Gaush Meditech Ltd
高视医疗科技有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2407)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2022

ANNUAL RESULTS HIGHLIGHTS

Revenue of the Group was RMB1,253.8 million for the year ended December 31, 2022, representing a decrease of 3.4% compared to the revenue of RMB1,298.2 million for the year ended December 31, 2021.

Loss of the Group was RMB352.7 million for the year ended December 31, 2022, representing an increase of 84.1% compared to the loss of RMB191.6 million for the year ended December 31, 2021.

Adjusted net profit (non-IFRS measure)[1] of the Group was RMB157.3 million for the year ended December 31, 2022, representing a decrease of 8.2% compared to the adjusted net profit (non-IFRS measure) of RMB171.3 million for the year ended December 31, 2021.

The Group's basic loss per share was RMB3.61 for the year ended December 31, 2022, representing an increase of 81.4% compared to the basic loss per share of RMB1.99 for the year ended December 31, 2021.

The Board did not recommend the payment of a final dividend for the year ended December 31, 2022.

Note:

(1) Adjusted net profit (non-IFRS measure) is defined by the Group as net loss (i) adding back fair value losses on Preferred Shares and listing expenses, and (ii) adding back/deducting foreign exchange losses/gains on Preferred Shares.

SUMMARY OF CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	For the year ended December 31,	
	2022	2021
	(RMB'000)	*(RMB'000)*
Revenue	**1,253,785**	1,298,218
Cost of sales	**(628,447)**	(688,747)
Gross profit	**625,338**	609,471
Other income and gains	**21,115**	77,900
Selling and distribution expenses	**(187,766)**	(189,470)
Administrative expenses	**(146,169)**	(131,522)
Finance costs	**(42,682)**	(83,525)
R&D expenses	**(41,089)**	(23,506)
Fair value changes of convertible redeemable preferred shares	**(307,426)**	(375,606)
Other expenses	**(196,415)**	(21,706)
Loss before tax	**(275,094)**	(137,964)
Income tax expenses	**(77,618)**	(53,607)
Loss for the year	**(352,712)**	(191,571)
Adjusted net profit (non-IFRS measure)[(1)]	**157,340**	171,319

Note:

Adjustments to the net loss for the year ended December 31, 2022 include: (i) fair value losses on Preferred Shares of RMB307.4 million; (ii) foreign exchange losses on Preferred Shares of RMB163.2 million; and (iii) listing expenses of RMB39.5 million. Adjustments to the net loss for the year ended December 31, 2021 include: (i) fair value losses on Preferred Shares of RMB375.6 million; (ii) foreign exchange gains on Preferred Shares of RMB37.9 million; and (iii) listing expenses of RMB25.2 million.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is committed to offering high-quality ophthalmic medical devices and technical services to its customers strictly in accordance with the core value of "Customer First — Value Creation for Customers". As of the date of this announcement, the Group has already formed a regional R&D, production, marketing and technical services network in China centered in Wuxi, Beijing, Shanghai, Tianjin, Suzhou, Wenzhou, Shenzhen, Guangzhou and Hong Kong and has two manufacturing, R&D, marketing and technical services centers in the Netherlands and Germany. The Group has become the largest domestic ophthalmic medical device technology group in the PRC with a track record of over 20 years. The Group is principally engaged in the R&D, production and distribution of a broad spectrum of ophthalmic medical equipment and consumables, and the provision of ancillary technical services to end customers. As of December 31, 2022, the Group: (i) co-operated with 20 overseas brand partners, of which 16 had entered into exclusive distribution arrangements with the Group in respect of their products, including Heidelberg, Schwind, Optos, etc.; (ii) had a total product portfolio of 129 products; (iii) had over 4,000 end customers (including over 1,200 Class III hospitals and 1,500 Class II hospitals in all provincial administrative regions in China); (iv) had its products sold to 51 countries and regions all over the world; and (v) generated revenue from sales of Proprietary Products and technical services of RMB308.3 million and RMB190.1 million during the Reporting Period, respectively, both reaching a record-high level.

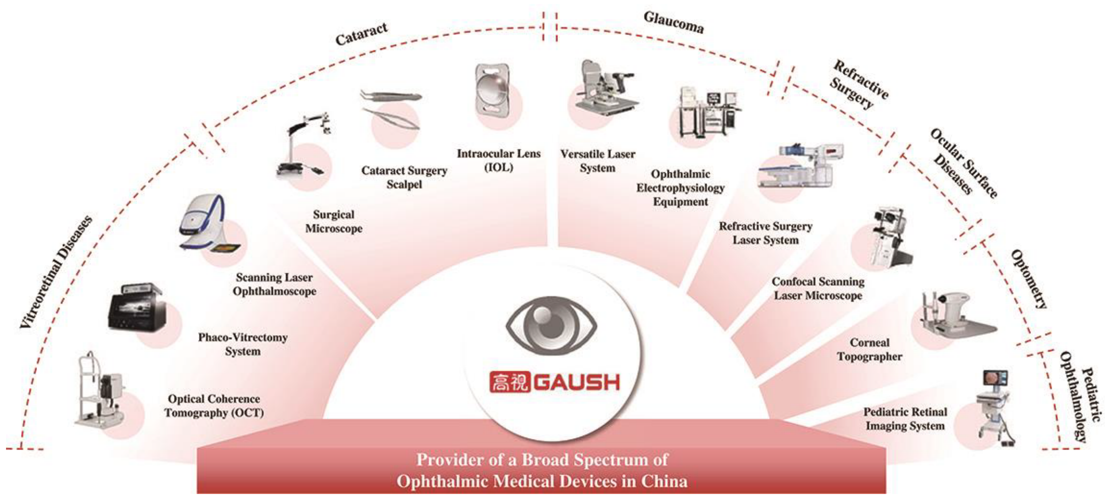
For the year ended December 31, 2022, the revenue of the Group was RMB1,253.8 million, representing a decrease of 3.4% as compared with the previous year. For the year ended December 31, 2022, the gross profit of the Group increased to RMB625.3 million, representing an increase of 2.6% as compared with the previous year.

The following table sets forth the breakdown of the Group's revenue by product and service types for the years indicated.

	For the year ended December 31,	
	2022	2021
	(RMB'000)	*(RMB'000)*
Sales of ophthalmic medical equipment	**641,305**	718,718
Sales of ophthalmic medical consumables	**411,814**	408,368
Technical services	**190,084**	161,605
Others	**10,582**	9,527
Total	**1,253,785**	1,298,218

Products of the Group

The Group's product portfolio covers seven major ophthalmology sub-specialties where ophthalmic medical devices are utilized for their diagnosis, treatment or surgeries, being the vitreoretinal diseases, cataracts, refractive surgery, glaucoma, ocular surface diseases, optometry and pediatric ophthalmology, which enables the Group to provide the customers with integrated product and service offering. The Group's product portfolio is broad, covering multiple dimensions and including a variety of ophthalmology diseases, such as cataracts, refractive errors, glaucoma, vitreoretinal diseases and dry eye. In addition, the Group's products include diagnostic equipment, treatment and surgical instrument to high-value disposables and general consumables. The table below sets forth the product spectrum of the Group.



The Group's product portfolio includes the Proprietary Products, being products of the Group develops and manufactures, and the Distribution Products, being the products of its brand partners. As regard to the Proprietary Products, the Group has also gradually expanded its portfolio of the Proprietary Products through its own R&D efforts and investment, including the four R&D centers in China and the R&D centers in the Netherlands and Germany of Europe. For the year ended December 31, 2022, the revenue contribution of the Proprietary Products accounted for 29.3% of the Group's revenue from sales of products, up from 28.0% in the previous year. In terms of sales in China, the Group primarily serves as a distributor of the Distribution Products. For the year ended December 31, 2022, the revenue contribution of the Distribution Products accounted for 70.7% of the Group's revenue from sales of products.

The Group also provides ophthalmic-related education and training services to professional ophthalmology practitioners through Gaush online platform. Gaush online platform, the first professional ophthalmology online education platform in the PRC, currently has more than 50,000 registered users and has recorded more than 500,000 views of its online training courses.

The Group's R&D Line-up

As China's policies continue to favor domestically produced medical devices, the Group has made significant investments in the R&D of intraocular lens and OK-Lens, ophthalmic surgery consumables, electrophysiological equipment and consumables, optometry equipment and dry eye diagnostic equipment. In particular, with over 20 years of experience in developing intraocular lens, Teleon has a world-leading intraocular lens R&D resources and platform and core intellectual properties. As of the date of this announcement, the Group achieved important breakthrough in lens moulding technique. More importantly, the Group is striving to develop its intraocular lens R&D and production capabilities in China by establishing a R&D and manufacturing facility in Shenzhen. As to electrophysiological equipment, Roland is a leading player in R&D of electrophysiological equipment. Through cooperation between Roland and the Group's R&D and production base in Shenzhen, the Group will form a comprehensive line-up for electrophysiological equipment. As to OK-Lens products, relying on Suzhou Gaush Clear, the Group has completed the R&D layout of a new generation of OK-Lens products. The relevant OK-Lens products have been developed and are currently in the process to obtain registration certificates. As to ophthalmologic surgical consumables and device products, relying on Suzhou Gaush Precision and the Group's science research center in Shenzhen, the Group has also laid a solid foundation for cataract, vitreoretinal diseases and other related surgical equipment and supporting consumables and devices. In particular, Shenzhen Gaush Technology has entered into an agreement with Geuder in relation to the domestic production of vitrectomy surgical device consumables. As to optometry diagnostic devices, relying on Gaush Raymond, the Group has completed a relatively good product layout, among which retinometer and contrast sensitivity instruments are in the leading position in China. As to dry eye products, through Wuxi Gaush Innovation, the Group has entered into an agreement with SBM in Italy, the world's leading R&D and production enterprise of dry eye equipment, regarding the domestic production of related products.

