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## **SUNNY OPTICAL TECHNOLOGY (GROUP) COMPANY LIMITED**

**舜宇光學科技（集團）有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2382.HK)**

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

#### **RESULTS HIGHLIGHTS**

For the six months ended 30 June 2024, the Group's unaudited revenue was approximately Renminbi (“**RMB**”) 18,860.2 million, representing an increase of approximately 32.1% as compared to the corresponding period of last year.

For the six months ended 30 June 2024, the Group's gross profit was approximately RMB3,246.5 million, representing an increase of approximately 52.4% as compared to the corresponding period of last year. The gross profit margin was approximately 17.2%, which was approximately 2.3 percentage points higher than that of the corresponding period of last year.

For the six months ended 30 June 2024, the Group's profit for the period attributable to owners of the Company was approximately RMB1,079.0 million, representing an increase of approximately 147.1% as compared to the corresponding period of last year.

#### **FINANCIAL RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”, and each a “**Director**”) of Sunny Optical Technology (Group) Company Limited (the “**Company**”) presents the unaudited condensed consolidation interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2024, together with the comparative figures for the corresponding period of the year 2023 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

FOR THE SIX MONTHS ENDED 30 JUNE 2024

		For the six months ended 30 June	
	NOTES	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	3A	18,860,225	14,278,565
Cost of sales		<u>(15,613,746)</u>	<u>(12,147,977)</u>
Gross profit		3,246,479	2,130,588
Other income	4	635,709	695,512
Other gains and losses	5	(70,889)	(123,937)
Impairment losses under expected credit loss (“ECL”) model, net of reversal		(26,958)	(5,617)
Selling and distribution expenses		(226,073)	(240,092)
Research and development expenditure		(1,468,369)	(1,204,802)
Administrative expenses		(563,456)	(457,944)
Share of results of associates		(5,050)	29,142
Finance costs		<u>(272,692)</u>	<u>(230,974)</u>
Profit before tax		1,248,701	591,876
Income tax expense	6	<u>(137,173)</u>	<u>(132,485)</u>
Profit for the period	7	<u>1,111,528</u>	<u>459,391</u>
Other comprehensive (expense) income:			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value loss on investments in equity instruments at fair value through other comprehensive income (“FVTOCI”), net of income tax		–	(32,628)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		<u>(41,090)</u>	<u>16,114</u>
Other comprehensive expense for the period		<u>(41,090)</u>	<u>(16,514)</u>
Total comprehensive income for the period		<u><u>1,070,438</u></u>	<u><u>442,877</u></u>

		<b>For the six months ended 30 June</b>	
	<i>NOTE</i>	<b>2024</b>	2023
		<b><i>RMB'000</i></b>	<i>RMB'000</i>
		<b>(Unaudited)</b>	(Unaudited)
Profit for the period attributable to:			
Owners of the Company		<b>1,079,006</b>	436,714
Non-controlling interests		<b>32,522</b>	22,677
		<u><b>1,111,528</b></u>	<u>459,391</u>
Total comprehensive income for the period attributable to:			
Owners of the Company		<b>1,044,093</b>	420,926
Non-controlling interests		<b>26,345</b>	21,951
		<u><b>1,070,438</b></u>	<u>442,877</u>
<b>Earnings per share</b>			
– Basic ( <i>RMB cents</i> )	<i>8</i>	<u><b>99.04</b></u>	<u>39.99</u>
– Diluted ( <i>RMB cents</i> )	<i>8</i>	<u><b>99.01</b></u>	<u>39.95</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 30 JUNE 2024**

	<i>NOTES</i>	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	<i>10(a)</i>	<b>9,945,391</b>	9,927,315
Right-of-use assets	<i>10(b)</i>	<b>750,216</b>	768,953
Investment properties		<b>28,190</b>	30,626
Intangible assets		<b>166,401</b>	194,505
Interests in associates		<b>1,659,833</b>	1,664,883
Deferred tax assets	<i>11</i>	<b>197,115</b>	204,024
Deposits paid for acquisition of property, plant and equipment	<i>12</i>	<b>790,583</b>	732,292
Equity instruments at FVTOCI		<b>116,790</b>	116,790
Financial assets at fair value through profit or loss (“FVTPL”)	<i>13</i>	<b>19,518</b>	19,518
Time deposits		<b>1,385,420</b>	1,492,091
Goodwill		<b>2,119</b>	2,119
		<hr/> <b>15,061,576</b>	<hr/> 15,153,116
<b>CURRENT ASSETS</b>			
Inventories	<i>15</i>	<b>4,731,417</b>	5,136,941
Trade and other receivables and prepayments	<i>16</i>	<b>7,787,873</b>	7,854,787
Receivables at FVTOCI	<i>16A</i>	<b>926,426</b>	629,645
Derivative financial assets	<i>14</i>	<b>3,157</b>	114
Financial assets at FVTPL	<i>13</i>	<b>8,407,698</b>	7,113,261
Amounts due from related parties		<b>1,773</b>	807
Time deposits		<b>214,918</b>	–
Pledged bank deposits		<b>5,916</b>	13,641
Short term fixed deposits		<b>1,795,331</b>	1,310,245
Cash and cash equivalents		<b>9,603,152</b>	13,084,519
		<hr/> <b>33,477,661</b>	<hr/> 35,143,960

	<i>NOTES</i>	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
<b>CURRENT LIABILITIES</b>			
Trade and other payables	<i>18</i>	<b>17,497,538</b>	20,324,883
Amounts due to related parties		<b>20,247</b>	11,536
Derivative financial liabilities	<i>14</i>	<b>21,026</b>	41,276
Contract liabilities		<b>162,395</b>	136,316
Tax payable		<b>44,461</b>	29,211
Bank borrowings	<i>19</i>	<b>1,185,565</b>	699,000
Lease liabilities		<b>47,763</b>	35,861
Deferred income		<b>8,334</b>	8,548
Bonds payable	<i>20</i>	<b>77,270</b>	–
		<b>19,064,599</b>	21,286,631
<b>NET CURRENT ASSETS</b>			
		<b>14,413,062</b>	13,857,329
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<b>29,474,638</b>	29,010,445
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	<i>11</i>	<b>742,652</b>	752,940
Long term payables	<i>18</i>	<b>142,924</b>	137,845
Bank borrowings	<i>19</i>	<b>1,783,242</b>	1,965,313
Lease liabilities		<b>163,244</b>	182,382
Deferred income		<b>161,375</b>	192,850
Bonds payable	<i>20</i>	<b>2,840,581</b>	2,897,485
		<b>5,834,018</b>	6,128,815
<b>NET ASSETS</b>			
		<b>23,640,620</b>	22,881,630
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>21</i>	<b>104,967</b>	105,156
Reserves		<b>23,045,145</b>	22,317,811
Equity attributable to owners of the Company		<b>23,150,112</b>	22,422,967
Non-controlling interests		<b>490,508</b>	458,663
<b>TOTAL EQUITY</b>			
		<b>23,640,620</b>	22,881,630

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE SIX MONTHS ENDED 30 JUNE 2024

### 1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands on 21 September 2006 as an exempted company under the Companies Act Chapter 22 (Law 3 of 1961 as consolidated and revised, formerly known as Companies Law) of the Cayman Islands and its shares have been listed on the Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) with effect from 15 June 2007.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (the “**HKAS**”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “**Listing Rules**”).

The Directors of the Company have, at the time of approving the condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

### 2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional/change in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2023.

#### *Application of amendments to HKFRSs*

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

### 3A. REVENUE FROM CONTRACTS WITH CUSTOMERS

#### Disaggregation of revenue from contracts with customers

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Sales of optical and optical-related products</b>		
Handset related products	13,028,791	9,688,562
Vehicle related products	2,877,099	2,471,131
Augmented reality (“AR”)/virtual reality (“VR”) related products	992,148	469,428
Other lens sets	406,830	236,891
Digital camera related products	372,855	387,804
Optical instruments	158,455	169,282
Other spherical lens and plane products	255,170	143,870
Other products	768,877	711,597
	18,860,225	14,278,565
	18,860,225	14,278,565

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Geographical markets</b>		
The People’s Republic of China (the “PRC” or “China”)	14,201,236	9,017,805
Asia (except for China)	2,953,547	3,684,988
Europe	1,038,870	789,995
North America	597,452	515,027
Others	69,120	270,750
	18,860,225	14,278,565
	18,860,225	14,278,565

#### Timing of revenue recognition

A point in time	18,860,225	14,278,565
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### 3B. SEGMENT INFORMATION

Information reported to the Board of Directors, being the chief operating decision maker (“CODM”), for the purpose of resource allocation and assessment of segment performance, focuses on types of goods delivered because the Board of Directors has chosen to organise the Group among different major products. No operating segments identified by CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group’s operating segments under HKFRS 8 *Operating Segments* are as follows:

1. Optical Components
2. Optoelectronic Products
3. Optical Instruments

The following is an analysis of the Group’s revenue and results by operating and reportable segments:

#### For the six months ended 30 June 2024

	Optical Components <i>RMB'000</i> (Unaudited)	Optoelectronic Products <i>RMB'000</i> (Unaudited)	Optical Instruments <i>RMB'000</i> (Unaudited)	Segments Total <i>RMB'000</i> (Unaudited)	Eliminations <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
<b>SEGMENT REVENUE</b>						
External sales	5,480,436	13,191,126	188,663	18,860,225	–	18,860,225
Inter-segment sales	977,893	11,067	32,840	1,021,800	(1,021,800)	–
	<u>6,458,329</u>	<u>13,202,193</u>	<u>221,503</u>	<u>19,882,025</u>	<u>(1,021,800)</u>	<u>18,860,225</u>
Segment profit	<u>940,895</u>	<u>561,538</u>	<u>51,685</u>	<u>1,554,118</u>	<u>–</u>	<u>1,554,118</u>
Share of results of associates						(5,050)
Unallocated other income, other gains and losses						(1,821)
Unallocated administrative expenses and finance costs						<u>(298,546)</u>
Profit before tax						<u>1,248,701</u>



