高視 GAUSH

高视医疗科技有限公司
Gaush Meditech Ltd

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2407

INTERIM REPORT 2023

Contents

Company Profile

Gaush Meditech Ltd is an exempted company incorporated under the laws of the Cayman Islands with limited liability on November 1, 2017, and was listed on the Main Board of the Stock Exchange on December 12, 2022.

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 related technical services to end customers. The Group's product portfolio comprises the Proprietary Products developed and manufactured by the Group and the Distributed Products of the brand partners distributed by the Group, which covers seven major ophthalmology sub-specialties where ophthalmic medical devices are utilized for their diagnosis, treatment or surgery, being the vitreoretinal diseases, cataracts, refractive surgery, glaucoma, ocular surface diseases, optometry and pediatric ophthalmology.

As of the date of this interim report, the Group has established a "Global 4+2" R&D layout, we have seven R&D and production platforms in four cities in the PRC, namely Shenzhen, Suzhou, Wuxi and Wenzhou, and two R&D and production platforms overseas in the Netherlands and Germany. At the same time, the Group has a sales network covering 51 countries and regions around the world, and has 129 technicians which made us capable of providing 7*24 technical support services for our equipment.

Corporate Information

DIRECTORS

Executive Directors

Mr. Gao Tieta *(Chairman and Chief Executive Officer)*
Mr. Liu Xinwei *(Co-Chief Executive Officer)*
Mr. Zhao Xinli
Mr. Zhang Jianjun
Ms. Li Wenqi *(appointed on August 24, 2023)*

Non-executive Directors

Dr. David Guowei Wang
Mr. Shi Long *(resigned on August 24, 2023)*

Independent Non-executive Directors

Mr. Feng Xin
Mr. Wang Li-Shin
Mr. Chan Fan Shing

JOINT COMPANY SECRETARIES

Ms. Li Wenqi
Ms. Leung Shui Bing *(ACG, HKACG)*

AUTHORIZED REPRESENTATIVES

Mr. Gao Tieta
Mr. Liu Xinwei

AUDIT COMMITTEE

Mr. Chan Fan Shing *(Chairman)*
Dr. David Guowei Wang
Mr. Feng Xin

REMUNERATION COMMITTEE

Mr. Feng Xin *(Chairman)*
Mr. Gao Tieta
Mr. Wang Li-Shin

NOMINATION COMMITTEE

Mr. Wang Li-Shin *(Chairman)*
Mr. Gao Tieta
Mr. Feng Xin

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
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STOCK CODE

2407

COMPANY'S WEBSITE

www.gaush.com

Financial Highlights

For the six months ended June 30, 2023, the Group recorded the following financial results:

- Revenue of the Group was RMB700.7 million, representing an increase of 21.2% as compared to the revenue of RMB577.9 million in the same period in 2022.

- Net profit of the Group was RMB110.4 million, as compared to the net loss of RMB53.3 million recorded in the same period in 2022, representing an increase of 22.0% as compared to the adjusted net profit (non-IFRS measure)[(1)] of RMB90.5 million in the same period in 2022.

- The Group's basic earning per Share was RMB0.75, as compared to the basic loss per Share of RMB0.54 in the same period in 2022.

- The Group's research and development expenses were RMB26.1 million, representing an increase of 16.5% as compared to the research and development expenses of RMB22.4 million in the same period in 2022. The Group's research and development expenses amounted to 3.9% and 3.7% of its revenue for the six months ended June 30, 2022 and 2023, respectively, remained at a relatively stable and high level.

Note:

(1) The Group defines the adjusted net profit (non-IFRS measure) for the six months ended June 30, 2022 as net loss adding back the fair value losses and foreign exchange losses on the Preferred Shares, and the listing expenses.

Management Discussion and Analysis

OPERATION OVERVIEW

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 the date of this interim report, the Group has established a "Global 4+2" R&D layout, with seven R&D and production platforms in four cities in the PRC, namely Shenzhen, Suzhou, Wuxi and Wenzhou, and two R&D and production platforms overseas in the Netherlands and Germany. At the same time, the Group has a sales network covering 51 countries and regions around the world, and has 129 technicians which makes the Group capable of providing 7*24 hours technical support services for its equipment. Since the beginning of 2023, with the complete lifting of the COVID-19 pandemic (the "**Pandemic**") control measures, the Group's operating activities in the PRC have gradually resumed, the construction layout of the Group's R&D bases, as well as its offline marketing and sales activities, have been carried out normally.

As of June 30, 2023, the Group (i) co-operated with 19 overseas brand partners, of which 17 had entered into exclusive distribution arrangements with the Group in respect of their products, two of which were new exclusive partners during the Reporting Period; (ii) had a further enriched product portfolio of 148 products; (iii) had its products sold to 51 countries and regions worldwide, and had over 4,000 end customers (including over 1,200 Class III hospitals and 1,500 Class II hospitals in China); (iv) continued to invest in R&D and appointed Dr. Alexey Nikolaevich Simonov as the Group's chief technology officer; and (v) generated revenue from sales of Proprietary Products of RMB193.9 million during the Reporting Period, accounting for 32.7% of the Group's revenue from sales of products and reaching a record-high level.

For the six months ended June 30, 2023, the revenue of the Group was RMB700.7 million, representing an increase of 21.2% as compared with the same period of last year. For the six months ended June 30, 2023, the gross profit of the Group was RMB355.6 million, representing an increase of 26.5% as compared with the same period of last year.

Net profit of the Group was RMB110.4 million for the six months ended June 30, 2023, as compared to the net loss of RMB53.3 million recorded in the same period in 2022, representing an increase of 22.0% as compared to the adjusted net profit (non-IFRS measure) of RMB90.5 million in the same period in 2022.

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

	For the six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Sales of ophthalmic medical equipment	**337,863**	274,509
Sales of ophthalmic medical consumables	**255,370**	206,139
Technical services	**103,325**	89,708
Others	**4,145**	7,518
Total	**700,703**	577,874

Products of the Group

As of June 30, 2023, the Group had a product portfolio of 148 products in total, which included the Proprietary Products, being products developed and manufactured by the Group, and the Distribution Products, being the products of its brand partners, which covers seven major ophthalmology sub-specialties where ophthalmic medical devices are utilized for their diagnosis, treatment or surgery, being the vitreoretinal diseases, cataracts, refractive surgery, glaucoma, ocular surface diseases, optometry and pediatric ophthalmology. To be specific, the Group's products include diagnostic equipment, treatment and surgical instrument to high-value disposables and general consumables.

Proprietary Products

As a result of its "Global 4+2" R&D layout and continuous investment in R&D, the Group's portfolio of Proprietary Products continued to expand, mainly including intraocular lens, ophthalmic scalpel products and ophthalmic examination equipment. For the six months ended June 30, 2023, the revenue contribution of the Group's Proprietary Products amounted to RMB193.9 million, accounting for 32.7% of the Group's revenue from sales of products, representing a slight increase as compared with the ratio of revenue contribution of the Proprietary Products to the Group's revenue from sales of products in the same period in 2022 and an increase of 36.5% as compared with the revenue from the Proprietary Products of RMB142.0 million in the same period in 2022. For the six months ended June 30, 2023, the revenue contribution of the Group's intraocular lens under the Proprietary Products amounted to RMB162.7 million, accounting for 83.9% of the Group's revenue from Proprietary Products, representing an increase of 30.3% as compared with the revenue from intraocular lens of RMB124.9 million in the same period in 2022.

Distribution Products

As of June 30, 2023, the Group had co-operated with 19 overseas brand partners, 17 of which had entered into exclusive distribution arrangements with the Group, including Heidelberg, Schwind, Optos and two new exclusive partners during the Reporting Period. For the six months ended June 30, 2023, the revenue contribution of the Distribution Products amounted to RMB399.4 million, accounting for 67.3% of the Group's revenue from sales of products, representing an increase of 17.9% as compared with the revenue from the Distribution Products of RMB338.7 million in the same period in 2022.

The Group's Technical Services Business

The Group has strong technical service capability, as of the date of this interim report, the Group has a technical service team comprising 129 technicians. The Group's technical service network covered all provincial administrative regions in China, and the Group sets up a total of 13 technical service centers, including in Hong Kong, to provide 7*24 hours technical services. The Group's technical service team and nationwide service network provide various kinds of services related to the products to the Group's customers, such as operating environment assessment, installation, after-sales support, repair and maintenance. Ophthalmic medical devices are highly sophisticated, which need substantial technical support and after-sales maintenance. In the first half of 2023, the Group's technical service team responded to 13,110 service requests. The network services also present a great opportunity for the Group to interact with its customers, build brand loyalty and gain first-hand insights into market demands and unmet market needs. For the six months ended June 30, 2023, the revenue contribution from the Group's technical services accounted for 14.7% of its total revenue. Revenue from technical services increased by 15.2% as compared with that in the same period in 2022.