The Group researches and develops, produces and assembles the Group's products at its domestic manufacturing facilities in Zhejiang, Jiangsu and Guangdong, and its overseas manufacturing facilities in the Netherlands and Germany. The Group's manufacturing facilities have a total gross floor area of over 10,000 square meters. The Group's manufacturing facilities primarily consist of production lines, cleanrooms, sterilization plants and warehouses. The construction of the Group's science research center in Shenzhen only took six months and had passed the third party clean room environment inspection. The Group has also completed the site selection and leasing arrangements of science research center in Wuxi, and expect the construction will be commenced around April 2023 and completed around August 2023. The manufacturing facilities in Wuxi will be used for the domestic production of two diagnostic for dry eye, pursuant to the licensing agreements with SBM in Italy.

R&D efforts are critical to the Group's continued business growth. The Group actively develops new Proprietary Products and strives to cover all major ophthalmic product lines. As of December 31, 2022, the Group had 38 R&D personnel. The Group's experienced R&D team had accumulated extensive expertise in optics, material sciences and process improvement, which enabled the Group to further the development of its pipeline products and improvement of existing products. For example, the Group's R&D personnel had more than ten years of industry experience on average. The Group also engaged the founder of Teleon, Bernardus Franciscus Maria Wanders, as the Group's R&D consultant. Bernardus Franciscus Maria Wanders was the inventor of more than ten patents as to intraocular lens. The Group has also engaged prominent KOLs and researchers to serve as the Group's strategic consultants, which included Professor SUN Xinghuai, being the alternate chairman of the Chinese Ophthalmological Society (中華醫學會眼科學分會) and director of ophthalmology department of Shanghai Medical College of Fudan University (復旦大學上海醫學院), Professor GE Jian, being former director of the State Key Laboratory of Ophthalmology (眼科學國家重點實驗室) and Professor WANG Qinmei, being the former executive president of Eye Hospital of Wenzhou Medical University (溫州醫科大學附屬眼視光醫院). The Group believes the strategic consultants provided the Group invaluable industry insights and supported its continuous growth.

In addition, the Group strategically focuses on R&D of intraocular lens products for treatment of refractive error and cataract, orthokeratology lens and ophthalmic surgical instruments. For example, the Group had obtained the Class II medical device registration with respect to three of its ophthalmology scalpel products for paracentesis, secondary incision and tunneling on July 22, 2022, for which the manufacturing license was also obtained on August 11, 2022.

Technical Services Business

Ophthalmic medical devices are highly complex, demanding extensive technical support and after-sale maintenance. The Group believes that its high-quality professional technical services capability has great commercial value and profit generating potential. As such, the Group also differentiates itself from its competitors through enhanced technical service capability. The Group provides its end customers with technical services primarily in China, which include installment services for the ophthalmic medical equipment it sold, and also the after-sale warranty and maintenance of such products.

The Group has strong technical service capabilities. First of all, as of December 31, 2022, the Group has a technical service team comprising 120 technicians, all of whom hold technical certifications. Secondly, the Group provides technical services on a 7*24 hour basis and have 8 technical service centers across China (including Hong Kong). The Group's industry-leading technical service network covers all provincial administrative regions in China, and enables it to provide services to the customers in a timely manner. The network service also presents a great opportunity for the Group to interact with its customers, build brand loyalty and gain first-hand insights into market demand and unmet market needs. For the year ended December 31, 2022, the revenue contribution of the Group's technical services accounted for 15.2% of its total revenue, representing an increase of 2.8% compared with the previous year.

Excellent Distribution Capability

Leveraging the Group's nationwide multi-channel sales network and an established ophthalmology KOL network, as well as the professional sales team, the Group brings values for the customers by helping them evaluate their clinical needs, and assessing their application environment and technical capabilities, thereby offers products that best suits their needs and circumstances. The Group has co-operated with 20 overseas brand partners, of which 16 had entered into exclusive distribution arrangements with the Group to distribute their products, including Heidelberg, Schwind, Optos, etc. The Group has over 4,000 end users in China, including over 1,200 Class III hospitals and 1,500 Class II hospitals, who have purchased its products and after-sales businesses.

In term of overseas business expansion, the Group had transacted with 77 overseas distributors, Teleon's products had been sold to 51 countries and regions, and Roland's products had been sold to 31 countries and regions.

Business Update

Myopia Prevention and Control — Advancement in OK-Lens Project

The size of the OK-Lens market in China exceeded RMB1.9 billion in 2021. Considering the high demand of myopia prevention and control, the penetration rate of OK-Lens application is expected to grow rapidly in the coming years. On August 26, 2022, the Group obtained clearance on the biological safety evaluation with respect to its OK-Lens product. On November 18, 2022, the Group had obtained approval from the ethics committees of the relevant clinical trial institutions. The Group expects to enroll patients around early April 2023 and complete the patient enrollment by the fourth quarter of 2023. OK-Lens product is expected to apply for registration certificate in 2025 and obtain the registration certificate approval from NMPA by the end of 2025 or early 2026.

Myopia Treatment — Successful Registration of Schwind Atos Femtosecond Laser Corneal Refractive Surgery System

Over one million for Small Incision Lenticule Extraction (SMILE) surgeries have been performed in 2021. Faced with the huge market prospects, the Group also engaged a CRO and a key laboratory for real-world study to further the real-world research of Schwind Atos femtosecond laser corneal refractive surgery system. As of the date of this announcement, the Group has obtained the clinical trial report of flap-making function and SmartSight (i.e. SMILE) function.

Integrated Diagnosis — Exclusive Distribution Agreement with The Haag-Streit Group

In March 2023, the Group became the official authorized exclusive sales and technical service partner of the Haag-Streit Group in Chinese mainland with respect to its full line of diagnostic equipment, including full-line series No. 900 slit lamp microscopes and slit lamp microscope imaging modules, LENSTAR 900 optical biometer, Octopus 900/600 perimeter, Goldmann tonometers and other compliments.

Domestic Production in Full Swing

1. *Progress of the Domestic Production of SBM's Products*

   As to dry eye diagnosis, the Group has entered into certain licensing agreements with SBM, a company established in Italy, regarding the localization of two diagnostic devices for dry eye. Pursuant to such licensing agreements, with effect from March 1, 2023, the Group was granted with the exclusive right to use and exploit certain diagnostic technologies of SBM and to design, manufacture, assemble and sell two diagnostic devices of SBM, namely Gaush iDea and OS1000 Topographer, in Chinese mainland, Hong Kong and Macau. The term of the licensing agreements is five years commenced from the completion of localization registration of the relevant diagnostic devices.

2. *Progress of the Domestic Production of a Geuder's Product*

   As to vitreoretinal diseases treatment, on March 14, 2023 (Germany time), the Group entered into a framework cooperation agreement with Geuder, a company established in Germany, regarding the localization of a medical device for vitrectomy. Pursuant to such agreement, the Group was licensed by Geuder to manufacture such device and launch it in China. The Group will be the sole legal manufacturer of such medical device under the laws and regulations of the PRC. The term of the agreement is eight years commenced from the date of the agreement.

3. *Progress of the Domestic Production of Gaush Teleon's Intraocular Lens Products*

   As to cataracts treatment, the Group immediately started the domestic production project of Teleon's intraocular lens after completing the acquisition of Teleon, pursuant to the target of which, the Group undertakes the domestic production and registration of three kinds of monofocal intraocular lens in China. The Group has completed the construction of the office area, production workshop, clean room and laboratory for this project and put them into use in June 2022. In December 2022, the Group completed the sample production of one of the intraocular lenses and started the test for NMPA registration. The Group expects to complete the NMPA registration test for all three lenses in 2023, and expects to submit two lenses for NMPA registration approval in the second half of 2023.

Overcoming the Challenges Brought by the COVID-19 Pandemic

The spread of the novel coronavirus disease ("**COVID-19**") in 2022 has adversely affected the Group's operations and financial results to a certain extent. As a result of the regional recurrence of COVID-19 and the restrictive control measures in Eastern China, Northern China and other regions between March to May 2022, the performance of some of the Group's orders was delayed or become invalid. The Group also had to cancel or reduce the scale of its large-scale marketing due to the restrictions. In the end of 2022, the nationwide recurrence of COVID-19 resulted in the suspension of some of the Group's businesses. The abovementioned pandemic at various stages directly caused the reduction of the Group's orders. The Group's revenue decreased by 3.4% from RMB1,298.2 million for the year ended December 31, 2021 to RMB1,253.8 million for the year ended December 31, 2022.

The Group's financial position remained healthy in 2022, and the recurrence of COVID-19 did not have any material adverse impact on the Group's liquidity position. As the Group's business can generate stable cash inflow, together with abundant cash and bank balances, the Group has sufficient liquidity and financial resources to satisfy its daily operation and working capital needs, as well as to support its expansion plan.

In response to the impact of the pandemic, the Group has been more actively promoting online marketing activities, including product promotion through official accounts and further promoting the online remote technical service model. At the same time, the Group also prepared for the subsequent sustainable development of the Group, including continuing to promote employee training and other improvement work, and making timely adjustments or arrangements for the expansion pace of the team.

Long-term Strategies and Outlook

The Group's mission is to become a leader of the global ophthalmic medical device industry. The Group is committed to achieving such mission by implementing the following strategies:

I. Building on the two-pronged approach of "Proprietary Products + high end imports", continuously increase investment on R&D and increase the proportion of revenue from Proprietary Products, and gradually achieve the goal of Proprietary Products accounting for more than 50% of the Group's revenue.

