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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)

**CLARIFICATION ANNOUNCEMENT –
CORRECT TERMS REGARDING THE RE-GRANT OF
THE FIRST TRANCHE OF SHARE AWARDS**

Reference is made to the announcement of Shanghai Connect Optical Co., Ltd. (the “**Company**”) dated 3 April 2025 regarding (inter alia) the re-granting of the first tranche of share awards (the “**Announcement**”). Unless the context otherwise requires, the terms used in this announcement have the same meanings as those in the Announcement.

The Company would like to clarify that due to an inadvertent clerical error, the “Proposed purchase price of the Restricted Share Units” stated on page 4 of the announcement was mistakenly stated as HK\$26.05 per Share. In fact, the proposed purchase price for the first tranche of restricted share units re-granted should remain at HK\$4.58 per share, while the closing price of the shares on the date of grant (i.e. April 3, 2025) was HK\$26.05 per share.

Save as disclosed in this announcement, all other information and contents contained in the Announcement remain unchanged.

For the ease of comprehension by the shareholders and potential investors, the revised main content of the Announcement and other detailed terms of the Company’s grant of restricted share units on 7 January 2025 are set out in their entirety as follows:

Reference is made to (i) the circular of the Company dated 1 December 2023 in relation to, among others, the adoption of the restricted share unit scheme by the Company (the “**Circular**”); and (ii) the announcement of the Company dated 7 January 2025 in relation to the grant of share awards by the Company. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings ascribed to them in the Circular.

As announced by the Company on 7 January 2025, the Company has granted a total of 11,874,300 share units to selected employees pursuant to the Restricted Share Unit Scheme adopted in 2023.

I. CANCELLATION OF GRANT OF SHARE AWARDS

The Company hereby announces that in view of the recent business development of the Company and to better retain talent as well as to raise our employee's enthusiasm and sense of belongings, the Company considered that it was necessary to reorganize the list of awardees and the number of Shares under the relevant share awards scheme and therefore, with the consent of each of the proposed selected grantees, the Company has, in accordance with the terms of the Restricted Share Unit Scheme, cancelled the share awards which had been previously granted at the sole discretion of the Board. As at the date of this announcement, no share awards previously granted have been vested and all of the revoked award shares remain to be held by the Trustee of the scheme.

II. AMENDMENTS TO THE ARRANGEMENT OF THE PROPOSED GRANT

Following this cancellation of the grant of the share awards, in order to achieve the motivational effects as mentioned above, the remuneration committee of the Company has proposed to the Board and the Board has reviewed and considered a new grant and vesting proposal.

The new grant and vesting articles are as follows:

Share awards granted to the holders of the scheme will be granted by the Board in four installments respectively, to holders who are proposed by the Board or an authorized person and who are qualified. Of which, the vesting proportion and timing are as follows:

1. Upon the grant of the first tranche of the Restricted Share Unit Awards, the tranche of Awards will vest on a reasonable date after each of the performance indicators in 2025 have been recognized, and the proportion of Shares that will vest shall be 20% of the total number of award shares granted to Selected Participants;

2. Upon the grant of the second tranche of the Restricted Share Unit Awards, the tranche of Awards will vest on a reasonable date after each of the performance indicators in 2026 have been recognized, and the proportion of Shares that will vest shall be 20% of the total number of award shares granted to Selected Participants;
3. Upon the grant of the third tranche of the Restricted Share Unit Awards, the tranche of Awards will vest on a reasonable date after each of the performance indicators in 2027 have been recognized, and the proportion of Shares that will vest shall be 30% of the total number of award shares granted to Selected Participants; and
4. Upon the grant of the fourth tranche of the Restricted Share Unit Awards, the tranche of Awards will vest on a reasonable date after each of the performance indicators in 2028 have been recognized, and the proportion of Shares that will vest shall be 30% of the total number of award shares granted to Selected Participants.

The proposed purchase price for each tranche of restricted share units will remain at HK\$4.58 per share.

(Conditions of Exercise) Performance targets of the Restricted Share Unit:

The base indicators to be taken into consideration are the annual net profit attributable to the Group for each of the year ending 31 December 2025, 31 December 2026, 31 December 2027 and 31 December 2028 respectively, excluding the profit impact from the allocation of costs related to the implementation of RSU (hereinafter referred to as “**Attributable Net Profit**”). The data for the Attributable Net Profit will be published annually after being approved by the auditor of the Company. The details of the benchmark Attributable Net Profit to be met to fulfil the performance indicator condition are as follows:

- For the first period of vesting, an increase of not less than 21% in the Company’s Attributable Net Profit in 2025 compared to the net profit vested to the Company in 2024 shall be achieved;

- For the second period of vesting, an increase of not less than 17% in the Company’s Attributable Net Profit in 2026 compared to the Attributable Net Profit of the Company in 2025 shall be achieved;
- For the third period of vesting, an increase of not less than 15% in the Company’s Attributable Net Profit in 2027 compared to the Attributable Net Profit of the Company in 2026 shall be achieved; and
- For the fourth period of vesting, an increase of not less than 12% in the Company’s Attributable Net Profit in 2028 compared to the Attributable Net Profit of the Company in 2027 shall be achieved.

All dates mentioned above are tentative only and are subject to (i) the Company’s audited results for the years ended December 31, 2025, 2026, 2027 and 2028 respectively; and (ii) the Company’s confirmation that each Selected Participant has achieved the performance targets disclosed below.

However, in the event of a material change in the external economic environment that would result in a material change in the above expected indicators, the Board may, at its discretion, adjust the indicators to conform to the actual performance of the Company. For the avoidance of doubt, the above indicators do not constitute the Company’s forecast of its future performance or profitability.