The Group's R&D and Production Layout

As of June 30, 2023, the Group had already established a "Global 4+2" R&D layout through organic growth and acquisitions and had 211 R&D and production personnel, with an average industry experience of more than 10 years. The Group's manufacturing facilities have a total gross floor area of over 14,000 square meters, and the Group has made significant investments in the R&D of intraocular lens and OK-Lens, rigid gas permeable corneal contact lenses ("**RGP**"), ophthalmic surgical consumables, ophthalmic electrophysiological equipment and ancillary consumables, ophthalmic scalpels, optometry equipment, and diagnostic devices for dry eyes. The Group's domestic facilities are located in four cities in the PRC, namely Shenzhen, Suzhou, Wenzhou and Wuxi, and its overseas manufacturing facilities are located in the Netherlands and Germany. The Group also engaged Bernardus Franciscus Maria Wanders, the founder of Teleon, as the Group's R&D consultant and appointed Dr. Alexey Nikolaevich Simonov, who has over 20 years of entrepreneurial and corporate R&D experience in the optical device industry (ophthalmic optics), as the Group's chief technology officer in March 2023. During the Reporting Period, the Group's research and development expenses amounted to RMB26.1 million, accounting for 3.7% of the Group's revenue, increased by 16.5% as compared to that of RMB22.4 million in the same period in 2022.

Shenzhen Base: It consists of three R&D and production platforms, mainly focusing on the layout of products such as intraocular lens, ophthalmic electrophysiological equipment and intraoperative consumables for vitrectomy. Among which, (i) in respect of the R&D of intraocular lens, it is expected to receive the registration certificates for three mono-focal intraocular lens starting from the fourth quarter of 2024; and (ii) in respect of the ophthalmic electrophysiological equipment R&D project, the first batch of R&D prototypes has been completed and internal testing has been conducted.

Suzhou Base: It consists of two R&D and production platforms, mainly focusing on the layout of products such as OK-Lens, RGP and ophthalmic scalpels. Among which, (i) three ophthalmic scalpels products for paracentesis, secondary incision and tunneling have obtained Class II medical device registration certificates in July 2022; (ii) patient enrollment for the clinical trials of OK-Lens project has completed partially, while all clinical centers have started operations. We expect to receive the product registration certificates by the end of 2025 or early 2026; and (iii) the registration application of RGP has entered the stage of preparing supplemental documents, and the certificate is expected to be obtained.

Wenzhou Base: It has product registration certificates for fundus photographic imaging machines, digital slit lamp microscopes, contrast sensitivity testers, retinal vision testers and corneal topography. During the Reporting Period, it mainly focused on the R&D of three products, namely phoropters, optical biometers and fully automatic fundus cameras. Among which, the phoropter has entered the registration stage and we expect to receive the product registration certificate within 2023. The optical biometer has overcome the major hindrance in terms of technologies and started the assembling and debugging of prototypes. The fully automatic fundus camera has a prominent competitive advantage in terms of imaging quality and focusing accuracy, and is now upgrading and optimizing its hardware and software in response to the feedback from customers and the market, which is expected to complete the updates and enter the market within 2023.

Wuxi Base: The decoration design has already been completed and the decoration work is currently in progress. The next step will be the domestic production of two diagnostic devices for dry eyes, namely Gaush iDea and OS1000 Topographer, according to the cooperation agreement with our upstream partner, SBM in Italy.

Expansion of the Group's Distribution Products

The Group attaches great importance to the long-term cooperation and continuous expansion with upstream partners. During the Reporting Period, the Group cooperated with two new exclusive partners, increasing the number of exclusive upstream partners to 17. In March 2023, the Group was officially authorized to be the exclusive partner in mainland China for the sales and technical services of the entire range of diagnostic equipment of the Haag-Streit Group, including No. 900 slit lamp microscopes and slit lamp microscope imaging modules, LENSTAR 900 optical biometers, Octopus 900/600 perimeters, Goldmann tonometer and other compliments. In addition, the existing upstream partners have also been continuously advancing their R&D or iterative computing upgrades, and gradually launching new products to further enrich the Group's Distribution Product portfolio. The highly anticipated products primarily include:

New Generation Navigational Femtosecond Corneal Refractive Surgery System ATOS: Product registration of ATOS is still in process according to the approval requirements.

Ophthalmic Multimodal Anterior Segment Imaging Platform ANTERION: The Group is in the process of organizing the supplementary materials for acceptance, completing the preparation of supplementary materials to submit for acceptance.

DISCUSSION AND ANALYSIS OF FUTURE DEVELOPMENT

Development Strategy

Adhering to the mission of "Technology Creates Bright Vision", the Group is committed to becoming a leader in the global ophthalmic medical device industry. The Group will continue to increase its investment in R&D, launch its Proprietary Products and increase the revenue contribution from its Proprietary Products; maintain its leading position in diagnostic products so as to prioritize and increase its investment in surgical and therapeutic products; deepen its cooperation with upstream partners and efficiently promote the domestic production of products; diversify and improve its product lines through a combination of internal growth and mergers and acquisitions; continue to optimize and enhance management capabilities and improve its operational efficiency; strengthen the Group's brand building and talent building, and practice the Group's core values.

Business Plan

In the second half of 2023, the Group will continue to further maximize synergies in R&D, production, sales and technical services, enhance operational efficiency, further expand market space and continuously improve core competitiveness.

In the second half of 2023, the Group will focus on facilitating the approval of the registration certificates of RGP products, promoting the enrollment of patients for clinical studies of OK-Lens of the Suzhou Base, advancing the CE approval progress of the mono-focal enhanced astigmatism intraocular lens of the Netherlands Base, advancing the progress of the assembly of prototypes of diagnostic devices for dry eyes and the registration of the products of the Wuxi Base, and advancing the progress of product registration of ATOS, a new generation of navigational femtosecond corneal refractive surgery system. In terms of marketing, the Group will continue to pay attention to the changes in the policies relating to the bulk procurement of intraocular lenses and medical insurance payment, and capitalize on the Group's advantages in its abundant product line and branding to formulate a scientific bidding strategy, so as to ensure that the Group's intraocular lens series products could obtain good bidding results. Leveraging the Group's advantage brought along by its sales and technical service network, the Group will continue to make efforts in equipment sales and increase the market share of each product line.

FINANCIAL REVIEW

Revenue

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

The Group's revenue increased by 21.2% from RMB577.9 million for the six months ended June 30, 2022 to RMB700.7 million for the six months ended June 30, 2023, which was mainly attributable to (i) revenue generated from sales of ophthalmic medical equipment increased by RMB63.4 million, (ii) revenue generated from sales of ophthalmic medical consumables increased by RMB49.2 million, and (iii) revenue generated from technical services increased by RMB13.6 million. Since the beginning of 2023, with the full release of the control measures for the Pandemic, the Company's operating activities have gradually resumed. Meanwhile, the Company continued to analyze the market demand and competition landscape, adjusted its marketing strategy and product portfolio in a timely manner, so as to better meet the market demand and generate an increased revenue of the Group.

The table below sets forth the breakdown of revenue of the Group by business segments for the periods indicated:

	For the six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Sales of ophthalmic medical equipment	**337,863**	274,509
Sales of ophthalmic medical consumables	**255,370**	206,139
Technical services	**103,325**	89,708
Others	**4,145**	7,518
Total	**700,703**	577,874

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 increased by 16.4% from RMB296.6 million for the six months ended June 30, 2022 to RMB345.1 million for the six months ended June 30, 2023. During the Reporting Period, the increase in the cost of sales of the Group is lower than that of the revenue, primarily due to the increased revenue contribution of the sales of ophthalmic medical equipment with an improved gross profit margin during the Reporting Period.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by 26.5% from RMB281.2 million for the six months ended June 30, 2022 to RMB355.6 million for the six months ended June 30, 2023. The increase in the gross profit of the Group for the Reporting Period exceeded that of the revenue. The Group's gross profit margin increased from 48.7% for the six months ended June 30, 2022 to 50.8% for the six months ended June 30, 2023. Such increase was mainly because (i) new product portfolio changed in 2023 as compared to that of 2022, reflecting the Group's continuous efforts to optimize its product portfolio; (ii) the increase in revenue of ophthalmic medical equipment in the first half of 2023 as compared to that of the same period of 2022 exceeded that of the cost of sales, with an increased proportion of revenue contribution from sales of ophthalmic medical equipment; (iii) the sales volume and revenue of the 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 of the Group by business segments for the periods indicated:

	For the six months ended June 30,			
	2023		2022	
	Gross profit RMB'000	**Gross profit margin %**	Gross profit RMB'000	Gross profit margin %
Sales of ophthalmic medical equipment	**164,570**	**48.7**	125,935	45.9
Sales of ophthalmic medical consumables	**139,648**	**54.7**	113,282	55.0
Technical services	**48,763**	**47.2**	43,267	48.2
Others	**2,626**	**63.4**	(1,243)	(16.5)
Total	**355,607**	**50.8**	281,241	48.7

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 and loan at fair value through profit or loss are denominated in foreign currencies).