**For the six months ended 30 June 2023**

	Optical Components <i>RMB'000</i> (Unaudited)	Optoelectronic Products <i>RMB'000</i> (Unaudited)	Optical Instruments <i>RMB'000</i> (Unaudited)	Segments Total <i>RMB'000</i> (Unaudited)	Eliminations <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
<b>SEGMENT REVENUE</b>						
External sales	4,317,911	9,736,523	224,131	14,278,565	–	14,278,565
Inter-segment sales	853,559	11,623	38,805	903,987	(903,987)	–
	<u>5,171,470</u>	<u>9,748,146</u>	<u>262,936</u>	<u>15,182,552</u>	<u>(903,987)</u>	<u>14,278,565</u>
Segment profit	<u>651,745</u>	<u>60,184</u>	<u>65,553</u>	<u>777,482</u>	<u>–</u>	<u>777,482</u>
Share of results of associates						29,142
Unallocated other income, other gains and losses						34,551
Unallocated administrative expenses and finance costs						<u>(249,299)</u>
Profit before tax						<u>591,876</u>

The following is an analysis of the Group's assets and liabilities by reportable segments:

**As at 30 June 2024**

	Optical Components <i>RMB'000</i> (Unaudited)	Optoelectronic Products <i>RMB'000</i> (Unaudited)	Optical Instruments <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
<b>Segment assets</b>				
Trade receivables	2,601,719	4,183,362	70,209	6,855,290
Bill receivables	549,541	376,272	613	926,426
Inventories	1,922,472	2,731,591	77,354	4,731,417
Total segment assets	<u>5,073,732</u>	<u>7,291,225</u>	<u>148,176</u>	<u>12,513,133</u>
Unallocated assets				<u>36,026,104</u>
Consolidated assets				<u>48,539,237</u>
<b>Segment liabilities</b>				
Trade payables and accrued purchases	2,375,791	4,503,410	88,830	6,968,031
Note payables	985,524	6,989,767	44,047	8,019,338
Total segment liabilities	<u>3,361,315</u>	<u>11,493,177</u>	<u>132,877</u>	<u>14,987,369</u>
Unallocated liabilities				<u>9,911,248</u>
Consolidated liabilities				<u>24,898,617</u>

**As at 31 December 2023**

	Optical Components <i>RMB'000</i> (Audited)	Optoelectronic Products <i>RMB'000</i> (Audited)	Optical Instruments <i>RMB'000</i> (Audited)	Total <i>RMB'000</i> (Audited)
<b><i>Segment assets</i></b>				
Trade receivables	2,486,794	4,178,398	118,722	6,783,914
Bill receivables	430,830	174,004	24,811	629,645
Inventories	<u>1,616,841</u>	<u>3,431,160</u>	<u>88,940</u>	<u>5,136,941</u>
Total segment assets	<u><u>4,534,465</u></u>	<u><u>7,783,562</u></u>	<u><u>232,473</u></u>	<u><u>12,550,500</u></u>
Unallocated assets				<u>37,746,576</u>
Consolidated assets				<u><u>50,297,076</u></u>
<b><i>Segment liabilities</i></b>				
Trade payables and accrued purchases	2,143,920	5,065,217	123,254	7,332,391
Note payables	<u>866,003</u>	<u>9,497,833</u>	<u>60,268</u>	<u>10,424,104</u>
Total segment liabilities	<u><u>3,009,923</u></u>	<u><u>14,563,050</u></u>	<u><u>183,522</u></u>	<u><u>17,756,495</u></u>
Unallocated liabilities				<u>9,658,951</u>
Consolidated liabilities				<u><u>27,415,446</u></u>

Segment profit represents the profit earned by each segment without allocation of corporate items including unallocated other income, other gains and losses, unallocated central administration costs, and finance costs and share of results of associates. There were asymmetrical allocations to operating segments because the Group allocates interest income, government grants, depreciation and amortisation and gain on disposal of property, plant and equipment and right-of-use assets to each segment without allocating the related cash and cash equivalent, deferred income, property, plant and equipment and intangible assets to those segments. This is the measure reported to the Board of Directors for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

For the purposes of monitoring segment performances and allocating resources between segments:

- Trade receivables, bill receivables and inventories are allocated to the respective operating and reportable segments. All other assets are unallocated assets, which are not regularly reported to the Board of Directors.
- Trade payables and accrued purchases and note payables are allocated to the respective operating and reportable segments. All other liabilities are unallocated liabilities, which are not regularly reported to the Board of Directors.

#### 4. OTHER INCOME

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Government grants ( <i>Note</i> )	89,728	162,498
Interest income from time deposits, short term fixed deposits, pledged bank deposits and bank balances	283,708	236,641
Investment income from unlisted financial products at FVTPL	141,405	227,811
Interest income from small loan services	5,038	2,472
Income from sales of moulds	7,187	25,743
Income from sales of scrap materials	26,099	16,259
Others	82,544	24,088
	<u>635,709</u>	<u>695,512</u>

*Note:* The amounts represent unconditional subsidies related to technology enhancement of production line, research and development of technology projects and incentive subsidies. There are no unfulfilled conditions or contingencies relating to the above subsidies.

#### 5. OTHER GAINS AND LOSSES

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Net foreign exchange (loss) gain	(95,657)	125,163
Gain on disposal of property, plant and equipment and right-of-use assets	1,475	23,102
Gain (loss) on changes in fair value of derivative financial instruments	23,293	(268,108)
Others	–	(4,094)
	<u>(70,889)</u>	<u>(123,937)</u>

#### 6. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current tax:		
PRC Enterprise income tax	81,345	99,569
Withholding tax expense	15,914	57,625
Other jurisdiction	33,349	21,840
Top-up tax under Pillar Two rules	9,944	–
	<u>140,552</u>	<u>179,034</u>
Deferred tax ( <i>Note 11</i> ):		
Current period	(3,379)	(46,549)
	<u>137,173</u>	<u>132,485</u>

The Group is subject to the global minimum top-up tax Pillar Two Rules. Pillar Two Rules has become effective in certain countries in which the certain group entities are incorporated. The top-up tax relates to the Group's operation in applicable countries, where the annual effective income tax rates are estimated to be below 15 per cent. Therefore, a top-up tax is accrued in the current interim period using the tax rate based on the estimated adjusted covered taxes and net globe income for the year. The Group has recognised the current tax expense of RMB9,944,000 related to the top-up tax for the six months ended 30 June 2024 which is expected to be levied on relevant group entities (corresponding period of 2023: N/A).

The Group has applied the temporary mandatory exception for recognising and disclosing deferred tax assets and liabilities for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

## 7. PROFIT FOR THE PERIOD

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Profit for the period has been arrived at after charging (crediting) the following items:		
Depreciation of property, plant and equipment	1,059,082	977,141
Depreciation of investment properties	2,436	2,438
Depreciation of right-of-use assets	29,539	29,815
Amortisation of intangible assets	28,104	28,104
(Reversal of) allowance for inventories (included in cost of sales)	(13,383)	22,055
	<u>1,095,778</u>	<u>1,069,553</u>

## 8. EARNINGS PER SHARE

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

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Earnings</b>		
Earnings for the purposes of basic and diluted earnings per share	<u>1,079,006</u>	<u>436,714</u>
	<b>For the six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>'000</b>	<b>'000</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share ( <i>Note</i> )	1,089,418	1,092,180
Effect of dilutive potential ordinary shares		
Restricted shares	<u>370</u>	<u>852</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,089,788</u>	<u>1,093,032</u>

*Note:* The weighted average number of ordinary shares has been calculated taking into account the shares held by the Group under share award scheme.

## 9. DIVIDENDS

For the six months ended 30 June	
2024	2023
<i>RMB'000</i>	<i>RMB'000</i>
(Unaudited)	(Unaudited)

Dividends for ordinary shareholders of the Company recognised as distribution during the period:

Final dividend paid in 2024 for 2023 of Hong Kong Dollar (“HKD”) 21.90 cents per share (2023: HKD50.00 cents per share for 2022)

<u>218,814</u>	<u>504,852</u>
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The Directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2024 (corresponding period of 2023: nil).

## 10. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

### (a) Property, plant and equipment

During the current interim period, the Group acquired manufacturing equipment and incurred construction costs for manufacturing plants of approximately RMB1,099,270,000 (corresponding period of 2023: RMB694,774,000) in order to upgrade its manufacturing capabilities and capacity expansion.

In addition, the Group disposed of certain plant and equipment with carrying amount of approximately RMB2,198,000 (corresponding period of 2023: RMB9,988,000) which resulted in a gain on disposal of approximately RMB1,475,000 (corresponding period of 2023: RMB2,843,000).

As at 30 June 2024, no property, plant and equipment of the Group were pledged to secure bank borrowings granted.

### (b) Right-of-use assets

During the current interim period, the Group entered into several new lease agreements for the use of office and manufactory for fixed term of 2 to 5 years (corresponding period of 2023: 1.5 to 8.5 years). On the lease commencement date, the Group recognised right-of-use assets of RMB13,638,000 (corresponding period of 2023: RMB27,394,000) and lease liabilities of RMB13,592,000 (corresponding period of 2023: RMB27,105,000).

During the current interim period, no leasehold land was recognised as right-of-use assets on the commencement date (corresponding period of 2023: RMB31,467,000).

As at 30 June 2024, no leasehold lands of the Group were pledged to secure bank borrowings granted.

