate		**–**	2,150
		4,782	3,475
		25,958	22,898

(i) The government grants and subsidies related to income have been received principally to reward for the contribution to the local economic growth. These grants related to income are recognised in profit or loss upon receipt of these rewards. There are no unfulfilled conditions or contingencies relating to these grants.

(ii) The Group has received certain government grants related to the investments in production bases. The grants related to assets were recognised in profit or loss over the useful lives of relevant assets.

4. PROFIT BEFORE TAX

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

	2021	*2020*
	RMB'000	*RMB'000*
	(Unaudited)	
Cost of inventories sold*	**895,923**	711,113
Depreciation of property, plant and equipment	**43,418**	42,436
Depreciation of right-of-use assets	**1,632**	1,487
Depreciation of investment properties	**1,332**	1,332
Amortisation of intangible assets	**452**	442
Research and development costs	**47,513**	39,579
Lease payments not included in the measurement of lease liabilities	**1,860**	1,267
Auditor's remuneration	**2,000**	113
Listing expenses	**22,928**	8,013
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages, salaries and other allowances	**260,781**	222,308
Pension scheme contributions and social welfare	**58,262**	27,200
	319,043	249,508
Foreign exchange differences, net	**6,485**	16,414
Fair value (gain)/loss on derivative financial instruments	**(1,844)**	2,361
Impairment of trade receivables	**4,701**	1,495
Write-down of inventories to net realisable value	**9,402**	1,359
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	**148**	145

* During the year, employee benefit expense of RMB182,841,000 (2020: RMB134,583,000), and write-down of inventories to net realisable value of RMB9,402,000 (2020: RMB1,359,000) were included in cost of inventories sold disclosed above.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	
Interest on bank loans	**32,878**	37,316
Interest on other loans	**1,896**	3,066
Interest on lease liabilities	**128**	79
Interest payable to the related parties	**–**	6,561
Interest on defined benefit obligations	**52**	57
	34,954	47,079

6. INCOME TAX

Jiangsu Conant Optics Co., Ltd. was accredited as a "High and New Technology Enterprise" in 2017 and the qualification was subsequently renewed in 2020, and therefore the Company is entitled to a preferential EIT rate of 15% during the year (2020: 15%). "High and New Technology Enterprise" qualifications are subject to review by the relevant tax authority in the PRC for every three years.

Shanghai Conant Optics Co., Ltd. was accredited as a "High and New Technology Enterprise" in 2018 and the qualification was subsequently renewed in 2021, and therefore the Company is entitled to a preferential EIT rate of 15% during the year (2020: 15%). "High and New Technology Enterprise" qualifications are subject to review by the relevant tax authority in the PRC for every three years.

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

Hong Kong profits tax was provided at the rate of 16.5% on the estimated taxable income arising in Hong Kong during the year.

Pursuant to the relevant tax laws, the subsidiary incorporated in the United States was subject to federal corporation income tax at the rate of 21% (2020: 21%) on the federal taxable income as well as Georgia's state corporate income tax at the rate of 5.75% (2020: 5.75%) on its Georgia taxable income during the year.

According to prevailing Mexican tax law, the subsidiaries located in Mexico were subject to federal corporate income tax at a rate of 30% (2020: 30%) during the year.

Pursuant to the rules and regulations of Japan, the subsidiary incorporated in Japan was subject to corporate tax, inhabitant tax and enterprise tax, and the effective statutory tax rates for these taxes were 34.26% for the year ended 31 December 2021 (2020: 34.26%).