The Group's other income and gains increased from RMB13.9 million for the six months ended June 30, 2022 to RMB21.8 million for the six months ended June 30, 2023. Such increase was mainly attributable to the change in the foreign exchange gains as a result of the fluctuation in exchange rates during the Reporting Period. The Group recorded foreign exchange gains of RMB7.3 million in the first half of 2023 while the Group recorded foreign exchange losses of RMB84.6 million (included in other expenses) in the same period of 2022.

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 organizing 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 increased by 34.2% from RMB90.1 million for the six months ended June 30, 2022 to RMB120.9 million for the six months ended June 30, 2023, which was primarily because the Group has fully resumed its offline marketing and sales related activities with the adjustment of the control policies for the Pandemic, resulting in an increase in the marketing expenses for organizing marketing and sales related activities and product promotion, as well as an increase in the marketing-related travel and business expenses. In addition, due to the adjustment of its organizational structure, the management and daily work of certain senior management were further concentrated on marketing and sales activities, thus increasing the corresponding staff costs included in selling and distribution expenses. As a percentage of revenue, the selling and distribution expenses increased from 15.6% for the six months ended June 30, 2022 to 17.3% for the six months ended June 30, 2023.

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 corporate operations; (iii) transportation and travel expenses incurred in the course of administration; and (iv) depreciation of right-of-use assets.

The Group's administrative expenses decreased by 10.5% from RMB69.8 million for the six months ended June 30, 2022 to RMB62.5 million for the six months ended June 30, 2023, primarily as there was no listing expenses incurred in the first half of 2023 after the Listing of the Company on December 12, 2022.

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 increased slightly from RMB20.7 million for the six months ended June 30, 2022 to RMB23.7 million for the six months ended June 30, 2023. Such increase was mainly attributable to (i) the increase in interest expenses of the domestic enterprises' revolving loans as compared to the same period of last year; and (ii) the increase in interest expenses of Senior Facility Loan due to the exchange rate fluctuation between RMB and Euro during the Reporting Period.

Research and Development Expenses

During the Reporting Period, the Group's research and development expenses increased from RMB22.4 million for the six months ended June 30, 2022 to RMB26.1 million for the six months ended June 30, 2023, primarily as the Group continuously expanded its R&D team and upgraded its R&D center. As of the date of this interim report, Wuxi Gaush Innovation has completed the renovation design and is currently conducting the renovation work to implement the R&D of the domestic production of SBM equipment and Geuder consumables. The increase in research and development expenses reflected the Group's commitment as to R&D of the Proprietary Products (currently including optometric products (namely optometry units, optical biometers and automatic ocular fundus cameras), OK-Lens, intraocular lens and related products and technology (namely quantum crystal, hydrophilic and hydrophobic materials, and molding technology), as well as consumable products for phaco and electrophysiological diagnostic equipment products). The Group expects that the research and development expenses will increase steadily because the Group will continuously expand its R&D team and upgrade its R&D center.

Fair Value Changes of Convertible Redeemable Preferred Shares

As the Preferred Shares were automatically converted into ordinary shares of the Company when the shares of the Company were listed on the Hong Kong Stock Exchange on December 12, 2022, the Group did not record any fair value changes for the convertible redeemable preferred shares during the Reporting Period.

Other Expenses

During the Reporting Period, the Group's other expenses primarily consisted of foreign exchange losses, asset impairment losses and credit impairment losses.

The Group's other expenses decreased significantly from RMB88.2 million for the six months ended June 30, 2022 to RMB1.9 million for the six months ended June 30, 2023, primarily as the convertible redeemable preferred shares of the Company were automatically converted into the ordinary shares of the Company when the shares of the Company were listed on the Stock Exchange on December 12, 2022 and, upon the conversion, the Group would no longer record foreign exchange losses for the convertible redeemable preferred shares of the Company.

Income Tax Expenses

The Group's income tax expenses increased by 50.7% from RMB21.1 million for the six months ended June 30, 2022 to RMB31.8 million for the six months ended June 30, 2023, primarily attributable to the increase in taxable profits for the year and the interest expenses arising from the Senior Facility Loan which could not be fully deducted according to the Dutch local tax law.

Profit/(Loss) for the Period

For the foregoing reasons, the Group recorded a net profit of RMB110.4 million for the six months ended June 30, 2023, as compared to a net loss of RMB53.3 million for the six months ended June 30, 2022.

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 period, which are not required by, or presented in accordance with, the IFRS. The Group defines adjusted net profit (non-IFRS measure) for the six months ended June 30, 2022 as net loss adding back (i) fair value losses and foreign exchange losses on Preferred Shares and (ii) listing expenses. Fair value losses and foreign exchange losses on Preferred Shares are non-cash in nature and do not result in cash outflow, and given that Preferred Shares have been converted into ordinary shares of the Company upon Listing, the Group will not record such losses after the Listing. Listing expenses are expenses relating to the Global Offering. The Group believes the exclusion of fair value losses and foreign exchange losses on Preferred Shares and listing expenses provides Shareholders, investors and the management with a greater visibility as to the underlying performance of the Group's business operations and facilitates the comparison of its operating performance for the six months ended June 30, 2023 and the same period of last year. 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 a substitute for analysis of, the Group's operating results or financial condition as reported under the IFRS. The Group recorded a net profit of RMB110.4 million for the six months ended June 30, 2023, representing an increase of 22.0% when compared with the adjusted net profit (non-IFRS measure) of RMB90.5 million for the six months ended June 30, 2022, primarily as (i) the Group would no longer incur any fair value losses and foreign exchange losses on convertible redeemable preferred shares upon the Listing; and (ii) the increased revenue and the higher gross profit margin of the Group offset the increase in selling and distribution expenses and research and development expenses.

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

	For the six months ended June 30, 2022 RMB'000
Loss for the period	(53,264)
Add:	
Fair value losses on Preferred Shares	36,099
Foreign exchange losses on Preferred Shares	88,709
Listing expenses	18,913
Adjusted net profit (non-IFRS measure)	90,457

FINANCIAL POSITION

Financial Assets at Fair Value Through Profit or Loss

The Group's financial assets at fair value through profit or loss mainly represented funds purchased from certain financial institutions to improve cash utilization efficiency. The Group's financial assets at fair value through profit or loss increased from RMB2.1 million as of December 31, 2022 to RMB176.8 million as of June 30, 2023, primarily as the Group invested in certain funds as a supplemental means to improve utilization of its idle cash on a short-term basis.

As of June 30, 2023, the Group's financial assets at fair value through profit or loss include (i) the funds purchased from Future Vision Fund SPC with a fair value of RMB96.8 million; and (ii) the funds purchased from Alpha Generation Fund SPC with a fair value of RMB80.0 million. The expected rate of return of such funds ranging from 2.5% to 4.5% per annum.

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 from RMB281.1 million as of December 31, 2022 to RMB305.3 million as of June 30, 2023, primarily due to the Group's period-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 was 157 days for the six months ended June 30, 2023, which was relatively stable when compared with 155 days throughout 2022, indicating that the Group's inventories were generally utilized or sold within six months. The inventory 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 the number of days.

Trade Receivables

The Group's trade receivables represented outstanding amounts due from its customers. The Group's trade receivables were RMB166.4 million and RMB158.9 million as of December 31, 2022 and June 30, 2023, respectively. The decrease in the Group's trade receivables was primarily as the Group devoted more efforts to strengthening and improving our management over the collection of trade receivables.

The Group's trade receivable turnover days for the year ended December 31, 2022 was 51 days, and decreased to 43 days for the six months ended June 30, 2023. Such decrease was primarily as the Group devoted more efforts to strengthening and improving our management over the collection of trade receivables. The Group's trade receivable turnover days were 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 for importing the Distribution Products. The Group's trade payables increased from RMB68.7 million as of December 31, 2022 to RMB96.6 million as of June 30, 2023, primarily as a result of our practice to stock in advance in view of the complete lifting of restriction measures for the Pandemic, and the newly centralized stocking of Haag-Streit Group and SBM products.

Prepayments, Other Receivables and Other Assets

The Group's prepayments, other receivables and other assets primarily consisted of (i) prepayment to customs for importing the Distribution Products; (ii) prepayment to other suppliers; (iii) deposits that the Group paid to its customers as product quality assurance deposits; and (iv) deposits for participating in public tenders. The Group's prepayments, other receivables and other assets increased from RMB75.4 million as of December 31, 2022 to RMB91.2 million as of June 30, 2023, primarily as the Company conducted more marketing activities and participated in more bidding projects in the first half of 2023.