II. Maintain the leading position in diagnostic inspection products and increase investment in surgical treatment products, especially focusing on the development of surgical device related consumables and independent implant consumables.

III. Continue to consolidate the platform advantages of the product portfolio covering the major sub-specialties of ophthalmology, focusing on further expanding the market of myopia and cataracts product portfolio.

IV. Continue to strengthen the construction of the dual-core markets in Asia and Europe, promote international coverage in an orderly manner. Consolidate the Group's market position in China and further expand its global footprint to achieve a balanced development between domestic and overseas business.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group mainly generated revenue from: (i) sales of products, including ophthalmic medical equipment and consumables; and (ii) provision of technical services.

The Group's revenue decreased by 3.4% from RMB1,298.2 million for the year ended December 31, 2021 to RMB1,253.8 million for the year ended December 31, 2022, which was mainly attributable to a decrease of RMB77.4 million in revenue generated from sales of ophthalmic medical equipment due to the significant decrease in revenue in December 2022 compared to the same period of the previous year as a result of the adverse effect brought by the resurgence of COVID-19 in December 2022, which was partially offset by the increases in revenue as follows: (i) revenue generated from technical services increased by RMB28.5 million, in line with the ongoing growth of the Group's revenue from technical services; and (ii) revenue generated from sales of ophthalmic medical consumables increased by RMB3.4 million, in line with the improvement in the penetration rate of ophthalmic surgical medical equipment.

The table below sets forth the breakdown of the Group's sales of products revenue by Distribution Products and Proprietary Products for the years indicated:

	For the year ended December 31,	
	2022	2021
	(RMB'000)	*(RMB'000)*
Distribution Products	**744,814**	810,989
Proprietary Products	**308,305**	316,097
Total	**1,053,119**	1,127,086

Cost of Sales

During the Reporting Period, the Group's cost of sales mainly consisted of costs of goods sold and costs related to technical services. The Group's cost of sales decreased by 8.8% from RMB688.7 million for the year ended December 31, 2021 to RMB628.4 million for the year ended December 31, 2022, primarily due to the optimization of product portfolio, increasing the proportion of sales of ophthalmic medical consumables and technical services during the year, which carried higher gross profit margin.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by 2.6% from RMB609.5 million for the year ended December 31, 2021 to RMB625.3 million for the year ended December 31, 2022. The Group's gross profit margin increased from 46.9% for the year ended December 31, 2021 to 49.9% for the year ended December 31, 2022. Such increase was mainly as (i) new product portfolio changed in 2022 as compared to that of 2021, reflecting the Group's continuous efforts to optimize its product portfolio; (ii) the gross profit margin of ophthalmic medical consumables is higher than that of ophthalmic medical equipment, the revenue of which also slightly increased compared to that of 2021; (iii) the gross profit margin of technical services increased significantly, primarily as a result of reduction in costs of technical service benefiting from the Group's effort in expanding online technical service mode; and (iv) the sales volume and revenue of the Group's Proprietary Products increased while the Group improved its manufacturing capacity, resulting in lower unit costs and the successive increase in the gross profit margin of Proprietary Products.

The following table sets forth the breakdown of gross profit and gross profit margin by business segments for the years indicated:

	For the year ended December 31,			
	2022		2021	
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin
	(RMB'000)	**%**	*(RMB'000)*	%
Sales of ophthalmic medical equipment	**304,846**	**47.5**	321,528	44.7
Sales of ophthalmic medical consumables	**229,173**	**55.6**	209,168	51.2
Technical services	**91,231**	**48.0**	70,104	43.4
Others	**88**	**0.8**	8,671	91.0
Total	**625,338**	**49.9**	609,471	46.9

Other Income and Gains

During the Reporting Period, the Group's other income and gains primarily consisted of (i) bank interest income; (ii) government grants; (iii) investment income and gains from financial products at fair value through profit or loss; and (iv) foreign exchange gains (the Group's transactions with many brand partners, loan at fair value through profit or loss and Preferred Shares are denominated in foreign currencies).

The Group's other income and gains decreased significantly from RMB77.9 million for the year ended December 31, 2021 to RMB21.1 million for the year ended December 31, 2022. Such decrease was mainly because the Group recorded exchange losses of RMB172.5 million (included in other expenses) in 2022, while the Group recorded exchange gains of RMB61.8 million in 2021, primarily attributable to the foreign exchange losses or gains relating to the Preferred Shares as the result of the fluctuation in exchange rate during the years.

Selling and Distribution Expenses

During the Reporting Period, the Group's selling and distribution expenses primarily consisted of (i) salaries and remuneration of the Group's sales and marketing personnel; (ii) marketing expenses for holding marketing events and promotion of the Group's products; and (iii) transportation and travel expenses incurred in the course of the Group's marketing activities.

The Group's selling and distribution expenses decreased slightly by 0.9% from RMB189.5 million for the year ended December 31, 2021 to RMB187.8 million for the year ended December 31, 2022, primarily due to the increase in the number of terminal medical institutions and the increase in staff costs during the Reporting Period, which was partially offset by the decrease in advertisement and promotion expenses.

As a percentage of revenue, selling and distribution expenses slightly increased from 14.6% for the year ended December 31, 2021 to 15.0% for the year ended December 31, 2022, primarily due to the increase in staff costs during the Reporting Period, reflecting the expansion of selling professional team.

Administrative Expenses

During the Reporting Period, the Group's administrative expenses primarily consisted of (i) salaries and remuneration of administrative staff; (ii) consulting services fees, which includes IT and other service expenses procured to support company operations and the listing expenses; (iii) transportation and travel expenses incurred in the course of administration; and (iv) depreciation of right-of-use assets.

The Group's administrative expenses increased by 11.2% from RMB131.5 million for the year ended December 31, 2021 to RMB146.2 million for the year ended December 31, 2022, primarily attributable to the increase in the listing expenses and staff costs.

Finance Costs

During the Reporting Period, the Group's finance costs primarily consisted of interest expenses on bank and other borrowings and lease liabilities. The Group's finance costs decreased significantly by 48.9% from RMB83.5 million for the year ended December 31, 2021 to RMB42.7 million for the year ended December 31, 2022, primarily attributable to the decrease in interest expenses of bank and other borrowings as a result of the partial repayment of various interest-bearing borrowings of the Group (including mezzanine facility loan and other interest-bearing bank borrowings).

R&D Expenses

During the Reporting Period, the Group's R&D expenses increased significantly by 74.8% from RMB23.5 million for the year ended December 31, 2021 to RMB41.1 million for the year ended December 31, 2022, primarily as the Group continuously expanded its R&D team and upgraded its R&D center. As of the date of this announcement, Gaush Teleon has completed the construction of factory in Shenzhen, the factory and most equipment have been put into operation. The incorporation and establishment of the new subsidiary, Shenzhen Gaush Technology, has also been completed, to engage in the R&D of electrophysiological diagnostic equipment and other products, which incurred R&D expenses of RMB1.9 million in 2022. R&D of OK-Lens by Suzhou Gaush Clear has also been completed and entered into clinical trial process, thereby incurring the R&D expenses of RMB11.1 million in 2022. The increase in R&D expenses reflected the Group's commitment as to R&D of Proprietary Products (currently including optometric products, OK-Lens, intraocular lens and related products and technology), as well as consumables products for ultrasonic emulsification and electrophysiological diagnostic equipment products.

Fair Value Changes of Convertible Redeemable Preferred Shares

During the Reporting Period, the Group's fair value change losses of convertible redeemable preferred shares decreased from RMB375.6 million for the year ended December 31, 2021 to RMB307.4 million for the year ended December 31, 2022, primarily attributable to the change in valuation of the Group.

Other Expenses

During the Reporting Period, the Group's other expenses primarily consisted of foreign exchange losses (including foreign exchange losses on Preferred Shares), asset impairment losses and credit impairment losses.

The Group's other expenses increased significantly from RMB21.7 million for the year ended December 31, 2021 to RMB196.4 million for the year ended December 31, 2022, primarily attributable to the increases in foreign exchange losses on Preferred Shares.

Income Tax Expenses

The Group's income tax expenses increased by 44.8% from RMB53.6 million for the year ended December 31, 2021 to RMB77.6 million for the year ended December 31, 2022, primarily attributable to the increase in taxable profits in 2022.

Loss for the year

For the foregoing reasons, the Group recorded loss for the year ended December 31, 2022 of RMB352.7 million, and recorded loss for the year ended December 31, 2021 of RMB191.6 million.

Non-IFRS Measure — Adjusted Net Profit

To supplement the Group's consolidated financial statements, which are presented in accordance with the IFRS, the Company also uses adjusted net profit for the year, which are not required by, or presented in accordance with the IFRS. The Group defines adjusted net profit (non-IFRS measure) as net loss (i) adding back fair value losses on Preferred Shares and listing expenses, and (ii) adding back/deducting foreign exchange losses/gains on Preferred Shares. Fair value losses and foreign exchange losses/(gains) on Preferred Shares are non-cash in nature and do not result in cash outflow, and given that the Preferred Shares have been converted into ordinary Shares of the Company upon Listing, the Group does not expect to record such losses or gains after Listing. Listing expenses are expenses relating to the Global Offering of the Company. The Group believes the exclusion of fair value losses and foreign exchange losses/(gains) on Preferred Shares and listing expenses provides investors and management with greater visibility as to the underlying performance of the Group's business operations and facilitates comparison of operating performance of other companies in the industry and of itself during different periods. However, the Group's presentation of adjusted net profit may not be comparable to similarly titled measures presented by other companies. The use of this measure has limitations as an analytical tool. As such, it should not be considered in isolation from, or as substitute for analysis of, the Group's results of operations or financial condition as reported under the IFRS. The Group's adjusted net profit (non-IFRS measure) slightly decreased by 8.2% from RMB171.3 million for the year ended December 31, 2021 to RMB157.3 million for the year ended December 31, 2022, primarily attributable to the impact of the national pandemic restriction measures on the income of the subsidiaries in China in December 2022 and the increase in R&D expenses.