## 11. DEFERRED TAXATION

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

	<b>30 June 2024</b>	31 December 2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Deferred tax assets	<b>(197,115)</b>	(204,024)
Deferred tax liabilities	<b>742,652</b>	752,940
	<b>545,537</b>	548,916

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and preceding interim periods:

	Withholding tax on undistributed profit from the PRC RMB'000	Allowance for inventories and ECL provision RMB'000	Deferred subsidy income RMB'000	Accelerated depreciation RMB'000	Accrued bonus RMB'000	Right- of-use assets RMB'000	Lease liabilities RMB'000	Tax loss RMB'000	Others RMB'000	Total RMB'000
At 1 January 2023 (Restated)	128,192	(92,839)	(40,918)	916,434	(98,498)	36,001	(36,177)	(232,649)	13,597	593,143
(Credit) charge to profit or loss	(43,395)	3,926	14,400	(13,528)	31,868	(2,406)	2,563	(53,241)	19,572	(40,241)
Credit to other comprehensive income	-	-	-	-	-	-	-	-	(3,986)	(3,986)
At 31 December 2023 (Audited)	84,797	(88,913)	(26,518)	902,906	(66,630)	33,595	(33,614)	(285,890)	29,183	548,916
(Credit) charge to profit or loss (Note 6)	(3,100)	11,789	4,753	(951)	(8,819)	(1,509)	1,469	(10,052)	3,041	(3,379)
At 30 June 2024 (Unaudited)	81,697	(77,124)	(21,765)	901,955	(75,449)	32,086	(32,145)	(295,942)	32,224	545,537

## 12. DEPOSITS PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

The deposits are paid for construction of factory buildings and acquisition of plants and equipment located in the PRC and other regions for the expansion of Group's production plants.

During the current interim period, the Group paid an amount of approximately RMB407,990,000 (corresponding period of 2023: RMB411,739,000) as the deposits for acquisition of property, plant and equipment and transferred an amount of approximately RMB349,699,000 (corresponding period of 2023: RMB125,503,000) to property, plant and equipment.

## 13. FINANCIAL ASSETS AT FVTPL

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
<b>Current assets</b>		
Unlisted financial products ( <i>Note a</i> )	<b><u>8,407,698</u></b>	<u>7,113,261</u>
<b>Non-current assets</b>		
Equity investments ( <i>Note b</i> )	<b><u>19,518</u></b>	<u>19,518</u>

*Notes:*

### (a) Unlisted financial products

The Group entered into several contracts of unlisted financial products with banks, which are managed by related banks in the PRC to invest principally in certain financial assets including bonds, trusts and cash funds, etc. The unlisted financial products have been accounted for as financial assets at FVTPL on initial recognition in which that the return on the unlisted financial products was determined by reference to the performance of the underlying investment assets and as at 30 June 2024, the expected return rates stated in the contracts range from 1.77% to 5.00% (31 December 2023: 1.92% to 5.00%) per annum.

### (b) Equity investments

The Group's equity investments in several partnership enterprises amounting to RMB19,518,000 (31 December 2023: RMB19,518,000) were classified as financial assets at FVTPL.

In the opinion of the Directors of the Company, the fair value change of the equity investments is insignificant in the current interim period.

#### 14. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

At the end of the reporting period, the Group held certain derivatives classified as held for trading and not under hedge accounting as follows:

	Assets		Liabilities	
	30 June 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)	30 June 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
Foreign currency forward contracts	–	–	2,844	31,724
Foreign currency options contracts	–	–	13,614	5,206
Foreign exchange swap contracts	3,157	114	4,568	4,346
	<u>3,157</u>	<u>114</u>	<u>21,026</u>	<u>41,276</u>

As at 30 June 2024, the notional amount of outstanding foreign currency options contracts amounted to approximately United States Dollar (“USD”) 229,000,000 (equivalent to RMB1,632,037,000) and RMB18,710,000 (31 December 2023: USD217,000,000 (equivalent to RMB1,536,946,000)).

The notional amount of outstanding foreign currency forward contracts amounted to approximately USD57,610,000 (equivalent to RMB410,575,000) (31 December 2023: USD100,000,000 (equivalent to RMB708,270,000)).

The notional amount of outstanding foreign exchange swap contracts amounted to approximately HKD1,182,309,000 and Vietnam Dollar (“VND”) 151,509,000,000 (equivalent to RMB1,079,070,000 and RMB42,389,000 respectively) and RMB400,586,000 (31 December 2023: RMB1,071,315,000 and VND157,368,000,000 (equivalent to RMB45,717,000)).

The Group entered the above contracts in order to manage the Group’s foreign currency risk. All these foreign currency options contracts, foreign currency forward contracts and foreign exchange swap contracts are matured within one year.

#### 15. INVENTORIES

	30 June 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
Raw materials	852,068	794,317
Work in progress	324,001	210,705
Finished goods	3,555,348	4,131,919
	<u>4,731,417</u>	<u>5,136,941</u>



## 16. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	<b>30 June 2024</b>	31 December 2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Trade receivables	<b>6,978,619</b>	6,907,066
Less: allowance for expected credit losses	<b>(123,329)</b>	(123,152)
	<b>6,855,290</b>	6,783,914
Loan receivables	<b>158,973</b>	226,977
Other receivables and prepayments:		
Value added tax and other tax receivables	<b>254,870</b>	282,536
Advance to suppliers	<b>146,920</b>	133,910
Prepaid expenses	<b>109,376</b>	103,512
Utilities deposits and prepayments	<b>75,937</b>	125,260
Advances to employees	<b>124,421</b>	134,835
Others	<b>62,086</b>	63,843
	<b>773,610</b>	843,896
	<b>7,787,873</b>	7,854,787

The Group allows a credit period of average 90 days to its trade customers. 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 reporting period, which approximated the respective revenue recognition date.

	<b>30 June 2024</b>	31 December 2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Within 90 days	<b>6,532,388</b>	6,541,100
91 to 180 days	<b>299,763</b>	234,254
Over 180 days	<b>23,139</b>	8,560
	<b>6,855,290</b>	6,783,914

Movement in the allowance for expected credit losses:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Balance at the beginning of the reporting period	123,152	93,643
Changes due to financial assets recognised at:		
– Impairment losses recognised	559	1,496
– Impairment losses reversed	(6,394)	(4,997)
– Write offs	(24,498)	(129)
New financial assets originated	32,793	32,491
Exchange realignment	(2,283)	648
	<u>123,329</u>	<u>123,152</u>

#### 16A. RECEIVABLES AT FVTOCI

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Receivables at FVTOCI comprise:		
Bill receivables ( <i>Note</i> )	<u>926,426</u>	<u>629,645</u>

*Note:* The balance represents bills receivables held by the Group which is measured at FVTOCI since the bills are held within the business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and the contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

The Group has discounted certain bills receivables to banks or endorsed certain bills receivables to its suppliers to settle its payables. These bills are issued or guaranteed by reputable PRC banks with high credit ratings. As the Group has transferred substantially all the risks of these bills to relevant banks/suppliers, it has derecognised these bills receivables.

The following table shows Group's bill receivables amounted to RMB16,590,000 (31 December 2023: RMB44,455,000) being endorsed to certain suppliers for settlement of trade payables or being discounted to certain banks to obtain the funding which the management considered that the Group has not transferred the significant risks and rewards relating to the bill receivables, it continues to recognise the full amount of bill receivables.

**As at 30 June 2024**

	<b>Bills discounted to banks with full resources RMB'000 (Unaudited)</b>	<b>Bills endorsed to suppliers with full resources RMB'000 (Unaudited)</b>	<b>Total RMB'000 (Unaudited)</b>
Carrying amount of transferred assets	–	16,590	16,590
Carrying amount of associated liabilities	–	(16,590)	(16,590)
Net position	<u>–</u>	<u>–</u>	<u>–</u>

**As at 31 December 2023**

	<b>Bills discounted to banks with full resources RMB'000 (Audited)</b>	<b>Bills endorsed to suppliers with full resources RMB'000 (Audited)</b>	<b>Total RMB'000 (Audited)</b>
Carrying amount of transferred assets	20,059	24,396	44,455
Carrying amount of associated liabilities	(20,059)	(24,396)	(44,455)
Net position	<u>–</u>	<u>–</u>	<u>–</u>

The credit period of bill receivables is 90 to 180 days. Aging of bill receivables based on the issue date at the end of the reporting period is as follows:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	<b>31 December 2023 RMB'000 (Audited)</b>
Within 90 days	740,481	460,595
91 to 180 days	185,945	169,050
	<u>926,426</u>	<u>629,645</u>

**17. IMPAIRMENT ASSESSMENT ON TRADE RECEIVABLES AND AMOUNTS DUE FROM RELATED PARTIES SUBJECT TO EXPECTED CREDIT LOSS MODEL**

As part of the Group's credit risk management, except for the debtors with credit-impaired the Group uses debtors' aging to assess the impairment for its customers which are with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. Debtors with credit-impaired are assessed individually by the Group. The following table provides information about the exposure to credit risk and ECL for trade receivables which are assessed collectively based on provision matrix with lifetime ECL (not credit impaired) as at 30 June 2024.

	<b>Average loss rate</b>	<b>Gross carrying amount RMB '000</b>	<b>Impairment loss allowance RMB '000</b>
1 to 90 days	0.05%	6,533,188	3,393
91 to 120 days	0.18%	222,892	391
121 to 180 days	1.67%	66,746	1,116
More than 180 days	19.53%	22,099	4,315
		<u>6,844,925</u>	<u>9,215</u>

During the current interim period, no impairment allowance for amounts due from related parties was recognised (corresponding period of 2023: impairment of RMB1,608,000), which was assessed individually based on lifetime ECL.

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2023.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

As at 30 June 2024, the Group provided impairment allowance for trade receivables of RMB123,329,000 (31 December 2023: RMB123,152,000), among which RMB9,215,000 (31 December 2023: RMB5,882,000) was made based on the provision matrix with life time ECL (not credit-impaired) while RMB114,114,000 (31 December 2023: RMB117,270,000) was assessed individually on the credit-impaired debtors.

## 18. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date and note payables presented based on issue date at the end of the reporting period.