Goodwill

Goodwill arose mainly 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 from RMB906.9 million as of December 31, 2022 to RMB960.9 million as of June 30, 2023, 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 increased from RMB278.9 million as of December 31, 2022 to RMB280.7 million as of June 30, 2023, primarily attributable to the purchase of client management software and other management software by Teleon.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Company's Shares were successfully listed on the Main Board of the Stock Exchange on December 12, 2022. The Company issued 35,500 ordinary Shares at HK$51.40 each upon the partial exercise of the over-allotment option during the Reporting Period. As of June 30, 2023, the issued share capital of the Company was USD14,797, and the number of issued Shares of USD0.0001 each was 147,970,369.

In the first half of 2023, the Group used internal resources to fund its liquidity. As the Group's business can generate stable cash inflow, together with the proceeds from Listing and 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 of its monetary fund. As of June 30, 2023, the Group continued to maintain a solid financial position, with cash and cash equivalents balance amounting to RMB642.5 million, representing a decrease of 10.9% from RMB721.5 million as of December 31, 2022, primarily due to its investment in financial assets held for trading with residual funds from its operation with an aim for higher interest income as compare to demand deposits with banks. 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 June 30, 2023, 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 and, when necessary, bank and other borrowings.

The Group's interest-bearing bank and other borrowings represented current and non-current bank loans. As of June 30, 2023, the Group's interest-bearing bank and other borrowings amounted to RMB705.0 million, among which, including short-term borrowings of RMB537.9 million and long-term borrowings of RMB167.1 million. Except for the Senior Facility Loan, all of which bore fixed interest rates. Currently, the Company's main borrowing is the long-term loan borrowed from a Swiss bank when it acquired Teleon, and the Group repaid a total of EUR5.63 million of such part of loan during the Reporting Period. As of June 30, 2023, all of the Group's bank and other borrowings were denominated in RMB or Euro.

As of June 30, 2023, the effective annual interest rates of the Group's bank and other borrowings ranged from 1.50% to 7.00% (as of December 31, 2022: 1.50% 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 six months ended June 30, 2023 amounted to RMB9.4 million, representing a decrease of 43.4% as compared to that of RMB16.6 million for the six months ended June 30, 2022, primarily due to the decrease in manufacturing related equipment used for production and daily decoration expenses of the Group's domestic manufacturing companies during the Reporting Period.

GEARING RATIO

Gearing ratio represented total interest-bearing borrowings divided by net assets 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 loans at fair value through profit and loss. As of June 30, 2023, the Group's gearing ratio was 46.1%. As of December 31, 2022, the Group's gearing ratio was 50.9%.

PLEDGE OF ASSETS

As of June 30, 2023, the Group did not have any pledged assets.

CONTINGENT LIABILITIES

As of June 30, 2023, the Group did not have any outstanding debt securities, mortgages, charges, debentures or other loan capital (issued or agreed to be issued), 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 position 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 from transactions denominated in different 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. Our 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 six months ended June 30, 2023, the exchange differences on translation of foreign operations amounted to a gain of RMB36.7 million, primarily due to the fluctuation of exchange rate of Euro during the 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 June 30, 2023, 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 six months ended June 30, 2023.

FUTURE PLANS FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

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

EMPLOYEES AND REMUNERATION POLICIES

As of June 30, 2023, the Group had a total of 821 employees (December 31, 2022: 790). For the six months ended June 30, 2023, the total costs for the Group's employees amounted to RMB169.6 million (for the six months ended June 30, 2022: RMB143.8 million). "Diligence and Capability" is the core value of the Group. The Group attaches great importance to employee's competence 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 keeps 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 such appraisal results.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

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

Other Information

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 interim report, the Company has, to the best knowledge of the Board, complied with all applicable code provisions of the CG Code during the Reporting 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 Reporting 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 of the Company 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.

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 the 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 Reporting Period.

During the Reporting 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.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended June 30, 2023.

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 interim report, 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 primary functions of the Audit Committee are to review and supervise the financial reporting process, internal control and risk management system of the Group, oversee the audit process, provide advice and comments to the Board, perform other duties and responsibilities as may be assigned by the Board, and review and oversee the risk management of the Company.

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 interim condensed consolidated financial statements of the Group for the six months ended June 30, 2023. The Audit Committee considered that the interim condensed consolidated financial statements of the Group for the six months ended June 30, 2023 are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Shares were listed on the Main Board of the Stock Exchange on December 12, 2022. On January 9, 2023, an additional of 35,500 Shares were issued by the Company at the price of HK$51.40 per Share pursuant to the partial exercise of the over-allotment option, which resulted in additional net proceeds of approximately HK$1.77 million. The net proceeds raised from the Global Offering and the partial exercise of the over-allotment option, after deduction of the underwriting fees and commissions and other estimated expenses payable by the Company in connection with the Global Offering and the partial exercise of the over-allotment option, amounted to approximately HK$286.48 million (the "**Net Proceeds**").

As of the date of this interim report, 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 June 30, 2023:

			Net Proceeds (HK$ in million)			
Purpose	**% of the Net Proceeds**	**Amount available for utilization**	**Utilized amount up to December 31, 2022**	**Actual amount of Net Proceeds utilized during the Reporting Period**	**Unutilized amount as of June 30, 2023**	**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%	109.43	0.01	2.82	106.60	December 11, 2024
Improve the production capacity and strengthen the manufacturing capabilities of the Group	29.0%	83.08	2.08	1.63	79.37	December 11, 2024
Expand the Group's sales and marketing	9.5%	27.22	0.01	0.84	26.37	December 11, 2024
For working capital and general corporate purposes	10.6%	30.37	30.18	0.19	—	Not applicable
Repay the interest-bearing borrowings of the Group	12.7%	36.38	36.16	0.22	—	Not applicable
Total	100%	286.48	68.44	5.70	212.34	

As of June 30, 2023, the remaining Net Proceeds of approximately HK$212.34 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.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As of June 30, 2023, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interest in Shares of the Company

Name of Directors	Capacity and nature of interest	Number of Shares held[(1)]	Approximate percentage of the Company's issued share capital[(2)]
Mr. Gao Tieta[(3)]	Interest in a controlled corporation	63,263,528	42.75%
Mr. Zhang Jianjun[(4)(6)]	Interest in controlled corporations	7,112,360	4.81%
Mr. Zhao Xinli[(5)]	Interest in a controlled corporation	3,436,116	2.32%
Mr. Liu Xinwei[(6)]	Interest in a controlled corporation	955,879	0.65%

Notes:

(1) All interests stated are long positions.

(2) The percentage is calculated based on the total number of 147,970,369 ordinary Shares of the Company in issue as of June 30, 2023.

(3) As of June 30, 2023, Mr. Gao Tieta wholly owns GT HoldCo, and therefore he is deemed to be interested in the 63,263,528 Shares directly held by GT HoldCo.

(4) As of June 30, 2023, Mr. Zhang Jianjun holds 74.42% equity interest in GMC IV, and therefore he is deemed to be interested in the 6,156,481 Shares directly held by GMC IV.

(5) As of June 30, 2023, Mr. Zhao Xinli holds 33.33% equity interest in GMC V, and therefore he is deemed to be interested in the 3,436,116 Shares directly held by GMC V.

(6) As of June 30, 2023, GMC Teleon is held by Hima Holding Ltd and Huyang Group Ltd as to 62.22% and 33.33%, respectively. Hima Holding Ltd is wholly owned by Mr. Liu Xinwei and Huyang Group Ltd is wholly owned by Mr. Zhang Jianjun. Therefore, both Mr. Liu Xinwei and Mr. Zhang Jianjun are deemed to be interested in the 955,879 Shares directly held by GMC Teleon.

Save as disclosed above, as of June 30, 2023, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

As of June 30, 2023 or at any time during the Reporting Period, none of the Company or any of its subsidiaries was a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As of June 30, 2023, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Interest in Shares of the Company

Name of Shareholders	Capacity and nature of interest	Number of Shares held[1]	Approximate percentage of the Company's issued share capital[2]
GT HoldCo[3]	Beneficial owner	63,263,528	42.75%
OrbiMed Advisors III Limited[4]	Interest in a controlled corporation	18,039,426	12.19%
OrbiMed Asia GP III, L.P.[4]	Interest in a controlled corporation	18,039,426	12.19%
OrbiMed Asia[4]	Beneficial owner	18,039,426	12.19%
Warburg Pincus (Bermuda) Private Equity GP Ltd.[5]	Interest in a controlled corporation	11,375,840	7.69%
Warburg Pincus Partners II (Cayman), L.P.[5]	Interest in a controlled corporation	11,375,840	7.69%
Warburg Pincus (Cayman) China-Southeast Asia II GP LLC[5]	Interest in a controlled corporation	11,375,840	7.69%
Warburg Pincus (Cayman) China-Southeast Asia II GP, L.P.[5]	Interest in a controlled corporation	11,375,840	7.69%
Warburg Pincus China-Southeast Asia II (Cayman), L.P.[5]	Interest in a controlled corporation	11,375,840	7.69%
Cuprite Gem[5]	Beneficial owner	11,375,840	7.69%

Notes:

(1) All interests stated are long positions.