	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	
Current – Mainland China	**18,979**	14,060
Current – Hong Kong	**535**	637
Current – Japan	**4,151**	2,715
Current – Mexico	**–**	–
Current – United States	**2,189**	1,046
Deferred tax expense	**5,726**	8,343
Total tax charge for the year	**31,580**	26,801

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

	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	
Profit before tax	**215,102**	155,263
Tax at the statutory tax rate of 25%	**53,775**	38,815
Impact of different tax rates applied to subsidiaries	**(16,853)**	(13,849)
Effect of withholding tax at 5% on the distributable profits of the Group's subsidiaries	**978**	578
Losses attributable to a joint venture and an associate	**32**	7
Income not subject to tax	**(371)**	(448)
Expenses not deductible for tax	**563**	2,484
Additional deduction on research and development expenses	**(7,098)**	(4,393)
Unrecognised deductible temporary differences	**3,498**	181
Tax losses not recognised	**(3,399)**	2,588
Others	**455**	838
Tax charge at the Group's effective rate	**31,580**	26,801

7. DIVIDENDS

On 10 August 2021, the shareholders of the Company approved a special dividend distribution plan, pursuant to which a special cash dividend (the "**Special Dividend**") from the distributable reserve of the Company as of 31 May 2021, would be distributed to the existing shareholders of the Company as of 31 May 2021 in proportion of their respective shareholdings as of 31 May 2021, and a special dividend of RMB149,450,000 (inclusive of tax) was declared as a result. The Special Dividend has been fully settled in August 2021 by the Company with the internal resources including proceeds from the repayment of the amount due from the Controlling Shareholder and related parties.

Subsequent to the end of the reporting period, a final dividend for the year 2021 of RMB0.085 (tax inclusive) per ordinary share, amounting to a total of RMB36,261,000, has been proposed and is subject to approval by the shareholders at the forthcoming annual general meeting. The final dividend has been proposed after the end of the reporting period and, therefore, has not been recognised as a liability at the end of the reporting period.

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 309,997,260 (2020: 305,000,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2021 and 2020.

9. INVENTORIES

	2021 ***RMB'000*** ***(Unaudited)***	2020 *RMB'000*
Raw materials	**184,892**	171,988
Work in progress	**10,994**	10,282
Finished goods	**213,028**	209,092
	408,914	391,362

10. TRADE AND BILLS RECEIVABLES

	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	
Trade receivables	**256,463**	290,521
Bills receivables	**269**	292
Impairment	**(44,087)**	(59,806)
	212,645	231,007

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

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

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

	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	
Within 3 months	**189,096**	208,036
3 to 6 months	**15,755**	17,674
6 to 12 months	**6,118**	3,110
1 to 2 years	**1,248**	1,831
2 to 3 years	**159**	64
	212,376	230,715

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

	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	
At beginning of year	**59,806**	59,397
Impairment losses recognised	**4,241**	1,495
Amount written off as uncollectible	**(19,960)**	(1,086)
At the end of year	**44,087**	59,806

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

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

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

As at 31 December 2021 (unaudited)

		Past due						
	Current	**Less than 3 months**	**3 to 6 months**	**6 to 12 months**	**1 to 2 years**	**2 to 3 years**	**Over 3 years**	**Total**
Expected credit loss rate	**1.53%**	**3.51%**	**15.53%**	**21.11%**	**60.44%**	**94.22%**	**100.00%**	**17.19%**
Gross carrying amount (RMB'000)	**158,675**	**42,324**	**9,376**	**7,556**	**3,155**	**2,752**	**32,625**	**256,463**
Expected credit loss (RMB'000)	**2,425**	**1,486**	**1,456**	**1,595**	**1,907**	**2,593**	**32,625**	**44,087**

As at 31 December 2020

	Current	Less than 3 months	Past due 3 to 6 months	6 to 12 months	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	1.80%	4.22%	15.13%	20.00%	59.07%	87.52%	100.00%	20.59%
Gross carrying amount (RMB'000)	170,558	53,547	8,381	3,670	4,473	513	49,379	290,521
Expected credit loss (RMB'000)	3,074	2,260	1,268	734	2,642	449	49,379	59,806

11. TRADE PAYABLES

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

	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	
Within 3 months	**68,671**	63,711
3 to 6 months	**9,732**	17,264
6 to 12 months	**190**	2,840
Over 1 year	**365**	502
	78,958	84,317

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

BUSINESS REVIEW AND OUTLOOK

Overview

We are a leading resin spectacle lens manufacturer 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. 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 80 countries, including but not limited to the PRC, the United States, Japan, India, Australia, Thailand, Germany and Brazil.