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
<b>Current liabilities</b>		
Trade payables		
Within 90 days	<b>5,500,953</b>	5,877,594
91 to 180 days	<b>742,948</b>	761,254
Over 180 days	<b>10,579</b>	13,142
Accrued purchases	<b>713,551</b>	680,401
	<u><b>6,968,031</b></u>	<u>7,332,391</u>
Total trade payables and accrued purchases		

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Note payables ( <i>Note</i> )		
Within 90 days	4,892,455	5,036,931
91 to 180 days	2,730,094	3,734,324
Over 180 days	<u>396,789</u>	<u>1,652,849</u>
	<u>8,019,338</u>	<u>10,424,104</u>
Advance deposits from a customer	297,584	268,360
Payables for purchase of property, plant and equipment	206,192	258,432
Staff salaries and welfare payables	1,175,731	1,258,817
Labor outsourcing payables	112,169	122,099
Payables for acquisition of patents	34,939	38,775
Value added tax payables and other tax payables	280,512	217,291
Interest payables	2,855	2,032
Rental and utilities payables	53,968	52,426
Others	<u>346,219</u>	<u>350,156</u>
	<u>2,510,169</u>	<u>2,568,388</u>
	<u><b>17,497,538</b></u>	<u><b>20,324,883</b></u>
<b>Non-current liabilities</b>		
Long term payables		
Payables for acquisition of patents	71,072	79,200
Accrued employee expense	35,362	22,155
Government relocation compensation received	<u>36,490</u>	<u>36,490</u>
	<u>142,924</u>	<u>137,845</u>

*Note:* During the six months ended 30 June 2024 and 30 June 2023, certain of the Company's subsidiaries received bills from the other subsidiaries and discounted the certain bills to banks. The cash flows of such transactions have been presented in cash flow statement as financing activities.

The credit period on purchases of goods is average 180 days (31 December 2023: 180 days) and the credit period for note payables is 90 days to 365 days averagely (31 December 2023: 90 days to 365 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

## 19. BANK BORROWINGS

During the current interim period, the Group obtained new bank borrowings amounting to approximately RMB7,532,560,000 (corresponding period of 2023: RMB4,463,023,000), and the proceeds were used to meet the working capital requirement. Repayment of bank borrowings amounting to approximately RMB7,246,896,000 (corresponding period of 2023: RMB3,884,221,000) was made in line with the relevant repayment terms.

As at 30 June 2024, the bank borrowings amounted to a total of RMB1,185,565,000 (31 December 2023: RMB699,000,000) were repayable within one year, and RMB1,783,242,000 (31 December 2023: RMB1,965,313,000) were repayable within a period of more than one year.

As at 30 June 2024, the bank borrowings amounting to approximately RMB1,965,571,000 (31 December 2023: RMB1,961,200,000) were denominated in USD. The Group's bank borrowings amounting to RMB1,514,940,000 carried fixed-rate of 2.25% to 3.97% per annum (31 December 2023: RMB1,212,360,000 with fixed-rate of 2.10% to 3.97% per annum) and RMB1,453,867,000 carried variable-rate of 4.80% per annum (31 December 2023: RMB1,451,953,000 with variable-rate of 3.00% per annum).

As at 30 June 2024, no bank borrowing was secured by any other assets of the Group.

## 20. BONDS PAYABLE

On 9 January 2023, the Company issued unsecured sustainability-linked bonds in the amount of USD400 million at the rate of 5.95% per annum which will be due by year 2026 to professional investors outside of the United States in accordance with Regulation S under the U.S. Securities Act. The issuance has been successfully completed on 17 January 2023 and the listing of the bonds in the Hong Kong Stock Exchange became effective on 18 January 2023.

The Company had fully used the net proceeds from the bonds for refinancing existing indebtedness.

During the current interim period, interest expense of approximately RMB86,897,000 (corresponding period of 2023: RMB87,534,000) was recognised in the profit or loss.

## 21. SHARE CAPITAL

	Number of shares	Amount HKD'000	Equivalent to RMB'000
<b>Authorised:</b>			
Ordinary share of HKD0.10 each at			
1 January 2023 (Audited),			
30 June 2023 (Unaudited),			
1 January 2024 (Audited) and			
30 June 2024 (Unaudited)	100,000,000,000	10,000,000	
	<u>100,000,000,000</u>	<u>10,000,000</u>	
<b>Issued &amp; fully paid:</b>			
Ordinary shares of HKD0.10 each at			
1 January 2023 (Audited) and			
30 June 2023 (Unaudited)	1,096,849,700	109,685	105,163
Share repurchased and cancelled	(74,900)	(7)	(7)
	<u>1,096,849,700</u>	<u>109,685</u>	<u>105,163</u>
At 1 January 2024 (Audited)	1,096,774,800	109,678	105,156
Share repurchased and cancelled	(1,970,000)	(197)	(189)
	<u>1,096,774,800</u>	<u>109,678</u>	<u>105,156</u>
At 30 June 2024 (Unaudited)	1,094,804,800	109,481	104,967
	<u>1,094,804,800</u>	<u>109,481</u>	<u>104,967</u>

During the six months ended 30 June 2024, the Company repurchased 1,970,000 of its own ordinary shares (corresponding period of 2023: nil) through the Hong Kong Stock Exchange with an aggregate consideration of HKD78,120,000 (equivalent to RMB70,863,000) (corresponding period of 2023: nil) paid. 1,970,000 shares (corresponding period of 2023: nil) were cancelled upon repurchase.

## 22. SHARE AWARD SCHEME

The fair value of the Company's restricted shares awarded was determined based on the market values of the Company's shares at the grant dates.

Movements in the number of restricted shares granted and related fair value are as follows:

	<b>Weighted average fair value (per share)</b> <i>HKD</i>	<b>Number of restricted shares</b> <i>('000)</i>
At 1 January 2023 (Audited)	129.288	4,955
Forfeited	99.423	(309)
Vested	128.469	(2,532)
Granted	78.626	<u>4,414</u>
At 31 December 2023 and 1 January 2024 (Audited)	96.764	6,528
Forfeited	74.794	(221)
Vested	93.623	(2,260)
Granted ( <i>Note</i> )	44.100	<u>4,301</u>
As at 30 June 2024 (Unaudited)	71.061	<u><u>8,348</u></u>

The equity-settled share-based payments expense charged to profit or loss was approximately RMB143,835,000 for the current interim period (corresponding period of 2023: RMB133,892,000).

*Note:* The restricted shares granted during the current interim period were vested on every anniversary date of the grant date of each batch of the restricted shares in tranches on the following scale:

<b>Restricted shares</b>	<b>Fair value (per share)</b> <i>HKD</i>	<b>Scales</b>
4,255,008	44.100	One-half
46,332	44.100	One-fourth

The fair value of the restricted shares granted is measured on the basis of an observable market price.

During the current interim period, the Group purchased 4,131,287 shares at the average price of HKD44.792 (total amount equivalent to approximately RMB172,189,000) under the share award scheme.

## 23. COMMITMENTS

	<b>30 June 2024</b> <b><i>RMB'000</i></b> <b>(Unaudited)</b>	31 December 2023 <b><i>RMB'000</i></b> <b>(Audited)</b>
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	<u><u>752,044</u></u>	<u><u>690,753</u></u>

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in the design, research and development (the “**R&D**”), manufacture and sales of optical and optical-related products. Such products include Optical Components (such as vehicle lens sets, optical parts of vehicle light detection and ranging (“**LiDAR**”), extended reality (“**XR**”) perception and interaction lens sets, handset lens sets, glass spherical and aspherical lenses and other optical components), Optoelectronic Products (such as vehicle modules, XR visual modules, handset camera modules, robotic vision modules and other optoelectronic modules) and Optical Instruments (such as intelligent inspection equipment and microscopes). The Group focuses on the optoelectronic-related products that combine optics, electronics, algorithm and mechanical technologies in the application fields mainly including vehicles, XR, robots and handsets.

Save as disclosed in this announcement, there have been no material changes in the development or future development of the Group’s business and financial position since the publication of the annual report of the Company for the year ended 31 December 2023, and no important events affecting the Group which have occurred since 30 June 2024.

### BUSINESS REVIEW

The business review of the Group for the six months ended 30 June 2024 shall be presented in the following three business segments, namely Optical Components, Optoelectronic Products and Optical Instruments.

#### Optical Components

In terms of the vehicle lens sets business, during the period under review, the shipment volume of vehicle lens sets of the Group increased by approximately 13.1% to 53,234,000 units as compared to the corresponding period of last year. Under the background of continuously increasing market demand for vehicle cameras, the Group deeply developed its advantageous businesses and further consolidated its leading position in the high-end advanced driver assistance system (“**ADAS**”) sensing market. During the period under review, the Group has completed the R&D of ADAS vehicle lens sets with the automatic heating function, which can achieve rapid de-icing and de-fogging, and has obtained designated projects from automobile brand manufacturers. In addition, the Group also completed the R&D of the 3-mega pixel side-view glass-plastic hybrid ADAS vehicle lens sets which can further decrease the number of glass lenses and significantly reduce the cost.



In terms of the emerging vehicle optical field, the Group continued to explore market opportunities in the fields including LiDAR, head-up display (“HUD”) and smart headlamps, strengthened product and patent layouts and constantly sought differentiated technological breakthroughs. In LiDAR, the Group has obtained various designated projects for LiDAR products and has completed the R&D of long-distance LiDAR modules. Meanwhile, the Group also completed the R&D of the all-solid state gap filler LiDAR platform products with an ultra-wide field of view and smaller size, which have been promoted around the world. In addition, the Group achieved technological breakthroughs in the mass-production equipment for LiDAR transmitting modules and receiving modules, which could shorten the time of assembly and alignment for LiDAR. In HUD, the Group’s self-developed core optical engine – picture generation unit (“PGU”) based on sensors developed by a leading HUD manufacturer has successfully obtained the designated projects from a domestic customer, which is scheduled to be mass produced in the second half of 2024. In smart headlamps, the Group has actively seized the opportunities arising from the ground projection unit market and completed the R&D of multi-channel projection unit products.

In terms of the emerging consumer-grade optical business, with the gradual maturity of hardware and the continuous adoption of artificial intelligence (“AI”) technology, interactive scenarios with multi-modality have injected new momentum into the XR industry, and the development of the industry ecosystem has become increasingly clear. During the period under review, the Group continued to deepen its collaboration with leading global manufacturers in the new products and technologies related to display and interaction categories. This effort has driven the definition and mass production of several differentiated display and sensing optical products, continuously occupying the critical position on the supply chain of its renowned customers.