(2) The percentage is calculated based on the total number of 147,970,369 ordinary Shares of the Company in issue as of June 30, 2023.

(3) As of June 30, 2023, GT HoldCo is wholly owned by Mr. Gao Tieta.

(4) As of June 30, 2023, OrbiMed Asia directly held 18,039,426 Shares. To the best knowledge of the Company, OrbiMed Advisors III Limited is the general partner of OrbiMed Asia GP III, L.P.; and OrbiMed Asia GP III, L.P. is the general partner of OrbiMed Asia. OrbiMed Advisors III Limited and OrbiMed Asia GP III, L.P. were therefore deemed to be interested in the Shares which are owned by OrbiMed Asia under the SFO.

(5) As of June 30, 2023, Cuprite Gem directly held 11,375,840 Shares. To the best knowledge of the Company, Cuprite Gem is wholly owned by certain investment funds managed by their fund manager, Warburg Pincus LLC, among which, approximately 52.10% of Cuprite Gem is owned by Warburg Pincus China-Southeast Asia II (Cayman), L.P. The general partner of Warburg Pincus China-Southeast Asia II (Cayman), L.P. is Warburg Pincus (Cayman) China-Southeast Asia II GP, L.P., the general partner of which is Warburg Pincus (Cayman) China-Southeast Asia II GP LLC ("**WPC-SEA II Cayman GP LLC**"). The managing member of WPC-SEA II Cayman GP LLC is Warburg Pincus Partners II (Cayman), L.P., the general partner of which is Warburg Pincus (Bermuda) Private Equity GP Ltd.

Save as disclosed above, as of June 30, 2023, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in any Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

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

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

CHANGE TO INFORMATION IN RESPECT OF DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY

The changes in the information of Directors and chief executives of the Company since the publication of the 2022 annual report and up to the date of this interim report as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are as follows:

Mr. Shi Long resigned as a non-executive Director with effect from August 24, 2023 in order to devote more time to focus on his other business commitments; and Ms. Li Wenqi has been appointed as an executive Director with effect from the same date. For details, please refer to the announcement of the Company dated August 24, 2023.

Save as disclosed above, there has been no other change to information which is required to be disclosed and has been disclosed by Directors and chief executives of the Company pursuant to Rule 13.51B(1) of the Listing Rules since the publication of the 2022 annual report and up to the date of this interim report.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this interim report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

Independent Review Report

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To the board of directors of Gaush Meditech Ltd
(Incorporated in the Cayman Islands as an exempted company with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 26 to 52, which comprises the condensed consolidated statement of financial position of Gaush Meditech Ltd (the "**Company**") and its subsidiaries (the "**Group**") as at 30 June 2023 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 Interim Financial Reporting ("**IAS 34**") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong

24 August 2023

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2023

	Notes	2023 (Unaudited) RMB'000	2022 (Audited) RMB'000
REVENUE	4	**700,703**	577,874
Cost of sales		**(345,096)**	(296,633)
Gross profit		**355,607**	281,241
Other income and gains		**21,761**	13,940
Selling and distribution expenses		**(120,888)**	(90,119)
Administrative expenses		**(62,525)**	(69,791)
Research and development expenses		**(26,105)**	(22,416)
Fair value changes of convertible redeemable preferred shares		**—**	(36,099)
Other expenses		**(1,938)**	(88,204)
Finance costs		**(23,683)**	(20,699)
PROFIT/(LOSS) BEFORE TAX	5	**142,229**	(32,147)
Income tax expense	6	**(31,808)**	(21,117)
PROFIT/(LOSS) FOR THE PERIOD		**110,421**	(53,264)
Attributable to:			
Owners of the parent		**111,296**	(51,134)
Non-controlling interests		**(875)**	(2,130)
		110,421	(53,264)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic			
For profit/(loss) for the period (in RMB)		**0.75**	(0.54)
Diluted			
For profit for the period (in RMB)		**0.75**	N/A

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2023

	2023 (Unaudited) RMB'000	2022 (Audited) RMB'000
PROFIT/(LOSS) FOR THE PERIOD	**110,421**	(53,264)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		
Exchange differences:		
Exchange differences on translation of foreign operations	**36,749**	(12,022)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**147,170**	(65,286)
Attributable to:		
Owners of the parent	**148,045**	(63,156)
Non-controlling interests	**(875)**	(2,130)
	147,170	(65,286)

Interim Condensed Consolidated Statement of Financial Position

30 June 2023

	Notes	**30 June 2023 (Unaudited) RMB'000**	31 December 2022 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	**73,229**	72,019
Right-of-use assets		**48,439**	54,735
Goodwill		**960,897**	906,869
Intangible assets		**280,731**	278,884
Long-term prepayments and other receivables		**24,483**	22,983
Contract assets		**2**	—
Deferred tax assets		**72,552**	56,266
Total non-current assets		**1,460,333**	1,391,756
CURRENT ASSETS			
Financial assets at fair value through profit or loss	10	**176,793**	2,095
Inventories		**305,253**	281,120
Trade receivables	11	**158,870**	166,397
Contract assets		**1,410**	2,247
Cash in transit for an investment		**—**	90,540
Prepayments, other receivables and other assets		**66,750**	52,463
Term deposits		**28,253**	—
Pledged deposits		**8,034**	9,949
Cash and cash equivalents	12	**642,505**	721,523
Total current assets		**1,387,868**	1,326,334
CURRENT LIABILITIES			
Trade payables	13	**96,581**	68,703
Other payables and accruals		**93,014**	123,175
Tax payable		**17,602**	13,581
Interest-bearing bank and other borrowings	14	**537,853**	131,880
Contract liabilities		**116,886**	136,049
Lease liabilities		**16,406**	19,235
Total current liabilities		**878,342**	492,623
NET CURRENT ASSETS		**509,526**	833,711
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,969,859**	2,225,467

	Notes	**30 June 2023 (Unaudited) RMB'000**	31 December 2022 (Audited) RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	14	**167,142**	569,708
Contract liabilities		**24,359**	26,891
Deferred tax liabilities		**70,970**	71,951
Other payables and accruals		**39,124**	35,053
Lease liabilities		**32,861**	35,179
Total non-current liabilities		**334,456**	738,782
Net assets		**1,635,403**	1,486,685
EQUITY			
Equity attributable to owners of the parent			
Share capital	15	**102**	102
Other reserves		**1,619,048**	1,469,455
		1,619,150	1,469,557
Non-controlling interests		**16,253**	17,128
Total equity		**1,635,403**	1,486,685

Tieta Gao
Director

Xinwei Liu
Director

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Attributable to owners of the parent						
	Share capital RMB'000	**Capital reserve* RMB'000**	**Exchange fluctuation reserve* RMB'000**	**Accumulated losses* RMB'000**	**Total RMB'000**	**Non-controlling interests RMB'000**	**Total equity RMB'000**
At 1 January 2023 (Audited)	**102**	**2,082,974**	**(27,071)**	**(586,448)**	**1,469,557**	**17,128**	**1,486,685**
Total comprehensive income for the period	**—**	**—**	**36,749**	**111,296**	**148,045**	**(875)**	**147,170**
Issue of shares	**—**	**1,548**	**—**	**—**	**1,548**	**—**	**1,548**
At 30 June 2023 (Unaudited)	**102**	**2,084,522**	**9,678**	**(475,152)**	**1,619,150**	**16,253**	**1,635,403**

* These reserve accounts comprise the consolidated reserves of RMB(1,619,048,000) in the interim condensed consolidated statements of financial position as at 30 June 2023.

	Attributable to owners of the parent						
	Share capital RMB'000	Capital reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Accumulated losses* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2022 (Audited)	65	(368,095)	(51,573)	(236,829)	(656,432)	23,061	(633,371)
Total comprehensive loss for the period	—	—	(12,022)	(51,134)	(63,156)	(2,130)	(65,286)
Capital injection from a non-controlling shareholder **	—	—	—	—	—	500	500
At 30 June 2022 (Audited)	65	(368,095)	(63,595)	(287,963)	(719,588)	21,431	(698,157)

* These reserve accounts comprise the consolidated reserves of RMB(719,653,000) in the consolidated statements of financial position as at 30 June 2022.