III. RE-GRANT OF FIRST TRANCHE OF SHARE AWARDS

At the same time, the Board has determined and approved the re-grant of first tranche of Restricted Share Unit, representing 20% of the 11,874,300 Shares, i.e., 2,374,860 Shares, on 3 April 2025, in accordance with the conditions set forth above.

Grant Date	:	3 April 2025
Restricted Share Unit to be granted	:	2,374,860
Proposed purchase price of the Restricted Share Unit	:	HK\$4.58 per Share

Vesting period of the Restricted Share Units : To be vested on a reasonable date after each of the performance indicator in 2025 have been recognized.

Upon vesting, each of the Restricted Share Units shall automatically be converted into Shares of the Company as a share unit under the Award. The remuneration committee of the Board and the Board are of the view that the above vesting period arrangement is appropriate.

Performance targets of the Restricted Share Units : Each vesting of the Restricted Share Units granted to the Selected Participants will be subject to the individual's annual year-end comprehensive performance evaluation, which shall be based on performance targets and evaluation rules set by the Company in line with business development goals. The vesting percentage of the Restricted Share Units at each vesting date will be adjusted based on the individual's annual evaluation results. The specific details of the performance targets are set out below:

Performance indicator condition (the **"Performance Indicator Condition"**):

Under the Performance Indicator Condition, the base indicators to be taken into consideration are the Attributable Net Profit to the Group for the year ending 31 December 2025. The data for the Attributable Net Profit will be published after being approved by the auditor of the Company. The details of the benchmark Attributable Net Profit to be met to fulfil the Performance Indicator Condition for the First Vesting Period is that, the Group shall achieve no less than a 21% increase of the Attributable Net Profit over the year ending 31 December 2025.

Service longevity condition (the “**Service Longevity Condition**”):

Under the Service Longevity Condition, Selected Participants must have continuously served in the Company between the date of RSU Grant and the vesting period of the RSU(s). If they have departed from the Company, resigned, or are dismissed during this period, they will not be considered to have met the Service Longevity Conditions and thus any RSU(s) granted to such individuals will not be vested.

Individual performance assessment conditions (the “**Individual Performance Assessment Conditions**”):

Under the Individual Performance Assessment Condition, the Board or its authorised personnel(s) will conduct annual performance assessments for each Selected Participants. Performance assessment results will be categorised as “qualified” or “unqualified”. The RSU(s) will only be vested for those with a “qualified” performance assessment result. A Selected Participant will be regarded as “unqualified” if he/she:

1. has committed any acts of fraud, dishonesty, or serious misconduct, or any violations as determined by the Board at their sole discretion;
2. has been adjudicated for any criminal offenses related to integrity or honesty, or being legally liable for any violations under the SFO, or other securities laws, or any other applicable laws, rules, or regulations in Hong Kong or China;

3. has violated professional ethics or non-compete undertakings (if applicable) and leaking confidential information of the Company;
4. being determined by the Board, at their sole discretion, that he/she has harmed the Company's interests or reputation due to negligence or intentional misconducts; or
5. being determined by the Board that he/she has been involved in other situations, including but not limited to serious violations of relevant rules of the Group, employee handbooks, or job responsibilities.

Clawback mechanism of the Award Shares : The key clawback terms are as follows:

Unless otherwise waived by the Board, in the event that the vesting conditions (if any) specified in an Award Letter are not fully satisfied prior to or on the relevant Vesting Date, the award of the RSU shall lapse, such RSU shall not vest on the relevant Vesting Date.

In the event that a Selected Participant ceases to be an Eligible Person on or prior to the relevant Vesting Date in accordance with the Scheme and the Award in respect of the relevant Vesting Date shall lapse or be forfeited pursuant to the Scheme, such Award shall not vest on the relevant Vesting Date.

If a Selected Participant ceases to be an Eligible Person by reason of (i) retirement of the Selected Participant by agreement with a member of the Group; (ii) death of the Selected Participant; or (iii) termination of the Selected Participant's employment or contractual engagement with the Group by reason of his/her permanent physical or mental disablement resulting from work injury as a result of his/her employment with the Group, any outstanding RSUs not yet vested shall be vested on the next available Vesting Date set out in the Award Letter or on such other date as may be determined by the Board or the Delegatee at their sole and absolute discretion.

Details of the Selected Participants under the Restricted Share Unit Grant are set out below:

Selected Participants	Positions held with the Company	No. of Restricted Share Unit (s)
Mr. Zheng Yuhong	Executive Director	85,200
Mr. Chen Junhua	Executive Director	85,200
Mr. Xia Guoping	Executive Director	85,200
Mr. Wang Chuanbao	Executive Director	70,000
Mr. Xu Jingming	Supervisor	60,000
Ms. Li Yan	Supervisor	15,000
Mr. Tang Baohua	Supervisor	6,300
Other 147 Employees of the Group	Employees	1,967,960

(154 in total)

REASONS FOR AND BENEFITS OF THE RSU GRANT

The purposes of the RSU Grant are as follows:

- (a) to recognize the contributions made by the Eligible Persons and provide incentives to them in order to retain them for the continuous operation and development of the Group;
- (b) to attract talents for further development of the Group and enhance competitiveness of such talents; and
- (c) to align the interests of Eligible Persons to the Group's values, enabling employees to work towards the Group's long-term development goals.

Based on the above, the Board is of the view that the RSU Grant to the proposed Selected Participants recognises their contributions, aligns with the purpose of the Scheme, and is in the interests of the Company and Shareholders as a whole.

The Company hereby reiterates that this amendment to the articles of the grant of share awards has no impact on the 2025 Restricted Share Unit Scheme adopted pursuant to the 2025 Scheme Rules as set out in the circular of the Company dated 20 December 2024.

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

Executive Director and Chairman of the Board

Hong Kong, 6 April 2025

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