Driven by the recovery of global economy from the COVID-19 pandemic and the increasing number of individuals with ametropia, we experienced rapid growth during the year of 2021. Our revenue increased by 24.1% from RMB1,093.2 million for the year ended 31 December 2020 to RMB1,356.1 million for the year ended 31 December 2021, and our profit increased by 42.9% from RMB128.5 million for the year ended 31 December 2020 to RMB183.5 million for the year ended 31 December 2021, primarily due to the increase in our sales volume from 109.1 million pieces in 2020 to 134.9 million pieces in 2021. The total annual production volume of our three production bases reached 144.3 million pieces in 2021, representing a 10.7% year-on-year growth.

The successful listing (the "**Listing**") of our shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 16 December 2021 (the "**Listing Date**") marked a significant milestone for us and laid a solid foundation for our future development. We believe the Listing is instrumental in improving our capital strength and corporate governance as well as sharpening our competitive edge.

Outlook for 2022

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

Enhancing our production capacity. To capture our possible business growth, we plan to enhance the production capacity of our Shanghai Production Base for the production of customised lenses and Jiangsu Production for the production of standardised lenses. To this end, we will purchase suitable new equipment and machineries and recruit additional staff for both bases, as well as purchase a production management software for our Shanghai Production Base.

Strengthening our product development capability. We consider our research and development capacity is crucial to our success in business operation and market competitiveness. We intend to upgrade our research and development centre to a state-level research and development centre by scaling up our research and development centre in terms of equipment, manpower and area, which are expected to enhance our research and development capabilities and help maintain our competitiveness in the market.

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, our strategies include establishing our physical eyewear stores to reach out to individual end-users; participation in industry exhibitions, event organisation and customer visits, and collaboration with ophthalmology service providers and retailers for boosting sales to spectacle lens brand owners, wholesalers, retailers and authorised distributors. We also plan to enhance our online marketing strategies by increasing our online advertising and promotion on multiple platforms and adopt new sales channel such as live streaming e-commerce.

Advancing our technology in craftsmanship and production process. Our Directors consider that it is important to keep pace with the technological advancement on the production facilities in order to maintain our competitiveness. In this connection, we plan to purchase (i) photochromic spin coating machines in our Shanghai Production Base; and (ii) lens moulds processing machines in our Jiangsu Production Base to follow the market trend and reduce our cost.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

We generate revenue primarily through the sales of our resin spectacle lenses. Our revenue increased by 24.1% from RMB1,093.2 million in 2020 to RMB1,356.1 million in 2021.

We principally sell our products to customers in the PRC, other Asian countries such as India and Japan, the United States, Europe such as the Netherlands, Germany and Italy. The increase in our revenue was mainly driven by the increase in our sales in almost every geographical location. Our Directors believe that this was mainly due to the ease of adverse impact of COVID-19 pandemic globally, which resulted in the improvement in consumption sentiment and the gradual resumption of international logistics and transportation which our products were then more accessible to customers globally in 2021 as compared to 2020.

We recorded an increase in our revenue in both the standardised lens segment and customised lens segment, mainly due to the ease of adverse impact of COVID-19 pandemic. The increase in revenue from standardised lens was attributable to the increase in sales volume of our products across all refractive indices. In particular, revenue from standardised lens with refractive index of 1.67 and 1.74 increased by 44.6% and 42.3% in 2021 respectively. Revenue from customised lenses increased by 42.2% in 2021. Such increases were mainly due to the increasing purchase power of customers and an increase in demand for more high-end products, such as multifunctional lenses and lenses with higher refractive indices, which are lighter and thinner for a given corrective power.