In the field of handset lens sets business, benefiting from the recovery of the global shipment volume of smartphones, the shipment volume of the Group’s handset lens sets increased by approximately 23.7% to 634,401,000 units as compared to the corresponding period of last year, which makes the Group maintain its global No. 1 position in terms of market share. Meanwhile, the Group proactively leveraged its core competitiveness in “high-specification, high-quality, and high added-value” products to raise the average selling price and improve the gross profit margin of its handset lens sets. For instance, the Group has achieved mass production of several 1-inch glass-plastic hybrid handset lens sets for main cameras, becoming the industry leader in glass-plastic hybrid handset lens sets with large image size for main cameras. In respect of periscope handset lens sets, the Group has achieved mass production of several periscope handset lens sets with large image size, which can maintain high-resolution image quality and vivid colors in shooting from a super remote distance. Additionally, the shipment volume of the Group’s dual-group internal focusing periscope handset lens sets continued to increase, and the Group has completed the R&D of multiple multi-group periscope handset lens sets to integrate the functions of close-up and distant shooting, so as to achieve excellent imaging goals for customers.

## Optoelectronic Products

In terms of the vehicle modules business, the Group continued to deepen its ecological cooperation with mainstream platform solution providers such as Mobileye\*, Horizon Robotics\*, QUALCOMM\* and NVIDIA\*, and successfully developed reference design solutions, becoming the preferred supplier for leading customers in developing driving automation technologies. In the sensing product line, the Group continuously maintained its global No. 1 position in terms of market share of 8-mega pixel vehicle modules, and it obtained a designated platform core project from a leading European automobile manufacturer during the period under review. Moreover, leveraging its extensive experience in chip-on-board (“COB”) packaging technology, the Group’s 8-mega pixel COB vehicle modules have been favored and recognized by multiple domestic automotive original equipment manufacturer (“OEM”) customers, occupying the dominant position in the industry in terms of shipment volume. In the intelligent in-cabin product line, the Group has collaborated with its leading customers to continuously innovate products and solutions, such as the in-cabin wide-angle depth sensing solution, aimed at enhancing driving safety and enriching the driving and riding experience. Meanwhile, the Group, together with its core ecosystem partners, has built up advanced capabilities in developing intelligent in-cabin solutions.

In terms of XR field, the Group has continued to provide its renowned customers with core products such as simultaneous localization and mapping (“SLAM”) modules and high-definition video see through camera modules, and has been actively developing the next generation of multi-sensing XR visual modules with better performance and stabler quality. The product solutions have been highly recognized by mainstream customers. At the same time, leveraging its advantages in miniaturization and high-precision assembly, the Group has become the first manufacturer in the industry to mass produce the smallest monochrome and color micro light emitting diode (“MicroLed”) optical engines, thereby deepening the cooperation with leading XR customers and continuously expanding the influence of the Group’s miniaturized optical engines within the industry.

In terms of the robotic vision field, the Group’s robot navigation, obstacle avoidance and AI recognition camera modules and subsystems have started to be widely applied in the field of consumer-grade robots, and have been mass-produced and shipped to mainstream customers. In addition, the Group’s self-developed biometric recognition algorithm subsystems have also successfully achieved batch shipments to leading intelligent door lock customers.

\* Mobileye represents Mobileye Global Inc; Horizon Robotics represents Beijing Horizon Robotics Technology R&D Co., Ltd. (北京地平线机器人技术股份有限公司); NVIDIA represents NVIDIA CORPORATION; QUALCOMM represents QUALCOMM Incorporated.

In terms of the handset camera modules business, during the first half of 2024, as the global market demand for smartphones recovered, the shipment volume of the Group's handset camera modules increased by approximately 13.5% to 289,013,000 units as compared to the corresponding period of last year, maintaining its global No. 1 position in terms of market share. At the same time, leveraging its deep expertise in miniaturised packaging and high-precision optical assembly, combined with its outstanding advantages in the integration of handset lens sets, actuators and handset camera modules, the Group has further strengthened its competitiveness in high-end products, resulting in a corresponding increase in the market share, and thus the improvement of the product mix, average selling price and overall gross profit margin for handset camera modules of the Group. During the period under review, the Group has achieved mass production of long-stroke guide rod actuators for 1-inch main cameras. Such products not only ensure the image resolution for both telephoto and macro photography of the cameras, but also contribute to the ultra-thin design of cameras. Meanwhile, the Group has also achieved mass production of dual-group internal focusing periscope handset camera modules. In addition, the Group has continued to make technological breakthroughs in the core motion devices of main cameras and periscope cameras, and has completed the R&D of 200-mega pixel periscope handset camera modules with self developed actuators based on integrated design, periscope handset camera modules with self developed actuators and multi-fold prisms based on integrated design and 1/2" actuators for main cameras. Furthermore, the Group has deeply engaged in the construction of intelligent factories, fully promoted the operation of its international benchmark factory in Vietnam, established an international operation system, further enhanced its high-end scale manufacturing capabilities, strengthened its global supply capacity and consolidated its industry-leading position.

## **Optical Instruments**

In terms of the intelligent inspection equipment business, the Group continued to focus on the market demand for industrial intelligent equipment, medical equipment and equipment in emerging markets, and fully leveraged on its advantages in optical imaging, precision machine design, image processing algorithms and other technologies to continuously empower advanced manufacturing. During the period under review, the Group has completed the R&D of the fifth-generation production line for post-processing inspection of handset lens sets, achieving an efficiency improvement of over 50% compared to the last generation product line. This production line integrates functions such as spatial frequency response, stray light detection, low contrast defect detection, and automatic visual inspection. Meanwhile, the production line adopts high-precision optical system and the combination of self-developed AI models with traditional image algorithms to achieve high-precision inspection on defects and properties of handset lens sets with its comprehensive performance at an industry-leading level.

In terms of the microscope business, the Group has achieved another breakthrough in R&D innovation. During the period under review, the Group has successfully developed its first wide-bandwidth flat-field large numerical aperture 40X water immersion objective lens. This objective lens has excellent performance in terms of numerical aperture, resolution and chromatic aberration correction, as well as ultra-low autofluorescence and large-field flatness. As a core component of microscopes, this objective lens greatly expands the application of wide-field, structured-light, confocal, and super-resolution microscopy systems in the field of life sciences.

## **OUTLOOK AND FUTURE STRATEGIES**

Looking forward, the Group will maintain its strategic focus, stick to its main optoelectronics business, and continue to promote the following work aspects. Firstly, the Group will continue to explore new potentials and strive to improve operational quality in smartphone related businesses. Secondly, the Group will continue to build competitiveness and focus on improving market position in the fields of vehicles, XR and robotic vision. Thirdly, the Group will strengthen the management in capital investment, improve input-output efficiency and focus on optimizing operational efficiency.

## **FINANCIAL REVIEW**

### **Revenue**

For the six months ended 30 June 2024, the Group's revenue was approximately RMB18,860.2 million, representing an increase of approximately 32.1% as compared to the corresponding period of last year. The increase in revenue was mainly attributable to the increase in the revenue of handset lens sets and handset camera modules based on the recovery of the smartphone market. Meanwhile, the revenue of vehicle lens sets and vehicle modules also increased benefiting from the industry growth and business expansion. In addition, the revenue of VR related products increased significantly as the demand of VR pancake modules increased as compared to the corresponding period of last year.

Revenue generated from the Optical Components business segment was approximately RMB5,480.4 million, representing an increase of approximately 26.9% as compared to the corresponding period of last year. The increase in revenue was mainly attributable to the increase in revenue related with handset lens sets, vehicle lens sets and VR related products.

Revenue generated from the Optoelectronic Products business segment was approximately RMB13,191.1 million, representing an increase of approximately 35.5% as compared to the corresponding period of last year. The increase in revenue was mainly attributable to the increase in revenue related with handset camera modules and vehicle modules.

Revenue generated from the Optical Instruments business segment was approximately RMB188.7 million, representing a decrease of approximately 15.8% as compared to the corresponding period of last year.

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

The gross profit of the Group for the six months ended 30 June 2024 was approximately RMB3,246.5 million, representing an increase of approximately 52.4% as compared to the corresponding period of last year. The gross profit margin was approximately 17.2%, which was approximately 2.3 percentage points higher than that of the corresponding period of last year. The increase in gross profit margin was mainly attributable to the improvement of gross profit margins of handset lens sets and handset camera modules.

The gross profit margins of the Optical Components business segment, the Optoelectronic Products business segment and the Optical Instruments business segment were approximately 31.8%, 8.2% and 47.9%, respectively (corresponding period of last year: approximately 26.0%, 6.9% and 42.7% respectively).

## **Selling and Distribution Expenses**

The selling and distribution expenses of the Group for the six months ended 30 June 2024 was approximately RMB226.1 million, representing a decrease of approximately 5.8% as compared to the corresponding period of last year. It accounted for approximately 1.2% of the Group's revenue during the period under review, as compared to approximately 1.7% for the corresponding period of last year. The decrease in absolute amount was mainly attributable to the strengthened control on the expenses related with marketing activities by the Group.

## **R&D Expenditure**

The R&D expenditure of the Group for the six months ended 30 June 2024 was approximately RMB1,468.4 million, representing an increase of approximately 21.9% as compared to the corresponding period of last year. It accounted for approximately 7.8% of the Group's revenue during the period under review, as compared to approximately 8.4% for the corresponding period of last year. The increase in absolute amount was mainly attributable to the continued increase in R&D investment for vehicle and XR related businesses.

## **Administrative Expenses**

The administrative expenses of the Group for the six months ended 30 June 2024 was approximately RMB563.5 million, representing an increase of approximately 23.0% as compared to the corresponding period of last year. It accounted for approximately 3.0% of the Group's revenue during the period under review, as compared to approximately 3.2% for the corresponding period of last year. The increase in absolute amount was mainly attributable to the increase in the remuneration of administrative staff, the increase in expenses related to the informationization construction and the increase in the grant of restricted shares under the restricted share award scheme (the “**Restricted Shares**”) of the Company (the “**Restricted Share Award Scheme**”).