** Tianjin Taihang Corporate Management Consultancy L.P. (天津高視太行企業管理諮詢合夥企業(有限合夥)) received a capital injection of RMB500,000 from a non-controlling shareholder.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	2023 (Unaudited) RMB'000	2022 (Audited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax:	**142,229**	(32,147)
Adjustments for:		
Finance costs	**23,683**	20,699
Interest income	**(2,953)**	(1,782)
(Loss)/gain on disposal of property, plant, and equipment	**(1)**	6
Fair value losses on preferred shares	**—**	36,099
Fair value losses on derivative financial instruments	**—**	74
Fair value gains on financial assets at fair value through profit or loss	**(1,150)**	—
Fair value losses on loans at fair value through profit or loss	**—**	(61)
Depreciation of property, plant, and equipment	**8,001**	4,100
Depreciation of right-of-use assets	**10,594**	9,518
Amortisation of intangible assets	**18,323**	17,235
Impairment (gain)/loss recognised on trade receivables, net	**(526)**	1,098
Impairment (gain)/loss recognised on contract assets, net	**(8)**	10
Impairment (gain)/loss recognised on other receivables, net	**(228)**	48
Gain on disposal of financial assets at fair value through profit or loss	**(578)**	—
Write-down of inventories to net realisable value	**2,690**	1,868
Scrap for inventories	**(3,036)**	(1,828)
Foreign exchange differences, net	**2,730**	84,054
Decrease in pledged bank deposits for retention	**3,444**	763
Increase in inventories	**(24,568)**	(25,766)
Decrease in trade receivables	**8,525**	8,188
Decrease/(increase) in contract assets	**843**	(438)
(Increase)/decrease in prepayments, other receivables and other assets	**(15,716)**	3,235
Increase/(decrease) in trade payables	**27,878**	(6,946)
Decrease in other payables and accruals	**(25,155)**	(17,544)
(Decrease)/increase in contract liabilities	**(21,695)**	18,550
Cash generated from operations	**153,326**	119,033
Income tax paid	**(42,139)**	(43,765)
Net cash flows from operating activities	**111,187**	75,268

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	2023 (Unaudited) RMB'000	2022 (Audited) RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**2,953**	1,782
Proceeds from disposal of financial assets at fair value through profit or loss	**178,709**	—
Purchases of property, plant, and equipment and other long-term assets	**(5,162)**	(14,828)
Purchases of financial assets at fair value through profit or loss	**(260,008)**	—
Purchases of term deposits	**(28,253)**	—
Additions of intangible assets	**(4,248)**	(1,736)
Investment income from financial assets at fair value through profit or loss	**578**	—
Net cash flows used in investing activities	**(115,431)**	(14,782)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank borrowings	**7,923**	14,962
Repayment of bank borrowings	**(48,346)**	(68,765)
Payments of lease liabilities	**(9,659)**	(11,563)
Contributions by non-controlling shareholders	**—**	500
Issuance of ordinary shares	**1,547**	—
Pledged bank deposits for loans	**(1,530)**	187
Payment of listing expenses	**(1,836)**	(1,647)
Interest paid	**(18,532)**	(18,957)
Net cash flows used in financing activities	**(70,433)**	(85,283)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(74,677)**	(24,797)
Cash and cash equivalents at beginning of period	**721,523**	608,996
Effect of foreign exchange rate changes, net	**(4,341)**	(1,973)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**642,505**	582,226

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

The interim condensed consolidated financial information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised International Financial Reporting Standards ("**IFRSs**") for the first time for the current period's financial information.

IFRS 17	*Insurance Contracts*
Amendments to IFRS 17	*Insurance Contracts*
Amendment to IFRS 17 Comparative Information	*Initial Application of IFRS 17 and IFRS 9 — Comparative Information*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform — Pillar Two Model Rules*

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

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. Since the Group elected to early adopt the amendments from 1 January 2018, the amendments did not have any impact on the financial position or performance of the Group.

(d) Amendments to IAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

3. OPERATING SEGMENT INFORMATION

Six months ended 30 June 2023 (Unaudited)	**Proprietary products RMB'000**	**Distribution products RMB'000**	**Technical services RMB'000**	**Others RMB'000**	**Total RMB'000**
External sales	**193,868**	**399,365**	**103,325**	**4,145**	**700,703**
Intersegment sales	**54,641**	**—**	**—**	**4,343**	**58,984**
Total	**248,509**	**399,365**	**103,325**	**8,488**	**759,687**
Elimination of intersegment sales					**(58,984)**
Segment revenue	**193,868**	**399,365**	**103,325**	**4,145**	**700,703**
Segment cost	**74,100**	**214,915**	**54,562**	**1,519**	**345,096**
Segment gross profit	**119,768**	**184,450**	**48,763**	**2,626**	**355,607**

Six months ended 30 June 2022 (Audited)	Proprietary products RMB'000	Distribution products RMB'000	Technical services RMB'000	Others RMB'000	Total RMB'000
External sales	141,991	338,657	89,708	7,518	577,874
Intersegment sales	80,844	—	—	70	80,914
Total	222,835	338,657	89,708	7,588	658,788
Elimination of intersegment sales					(80,914)
Segment revenue	141,991	338,657	89,708	7,518	577,874
Segment cost	59,153	182,278	46,441	8,761	296,633
Segment gross profit	82,838	156,379	43,267	(1,243)	281,241

3. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue from external customers

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Greater China	**556,024**	453,427
Asia Pacific (excluding Greater China)	**31,279**	25,187
Germany	**74,116**	56,399
Europe (excluding Germany)	**22,076**	25,239
Americas (including Canada)	**6,140**	6,701
Oceania	**7,121**	7,283
Others	**3,947**	3,638
	700,703	577,874

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

(b) Non-current assets

	30 June 2023	31 December 2022
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Greater China	**109,269**	116,233
Germany	**17,987**	17,723
Netherlands	**1,259,034**	1,197,055
	1,386,290	1,331,011

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

4. REVENUE

An analysis of revenue is as follows:

Revenue from contracts with customers

Disaggregated revenue information

Segments	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Types of goods or services		
Sale of ophthalmic medical devices	**337,863**	274,509
Sale of ophthalmic medical consumables	**255,370**	206,139
After-sales services*	**103,325**	89,708
Others	**4,145**	7,518
Total revenue from contracts with customers	**700,703**	577,874
Geographical markets**		
Greater China	**554,223**	456,222
Germany	**67,942**	57,074
Netherlands	**78,538**	64,578
Total revenue from contracts with customers	**700,703**	577,874
Timing of revenue recognition		
Goods transferred at a point in time	**595,739**	483,630
Services transferred over time	**104,964**	94,244
Total revenue from contracts with customers	**700,703**	577,874

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

** Revenue is allocated by the geographical location of entities.

5. PROFIT/(LOSS) BEFORE TAX

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

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Cost of inventories sold	**289,015**	241,431
Cost of services provided	**56,081**	55,202
Cost of sales	**345,096**	296,633
Depreciation of property, plant and equipment*	**8,001**	4,100
Depreciation of right-of-use assets*	**10,594**	9,518
Amortisation of intangible assets*	**18,323**	17,235
Research and development expenses	**26,105**	22,416
Lease payments not included in the measurement of lease liabilities	**311**	540
Listing expenses (including auditor's remuneration)	**—**	18,913
Employee benefit expenses (including directors' and chief executive's remuneration)**:		
Wages and salaries and pension scheme contributions	**169,610**	143,797
Foreign exchange (gains)/losses, net****	**(7,337)**	84,599
(Reversal of impairment)/impairment of trade receivables, net***	**(526)**	1,098
(Reversal of impairment)/impairment of contract assets, net***	**(8)**	10
(Reversal of impairment)/impairment of other receivables, net***	**(228)**	48
Write-down of inventories to net realisable value***	**2,690**	1,868
Fair value (gains)/losses, net:		
Preferred shares***	**—**	36,099
Derivative financial instruments***	**—**	74
Financial assets at fair value through profit or loss	**(1,150)**	—
Loans at fair value through profit or loss	**—**	(61)
Bank interest income	**(2,953)**	(1,782)
Investment income from financial assets at fair value through profit or loss	**(578)**	—
(Gain)/loss on disposal of property, plant, and equipment*****	**(1)**	6

5. PROFIT/(LOSS) BEFORE TAX *(Continued)*

* Depreciation and amortisation are included in "Cost of sales", "Selling and distribution expenses", "Research and development expenses" and "Administrative expenses" in the interim condensed consolidated statement of profit or loss.