The table below sets forth a reconciliation of net loss for the year to adjusted net profit (non-IFRS measure) for the years indicated:

	For the year ended December 31,	
	2022	2021
	(RMB'000)	*(RMB'000)*
Loss for the year	**(352,712)**	(191,571)
Add:		
Fair value losses on Preferred Shares	**307,426**	375,606
Foreign exchange losses/(gains) on Preferred Shares	**163,170**	(37,949)
Listing expenses	**39,456**	25,233
Adjusted net profit (non-IFRS measure)	**157,340**	171,319

Financial Position

Inventories

The Group's inventories consisted of finished goods, goods in transit, raw materials and work-in-progress. Under the inventory control policy, the Group regularly monitors and analyzes its historical procurement, production and sales statistics and adjusts its inventories to meet the demand of customers in a timely manner without causing inventory accumulation. The Group's inventories increased by 17.1% from RMB240.1 million as of December 31, 2021 to RMB281.1 million as of December 31, 2022, primarily due to the Group's year-end balance of finished goods varied in line with the Group's sales plan and the lead time of the Group's products, which were volatile in response to the market conditions.

The Group's inventory turnover days increased from 129 days in 2021 to 155 days in 2022, primarily due to the decrease in sales during the resurgence of COVID-19, which still indicated that the Group's inventories were generally utilized or sold within six months. The inventories turnover days are calculated by dividing the arithmetic mean of the opening and ending carrying amount of inventories in that period by cost of sales for the corresponding period and then multiplying by 365 days.

Trade Receivables

The Group's trade receivables represented outstanding amounts due from its customers. The Group's trade receivables slightly decreased by 4.7% from RMB180.2 million as of December 31, 2021 to RMB171.7 million as of December 31, 2022, primarily as the Group devoted more efforts to collecting long-aged trade receivables in 2022, which had achieved remarkable results.

The Group's trade receivable turnover days in 2021 and 2022 remained relatively stable at 50 days and 51 days, respectively, generally in line with the Group's credit term policies between one to three months.

Trade Payables

The Group's trade payables primarily represented payments due to suppliers. The Group's trade payables remained relatively stable at RMB68.0 million as of December 31, 2021 and RMB68.7 million as of December 31, 2022, respectively.

The Group's trade payable turnover days in 2021 and 2022 were 46 days and 40 days, respectively, generally in line with the credit term policies of the Group's suppliers between 30 days to 90 days.

Prepayments, Other Receivables and Other Assets

The Group's prepayments, other receivables and other assets primarily consisted of (i) prepayment to suppliers; (ii) deposits that the Group paid to its customers as product quality assurance deposits; (iii) deposits for participating in public tenders; (iv) advance payment of income tax; and (v) value-added tax recoverable. As of December 31, 2021 and December 31, 2022, the Group's prepayments, other receivables and other assets remained relatively stable at RMB78.8 million and RMB75.4 million, respectively.

Goodwill

Goodwill arose from acquisitions of the Group's subsidiaries including Teleon and Roland, of which, the carrying amounts of Roland and Teleon asset group were denominated in Euro. The Group's goodwill slightly increased by 2.7% from RMB882.7 million as of December 31, 2021 to RMB906.9 million as of December 31, 2022, primarily attributable to the exchange rate fluctuation between RMB and Euro. The Group did not record any goodwill impairment during the Reporting Period.

Intangible Assets

The Group's intangible assets (other than goodwill) mainly represented the software the Group purchased and used in the ordinary course of business as well as the patents and trademarks, identified as a result of business combinations. The Group's intangible assets slightly decreased by 8.2% from RMB303.9 million as of December 31, 2021 to RMB278.9 million as of December 31, 2022, primarily attributable to the accumulated amortization.

Capital Structure, Liquidity and Financial Resources

The Company's Shares were listed on the Main Board of the Stock Exchange on December 12, 2022, and the share capital structure of the Group remain unchanged during the Relevant Period. As of December 31, 2022, the issued share capital of the Company was USD14,793, and the number of issued Shares of USD0.0001 each was 147,934,869.

In 2022, the Group used internal resources to fund its liquidity. As the Group's business can generate stable cash inflow, together with abundant cash and bank balances, the Group has sufficient liquidity and financial resources to satisfy its daily operation and working capital needs, as well as to support its expansion plan. The Group regards monetary fund management as an essential part in financial management, and incorporates it to the key items of financial inspection and internal audit, and has formulated corresponding internal control management systems, including the currency fund management system, to strengthen its monetary fund management, ensure the security of its monetary fund, and reduce the utilization costs and financial risks. As of December 31, 2022, the Group continued to maintain a solid financial position, with cash and cash equivalents amounting to RMB721.5 million, representing an increase of 18.5% from RMB609.0 million as of December 31, 2021, primarily due to the proceeds raised from the Listing in December 2022 and the increase in operating cash inflow in 2022. The Group's cash is mainly in the form of bank deposit balances and deposited with reputable financial institutions and mature within one year. As of December 31, 2022, all cash and cash equivalents of the Group were denominated in RMB, HKD, Euro and US dollars.

The Group's anticipated cash needs primarily include costs associated with the R&D of its products and business operations. The Group expects to fund its future working capital and other cash requirements with cash generated from its operations, the net proceeds from Global Offering and, when necessary, bank and other borrowings.

The Group's interest-bearing bank and other borrowings represented current and non-current secured bank loans and Senior Facility Loan. As of December 31, 2022, the Group's interest-bearing bank and other borrowings amounted RMB701.6 million, including short-term borrowings of RMB131.9 million and long-term borrowings of RMB569.7 million, all of which bore fixed interest rates except Senior Facility Loan. Currently, the Company's main borrowing is the long-term loan borrowed from a Swiss bank when it acquired Teleon, and the Group repaid part of the loan of EUR11.25 million in aggregate in 2022. The Group also repaid the mezzanine facility loan of EUR25.0 million in 2022. As of December 31, 2022, all of the Group's bank and other borrowings were denominated in RMB or Euro.

As of December 31, 2022, the effective interest rates of the Group's bank and other borrowings ranging from 1.50% to 7.00% (As of December 31, 2021: 2.85% to 7.00%), and the term of the outstanding loans ranged from within one year to three years. The Group will repay the above borrowings in due course on maturity.

Capital Expenditure

The Group's capital expenditure for the year ended December 31, 2022 amounted to RMB48.0 million, representing an increase of 71.2% compared to that of RMB28.0 million for the year ended December 31, 2021, primarily due to manufacturing equipment and daily decoration expenses of the Group's domestic manufacturing companies.

Gearing Ratio

Gearing ratio represented total interest-bearing borrowings divided by net assets or liabilities as of the end of the period and multiplied by 100%. Interest-bearing borrowings included interest-bearing bank borrowings and other borrowings, lease liabilities, and loan at fair value through profit and loss. As of December 31, 2022, the Group's gearing ratio was 50.9%. As of December 31, 2021, the Group's gearing ratio was negative 151.8%. Such negative gearing ratio was because the Group recorded net liabilities under the IFRS as of December 31, 2021.

Pledge of Assets

Except for pledged assets mentioned in Notes 14 and 17 to the notes of the financial statements as set out in this announcement, the Group had no other pledged assets as of December 31, 2022.

Contingent Liabilities

As of December 31, 2022, the Group did not have any outstanding debt securities, mortgages, charges, debentures or other loan capital (issued or agreed to issue), bank overdrafts, liabilities under acceptance or acceptance credits or other similar indebtedness, lease and finance lease commitments, hire purchase commitments, guarantees or other material contingent liabilities.

FINANCIAL RISKS

Foreign Currency Risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the financial condition and results of operations of the Group. The Group purchases products from brand partners in many countries around the world. Therefore, the Group exposes to foreign currency risk when it enters into transactions denominated in multiple currencies. For example, changes in currency exchange rates may affect the Group's costs of goods sold and competitiveness against its domestic competitors or competitors who are multinational companies whose international operations provide a natural hedge to currency fluctuation risk. The Group predominantly purchases its products in US dollars and Euro. The Group sells the goods to distributors and hospitals and clinics in China in RMB. Currently, the Group does not have any foreign currency hedging policy. The Group's management will continue to monitor the Group's foreign exchange exposure and will consider the adoption of prudent measures in due course. The Group seeks to limit its exposure to foreign currency risk by minimizing its net foreign currency position. Exchange differences on translation of foreign operations represents the difference arising from the translation of the financial statements of companies within the Group that have a functional currency of Euro, which is different from the functional currency of RMB for the financial statements of the Company. For the year ended December 31, 2021, the exchange differences on translation of foreign operations amounted to a loss of RMB58.6 million. For the year ended December 31, 2022, the exchange differences on translation of foreign operations amounted to a gain of RMB24.5 million, primarily due to the fluctuation of Euro during the Reporting Period.

Credit Risk

The Group trades on credit terms only with recognized and creditworthy third parties. It is the Group's policy that all traders who wish to trade on credit terms are subject to credit verification procedures. In addition, the Group monitors the receivable balances on an ongoing basis.

Significant Investment Held

As of December 31, 2022, the Group did not have any significant investment.