## **Income Tax Expenses**

The Group's income tax expenses for the six months ended 30 June 2024 was approximately RMB137.2 million, representing an increase of approximately 3.5% as compared to the corresponding period of last year. The Group's effective tax rate was approximately 11.0% during the period under review, and it was approximately 22.4% for the corresponding period of last year.

## Net Profit and Net Profit Margin

For the six months ended 30 June 2024, the Group's net profit was approximately RMB1,111.5 million, representing an increase of approximately 142.0% as compared to the corresponding period of last year. The net profit margin was approximately 5.9% (corresponding period of last year: approximately 3.2%). The increase in net profit margin was mainly attributable to the profitability improvement of handset lens sets and handset camera modules.

## Profit for the Period Attributable to Owners of the Company and Basic Earnings per Share

The profit for the period attributable to owners of the Company for the six months ended 30 June 2024 was approximately RMB1,079.0 million, representing an increase of approximately 147.1% as compared to the corresponding period of last year. The basic earnings per share of the Company for the six months ended 30 June 2024 was approximately RMB99.0 cents, representing an increase of approximately 147.7% as compared to the corresponding period of last year.

## Interim Dividend

The Company has paid the dividend for the year ended 31 December 2023 in June 2024, which was HKD0.219 per share of the Company. The payout ratio was approximately 20.0% of the profit for the year attributable to owners of the Company.

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (corresponding period of last year: nil).

## LIQUIDITY AND FINANCIAL RESOURCES

### Cash Flows

The table below summarises the Group's cash flows for the six months ended 30 June 2024 and 30 June 2023, respectively:

	For the six months ended 30 June	
	2024	2023
	<i>RMB million</i>	<i>RMB million</i>
Net cash from operating activities	<b>2,067.9</b>	1,053.6
Net cash used in investing activities	<b>(2,562.6)</b>	(1,379.8)
Net cash (used in) from financing activities	<b>(2,990.4)</b>	4,449.3

The Group derives its working capital mainly from cash on hand and net cash generated from operating activities. The Board expects that the Group will rely on net cash generated from operating activities, bank borrowings and debt financing in the short run to meet its working capital and other requirements. In the long run, the Group will be mainly funded by net cash from operating activities and, if necessary, by additional bank borrowings, debt financing or equity financing. There were no material changes in the funding and financial policy of the Group for the six months ended 30 June 2024.

As at 30 June 2024, the Group had current assets of approximately RMB33,477.7 million (31 December 2023: approximately RMB35,144.0 million); and current liabilities of approximately RMB19,064.6 million (31 December 2023: approximately RMB21,286.6 million). The Group's current ratio was approximately 1.8 times (31 December 2023: approximately 1.7 times). As at 30 June 2024, the Group's total assets was approximately RMB48,539.2 million, representing a decrease of approximately 3.5% as compared to that as at 31 December 2023.

As at 30 June 2024, the Group's cash and cash equivalents of approximately RMB9,603.2 million (31 December 2023: approximately RMB13,084.5 million). The cash and cash equivalents were mainly denominated in RMB and USD.

### **Capital Expenditure**

For the six months ended 30 June 2024, the Group's capital expenditure amounted to approximately RMB1,045.8 million, which was mainly used for the purchase of property, plant and equipment. All of the capital expenditure was financed by internal resources.

## **CAPITAL STRUCTURE**

### **Indebtedness**

#### ***Bank borrowings***

As at 30 June 2024, the bank borrowings of the Group amounted to approximately RMB2,968.8 million (31 December 2023: approximately RMB2,664.3 million), in which the bank borrowings at fixed interest rates amounted to approximately RMB1,514.9 million (31 December 2023: approximately RMB1,212.4 million).

As at 30 June 2024, the bank borrowings of the Group were denominated in RMB and USD and no bank borrowings were secured by certain buildings and land of the Group.

### ***Banking facilities***

Banking facilities have been put in place for contingency purposes by the Group with certain banks in certain countries and regions. As at 30 June 2024, the Group's available banking facilities amounted to RMB30,933.79 million, USD635.0 million and Indian Rupee 4,500.0 million, respectively (31 December 2023: RMB31,694.0 million, USD635.0 million and Indian Rupee 4,500.0 million, respectively).

### ***Debt securities***

As at 30 June 2024, the Group had debt securities of approximately RMB2,917.9 million (31 December 2023: approximately RMB2,897.5 million).

### ***Gearing ratio***

As at 30 June 2024, the Group's gearing ratio was approximately 12.1% (31 December 2023: approximately 11.1%), which refers to the ratio of total borrowings to total capital (total capital being the sum of total liabilities and shareholders' equity), reflecting that the Group's financial position was at a sound level.

### ***Contingent liabilities***

As at 30 June 2024, the Group did not have any material contingent liabilities or guarantees.

### ***Financing and funding and treasury policies and objectives***

The Group adopts prudent financing and funding and treasury policies. The Group will seek bank borrowings and debt financing when its operating demand grows, and will regularly review its bank borrowings and debt securities to achieve a sound financial position.

### **PLEDGE OF ASSETS**

As at 30 June 2024, the Group did not have any pledge or charge on assets, except for the pledged bank deposits of approximately RMB5.9 million (31 December 2023: approximately RMB13.6 million).



## **COMMITMENTS**

As at 30 June 2024, the capital expenditure of the Group in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements amounted to approximately RMB752.0 million (31 December 2023: approximately RMB690.8 million).

As at 30 June 2024, the Group had no other capital commitments save as disclosed above.

## **OFF-BALANCE SHEET TRANSACTIONS**

As at 30 June 2024, the Group did not enter into any material off-balance sheet transactions.

## **PERFORMANCE OF INVESTMENTS MADE AND FUTURE INVESTMENTS PLAN**

The Group's investing activities primarily include the purchase and redemption of unlisted financial products, placement and release of short term fixed deposits, purchase of property, plant and equipment and deposits and prepayment paid for acquisition of property, plant and equipment. Among them, unlisted financial products are managed by relevant banks in China, mainly investing in certain financial assets such as bonds, trusts and cash funds, and their investment incomes are determined based on the performance of relevant government debt instruments and treasury bills.

### **Investments Held**

#### ***Significant investments***

To the best knowledge of the Directors, there was no significant investment made by the Group for the six months ended 30 June 2024.

#### ***Important investment***

As at 30 June 2024, the Group maintained a portfolio of unlisted financial products with the total carrying amount of approximately RMB8,407.7 million (31 December 2023: approximately RMB7,113.3 million), of which approximately RMB1,688.7 million has been released on or before the latest practicable date (i.e. 16 August 2024) before the publication of this announcement.

As at 30 June 2024, the fair value of the unlisted financial products subscribed by the Group in aggregate represented approximately 17.3% of the Group's total assets (31 December 2023: approximately 14.1%).

As at 30 June 2024, the investment costs for the unlisted financial products subscribed were approximately RMB8,240.6 million (31 December 2023: approximately RMB6,948.3 million).

For the six months ended 30 June 2024, the amount of investment income from the unlisted financial products at FVTPL was approximately RMB141.4 million (corresponding period of last year: approximately RMB227.8 million).

The following table sets out the breakdown of the major unlisted financial products subscribed by the Group as at 30 June 2024 (in descending order):

Name of the unlisted financial products*	Name of banks	Investment costs RMB'000	Fair value of the unlisted financial products as at 30 June 2024 RMB'000	Percentage of fair value of the unlisted financial products relative to the total assets of the Group as at 30 June 2024
Agricultural Bank wealth management "Nong Yin Jiang Xin • Tian Tian Li" RMB wealth management product	Agricultural Bank of China Limited	380,000	380,000	0.8%
Sunshine Jin Zhou Tian Li Zhen Xiang No. B001	China Everbright Bank Co., Ltd.	308,082	322,151	0.7%
Bank of Ningbo Ning Xin fixed income close-ended wealth management No. 485	Bank of Ningbo Co., Ltd.	300,000	311,552	0.6%
Bank of Ningbo Ning Xin fixed income close-ended wealth management No. 1258	Bank of Ningbo Co., Ltd.	300,000	302,849	0.6%
Bank of Ningbo Ning Xin fixed income one-year open-ended wealth management No. 26 – E share	Bank of Ningbo Co., Ltd.	200,000	209,209	0.4%
Others <sup>#</sup>		<u>6,752,500</u>	<u>6,881,937</u>	<u>14.2%</u>
	<b>Total</b>	<b><u>8,240,582</u></b>	<b><u>8,407,698</u></b>	<b><u>17.3%</u></b>

\* The English names are unofficial English translations of unlisted financial products with Chinese names only. If there is any inconsistency, the Chinese names shall prevail.

# Other unlisted financial products included 51 unlisted financial products with 10 different banks to lower the concentration risk. The average fair value of these 51 unlisted financial products as at 30 June 2024 was approximately RMB134.9 million.

The unlisted financial products were measured at fair value as at 30 June 2024. Such investment activities were primarily funded by the idle self-owned funds of the Group.

The Board considers that the terms of such unlisted financial products are on normal commercial terms, fair and reasonable and in the interests of the Company and shareholders of the Company (the “**Shareholders**”) as a whole.

For the six months ended 30 June 2024, the Group’s investments amounted to approximately RMB1,045.8 million, which were primarily used for the purchase of property, plant and equipment. These investments enhanced the Group’s R&D and technological application capabilities and production efficiency, which in turn expanded the sources of revenue.

### **Future Plans for Significant Investments or Capital Assets**

Looking forward, the Group will continue to further diversify its investments among different banks to lower the concentration risk and will closely monitor the performance of investments made and future investments plan in accordance with its prudent funding and treasury policy to utilise and to increase the yield of the idle funds of the Group while maintaining a high level of liquidity and a low level of risk. Such investment activities were made and will be made on the premises that it would not adversely affect the working capital of the Group or the operation of the Group’s principal business. In addition, the Group will strengthen management in capital investment, improve input-output efficiency and focus on optimizing operational efficiency. The Group will rely on the internal resources, bank borrowings or debt financing to meet the future demands for significant investments or capital assets acquisition.