** Employee benefit expenses of approximately RMB48,467,000 (2022: RMB44,297,000) is included in "Cost of sales" in the interim condensed consolidated statement of profit or loss for the six months ended 30 June 2023. Employee benefit expenses of approximately RMB15,085,000 (2022: RMB10,139,000) is included in "Research and development expenses" in the interim condensed consolidated statement of profit or loss for the six months ended 30 June 2023.

*** The write-down of inventories to net realisable value and the impairment of trade receivables, contract assets and other receivables, and fair value losses (except for convertible redeemable preferred shares) are included in "Other expenses" in the interim condensed consolidated statement of profit or loss. Fair value gains are included in "Other income and gains" in the interim condensed consolidated statement of profit or loss.

**** Foreign exchange losses and gains are included in "Other expenses" and "Other income and gains" in the interim condensed consolidated statement of profit or loss, respectively.

***** Gain and loss on disposal of property, plant, and equipment is included in "Other income and gains" and "Other expenses" in the interim condensed consolidated statement of profit or loss, respectively.

6. 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 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 six months ended 30 June 2023. "High and New Technology Enterprise" qualification is subject to review by the relevant tax authority in the PRC for every three years.

6. INCOME TAX *(Continued)*

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 locations of the respective subsidiaries.

From 1 January 2022, subsidiaries established in the Netherlands were subject to corporate income tax at the rate of 15% for taxable amount of EUR395,000 or less and at the rate of 25.8% for the portion exceeding EUR395,000. From 1 January 2023, the Dutch statutory tax rate remains at 25.8%, and the corporate income tax rate for taxable amount of EUR200,000 or less is 19%. 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 tax rate of 9% applies to activities covered by the innovation box, which 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:

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Current — Hong Kong	**7,564**	4,744
Current — Mainland China	**32,712**	19,166
Current — Other jurisdictions	**11,104**	6,909
Deferred	**(19,572)**	(9,702)
Total tax charge for the period	**31,808**	21,117

6. INCOME TAX *(Continued)*

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate, is as follows:

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Profit/(loss) before tax	**142,229**	(32,147)
Tax at the statutory tax rate	**25,696**	21,616
Lower tax rates for specific jurisdictions or enacted by local authority	**(5,169)**	(2,628)
Tax losses utilised from previous periods	**(964)**	(1,063)
Expenses not deductible for tax	**4,259**	779
Super Deduction for research and development expenses*	**(2,938)**	(2,986)
Unrecognised temporary differences and tax losses	**8,464**	5,910
Adjustments in respect of current tax of previous period	**1,465**	(583)
Other items	**995**	72
Tax charge at the Group's effective rate	**31,808**	21,117

* According to the relevant laws and regulations promulgated by the State Council of the People's Republic of China that were effective from 2008 onwards, enterprises engaging in research and development activities were entitled to claim 150% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("**Super Deduction**"). The State Taxation Administration of The People's Republic of China announced in September 2018 that enterprises engaging in research and development activities would be entitled to claim 175% of their research and development expenses as Super Deduction from 1 January 2019 to 31 December 2021. Starting from 1 January 2021, the rate of deduction for research and development expenses of manufacturing enterprises increased from 75% to 100%. For the enterprises entitled to the current weighted pre-tax deduction ratio of 75% for research and development expenses, such ratio is raised to 100% during the period from 1 October 2022 to 31 December 2022. On 26 March 2023, the Ministry of Finance of the People's Republic of China and State Taxation Administration jointly released the "Announcement No.7," confirming that the deduction ratio is raised to 100% for all eligible companies, and would be implemented retroactively from 1 January 2023, with no end date. The Group has made its best estimate for the Super Deduction to be claimed for the Group's entities in ascertaining their assessable profits during the years of 2021 and 2022.

7. DIVIDENDS

No dividends have been declared and paid by the Company for the six months ended 30 June 2023 (for the six months ended 30 June 2022: Nil).

8. EARNINGS/(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/(loss) for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 147,968,604 (2022: 94,146,939) in issue during the period, as adjusted to reflect the rights issue during the period.

The calculation of the diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, 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 conversion of all dilutive potential ordinary shares into ordinary shares within the validity period of the over-allotment option.

The calculations of basic and diluted earnings/(loss) per share are based on:

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Earnings:		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings/(loss) per share calculation	**111,296**	(51,134)
Shares:		
Weighted average number of ordinary shares in issue during the period, used in the basic earnings per share calculation	**147,969**	94,147
Effect of dilution — weighted average number of ordinary shares:		
Over-allotment option*	**108**	—
	148,077	94,147

* The Company grants the over-allotment option to the international underwriters, exercisable by the overall coordinators and the joint global coordinators at any time up to 30 days after the last date for the lodging of applications under the Hong Kong public offering, pursuant to which the Company may be required to allot and issue up to an aggregate of 1,960,200 additional shares representing no more than 15.0% of the initial offer shares, at the same price per offer share under the international offering. On 9 January 2023, the Company issued 35,500 ordinary shares for HKD51.40 per share due to the exercise of the over-allotment option. The Company was listed on the Main Board of the Stock Exchange on 12 December 2022, and the over-allotment option expired on 11 January 2023. The over-allotment option had dilution effect.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired assets at a cost of RMB7,320,000 (six months ended 30 June 2022: RMB19,684,000).

Assets (other than those classified as held for sale) with a net book value of RMB3,000 were disposed of by the Group during the six months ended 30 June 2023 (30 June 2022: RMB133,000), resulting in a net gain on disposal of RMB1,030 (six months ended 30 June 2022: a net loss of RMB6,000).

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2023	31 December 2022
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Value Investment Fund SP	**176,793**	2,095

The financial assets at fair value through profit or loss as at 30 June 2023 amounted to RMB176,793,000 (31 December 2022: RMB2,095,000) are the funds purchased from Future Vision Fund SPC and Alpha Generation Fund SPC with expected rate of return ranging from 2.5% to 4.5% per annum (31 December 2022: from 2.5% to 3.0% per annum). The funds were classified as financial assets at fair value through profit or loss as it was held for trading.

11. TRADE RECEIVABLES

	30 June 2023	31 December 2022
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Trade receivables	**163,171**	171,696
Impairment	**(4,301)**	(5,299)
	158,870	166,397

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.

11. TRADE RECEIVABLES *(Continued)*

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:

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Within 1 year	**136,801**	149,309
1 to 2 years	**17,959**	14,016
2 to 3 years	**3,693**	2,628
3 to 4 years	**380**	398
4 to 5 years	**37**	46
Over 5 years	**—**	—
	158,870	166,397

12. CASH AND CASH EQUIVALENTS

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Cash and bank balances	**642,505**	721,523

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

	30 June 2023 (Unaudited) '000	31 December 2022 (Audited) '000
RMB	**421,709**	388,268
USD	**2,372**	13,479
EUR	**24,621**	24,054
HKD	**9,263**	68,126

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.

13. TRADE PAYABLES

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

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Within 3 months	**94,729**	65,816
3 to 6 months	**114**	607
6 months to 1 year	**943**	1,520
Over 1 year	**795**	760
	96,581	68,703

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 30 June 2023		
	Effective interest rate (%)	**Maturity**	**RMB'000**
Current			
Bank loans — secured	**1.50–3.10**	**2024**	**49,600**
Senior facility loan — secured	**3.00–4.20**	**2024**	**464,376**
Vendor loan — secured	**7.00**	**2024**	**23,877**
			537,853
Non-current			
Vendor loan — secured	**7.00**	**2025**	**167,142**
			167,142

14. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

	As at 31 December 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

15. SHARE CAPITAL

Shares

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Issued and fully paid:	**102**	102

15. SHARE CAPITAL *(Continued)*

Shares *(Continued)*

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
At 1 January 2022 (Audited)	**94,146,939**	65
Conversion of preferred shares into ordinary shares (i)	**46,405,930**	32
Issuance of ordinary shares (ii)	**7,382,000**	5
At 31 December 2022 and 1 January 2023	**147,934,869**	102
Issuance of ordinary shares (iii)	**35,500**	—
At 30 June 2023 (Unaudited)	**147,970,369**	102

(i) All convertible redeemable preferred shares were automatically converted into ordinary shares on an one for one basis upon the successful IPO of the Company on 12 December 2022. As a result, the financial liabilities for convertible redeemable preferred shares were derecognised and recorded as share capital and share premium.

(ii) In connection with the Company's IPO on 12 December 2022, 7,382,000 new ordinary shares were issued at an offer price of HKD51.40 per share.

(iii) The Company grants the over-allotment option to the international underwriters, exercisable by the overall coordinators and the joint global coordinators at any time up to 30 days after the last date for the lodging of applications under the Hong Kong public offering, pursuant to which the Company may be required to allot and issue up to an aggregate of 1,960,200 additional shares representing no more than 15.0% of the initial offer shares, at the same price per offer share under the international offering. On 9 January 2023, the Company issued 35,500 ordinary shares for HKD51.40 per share due to the exercise of the over-allotment option. Calculated at a nominal price of USD0.0001 per share, an additional share capital of RMB24.23 was added due to the exercise of over-allotment option.