Cost of Sales

Our cost of sales increased by 26.0% from RMB711.1 million in 2020 to RMB895.9 million in 2021. This increase was primarily attributable to (i) the increase in cost of raw materials along with the increase in sales; and (ii) the increase in direct labour costs, utility costs and other manufacturing overheads in line with the increase in production volume.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 20.4% from RMB382.1 million in 2020 to RMB460.2 million in 2021. Our gross profit margin decreased from 34.9% in 2020 to 33.9% in 2021, primarily due to a decrease in gross profit margin of our customised lens.

The gross profit margin of our standardised lens remained relatively stable at 28.9% in 2020 and 28.8% in 2021, respectively.

The gross profit margin of our customised lens decreased from 61.1% in 2020 to 53.2% in 2021, primarily due to (i) the change in the product mix of our customised lenses and (ii) exchange rate fluctuations.

Other Income and Gains

Our other income and gains increased by 13.4% from RMB22.9 million in 2020 to RMB26.0 million for the same period in 2021, primarily due to (i) the increase in fair value gain on derivative financial instruments of RMB1.9 million, which represented the gain from changes in fair value of cross-currency interest rate swaps and (ii) the increase in the gain on financial assets financial assets at fair value through profit or loss of RMB1.6 million, which represented the gain from wealth management products.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 13.6% from RMB67.1 million in 2020 to RMB76.2 million in 2021. The increase was primarily due to (i) an increase in the salary and staff benefits of RMB6.6 million as we received a one-off exemption of social insurance in early 2020 as a result of the outbreak of the COVID-19 pandemic in the PRC while there was no such relief in 2021 and (ii) an increase in logistics and transportation expenses of RMB3.0 million to as a result of the increase in our sales.

Administrative Expenses

Our administrative expenses increased by 29.8% from RMB112.3 million in 2020 to RMB145.8 million in 2021, primarily attributable to (i) an increase in non-recurring expenses incurred in connection with the Listing of RMB14.9 million in 2021, (ii) an increase in our research and development expenses by RMB7.9 million attributable to not less than five new research and development projects launched in 2021 and (iii) an increase in our salary and staff benefits by RMB6.2 million as a result of our business expansion.

Other Expenses

Our other expenses decreased by 61.0% from RMB21.7 million in 2020 to RMB8.5 million in 2021, primarily attributable to a decrease in net foreign exchange loss of RMB9.9 million due to the less depreciation of U.S. dollar against Renminbi in 2021 as compared to 2020.

Impairment/reversal of Impairment on Financial Assets

Our impairment loss on financial assets increased significantly by 214.4% from RMB1.5 million in 2020 to RMB4.7 million in 2021. The increase in impairment on financial assets in 2021 was mainly due to the increase in the gross amount of trade receivables as of 31 December 2021 that were aged over three months as compared to that of 31 December 2020.

Finance Costs

Our finance costs decreased by 25.8% from RMB47.1 million in 2020 to RMB35.0 million in 2021, primarily due to the decrease in average outstanding balance of our bank and other borrowings in 2021 as a result of the net repayment of bank and other borrowings.

Income Tax Expenses

Our income tax increased by 17.8% from RMB26.8 million in 2020 to RMB31.6 million in 2021, primarily due to the increase in our taxable income.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 42.9% from RMB128.5 million for the year ended 31 December 2020 to RMB183.5 million for the year ended 31 December 2021.

Capital Structure

Our total assets increased by 25.4% from RMB1,444.2 million as of 31 December 2020 to RMB1,811.3million as of 31 December 2021. Our total liabilities decreased by 7.0% from RMB939.7 million as of 31 December 2020 to RMB874.0 million as of 31 December 2021. Liabilities-to-assets ratio decreased from 65.1% as of 31 December 2020 to 48.2% as of 31 December 2021.

The current ratio, being current assets divided by current liabilities as of the respective date, increased from 2.0 times as of 31 December 2020 to 2.7 times as of 31 December 2021.

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 2021, we financed our operations primarily through internal resources and bank and other borrowings. Our cash and cash equivalents increased by 192.2% from RMB201.9 million as of 31 December 2020 to RMB589.8 million as of 31 December 2021, primarily attributable to (i) net proceeds from the global offering of the Company's shares in connection with the Listing and (ii) an increase in our cash generated from operations.