## **QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK**

### **Interest Rate Risk**

The Group is exposed to interest rate risks arising from its bank borrowings for working capital, capital expenditure for expansion and other purposes of the Group and refinancing. The rising of interest rates increases the costs of both existing and new debts. As at 30 June 2024, the effective interest rate on fixed-rate bank borrowings was 2.25% to 3.97% per annum, while the effective interest rate of variable-rate bank borrowings was 4.80% per annum.

### **Foreign Exchange Rate Fluctuation Risk**

The Group exports a portion of its products to and purchases a considerable amount of products from international markets where transactions are denominated in USD or other foreign currencies. The Group will take necessary measures to mitigate any impacts caused by exchange rate fluctuations. For details of the Group’s foreign currency forward contracts, foreign currency options contracts and foreign exchange swap contracts, please refer to Note 14 to the condensed consolidated financial statements in this announcement. Except certain investments which are in line with the Group’s business and which are denominated in foreign currencies, the Group did not and has no plan to make any other foreign currency investments.

## **Credit Risk**

The Group's financial assets include derivative financial assets, cash and cash equivalents, pledged bank deposits, short term fixed deposits, time deposits, financial assets at FVTPL, trade and other receivables and prepayments, amounts due from related parties, receivables at FVTOCI and equity instruments at FVTOCI, which represent the Group's maximum exposure to credit risk in relation to financial assets.

In order to minimise the credit risk in relation to trade receivables, the management of the Company (the "**Management**") has delegated a team responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that appropriate follow-up actions are taken to recover overdue debts. The Group has also purchased insurance relating to trade receivables. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. Therefore, the Directors consider that the Group's credit risk is significantly reduced. The amounts presented in the condensed consolidated statement of financial position are net of allowance for credit losses, estimated by the Management based on prior experience and historical observed default rates, their assessment of the current economic environment and the discounted cash flows to be received in future.

The Group has no significant concentration of credit risk since its trade receivables are dispersed over a large number of counterparties and customers. The credit risk on liquidity is limited because the majority of the Group's counterparties are banks with high credit ratings by international credit-rating agencies.

## **Cash Flow Interest Rate Risk**

The Group's cash flow interest rate risk is primarily related to variable rates applicable to bank borrowings. The Management will review the proportion of borrowings in fixed and variable rates and ensure they are within reasonable range. Therefore, any future variations in interest rates will not have any significant impact on the results of the Group.

## **Liquidity Risk**

The Group manages liquidity risk by maintaining an adequate level of cash and cash equivalents through continuously monitoring the forecast and actual cash flows and matching them with the maturity profiles of financial assets and liabilities.

## OTHER INFORMATION

### A. PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company is empowered by the applicable Cayman Islands Companies Act and the Company's articles of association (the "**Articles of Association**") to repurchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by Hong Kong Stock Exchange.

For the six months ended 30 June 2024, the Company repurchased a total of 1,970,000 ordinary shares of the Company ("**Shares**") on the Hong Kong Stock Exchange pursuant to the general mandate to repurchase Shares granted by the Shareholders at the annual general meeting on 24 May 2023 and all such repurchased Shares were cancelled accordingly. Meanwhile, there were no Shares repurchased and held by the Company as treasury shares for the six months ended 30 June 2024. The Directors believed that repurchase of Shares shall enhance the net value of the Group and its assets and/or earnings per share. It also reflected the confidence of the Board and the Management in the long-term strategy and growth of the Company.

Details of repurchase of Shares by the Company on the Hong Kong Stock Exchange are set out below.

Month of repurchase	Number of Shares repurchased	Highest purchase price per Share <i>HKD</i>	Lowest purchase price per Share <i>HKD</i>	Aggregate Consideration (before expenses) <sup>(Note)</sup> <i>HKD</i>
March 2024	930,000	44.40	38.90	38,582,680
April 2024	<u>1,040,000</u>	38.85	37.10	<u>39,258,440</u>
Total	<u><u>1,970,000</u></u>			<u><u>77,841,120</u></u>

*Note:* The aggregate consideration excluded the commission and other expenses thereof.

As at the date of this announcement, the total number of Shares in issue is 1,094,804,800. Save as disclosed above, the Company or any of its subsidiaries (except for the Shares purchased by the trustee in accordance with the Restricted Share Award Scheme) has not purchased, sold, redeemed or written-off any Shares for the six months ended 30 June 2024.

### B. RESTRICTED SHARE AWARD SCHEME

On 22 March 2010, the Board adopted the Restricted Share Award Scheme. Pursuant to the Restricted Share Award Scheme, the Directors, all employees, senior staff, agents and consultants of the Company and its subsidiaries are entitled to participate in this scheme.

The purposes of the Restricted Share Award Scheme are to assist the Company in attracting new staff as well as motivating and retaining its existing talents.

The following table sets out the interest of the Directors, two top-paid non-Director employees and other grantees in the Restricted Shares under the Restricted Share Award Scheme for the year ended 31 December 2023.

Date of grant	Purchase price/fair value (Note 2 & 4) HKD	Number of granted shares	Vesting period	Number of shares					Closing price immediately before vesting date HKD	
				As at 1 January 2023 (Note 7)	Granted during the year (Notes 1 & 3)	Vested during the year (Note 5)	Lapsed during the year	As at 31 December 2023 (Notes 6 & 7)		
<b>DIRECTORS</b> (Note 8)										
Mr. Ye Liaoning	15 November 2021	230.00	5,567	From 14 November 2022 to 14 November 2023	2,783	-	(2,783)	-	-	69.95
	19 April 2022	105.20	35,102	From 18 April 2023 to 18 April 2025	35,102	-	(11,701)	-	23,401	94.60
	15 November 2022	97.90	11,935	From 14 November 2023 to 14 November 2024	11,935	-	(5,968)	-	5,967	69.95
	20 November 2023	73.20	15,617	From 19 November 2024 to 19 November 2025	-	15,617	-	-	15,617	
					<b>Subtotal</b>	<b>49,820</b>	<b>15,617</b>	<b>(20,452)</b>	<b>-</b>	<b>44,985</b>
Mr. Sun Yang	15 November 2021	230.00	5,567	From 14 November 2022 to 14 November 2023	2,783	-	(2,783)	-	-	69.95
	19 April 2022	105.20	46,803	From 18 April 2023 to 18 April 2025	46,803	-	(15,601)	-	31,202	94.60
	15 November 2022	97.90	11,935	From 14 November 2023 to 14 November 2024	11,935	-	(5,968)	-	5,967	69.95
	20 November 2023	73.20	15,617	From 19 November 2024 to 19 November 2025	-	15,617	-	-	15,617	
					<b>Subtotal</b>	<b>61,521</b>	<b>15,617</b>	<b>(24,352)</b>	<b>-</b>	<b>52,786</b>
Mr. Wang Wenjie	15 April 2021	180.30	6,926	From 14 April 2022 to 14 April 2023	3,463	-	(3,463)	-	-	97.50
	19 April 2022	105.20	47,388	From 18 April 2023 to 18 April 2025	47,388	-	(17,844)	-	29,544	94.60
	22 May 2023	81.70	14,327	From 21 May 2024 to 21 May 2025	-	14,327	-	-	14,327	
					<b>Subtotal</b>	<b>50,851</b>	<b>14,327</b>	<b>(21,307)</b>	<b>-</b>	<b>43,871</b>

	Date of grant	Purchase price/fair value (Note 2 & 4) HKD	Number of granted shares	Vesting period	Number of shares				Closing price immediately before vesting date HKD	
					As at 1 January 2023 (Note 7)	Granted during the year (Notes 1 & 3)	Vested during the year (Note 5)	Lapsed during the year		As at 31 December 2023 (Notes 6 & 7)
Mr. Wang Wenjian	15 April 2021	180.30	6,926	From 14 April 2022 to 14 April 2023	3,463	-	(3,463)	-	-	97.50
	19 April 2022	105.20	47,388	From 18 April 2023 to 18 April 2025	47,388	-	(17,844)	-	29,544	94.60
	22 May 2023	81.70	14,327	From 21 May 2024 to 21 May 2025	-	14,327	-	-	14,327	
					<b>Subtotal</b>	<b>50,851</b>	<b>14,327</b>	<b>(21,307)</b>	<b>-</b>	<b>43,871</b>
<b>TOP-PAID NON-DIRECTOR EMPLOYEES</b> (Note 8)										
Employee A	15 April 2021	180.30	3,628	From 14 April 2022 to 14 April 2023	1,814	-	(1,814)	-	-	97.50
	19 April 2022	105.20	66,109	From 18 April 2023 to 18 April 2025	66,109	-	(23,304)	-	42,805	94.60
	22 May 2023	81.70	10,233	From 21 May 2024 to 21 May 2025	-	10,233	-	-	10,233	
					<b>Subtotal</b>	<b>67,923</b>	<b>10,233</b>	<b>(25,118)</b>	<b>-</b>	<b>53,038</b>
Employee B	15 November 2021	230.00	2,916	From 14 November 2022 to 14 November 2023	1,458	-	(1,458)	-	-	69.95
	19 April 2022	105.20	58,504	From 18 April 2023 to 18 April 2025	58,504	-	(19,501)	-	39,003	94.60
	15 November 2022	97.90	7,389	From 14 November 2023 to 14 November 2024	7,389	-	(3,695)	-	3,694	69.95
	20 November 2023	73.20	9,668	From 19 November 2024 to 19 November 2025	-	9,668	-	-	9,668	
					<b>Subtotal</b>	<b>67,351</b>	<b>9,668</b>	<b>(24,654)</b>	<b>-</b>	<b>52,365</b>