Material Acquisition and Disposal

The Group had no material acquisition or disposal of subsidiaries, associates and joint ventures for the year ended December 31, 2022.

Future Plans for Significant Investment and Capital Assets

Save as disclosed in this announcement and the Prospectus, the Group did not have any future plans for material investment and capital assets as of the date of this announcement.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, as of the date of this announcement, there was no subsequent event after the Reporting Period which has material impact to the Group.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Shares of the Company were listed on the Stock Exchange on December 12, 2022. The net proceeds raised from the Global Offering, after deduction of the underwriting fees and commissions and other estimated expenses payable by the Company in connection with the Global Offering, amounted to approximately HK$284.71 million (the "**Net Proceeds**"), excluding the net proceeds from the partial exercise of the over-allotment option which took place after the Reporting Period.

As of the date of this announcement, there was no change in the intended use of Net Proceeds and the expected timeline as previously disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus. The following table sets forth a summary of the utilization of the Net Proceeds as of December 31, 2022:

	Net Proceeds (HK$ in million)				
Purpose	**% of the Net Proceeds**	**Amount available for utilization**	**Utilized amount as of December 31, 2022**	**Unutilized amount as of December 31, 2022**	**Expected timeline for full utilization of the remaining Net Proceeds**
Improve the R&D capability of the Group and accelerate the commercialization of the Group's patents	38.2%	108.76	0.01	108.75	December 11, 2024
Improve the production capacity and strengthen the manufacturing capabilities of the Group	29.0%	82.56	2.08	80.48	December 11, 2024
Expand the Group's sales and marketing	9.5%	27.05	0.01	27.04	December 11, 2024
For working capital and general corporate purposes	10.6%	30.18	30.18	—	Not applicable
Repay the interest-bearing borrowings of the Group	12.7%	36.16	36.16	—	Not applicable
Total	100%	284.71	68.44	216.27	

As of December 31, 2022, the remaining Net Proceeds of approximately HK$216.27 million have been deposited into the bank account(s) maintained by the Group. The Group will gradually utilize the Net Proceeds in accordance with the intended purposes set out in the Prospectus.

Subsequent to the Reporting Period, on January 9, 2023, additional 35,500 Shares were issued by the Company at the price of HK$51.40 pursuant to the partial exercise of the over-allotment option, which resulted in additional net proceeds of approximately HK$1.77 million.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended December 31, 2022.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, May 22, 2023 to Thursday, May 25, 2023, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend and vote at the forthcoming AGM to be held on Thursday, May 25, 2023, during which period no share transfers will be registered. To be eligible to attend and vote at the AGM, the Shareholders must deliver all properly completed transfer forms accompanied by the relevant share certificates to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration of relevant transfers no later than 4:30 p.m. on Friday, May 19, 2023.

EMPLOYEES AND REMUNERATION POLICIES

As of December 31, 2022, the Group had a total of 790 employees. For the year ended December 31, 2022, the total costs for the Group's employees amounted to RMB288.4 million. "Diligence and Capability" is the core value of the Group. The Group attaches great importance to employee training, and continuously establishes a comprehensive training management system according to the Company's development needs. Through new employee induction training, general skills training for all positions, business training and external learning, the Group keep on providing its employees with professional and management knowledge and skills required for different fields, levels and positions, with an aim to help the employees achieve their career plan and development direction, effectively implement the overall strategic planning of human resources, and build sufficient talent reserves for the Group to achieve long-term high-quality development.

The Group adheres to the principles of fairness, justice and reasonable remuneration and provides its employees with competitive remuneration and benefits. The remuneration package of employees mainly includes basic salary and performance-based bonus. The performance targets of employees are primarily determined according to their positions and departments, and regular performance review will be conducted, and salaries, bonus and promotion appraisals will be determined based on appraisal results.

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as its own code of corporate governance. Save as disclosed in this announcement, the Company has, to the best knowledge of the Board, complied with all applicable code provisions of the CG Code during the Relevant Period.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the Relevant Period, Mr. Gao Tieta ("**Mr. Gao**") is the Chairman and the Chief Executive Officer. While this constitutes a deviation from code provision C.2.1 of the CG Code, the Board believes that, in view of Mr. Gao's experience, personal profile and his roles in the Company, Mr. Gao has extensive understanding of the Group's business as the Chief Executive Officer and is therefore the Director best suited to identify strategic opportunities and the focus of the Board. The combined role of Chairman and Chief Executive Officer by the same individual can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board, which would be beneficial to the business prospect and operational efficiency of the Group. The Board believes that this arrangement will not impact on the balance of power and authorizations between the Board and the management of the Company, given that: (i) Mr. Gao and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that each of them acts for the benefit and in the best interests of the Company; (ii) there is sufficient check and balance in the Board, which comprises experienced and high caliber individuals, and decision to be made by the Board requires approval by at least a majority of the Directors; and (iii) the overall strategic and other key business, financial and operational policies of the Group are and will be made collectively after thorough discussion at both the Board and senior management levels.

Code provision C.2.7 of the CG Code provides that the chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors. As the Company was only listed on the Stock Exchange on December 12, 2022, the Chairman did not hold any meeting with the independent non-executive Directors during the Relevant Period. The Chairman will hold at least one meeting with the independent non-executive Directors without the presence of other Directors for the year ending December 31, 2023.

Code provision C.5.1 of the CG Code provides that board meetings should be held at least four times a year at approximately quarterly intervals. As the Company was only listed on the Stock Exchange on December 12, 2022, the Company did not hold any Board meetings during the Relevant Period. The Company will hold at least four regular Board meetings for the year ending December 31, 2023.

The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. The Company has made specific enquiries of all Directors and each of the Directors has confirmed that he has complied with the required standards as set out in the Model Code during the Relevant Period.

During the Relevant Period, the Company has also adopted its own code of conduct regarding employees' securities transactions on terms no less exacting than the standard set out in the Model Code for the compliance by its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the Company's securities.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Relevant Period.

REVIEW OF FINANCIAL INFORMATION

Audit Committee

The Company has established the Audit Committee with written terms of reference in compliance with the requirements under the Listing Rules. As of the date of this announcement, the Audit Committee comprises two independent non-executive Directors, namely, Mr. Chan Fan Shing and Mr. Feng Xin, and a non-executive Director, Dr. David Guowei Wang. The chairman of the Audit Committee is Mr. Chan Fan Shing.

The Audit Committee had, together with the management and external auditor of the Company, reviewed the accounting standards and practices adopted by the Group and the annual results of the Group for the year ended December 31, 2022. The Audit Committee considered that the annual results of the Group for the year ended December 31, 2022 are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

Scope of Work of the Company's Auditor

The figures in respect of the Group's consolidated statement of profit or loss and consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended December 31, 2022 as set out in this preliminary announcement have been agreed by the Company's external auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year.

The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by Ernst & Young on this preliminary announcement.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.gaush.com), and the annual report of the Company for the year ended December 31, 2022 containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

The Board is pleased to announce the audited consolidated results of the Group for the year ended December 31, 2022 together with the comparative figures for the year ended December 31, 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended December 31, 2022

	Notes	**2022** *RMB'000*	2021 *RMB'000*
REVENUE	5	**1,253,785**	1,298,218
Cost of sales		**(628,447)**	(688,747)
Gross profit		**625,338**	609,471
Other income and gains	5	**21,115**	77,900
Selling and distribution expenses		**(187,766)**	(189,470)
Administrative expenses		**(146,169)**	(131,522)
R&D costs		**(41,089)**	(23,506)
Fair value changes of convertible redeemable preferred shares		**(307,426)**	(375,606)
Other expenses	6	**(196,415)**	(21,706)
Finance costs	7	**(42,682)**	(83,525)
LOSS BEFORE TAX	6	**(275,094)**	(137,964)
Income tax expense	8	**(77,618)**	(53,607)
LOSS FOR THE YEAR		**(352,712)**	(191,571)
Attributable to:			
Owners of the parent		**(349,619)**	(190,447)
Non-controlling interests		**(3,093)**	(1,124)
		(352,712)	(191,571)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic			
For loss for the year *(in RMB)*	10	**(3.61)**	(1.99)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31, 2022

	2022	2021
	RMB'000	*RMB'000*
LOSS FOR THE YEAR	**(352,712)**	(191,571)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods		
Exchange differences:		
Exchange differences on translation of foreign operations	**24,502**	(58,601)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(328,210)**	(250,172)
Attributable to:		
Owners of the parent	**(325,117)**	(249,048)
Non-controlling interests	**(3,093)**	(1,124)
	(328,210)	(250,172)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2022

	Notes	2022 *RMB'000*	2021 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**72,019**	42,882
Right-of-use assets		**54,735**	42,643
Goodwill	11	**906,869**	882,698
Intangible assets		**278,884**	303,889
Long-term prepayments and other receivables		**22,983**	23,843
Contract assets		**—**	84
Deferred tax assets		**56,266**	40,849
Total non-current assets		**1,391,756**	1,336,888
CURRENT ASSETS			
Financial assets at fair value through profit or loss		**2,095**	—
Inventories		**281,120**	240,109
Trade receivables	12	**166,397**	170,054
Contract assets		**2,247**	1,937
Cash in transit for investment	13	**90,540**	—
Prepayments, other receivables and other assets		**52,463**	54,928
Pledged deposits	14	**9,949**	13,757
Cash and cash equivalents	15	**721,523**	608,996
Total current assets		**1,326,334**	1,089,781
CURRENT LIABILITIES			
Trade payables	16	**68,703**	68,018
Derivative financial instruments		**—**	296
Other payables and accruals		**123,175**	124,181
Tax payable		**13,581**	19,792
Interest-bearing bank and other borrowings	17	**131,880**	122,464
Contract liabilities		**136,049**	93,884
Lease liabilities		**19,235**	12,600
Total current liabilities		**492,623**	441,235
NET CURRENT ASSETS		**833,711**	648,546
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,225,467**	1,985,434

	Note	2022 *RMB'000*	2021 *RMB'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	17	**569,708**	635,334
Loan at fair value through profit or loss		**—**	159,099
Convertible redeemable preferred shares		**—**	1,660,424
Contract liabilities		**26,891**	29,259
Deferred tax liabilities		**71,951**	66,374
Other payables and accruals		**35,053**	36,536
Lease liabilities		**35,179**	31,779
Total non-current liabilities		**738,782**	2,618,805
Net assets/(Liabilities)		**1,486,685**	(633,371)
EQUITY			
Equity attributable to owners of the parent			
Share capital		**102**	65
Other reserves		**1,469,455**	(656,497)
		1,469,557	(656,432)
Non-controlling interests		**17,128**	23,061
Total equity		**1,486,685**	(633,371)

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

1. CORPORATE AND GROUP INFORMATION

The Company is a limited company incorporated in the Cayman Islands on November 1, 2017. The registered office address of the Company is 4th Floor, Harbour Place, 103 South Church Street, George Town, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on December 12, 2022.