Our gearing ratio, which is calculated based on the total borrowings divided by the total equity and multiplied by 100%, decreased from 133.9% as of 31 December 2020 to 63.4% as of 31 December 2021 as a result of the combined effect of an increase in reserves due to the listing of the Company and a decrease in interest-bearing bank and other borrowings due to repayment of bank loans.

As of 31 December 2021, the Group had interest-bearing bank and other borrowings of RMB596.7 million (as of 31 December 2020: RMB674.3 million), representing 68.3% (as of 31 December 2020: 71.8%) of its total liabilities as of the same date. Of all the borrowings of the Group as of 31 December 2021, RMB285.0 million were repayable within one year and RMB311.6 million were repayable beyond one year. The Group's bank borrowings amounting to RMB360.7 million as of 31 December 2021 (as of 31 December 2020: RMB402.2 million) were borrowings with floating interest rates.

Except for the bank and other loans amounting to RMB9.9 million as of 31 December 2021 (as of 31 December 2020: RMB15.5 million), which were denominated in Japanese Yen, all the Group's bank and other borrowings as of 31 December 2021 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 2021, banking facilities of the Group totaling RMB652.8 million (as of 31 December 2020: RMB695.1 million) were utilised to the extent of RMB594.8 million (as of 31 December 2020: RMB672.1 million).

Capital Expenditures

Our capital expenditure decreased by 25.8% from RMB50.9 million in 2020 to RMB37.8 million in 2021. Our capital expenditure was used primarily for the purchase of plant and machineries and other items of fixed assets. We financed our capital expenditure primarily through our cash flow generated from operating activities and bank borrowings.

Contingent Liabilities

The Group delivered certain resin spectacle lens to Cuba and Iran in the past, which are countries subject to comprehensive international sanctions programs (the "**Cuba and Iran Transactions**"). The Cuba and Iran Transactions appear to be in violation of US sanctions regulations that are applicable to certain transactions with customers located in Cuba and Iran. The Company filed a voluntary self-disclosure ("**VSD**") with the US Treasury Department's Office of Foreign Assets Control ("**OFAC**") related to Cuba and Iran Transactions. In August 2021, OFAC responded to the Group's VSD with a cautionary letter (the "**Cautionary Letter**") indicating that it had completed its review of all of the information provided in the VSD. OFAC further indicated that the issuance of the Cautionary Letter represents its final determination as to all matters related to the VSD. On this basis, and the view of the Company's legal adviser engaged as to International Sanctions laws, the Directors therefore consider the matter to be fully resolved. No administrative or other penalties were placed on the Group related to the VSD.

Save as disclosed above, we 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 2021, the Group's property, plant and equipment with carrying values of RMB170.9 million (as of 31 December 2020: RMB189.3 million), investment properties with carrying values of RMB18.2 million (as of 31 December 2020: RMB19.5 million) and leasehold land with carrying values of RMB5.9 million (as of 31 December 2020: RMB6.0 million) were pledged to secure general banking facilities granted to the Group. As of 31 December 2021, the Group's property, plant and equipment with carrying values of RMB40.1 million (as of 31 December 2020: RMB48.9 million) were pledged to secure the Group's other loan from an independent financial corporation.

Foreign Exchange Risk and Hedging

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

Significant Investment

During the year of 2021, the Group did not have any significant investment. As of 31 December 2021, the Group held financial assets at fair value through profit or loss of RMB145.5 million, accounting for more than 5% of the Group's total assets as of the same date. Such financial assets were wealth management products issued by several major and reputable commercial banks in the PRC. The value of wealth management products purchased from any single bank did not reach 5% of the Group's total assets as of 31 December 2021.

Material Acquisitions and Future Plans for Major Investment

The Group did not have any material acquisition and disposal of subsidiaries, associates and joint ventures during the year of 2021. In addition, save for the expansion plans as disclosed in the sections headed "Business" and "Future Plans and Use of Proceeds" in the prospectus of the Company dated 30 November 2021 (the "**Prospectus**"), the Group has no specific plan for major investment or acquisition for major capital assets or other businesses. However, the Group will continue to identify new opportunities for business development.

