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

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2023

ANNUAL RESULTS HIGHLIGHTS

Revenue of the Group was RMB1,406.2 million for the year ended December 31, 2023, representing an increase of 12.2% as compared to the revenue of RMB1,253.8 million for the year ended December 31, 2022.

Net profit of the Group was RMB172.9 million for the year ended December 31, 2023 (compared to net loss of RMB352.7 million recorded in 2022), representing an increase of 9.9% as compared to the adjusted net profit (non-IFRS measure)(1) of RMB157.3 million for the year ended December 31, 2022.

The Group's basic earning per Share was RMB1.17 for the year ended December 31, 2023, as compared to the basic loss per Share of RMB3.61 for the year ended December 31, 2022.

The Board recommended the payment of a final dividend of HK$1.1 per Share for the year ended December 31, 2023 (2022: Nil). The final dividend is subject to the approval of the Shareholders at the forthcoming AGM to be held on Thursday, May 30, 2024 and is expected to be paid on Friday, July 26, 2024 to the Shareholders whose names appear on the register of members of the Company as of Friday, June 28, 2024.

Note:

(1) The Group defines the adjusted net profit (non-IFRS measure) of the Group for the year ended December 31, 2022 as net loss adding back the fair value losses and foreign exchange losses on the Preferred Shares, and listing expenses.

SUMMARY OF CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	For the year ended December 31,	
	2023	2022
	(RMB'000)	*(RMB'000)*
REVENUE	**1,406,238**	1,253,785
Cost of sales	**(714,638)**	(628,447)
Gross profit	**691,600**	625,338
Other income and gains	**45,037**	21,115
Selling and distribution expenses	**(248,829)**	(187,766)
Administrative expenses	**(129,383)**	(146,169)
Finance costs	**(50,606)**	(42,682)
Research and development expenses	**(52,883)**	(41,089)
Fair value changes of convertible redeemable preferred shares	**—**	(307,426)
Other expenses	**(7,201)**	(196,415)
PROFIT/(LOSS) BEFORE TAX	**247,735**	(275,094)
Income tax expenses	**(74,821)**	(77,618)
PROFIT/(LOSS) FOR THE YEAR	**172,914**	(352,712)

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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 announcement, the Group has established a "Global 4+2" R&D layout, with several 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 131 engineers in Greater China which makes the Group capable of providing 7*24 hours technical support services for its equipment. Since the beginning of 2023, with the lifting of the COVID-19 pandemic (the "**Pandemic**") control measures, the Group's operating activities have gradually resumed, and the construction layout of the R&D bases in China, as well as the offline marketing and sales activities in the PRC, have been carried out normally.

As of December 31, 2023, the Group (i) had a product portfolio of 148 products in total, including 63 Proprietary Products, further enriching the portfolio of Proprietary Products; (ii) co-operated with 19 overseas brand partners, of which 17 had entered into exclusive distribution arrangements with the Group in respect of their products, including Heidelberg, Schwind and Optos, among which Haag-Streit was added as the exclusive partner during the Reporting Period. In addition, the Group added Sometech Inc., a Korean company, as its exclusive partner in March 2024; (iii) had its products sold to 51 countries and regions worldwide, and had served over 5,000 end customers in Greater China during the Reporting Period; (iv) continued to invest in R&D, appointed Dr. Alexey Nikolaevich Simonov as the Group's chief technology officer, completed the renovation of Wuxi Base and officially moved into Wuxi Precision Medicine Industrial Park (無錫市精準醫療產業園); and (v) generated revenue from sales of Proprietary Products of RMB381.9 million and generated revenue from technical services of RMB209.2 million during the Reporting Period, both reaching a record-high level.

For the year ended December 31, 2023, the revenue of the Group was RMB1,406.2 million, representing an increase of 12.2 % as compared with the previous year. For the year ended December 31, 2023, the gross profit of the Group was RMB691.6 million, representing an increase of 10.6% as compared with the previous year.

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

	For the year ended December 31,	
	2023	2022
	(RMB'000)	*(RMB'000)*
Sales of ophthalmic medical equipment	**680,271**	641,305
Sales of ophthalmic medical consumables	**510,496**	411,814
Technical services	**209,234**	190,084
Others	**6,237**	10,582
Total	**1,406,238**	1,253,785

Products of the Group

As of December 31, 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 the Group's brand partners, and consisted of diagnostic equipment, treatment and surgical instrument, high-value consumables and general consumables. The Group's product portfolio 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, which enables the Group to provide the customers with integrated product and service offering.