The Company is an investment holding company. During the year, the Group is primarily engaged in R&D, and the manufacture and sale of medical devices in the People's Republic of China (the "**PRC**") and other countries or regions.

2. BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended December 31, 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

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

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 3	*Reference to the Conceptual Framework*
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*
Annual Improvements to IFRSs 2018–2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

The nature and the impact of the revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IFRS 3 replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting (the "**Conceptual Framework**") issued in June 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after January 1, 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the year, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by IAS 2 Inventories, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after January 1, 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at January 1, 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to IFRSs 2018–2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:

IFRS 9 Financial Instruments: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from January 1, 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) the Proprietary Products segment develops and produces surgical equipment and related supporting software, intra optical lens, ophthalmic disease diagnosis and treatment equipment and related supporting consumables independently;

(b) the distribution segment sells multi-function diagnostic equipment, ocular fundus diagnosis, surgical and treatment equipment and related supporting consumables produced by Heidelberg, Schwind, Geuder, Optos, Quantal and other world-famous ophthalmic medical equipment manufacturers;

(c) the technical services segment provides warranty services, maintenance services and after-sales services related consumables; and

(d) the "others" segment comprises, principally, the agent registration services to certain customers, and licensing out of certain of intellectual properties, as well as providing Clinical Research Organisation (CRO) service.

Year ended December 31, 2022

	Proprietary Products segment *RMB'000*	Distribution segment *RMB'000*	Technical services segment *RMB'000*	Others *RMB'000*	Total *RMB'000*
External sales	**308,305**	**744,814**	**190,084**	**10,582**	**1,253,785**
Intersegment sales	**80,749**	**—**	**—**	**503**	**81,252**
Total	**389,054**	**744,814**	**190,084**	**11,085**	**1,335,037**
Elimination of intersegment sales					**(81,252)**
Segment revenue	**308,305**	**744,814**	**190,084**	**10,582**	**1,253,785**
Segment cost	**121,706**	**397,394**	**98,853**	**10,494**	**628,447**
Segment gross profit	**186,599**	**347,420**	**91,231**	**88**	**625,338**

Year ended December 31, 2021

	Proprietary Products segment *RMB'000*	Distribution segment *RMB'000*	Technical services segment *RMB'000*	Others *RMB'000*	Total *RMB'000*
External sales	316,097	810,989	161,605	9,527	1,298,218
Intersegment sales	75,568	—	—	8,881	84,449
Total	391,665	810,989	161,605	18,408	1,382,667
Elimination of intersegment sales					(84,449)
Segment revenue	316,097	810,989	161,605	9,527	1,298,218
Segment cost	150,433	445,957	91,501	856	688,747
Segment gross profit	165,664	365,032	70,104	8,671	609,471

Geographical information

(a) Revenue from external customers

	2022 ***RMB'000***	2021 *RMB'000*
Greater China	**1,001,358**	1,033,863
Asia Pacific (excluding Greater China)	**46,905**	64,856
Germany	**120,219**	103,566
Europe (excluding Germany)	**47,535**	56,677
Americas (including Canada)	**12,983**	16,798
Oceania	**16,618**	17,026
Others	**8,167**	5,432
	1,253,785	1,298,218

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

(b) Non-current assets

	2022	2021
	RMB'000	*RMB'000*
Greater China	**116,233**	88,060
Germany	**17,723**	18,836
Netherlands	**1,197,055**	1,187,131
	1,331,011	1,294,027

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

Information about major customers

None of the Group's sales to a single customer amounted to 10.00% or more of the Group's revenue during the year (2021: Nil).

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

Revenue from contracts with customers

(a) Disaggregated revenue information

Segments

	2022	2021
	RMB'000	*RMB'000*
Types of goods or services		
Sale of ophthalmic medical devices	**641,305**	718,718
Sale of ophthalmic medical consumables	**411,814**	408,368
After-sales services*	**190,084**	161,605
Others	**10,582**	9,527
Total revenue from contracts with customers	**1,253,785**	1,298,218
Geographical markets**		
Greater China	**1,001,569**	1,033,863
Germany	**119,796**	120,028
Netherlands	**132,420**	144,327
Total revenue from contracts with customers	**1,253,785**	1,298,218
Timing of revenue recognition		
Goods transferred at a point in time	**1,053,120**	1,133,983
Services transferred over time	**200,665**	164,235
Total revenue from contracts with customers	**1,253,785**	1,298,218

* After-sales services include repair and maintenance services, which are either sold separately or bundled together with the sale of ophthalmic medical devices to a customer.

** Revenue allocated by the geographical location of the Company and its subsidiaries.

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

	2022	2021
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting year	**88,727**	121,584

(b) Performance obligations

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

Sale of ophthalmic medical devices

The performance obligation is satisfied after the inspection of medical devices installation by customers.

For public hospitals and certain customers with long relationship, the payment is generally due within 90 days after the inspection. For other clients, the payment in advance is normally required.

Sale of ophthalmic medical consumables

The performance obligation is satisfied after the inspection of the medical devices by customers. For public hospitals and certain customers with long relationship, the payment is generally due within 30 days after the inspection. For other clients, payment in advance is normally required.

After-sales services

The performance obligation is satisfied over time as services are rendered and payment in advance is normally required.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at year end do not include variable consideration which is constrained and are expected to be recognised as revenue within one year, or if the Group has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date, the Group recognises revenue in the amount to which the Group has a right to invoice.

Other income and gains

	2022	2021
	RMB'000	*RMB'000*
Other income		
Bank interest income	**4,675**	2,020
Government grants	**14,495**	13,908
Others	**1,939**	58
	21,109	15,986
Gains		
Foreign exchange gains	**—**	61,822
Fair value gains on financial assets at fair value through profit or loss	**6**	—
Gain on disposal of financial assets at fair value through profit or loss	**—**	92
	6	61,914
	21,115	77,900

6. LOSS BEFORE TAX

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

	Notes	**2022** *RMB'000*	2021 *RMB'000*
Cost of inventories sold		**519,100**	596,390
Cost of services provided		**109,347**	92,357
Cost of sales		**628,447**	688,747
Depreciation of property, plant and equipment*		**11,587**	8,141
Depreciation of right-of-use assets*		**19,755**	14,957
Amortisation of intangible assets*		**34,406**	36,962
R&D costs		**41,089**	23,506
Lease payments not included in the measurement of lease liabilities		**825**	1,376
Listing expenses (including auditor's remuneration)		**39,456**	25,233
Employee benefit expense (including directors' and chief executive's remuneration)**:			
Wages and salaries and pension scheme contributions		**288,410**	255,916
Foreign exchange losses/(gains), net		**172,470**	(61,822)
(Reversal of impairment)/impairment of trade receivables, net	12	**(2,243)**	4,767
Impairment/(reversal of impairment) of contract assets, net		**8**	(6)
(Reversal of impairment)/impairment of other receivables, net		**(871)**	736
Write-down of inventories to net realisable value		**4,091**	7,858
Fair value losses, net:			

	Notes	2022 RMB'000	2021 RMB'000
Preferred shares		**307,426**	375,606
Derivative financial instruments		**—**	295
Financial assets at fair value through profit or loss		**(6)**	—
Warrants		**—**	3,077
Loans at fair value through profit or loss		**20,956**	4,710
Bank interest income	5	**(4,675)**	(2,020)
Gain on disposal of financial assets at fair value through profit or loss	5	**—**	(92)
Loss on disposal of property, plant, and equipment		**665**	48

* Depreciation and amortisation are included in "Cost of sales", "Selling and distribution expenses", "R&D expenses" and "Administrative expenses" in the consolidated statements of profit or loss.

** Employee benefit expense of approximately RMB95,982,000 (2021: RMB91,017,000) is included in cost of sales in the consolidated statements of profit or loss for the years ended December 31, 2022. Employee benefit expense of approximately, RMB22,242,000 (2021: RMB13,149,000) is included in R&D costs in the consolidated statements of profit or loss for the years ended December 31, 2022.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2022 RMB'000	2021 RMB'000
Interest on bank and other borrowings	**40,756**	82,269
Interest on lease liabilities	**1,926**	1,256
	42,682	83,525

8. INCOME TAX

Income tax for the Cayman Islands and the British Virgin Islands

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands. As such, the operating results reported by the Company, including the fair value losses of Preferred Shares (note 6), are not subject to any income tax.