Significant Events After the Reporting Period

As disclosed in the announcement of the Company dated 3 January 2022, the Company applied to subscribe for Class A Shares (as defined in the announcement of the Company dated 3 January 2022) of Viner Total Investments Fund (the "**Fund**") at the amount of US$7.5 million which will be funded with the internal resources of the Group, on the terms and conditions of the private placement memorandum issued by the Fund and its investment manager, namely Matrix Asset Management Limited, in relation to the offering of the Class A Shares in the Fund.

On 28 February 2022, the Group and Linxi Packaging Materials Technology Qidong Co., Ltd. (霖錫包裝材料科技啟東有限公司) entered into an agreement to increase the registered capital of Jiangsu Blue Optics Lens Co., Ltd. (江蘇藍圖眼鏡有限公司, "**Jiangsu Blue**"), an associated company which is owned as to 49% by the Group, from RMB31,800,000 to RMB130,000,000 proportionately in the form of cash. The purpose of the capital increase is for the construction and further decoration of Jiangsu Blue's building. On 3 March 2022, the Group paid its contribution of RMB30,000,000. The remaining amount will be paid by the end of 2022. The capital increase did not constitute notifiable transactions or connected transactions of the Company under Chapter 14 and Chapter 14A of the Listing Rules.

Except as disclosed in this announcement, there are no material events subsequent to 31 December 2021 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 RMB0.085 (tax inclusive) per ordinary share for the year ended 31 December 2021 (the "**Proposed Final Dividend**") (for the year ended 31 December 2020: nil). Subject to the approval of shareholders of the Company (the "**Shareholders**") at the annual general meeting to be held on Tuesday, 14 June 2022 (the "**AGM**"), the Proposed Final Dividend will be paid to the Shareholders whose names appear on the register of members of the Company on Friday, 24 June 2022. 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 on or around Friday, 12 August 2022.

Annual General Meeting

The AGM will be held on Tuesday, 14 June 2022. A notice convening the AGM will be published and dispatched 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.

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 Wednesday, 8 June 2022 to Tuesday, 14 June 2022, both dates inclusive, during which period no transfer of share will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 7 June 2022.

(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 Monday, 20 June 2022 to Friday, 24 June 2022, both dates inclusive, during which period no transfer of share will be registered. In order to be eligible to receive the Proposed Final Dividend, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 17 June 2022.

Company Information

The Company was incorporated in the People's Republic of China on 20 June 2018 and is a joint stock company with limited liability. The shares of the Company were listed on the Main Board of the Stock Exchange on 16 December 2021.

Employees

As of 31 December 2021, we had a total of 2,429 employees who were based in PRC, Japan, United States and Mexico.

The ability to recruit and retain experienced and skilled labour is crucial to our business development and growth. The remuneration payable to our employees generally includes basic salaries and discretionary bonuses. The basic salaries of our employees are generally determined by the employee's rank, position, qualification, experience and performance. The discretionary bonuses are paid on an annual basis, depending on the performance of the individual staff. In order to incentivise, attract and retain our employees, we assess the remuneration package offered to our employees on an annual basis to determine whether any adjustment to the basic salaries and bonus should be made. For the year ended 31 December 2021, our employee benefit expenses including Director's and chief executive's remuneration, wages salary, and other allowances amounted to approximately RMB319.0 million.

Use of Proceeds

The Company was listed on the Stock Exchange on 16 December 2021. The net proceeds from the Global Offering amounted to approximately HK$473.5 million, which are intended to be applied in compliance with the intended use of proceeds as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. As of 31 December 2021, the net proceeds from the Global Offering had not yet been utilised and all of the net proceeds has been deposited into short-term interesting-bearing demand deposits in a bank account maintained by the Group.