Date of grant	Purchase price/fair value (Note 2 & 4) HKD	Number of granted shares	Vesting period	Number of shares					Closing price immediately before vesting date HKD		
				As at 1 January 2023 (Note 7)	Granted during the year (Notes 1 & 3)	Vested during the year (Note 5)	Lapsed during the year	As at 31 December 2023 (Notes 6 & 7)			
<b>OTHER GRANTEEES</b>											
Employees	15 November 2017	140.10	143,756	From 14 April 2018 to 14 November 2019	105	-	-	-	105		
	15 November 2018	75.85	376,460	From 14 April 2019 to 14 November 2020	521	-	-	-	521		
	2 July 2019	88.20	338,931	From 1 July 2020 to 1 July 2022	452	-	-	-	452		
	2 July 2020	126.80	261,463	From 1 July 2021 to 1 July 2023	75,771	-	(75,195)	(576)	-	78.15	
	15 April 2021	180.30	867,499	From 14 April 2022 to 14 April 2023	395,704	-	(392,232)	(3,472)	-	97.50	
	2 July 2021	236.60	187,424	From 1 July 2022 to 1 July 2024	111,787	-	(60,761)	(1,658)	49,368	78.15	
	15 November 2021	230.00	373,475	From 14 November 2022 to 14 November 2023	167,098	-	(156,737)	(10,268)	93	69.95	
	19 April 2022	105.20	2,524,791	From 14 November 2022 to 18 April 2025	2,441,104	-	(1,098,801)	(70,824)	1,271,342	94.60	
	4 July 2022	119.50	453,579	From 3 July 2023 to 3 July 2025	431,938	-	(153,973)	(15,279)	262,686	69.95	
	15 November 2022	97.90	989,034	From 14 November 2023 to 14 November 2024	981,984	-	(456,005)	(70,450)	455,529	78.15	
	22 May 2023	81.70	2,427,879	From 14 November 2023 to 21 May 2027	-	2,427,879	(478)	(131,304)	2,296,097	69.95	
	3 July 2023	79.05	510,291	From 2 July 2024 to 2 July 2026	-	510,291	-	-	510,291		
	20 November 2023	73.20	1,396,460	From 19 May 2024 to 19 November 2027	-	1,396,460	-	(5,579)	1,390,881		
					Subtotal	4,606,465	4,334,630	(2,394,319)	(309,410)	6,237,365	
					Total	4,954,781	4,414,419	(2,531,509)	(309,410)	6,528,281	



*Notes:*

- (1) For the year ended 31 December 2023, a total of 4,414,419 Restricted Shares were granted under the Restricted Share Award Scheme.
- (2) The purchase price of the grant of Restricted Shares under the Restricted Share Award Scheme was the closing price of the Shares on the Hong Kong Stock Exchange on the respective grant date, i.e., HKD81.70 on 22 May 2023; HKD79.05 on 3 July 2023; and HKD73.20 on 20 November 2023.
- (3) The closing price of the Shares immediately before each of the grant date of the Restricted Shares was HKD82.30 on 19 May 2023; HKD78.15 on 30 June 2023 and HKD73.25 on 17 November 2023.
- (4) The fair value of the granted Restricted Shares was measured on the basis of an observable market price. For more details, please refer to Note 43 to the consolidated financial statements of the annual report of the Company for the year ended 31 December 2023.
- (5) The weighted average closing price of the Shares immediately before the vesting date of the Restricted Shares was HKD86.98.
- (6) No Restricted Shares were cancelled for the year ended 31 December 2023.
- (7) According to the Group's internal policy, the Restricted Shares have been granted to the participants but not yet vested.
- (8) The top five highest paid individuals of the Group included three Directors (i.e., Ye Liaoning, Sun Yang and Wang Wenjian) and two non-Director employees including Employee A and Employee B for the year ended 31 December 2023.
- (9) There was no issuance of Shares under the Restricted Share Award Scheme, and hence, the data concerning the number of Shares that may be issued in respect of the Restricted Shares granted under the Restricted Share Award Scheme divided by the weighted average number of Shares in issue for the year ended 31 December 2023 is not applicable herein.

Save as disclosed above, at no time during the period for the year ended 31 December 2023 was the Company or its subsidiaries a party to any arrangement to enable the Directors or any of their spouses or children under 18 years of age to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any other corporation.

The following table sets out the interest of the Directors in the Restricted Shares under the Restricted Share Award Scheme for the six months ended 30 June 2024.

	Date of grant	Purchase price/fair value (Note 2 & 4) HKD	Number of granted shares	Vesting period	Number of shares				Closing price immediately before vesting date HKD	
					As at 1 January 2024 (Note 7)	Granted during the period (Note 1 & 3)	Vested during the period (Note 5)	Lapsed during the period		As at 30 June 2024 (Notes 6 & 7)
<b>DIRECTORS</b>										
Mr. Ye Liaoning	19 April 2022	105.20	35,102	From 18 April 2023 to 18 April 2025	23,401	-	(11,701)	-	11,700	37.45
	15 November 2022	97.90	11,935	From 14 November 2023 to 14 November 2024	5,967	-	-	-	5,967	
	20 November 2023	73.20	15,617	From 19 November 2024 to 19 November 2025	15,617	-	-	-	15,617	
					<b>Subtotal</b>	<b>44,985</b>	<b>-</b>	<b>(11,701)</b>	<b>-</b>	<b>33,284</b>
Mr. Sun Yang	19 April 2022	105.20	46,803	From 18 April 2023 to 18 April 2025	31,202	-	(15,601)	-	15,601	37.45
	15 November 2022	97.90	11,935	From 14 November 2023 to 14 November 2024	5,967	-	-	-	5,967	
	20 November 2023	73.20	15,617	From 19 November 2024 to 19 November 2025	15,617	-	-	-	15,617	
					<b>Subtotal</b>	<b>52,786</b>	<b>-</b>	<b>(15,601)</b>	<b>-</b>	<b>37,185</b>
Mr. Wang Wenjie	19 April 2022	105.20	47,388	From 18 April 2023 to 18 April 2025	29,544	-	(17,844)	-	11,700	37.45
	22 May 2023	81.70	14,327	From 21 May 2024 to 21 May 2025	14,327	-	(7,164)	-	7,163	44.10
	20 May 2024	44.10	26,155	From 19 May 2025 to 19 May 2026	-	26,155	-	-	26,155	
					<b>Subtotal</b>	<b>43,871</b>	<b>26,155</b>	<b>(25,008)</b>	<b>-</b>	<b>45,018</b>
Mr. Wang Wenjian	19 April 2022	105.20	47,388	From 18 April 2023 to 18 April 2025	29,544	-	(17,844)	-	11,700	37.45
	22 May 2023	81.70	14,327	From 21 May 2024 to 21 May 2025	14,327	-	(7,164)	-	7,163	44.10
	20 May 2024	44.10	26,155	From 19 May 2025 to 19 May 2026	-	26,155	-	-	26,155	
					<b>Subtotal</b>	<b>43,871</b>	<b>26,155</b>	<b>(25,008)</b>	<b>-</b>	<b>45,018</b>
					<b>Total</b>	<b>185,513</b>	<b>52,310</b>	<b>(77,318)</b>	<b>-</b>	<b>160,505</b>

*Notes:*

- (1) For the six months ended 30 June 2024, a total of 52,310 Restricted Shares were granted under the Restricted Share Award Scheme to the Directors.
- (2) The purchase price of the grant of Restricted Shares under the Restricted Share Award Scheme was the closing price of the Shares on the Hong Kong Stock Exchange on the respective grant date.
- (3) The closing price of the Shares immediately before each of the grant date of the Restricted Shares was HKD43.95 on 17 May 2024.
- (4) The fair value of the granted Restricted Shares was measured on the basis of an observable market price. For more details, please refer to Note 22 to the condensed consolidated financial statements of this announcement.
- (5) The weighted average closing price of the Shares immediately before the vesting date of the Restricted Shares was HKD40.73.
- (6) No Restricted Shares were cancelled for the six months ended 30 June 2024.
- (7) According to the Group's internal policy, the Restricted Shares have been granted to the participants but not yet vested.

Save as disclosed above, at no time during the period for the six months ended 30 June 2024 was the Company or its subsidiaries a party to any arrangement to enable the Directors or any of their spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other corporation.

## **C. CORPORATE GOVERNANCE AND SECURITIES TRANSACTIONS BY DIRECTORS**

### **Corporate Governance**

The Directors recognise the importance of incorporating elements of good corporate governance in the management structure and internal control procedures of the Group so as to achieve effective accountability and to maximise the Shareholders' benefits. For the six months ended 30 June 2024, the Company complied with all of the mandatory disclosure requirements set out in Part 1 of the Corporate Governance Code (the "**Corporate Governance Code**") contained in Appendix C1 to the Listing Rules. Meanwhile, the Company has applied the principles of good corporate governance (the "**Principles**") and complied with the code provisions and most of the recommended best practices set out in Part 2 of the Corporate Governance Code. The Company annually reviews the application of the Principles and will improve its corporate governance practices with the reference to the latest development of the corporate governance.

## Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 of the Listing Rules. Having made specific enquiry with regard to securities transactions of the Directors, all Directors have confirmed their compliance with the required standards set out in the Model Code and its code of conduct regarding Directors’ securities transactions for the six months ended 30 June 2024.

### D. AUDIT COMMITTEE

The audit committee of the Board (the “**Audit Committee**”) consists of three independent non-executive Directors (namely Ms. Jia Lina (committee chairman), Mr. Feng Hua Jun and Mr. Shao Yang Dong). The Audit Committee and the Company’s external auditors have reviewed the interim report of 2024 and the unaudited condensed consolidated financial statements for the six months ended 30 June 2024. Members of the Audit Committee agreed with the accounting treatment adopted in the preparation of the condensed consolidated financial statements for the six months ended 30 June 2024.

By order of the Board  
**Sunny Optical Technology (Group) Company Limited**  
**Ye Liaoning**  
*Chairman and Executive Director*

Hong Kong, 20 August 2024

*As at the date of this announcement, the Board comprises Mr. Ye Liaoning, Mr. Sun Yang and Mr. Wang Wenjie, who are executive Directors; Mr. Wang Wenjian, who is non-executive Director, and Mr. Feng Hua Jun, Mr. Shao Yang Dong and Ms. Jia Lina, who are independent non-executive Directors.*