16. CONTINGENT LIABILITIES

As at 30 June 2023, the Group did not have any contingent liabilities or guarantees that would have a material impact on the financial position or operations of the Group.

17. COMMITMENTS

The Group did not have significant capital commitments at the end of the reporting period.

18. RELATED PARTY TRANSACTIONS

(a) Name and relationship

The directors are of the opinion that the following companies are related parties that had transactions or balances with the Group during the reporting period.

Name of related parties	Relationship with the Group
Mr. Gao Tieta	Chairman, Executive Director and Chief Executive Officer
Mr. Zhang Jianjun	Executive Director and Honorary President
Mr. Zhao Xinli	Executive Director and Chief Compliance Officer
Mr. Liu Xinwei	Executive Director and Co-Chief Executive Officer
Mr. Gao Fan*	Brother of the main shareholder of the Company
Ms. Li Wenqi	Chief Financial Officer and Joint Company Secretary
Mr. Alexey Nikolaevich Simonov**	Chief Technology Officer
Beijing Yayuncun Bolin Eyecare Clinic (北京亞運村鉑林眼科診所有限公司)	Controlled by Mr. Gao Fan
Beijing Tiantongyuan Bolin Eyecare Clinic (北京鉑林天通苑眼科診所有限公司)	Controlled by Mr. Gao Fan
Beijing Shangdi Bolin Eyecare Clinic (北京鉑林上地眼科診所有限公司)	Controlled by Mr. Gao Fan
Beijing Xiaojiahe Bolin Eyecare Clinic (北京鉑林肖家河眼科診所有限公司)	Controlled by Mr. Gao Fan
Beijing Yongdinglu Bolin Eyecare Clinic (北京鉑林永定路眼科診所有限公司)	Controlled by Mr. Gao Fan
Beijing Shunyijinjie Bolin Eyecare Clinic (北京鉑林順藝金街眼科診所有限公司)	Controlled by Mr. Gao Fan
Beijing Beiyuan Bolin Eyecare Clinic (北京鉑林北苑眼科診所有限公司)	Controlled by Mr. Gao Fan
Tangshan Jidong Eye Hospital*** (唐山冀東眼科醫院有限公司)	Controlled by Mr. Gao Fan
Luannan Jidong Eye Hospital*** (灤南冀東視明眼科醫院有限公司)	Controlled by Mr. Gao Fan
Luanzhou Jidong Eye Hospital*** (灤州冀東眼科醫院有限公司)	Controlled by Mr. Gao Fan
Yutian Jidong Eye Hospital*** (玉田縣冀東眼科醫院有限公司)	Controlled by Mr. Gao Fan

* Mr. Gao Fan's share of the Group became less than 5% from 1 April 2021.

** Mr. Alexey Nikolaevich Simonov has been appointed as the chief technology officer of Gaush Meditech Ltd from 31 March 2023.

*** Tangshan Jidong Eye Hospital (唐山冀東眼科醫院有限公司), Luannan Jidong Eye Hospital (灤南冀東視明眼科醫院有限公司), Luanzhou Jidong Eye Hospital (灤州冀東眼科醫院有限公司) and Yutian Jidong Eye Hospital (玉田縣冀東眼科醫院有限公司) were acquired by Chaoju Eye Care Holdings Limited and ceased to be related parties of the Group in the year of 2022.

18. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Transactions with related parties

The Group had the following transactions with related parties during the reporting period.

	Notes	Six months ended 30 June **2023** **(Unaudited)** **RMB'000**	2022 (Audited) RMB'000
Sales of goods to	(i)		
Entities controlled by Mr. Gao Fan		—	529
		—	529
Sales of services to			
Entities controlled by Mr. Gao Fan		—	283
		—	283
Purchases of products from	(ii)		
Entities controlled by Mr. Gao Fan		—	3
		—	3
Lease payments to			
Mr. Gao Tieta	(iii)	**736**	737

Notes:

(i) The sales to related parties were made according to the published prices and conditions offered by the Group to their major customers.

(ii) The purchases from the related party were made according to the published prices and conditions offered by the related parties to their major customers.

(iii) The Group entered into certain property leasing agreements with Mr. Gao Tieta, and accordingly recognised lease liabilities of RMB720,000 (31 December 2022: RMB1,472,000) as at the end of the reporting period.

18. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Balances with related parties

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Amount due from related party		
Trade balance		
Mr. Gao Tieta	**—**	100
	—	100

(d) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Audited) RMB'000
Salaries, other allowances and benefits in kind	**2,330**	1,650
Performance related bonuses	**1,086**	1,064
Pension scheme contributions	**216**	142
	3,632	2,856

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Carrying amounts of:		
Non-current portion of interest-bearing bank and other borrowings	**167,142**	569,708
Fair values of:		
Non-current portion of interest-bearing bank and other borrowings	**181,319**	632,846

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, term deposit, trade receivables, financial assets included in prepayments, other receivables and other assets, trade payables and financial liabilities included in other payables and accruals, the current portion of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's corporate finance team headed by the chief financial officer (the "**CFO**") is responsible for determining the policies and procedures for the fair value management of financial instruments. The corporate finance team reports directly to management. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the CFO.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

The fair values of the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 30 June 2023 was assessed to be insignificant.

The Group invests in Future Vision SPC fund and Alpha Generation SPC fund. The Group has estimated the fair values of these funds by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value

As at 30 June 2023 (Unaudited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	—	176,793	—	176,793

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Assets measured at fair value *(Continued)*

As at 31 December 2022 (Audited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	—	2,095	—	2,095

Liabilities measured at fair value

The Group did not have any financial liabilities measured at fair value as at 30 June 2023 (31 December 2022: Nil).

20. EVENTS AFTER THE REPORTING PERIOD

There was no significant event after the reporting period.

Definitions

"Audit Committee"	the audit committee of the Company
"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 interim report and for geographical reference only and except where the context requires otherwise, references in this interim report to "China" and the "PRC" do not include Hong Kong, Macau and Taiwan
"Class III hospital"	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
"Companies Ordinance"	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"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
"Cuprite Gem"	Cuprite Gem Investments Ltd, an exempted company incorporated under the laws of Cayman Islands with limited liability on August 24, 2020, further details of which are set out in "History, Reorganization and Development — Pre-IPO Investments — Information on the Pre-IPO Investors" of the Prospectus
"Director(s)"	the 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 noninvasive diagnostic technique, which can evaluate visual disorder by measuring electrical signals produced by the visual system

"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)
"GMC IV"	GMC FOUR Ltd, a company duly incorporated under the laws of the British Virgin Islands on October 27, 2017 which was owned as to 74.42% by Zhang Jianjun, 12.79% by Gao Feng, 7.67% by Wang Cheng and 5.12% by Wu Hui
"GMC Teleon"	GMC Teleon Ltd, a company duly incorporated under the laws of the British Virgin Islands on May 18, 2021 which was owned as to 62.22% by Liu Xinwei, 33.33% by Zhang Jianjun, 2.00% by Mark Lansu, 1.11% by Hendrik Ligt, 1.11% by Rik Renssen and 0.23% by Alexey Simonov
"GMC V"	GMC FIVE Ltd, a company duly incorporated under the laws of the British Virgin Islands on October 27, 2017 which was owned as to 66.67% by Gao Jinta and 33.33% by Zhao Xinli
"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)
"GT HoldCo"	GAUSH HOLDING Ltd, a company duly incorporated under the laws of the British Virgin Islands on October 27, 2017 which was wholly owned by Gao Tieta
"HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"intraocular lens"	an artificial replacement for the lens of human eye removed during cataract surgery
"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 of Hong Kong Limited, 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 Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules

"Nomination Committee"	the nomination committee of the Company
"OrbiMed Asia"	Orbimed Asia Partners III, L.P., an exempted limited partnership registered under the laws of the Cayman Islands on June 10, 2013, further details of which are set out in "History, Reorganization and Development — Pre-IPO Investments — Information on the Pre-IPO Investors" of the Prospectus
"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 patient difficult for the eyes to focus images clearly
"R&D"	research and development
"Remuneration Committee"	the remuneration committee of the Company
"Reporting Period"	for the six months ended June 30, 2023
"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
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary shares in the share capital of the Company with a par value of US$0.0001 each
"Shareholder(s)"	holder(s) of the Share(s)

"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Teleon"	collectively, Teleon Holding B.V., Teleon Surgical B.V., Teleon IP B.V., Teleon Surgical Vertriebs GmbH and Teleon Surgical GmbH
"United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"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"	Gaush 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

* *For identification purpose only*