Effects of the Resurgence of COVID-19

Since the outbreak of COVID-19 in 2020, our management not only closely monitored the effects on operational and financial performance of our Group as a result of COVID-19, but also has implemented a series of preventive measures to monitor the health conditions of our employees and maintain a hygienic working environment inside our production bases, including, among others, the regular disinfection of the production facilities, the regular checking of body temperature, the mandatory wearing of facial masks, the social distancing maintained at the employee canteen and the provision of facial masks and hand sanitiser. Employees had been asked to provide their health codes and whereabouts track record for our review.

During the year of 2021, we did not encounter any material disruption to our business operations and supply chain, nor experience any labor shortages. Our business and financial performances improved as a result of the gradual easing of the COVID-19 pandemic and the overall improvement in the market demand for spectacle lens. In view of the above and based on information available up to the date of this announcement, our Directors are of the view that the COVID-19 outbreak has not caused a prolonged impact on our business operation, nor the demand for our Group's products. However, our Directors are aware of the potential rebounding of the COVID-19 in the PRC and worldwide, in the event of which, we shall be more proactive in taking preventive measures to minimise disruption to our business and financial conditions.

ROUNDING

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

OTHER INFORMATION

Compliance with the Corporate Governance Code

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. The Company has adopted Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules as its own code of governance. The Board is of the view that since the Listing Date, the Company has complied with all the code provisions as set out in the CG Code, except for the deviation from code provision A.2.1 (which has been renumbered as code provision C.2.1 since 1 January 2022) as explained below.

Mr. Fei Zhengxiang ("**Mr. Fei**") is the chairman of 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 Directors consider 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 Board will continue to review and consider splitting the roles of the chairman of the Board and the general manager at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct regarding Directors' securities transactions. After making specific enquiry to all Directors, the Directors have confirmed that they have fully complied with the required standard set out in the Model Code during the period from the Listing Date to 31 December 2021.

Purchase, Sale or Redemption of the Company's Listed Securities

During the period from the Listing Date to 31 December 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

Review of Unaudited Annual Results

The Company has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the CG Code. As of the date of this announcement, the Audit Committee consists of three independent non-executive Directors, namely Dr. Xiao Fei, Mr. Chen Yi and Mr. Jin Yiting (with Mr. Chen Yi possessing the appropriate professional qualifications and accounting and related financial management expertise). The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group, oversee the audit process, review and oversee the existing and potential risks of the Group and perform other duties and responsibilities as assigned by the Board. The Audit Committee has reviewed the unaudited annual results for the year ended 31 December 2021 and there is no disagreement between the Board and the Audit Committee.

The auditing process for the annual results of the Group for the year ended 31 December 2021 has not been completed, primarily due to the outbreak of COVID-19 in various countries. The anti-pandemic measures for the prevention and control of COVID-19 implemented have caused difficulties on the auditing process, which resulted in the auditors of the Company (the "**Auditors**") being unable to obtain all necessary audit confirmation letters from overseas on time to finish the audit verification procedures. The unaudited annual results contained herein have not been agreed by the Auditors as required under Rule 13.49(2) of the Listing Rules.

Following the completion of the auditing process, which is currently expected to be on or before 22 April 2022, the Company will issue further announcement(s) in relation to the audited results for the year ended 31 December 2021 as agreed by the Auditors and the material differences (if any) as compared with the unaudited annual results contained herein. In addition, the Company will issue further announcement as and when necessary if there are other material developments in the completion of the auditing process.

Publication of Unaudited Annual Results and Annual Report 2021

This unaudited annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.conantoptical.com.cn), and the annual report of the Company for the year ended 31 December 2021 containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the above websites in due course.

The financial information contained herein in respect of the annual results of the Group has not been audited and has not been agreed with the Auditor. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 25 March 2022

As at the date of this announcement, the Board comprises Mr. Fei Zhengxiang, Mr. Zheng Yuhong, Mr. Xia Guoping and Mr. Chen Junhua as executive Directors; Dr. Takamatsu Ken as non-executive Director; and Dr. Xiao Fei, Mr. Chen Yi and Mr. Jin Yiting as independent non-executive Directors.