Hong Kong profits tax

Hong Kong profits tax has been provided at the two-tiered profits tax rates on the estimated assessable profits arising in Hong Kong. The first HKD2,000,000 of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries or jurisdictions in which the Group operates.

Corporate income tax for Mainland China

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and the Implementation Regulation of the EIT Law, the EIT rate for PRC subsidiaries is 25% unless those subsidiaries are subject to tax exemption as set out below.

The Group's subsidiary, Wenzhou Gaush Raymond Photoelectric Technology CO., Ltd., was accredited as a "High and New Technology Enterprise" in 2020 for a term of three years, therefore the subsidiary was entitled to a preferential EIT rate of 15% for the years ended December 31, 2021 and 2022. "High and New Technology Enterprise" qualifications are subject to review by the relevant tax authority in the PRC for every three years.

Pursuant to Caishui [2022] No.13 "Circular of the Ministry of Finance, the State Administration of Taxation Issued on the further Implementation of Preferential Tax Policies for Small Meagre-profit Enterprises" (財政部、税務總局關於進一步實施小微企業所得税優惠政策的公告), certain small low-profit subsidiaries, the portion of not more than RMB1,000,000 of the annual taxable income will be included in the actual taxable income at a reduced rate of 12.5%, subject to income tax at a rate of 20%; for the portion exceeding RMB1,000,000 but not exceeding RMB3,000,000, 25% of which is deducted from the taxable income, and the income tax is paid at the rate of 20%.

Income tax for other jurisdictions

The Group's tax provision in respect of other jurisdictions has been calculated at the applicable tax rates in accordance with the prevailing practices of the jurisdictions in which the Group operates.

Subsidiaries established in Germany were subject to corporate income tax at the rate of 15.825%. Furthermore, subsidiaries established in Germany were also subject to trade tax at trade tax rates of 14.35% and 16.63%, depending on the location of the respective subsidiaries.

Subsidiaries established in the Netherlands were subject to corporate income tax at the rate of 15% for taxable income of EUR245,000 or less and at the rate of 25% for the portion exceeding EUR245,000 during the year ended December 31, 2021. From January 1, 2022, subsidiaries established in the Netherlands were subject to corporate income tax at the rate of 15% for taxable income of EUR395,000 or less and at the rate of 25.8% for the portion exceeding EUR395,000. Management expects that Teleon Holding B.V., a subsidiary of the Company, together with its Dutch subsidiaries should qualify for the innovation box. A reduced rate of 9% applies to activities covered by the innovation box. The innovation box provides tax relief to encourage innovative research. Qualifying profits earned from qualifying innovative activities are taxed at this special rate. Due to changes in law, the ruling with Dutch tax authorities has expired and will be renegotiated.

An analysis of the provision for tax in the financial statements is as follows:

	2022	2021
	RMB'000	*RMB'000*
Current — Hong Kong	**11,471**	8,497
Current — Mainland China	**50,012**	50,772
Current — other jurisdictions	**26,675**	12,333
Deferred	**(10,540)**	(17,995)
Total tax charge for the year	**77,618**	53,607

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

	2022	2021
	RMB'000	*RMB'000*
Loss before tax	**(275,094)**	(137,964)
Tax at the statutory tax rate	**53,162**	43,288
Lower tax rates for specific jurisdictions or enacted by local authority	**(6,301)**	(3,754)
Tax losses utilised from previous periods	**(185)**	—
Expenses not deductible for tax	**19,931**	10,074
Super deduction for R&D expenses	**(4,393)**	(1,550)
Unrecognised temporary differences and tax losses	**16,640**	5,447
Adjustments in respect of current tax of previous period	**(877)**	—
Other items	**(359)**	102
Tax charge at the Group's effective rate	**77,618**	53,607

9. DIVIDENDS

No dividends have been declared and paid by the Company for the year ended December 31, 2022 (2021: Nil).

10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 96,947,859 (2021: 95,840,830) in issue during the year, as adjusted to reflect the rights issue during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the warrants, Preferred Shares and over-allotment option, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

No adjustment has been made to the basic loss per share amounts presented for the years ended December 31, 2022 and 2021 in respect of a dilution as the impact of the warrants, Preferred Shares and over-allotment option outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

Except for over-allotment option, the Group had no potentially dilutive ordinary shares in issue during the years ended December 31, 2022.

The calculations of basic and diluted earnings per share are based on:

	2022	2021
	RMB'000	*RMB'000*
Earnings:		
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**(349,619)**	(190,447)

	2022	2021
Shares:		
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation	**96,947,859**	95,840,830

11. GOODWILL

	RMB'000
At January 31, 2021:	
Cost	31,228
Accumulated impairment	—
Net carrying amount	31,228
Cost at January 1, 2021, net of accumulated impairment	31,228
Acquisition of subsidiaries	949,088
Exchange realignment	(97,618)
At December 31, 2021	882,698

	RMB'000
At December 31, 2021:	
Cost	**882,698**
Accumulated impairment	**—**
Net carrying amount	**882,698**
Cost at January 1, 2022, net of accumulated impairment	**882,698**
Exchange realignment	**24,171**
Cost and net carrying amount at December 31, 2022	**906,869**
At December 31, 2022:	
Cost	**906,869**
Accumulated impairment	**—**
Net carrying amount	**906,869**

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units for impairment testing:

- Gaush Medica Ltd.;
- Gaush Consumables Ltd.;
- Gaush Precision Ltd.;
- Roland Consult Stasche & Finger GmbH and Gaush Europe GmbH; and
- Teleon Holding B.V.

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	2022	2021
	RMB'000	*RMB'000*
Gaush Medica Ltd.	**16,190**	16,190
Gaush Consumables Ltd.	**5,320**	5,320
Gaush Precision Ltd.	**2,361**	2,361
Roland Consult Stasche & Finger GmbH and Gaush Europe GmbH	**6,808**	6,622
Teleon Holding B.V.	**876,190**	852,205
	906,869	882,698

12. TRADE RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
Trade receivables	**171,696**	180,190
Impairment	**(5,299)**	(10,136)
	166,397	170,054

The Group's trading terms with its customers are mainly on payment in advance, except for some transactions which are traded on credit. The credit period is generally one or three months. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	2022	2021
	RMB'000	*RMB'000*
Within 3 months	**95,230**	96,644
3 months to 6 months	**25,938**	20,243
6 months to 1 year	**28,141**	17,474
1 to 2 years	**14,016**	18,051
2 to 3 years	**2,628**	13,120
3 to 4 years	**398**	4,481
4 to 5 years	**46**	41
Over 5 years	**—**	—
	166,397	170,054

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

	2022	2021
	RMB'000	*RMB'000*
At beginning of year	**10,136**	5,847
Impairment losses, net	**(2,243)**	4,767
Exchange realignment	**15**	—
Write-off	**(2,609)**	(478)
At end of year	**5,299**	10,136

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables.

An impairment analysis is performed as each reporting date using a provision matrix to measure expected credit losses. To measure the expected credit losses, trade receivables have been grouped based on groupings of various customer segments with similar loss pattern by customer type, and the number of days of ageing. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available as at the end of reporting date about past events, current conditions and forecasts of future economic conditions.

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

As at December 31, 2022

	Gross carrying amount *RMB'000*	Expected credit losses *RMB'000*
Individual evaluation of expected losses	**3,937**	**1,749**
Assessment of expected credit losses by credit risk portfolio	**167,759**	**3,550**
At end of year	**171,696**	**5,299**

	Expected credit loss rate	Gross carrying amount *RMB'000*	Expected credit losses *RMB'000*
Within 1 year	**1.18%**	**150,103**	**1,771**
1 to 2 years	**3.46%**	**13,265**	**459**
2 to 3 years	**9.35%**	**2,897**	**271**
3 to 4 years	**27.85%**	**553**	**154**
4 to 5 years	**86.71%**	**346**	**300**
Over 5 years	**100.00%**	**595**	**595**
	2.12%	**167,759**	**3,550**

As at December 31, 2021

	Gross carrying amount *RMB'000*	Expected credit losses *RMB'000*
Individual evaluation of expected losses	6,710	3,136
Assessment of expected credit losses by credit risk portfolio	173,480	7,000
At end of year	180,190	10,136

	Expected credit loss rate	Gross carrying amount *RMB'000*	Expected credit losses *RMB'000*
Within 1 year	1.07%	132,767	1,421
1 to 2 years	5.38%	18,954	1,020
2 to 3 years	11.07%	14,691	1,626
3 to 4 years	32.98%	5,971	1,969
4 to 5 years	86.39%	977	844
Over 5 years	100.00%	120	120
	4.04%	173,480	7,000

13. CASH IN TRANSIT FOR INVESTMENT

	2022 ***RMB'000***	2021 *RMB'000*
Value Investment Fund SP	**90,540**	—

Global Vision Hong Kong Limited paid USD13.00 million (equivalent to RMB90.54 million) to purchase Value Investment Fund SP. The payment was processing on December 31, 2022 and the fund was credited to beneficiary on January 3, 2023.

14. PLEDGED DEPOSITS

	2022	2021
	RMB'000	*RMB'000*
Pledged deposits	**9,949**	13,757

15. CASH AND CASH EQUIVALENTS

	2022	2021
	RMB'000	*RMB'000*
Cash and bank balances	**721,523**	608,996

The Group's cash and cash equivalents were denominated in the following currencies:

	2022	2021
	'000	*'000*
RMB	**388,268**	347,886
USD	**13,479**	20,831
EUR	**24,054**	17,455
HKD	**68,126**	2,761

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash and cash equivalents earn interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

16. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each of the relevant periods, based on the invoice date, is as follows:

	2022	2021
	RMB'000	*RMB'000*
Within 3 months	**65,816**	65,421
3 to 6 months	**607**	532
6 months to 1 year	**1,520**	786
Over 1 year	**760**	1,279
	68,703	68,018

Trade payables are non-interest-bearing and are normally settled on 3-month terms.

17. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at December 31, 2022		
	Effective interest rate (%)	**Maturity**	***RMB'000***
Current			
Bank loans — secured	**1.50–3.10**	**2023**	**45,287**
Senior facility loan — secured*	**3.00–4.20**	**2023**	**86,593**
			131,880
Non-current			
Senior facility loan — secured*	**3.15–4.20**	**2024**	**389,702**
Vendor loan — secured**	**7.00**	**2024–2025**	**180,006**
			569,708

	As at December 31, 2021		
	Effective interest rate (%)	Maturity	*RMB'000*
Current			
Bank loans — secured	3.40–4.00	2022	38,242
Senior facility loan — secured*	2.85–3.00	2022	84,222
			122,464
Non-current			
Senior facility loan — secured*	3.00–3.15	2023–2024	460,256
Vendor loan — secured**	7.00	2024–2025	175,078
			635,334

* The senior facility loan amounting to RMB476,295,000 (equivalent to EUR64,166,000) (2021: RMB544,478,000, equivalent to EUR75,416,000) as at December 31, 2022 was guaranteed by Gaush Meditech Ltd, Global Vision Hongkong Limited, Gaush Medical Limited and GMC Medstar Limited, and pledged by 100% shares of Gaush Coöperatief U.A., 100% shares of Teleon Holding B.V., 100% shares of Gaush Medical Corporation and the Company's debt service reserve account ("**DSRA**") balance in Credit Suisse AG, Singapore Branch ("**CS**") amounting to RMB5,832,000 (equivalent to EUR785,736) (2021: RMB4,029,000, equivalent to EUR558,125). Gaush Medical Limited's right to receive repayment of an intercompany loan amounting to EUR3,000,000 was also conditionally assigned to CS to secure the senior facility loan. The maturity date of the senior facility loan is April 22, 2024. The senior facility loan which was also guaranteed by Mr. Gao Tieta before November 2021, was released in November 2021.

** For the purpose of the acquisition of Teleon Holding B.V. and its subsidiaries, the original shareholder of Teleon Holding B.V. granted a subsidiary of the Company, Gaush Coöperatief U.A., a five-year vendor loan amounting to RMB180,006,000 (equivalent to EUR24,250,000) (2021: RMB175,078,000, equivalent to EUR24,250,000) with an annual interest rate of 7% (the "**Vendor Loan**") on December 23, 2020.The Vendor Loan was guaranteed by Gaush Meditech Ltd, and pledged by 100% shares of Gaush Medical Limited and 100% shares of GMC Medstar Limited, although it was agreed that such pledges shall be subordinated to the security granted in favour of the mezzanine facility loan.

DEFINITIONS AND GLOSSARIES

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

"AGM"	annual general meeting of the Company
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors of the Company
"cataract"	a dense, cloudy area that forms in the lens of the eye which begins when proteins in the eye form clumps that prevent the lens from sending clear images to the retina
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Chairman"	the chairman of the Board
"Chief Executive Officer"	the chief executive officer of the Company
"China" or "PRC"	the People's Republic of China, but for the purpose of this announcement and for geographical reference only and except where the context requires otherwise, references herein to "China" and the "PRC" do not apply to Hong Kong, Macau and Taiwan
"Class III hospitals"	a top-level hospital in China, as China's hospitals are categorized as Class I hospitals, Class II hospitals and Class III hospitals according to, among other factors, the hospital's size, technical level, medical equipment, management expertise and service quality, and Class III hospitals are at the highest level
"Company"	Gaush Meditech Ltd 高视医疗科技有限公司, an exempted company incorporated under the laws of the Cayman Islands with limited liability on November 1, 2017, the Shares of which are listed on the Main Board of the Stock Exchange

"CRO"	a contract research organization that provides support to the pharmaceutical, biotechnology and medical device industries in the form of research services outsourced on a contract basis
"Directors"	director(s) of the Company
"Distribution Products"	products of the brand partners which the Group distributes
"EUR" or "Euro"	the lawful currency of the European Union
"electrophysiological equipment"	electrophysiological equipment uses an objective and non-invasive diagnostic technique, which can evaluate visual disorder by measuring electrical signals produced by the visual system
"Gaush Raymond"	Wenzhou Gaush Raymond Photoelectric Technology Co., Ltd* (溫州高視雷蒙光電科技有限公司), a company with limited liability incorporated under the laws of the PRC on May 31, 2006 and an indirect subsidiary of the Company which it holds 52.00% equity interest
"Gaush Teleon"	Gaush Teleon Ltd* (高視泰靚醫療科技有限公司), a company with limited liability incorporated under the laws of the PRC on June 22, 2021 and an indirect wholly owned subsidiary of the Company
"Geuder"	Geuder AG, a company established in Germany
"glaucoma"	a group of eye diseases that are usually characterized by progressive structural and functional changes of the optic nerve, which is caused by fluid building up in the front part of the eye
"Global Offering"	the Hong Kong Public Offering and the International Offering (both as defined in the Prospectus)
"Group"	the Company and all of its subsidiaries or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)
"HK$" or "HKD"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"intraocular lens"	an artificial replacement for the lens of human eye removed during cataract surgery
"KOL"	key opinion leaders, being physicians with influence on their peers' medical practice for the purpose of this announcement
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange on December 12, 2022
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"NMPA"	National Medical Products Administration (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局)
"OK-Lens"	orthokeratology lenses, also known as orthokeratology, is a non-surgical method to eliminate the refractive error of the eye and improve the naked vision by changing the geometry of the cornea within the pressure of the eyelids during sleep which is placed on the upper surface of the cornea when wearing
"Preferred Shares"	the convertible redeemable preferred shares of the Company, which were converted into Shares and recorded as share capital upon the Listing
"Proprietary Products"	products that the Group develops and manufactures
"Prospectus"	the prospectus of the Company dated November 30, 2022

"refractive error"	eye disorder caused by irregularity in the shape of the eye, which makes it difficult for the eyes to focus images clearly
"R&D"	research and development
"Relevant Period"	the period from the Listing to December 31, 2022
"Reporting Period"	the period from January 1, 2022 to December 31, 2022
"RMB"	the lawful currency of the PRC
"Roland"	Roland Consult Stasche & Finger GmbH, a limited liability company (Gesellschaft mit beschränkter Haftung) duly incorporated under the laws of Germany and founded on November 29, 1995 and an indirect subsidiary of the Company which it holds 80% equity interest
"SBM"	SBM Sistemi S.r.l., a company established in Italy
"Senior Facility Loan"	the secured loan granted by Credit Suisse and other lenders to Gaush Netherlands pursuant to a senior facility agreement of EUR75 million dated December 30, 2020 which will mature in 2024
"Share(s)"	ordinary shares in the share capital of the Company with a par value of US$0.0001 each
"Shareholders"	holder(s) of the Share(s)
"Shenzhen Gaush Technology"	Shenzhen Gaush Technology Limited* (深圳高視科技有限公司), a company with limited liability incorporated under the laws of the PRC on January 6, 2022 and an indirect wholly owned subsidiary of the Company
"SMILE"	Small Incision Lenticule Extraction, a type of laser based refractive eye surgery used to correct myopia, and astigmatism, which involves in cleaving a thin lenticule from the corneal stroma and has specific requirements for corneal thickness
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under section 15 of the Companies Ordinance of Hong Kong

"Suzhou Gaush Clear"	Gaush Clear Ltd* (蘇州高視高清醫療技術有限公司), a company with limited liability incorporated under the laws of the PRC on February 24, 2021 and an indirect subsidiary of the Company which it holds 80.00% equity interest
"Suzhou Gaush Precision"	Gaush Precision Ltd* (高視精密醫療器械(蘇州)有限公司), a company with limited liability incorporated under the laws of the PRC on May 10, 2018 and an indirect subsidiary of the Company which it holds 85.00% equity interest
"Teleon"	collectively, Teleon Holding B.V., Teleon Surgical B.V., Teleon IP B.V., Teleon Surgical Vertriebs GmbH and Teleon Surgical GmbH
"US dollars", "USD" or "US$"	United States dollars, the lawful currency of the United States
"vitreoretinal diseases"	diseases that develop from the back surface of the eye and the vitreous fluid around it, with the most representative vitreoretinal diseases being wet age-related macular degeneration (wAMD), diabetic macular edema (DME), retinal vein occlusion (RVO) and myopic choroidal neovascularization (mCNV)
"Wuxi Gaush Innovation"	Gaoshi Innovation Technology Co., Ltd* (高視創新科技有限公司), a company with limited liability incorporated under the laws of the PRC on February 15, 2023 and an indirect wholly owned subsidiary of the Company
"%"	per cent

By order of the Board
Gaush Meditech Ltd
高视医疗科技有限公司
Mr. Gao Tieta
Chairman and Executive Director

Hong Kong, March 31, 2023

As at the date of this announcement, the Board comprises Mr. Gao Tieta as Chairman and executive Director, Mr. Liu Xinwei, Mr. Zhao Xinli and Mr. Zhang Jianjun as executive Directors, Dr. David Guowei Wang and Mr. Shi Long as non-executive Directors, and Mr. Feng Xin, Mr. Wang Li-Shin and Mr. Chan Fan Shing as independent non-executive Directors.

* *For identification purpose only*