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 year ended December 31, 2023, the revenue contribution of the Group's Proprietary Products amounted to RMB381.9 million, accounting for 32.1% of the Group's revenue from sales of products, representing an increase as compared with the ratio of revenue contribution of the Proprietary Products to the Group's revenue from sales of products of 29.3% in 2022; and an increase of 23.9% as compared with the revenue contribution of the Proprietary Products of RMB308.3 million in 2022, which mainly benefited from the rapid growth of revenue from intraocular lens. For the year ended December 31, 2023, the revenue contribution of the Group's intraocular lens under the Proprietary Products amounted to RMB312.8 million, representing a year-on-year increase of 25.6%.

Distribution Products

As of December 31, 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 and Optos, among which Haag-Streit was added as the exclusive partner during the Reporting Period. As of December 31, 2023, the revenue contribution of the Group's Distribution Products amounted to RMB808.9 million, representing an increase of 8.6%, as compared with the revenue from the Distribution Products of RMB744.8 million in 2022, which mainly benefited from the update and iteration of certain products so as to better meet the incremental demand of the market for new technologies and new products, and that the Company accordingly resumed and increased the promotion of products and optimized the sales strategies in various regions.

Technical Services Business

Ophthalmic medical devices are highly complex, demanding extensive technical support and after-sale maintenance. The Group believes that provision of high-quality professional technical services capability enhances the derivative value of the Company's product portfolio and has huge potential for growth. As such, the Group also differentiates itself from its competitors through strong technical service capability. In Greater China, the Group provides its end customers with technical services, which primarily include installment services for the ophthalmic medical equipment it sold, as well as the after-sale warranty and maintenance services of such products.

As of December 31, 2023, the Group has a technical service team comprising 131 technicians in Greater China. The Group sets up 13 technical service centers in Greater China, including one in Hong Kong, and has a technical service network covering all provincial administrative regions in China to provide 7*24 hours technical services, ensure the Group provide services to the customers in a timely manner. During the Reporting Period, the Group's technical service team in Greater China had a total number of over 26,000 service visits. The technical service presents a great opportunity for the Group to interact with its customers, build brand loyalty and gain first-hand insights into market demand and unmet market needs. For the year ended December 31, 2023, the revenue contribution of the Group's technical services amounted to RMB209.2 million, representing a year-on-year increase of 10.0%.

The Group's R&D Line-up

As of December 31, 2023, the Group had already established a "Global 4+2" R&D layout through organic growth and acquisitions and had a total of 240 R&D and production personnel, accounting for approximately 28% of the total headcount, 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. 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 R&D and production base are located in four cities, namely Shenzhen, Suzhou, Wuxi and Wenzhou, and its overseas R&D and production base are located in the Netherlands and Germany. The Group also engaged Mr. 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 RMB52.9 million, accounting for 13.9% of the revenue from Proprietary Products, increased by 28.7% as compared to research and development expenses of RMB41.1 million in 2022.

Shenzhen Base: It mainly focuses on the layout of products such as domestic intraocular lens, myopic intraocular lens, ophthalmic electrophysiological equipment and intraoperative consumables for vitrectomy. Among which, in respect of the domestic intraocular lens, the first registration certificate for mono-focal intraocular lens has been obtained in March 2024. The R&D and registration for domestic intraocular lens will continue to promote. The synthesis of myopic intraocular lens material was developed independently, samples of which were verified to meet the expected specifications. In respect of the ophthalmic electrophysiological equipment, the development of the prototype has been completed successfully, and it has entered the design finalization stage.

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, the Group's self-produced RGP obtained the medical device registration certificate on October 27, 2023 and officially entered the market for sales. The short-term follow-up of OK-Lens has completed with exceptional results. The Group expects to receive the product registration certificates of the OK-Lens by the end of 2025 or early 2026. The design for the defocus lenses has been completed and is in the pre-market preparation stage.

Wenzhou Base: It has product registration certificates for the self-developed 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 fully automatic fundus cameras, phoropters and optical biometers. Among them, facing a steady increase of the market demand, the fully automatic fundus camera has a prominent competitive advantage in terms of imaging quality and focusing accuracy, and its hardware and software has been upgraded and optimized in response to the feedback from customers and the market. The phoropter has received the product registration certificate, and the optical biometer is now in the registration stage.

Wuxi Base: The construction of the factory and office building was completed in 2023, and the R&D and production teams of Wuxi Base commenced operation in Wuxi Precision Medicine Industrial Park in December 2023. According to the cooperation agreement with the upstream partner, SBM in Italy, the Group commences the domestic production and registration of two diagnostic devices for dry eyes, and it is expected that the products will be formally approved for marketing in the third quarter of 2024.

Expansion of the Group's Distribution Products

Leveraging the Group's nationwide multi-channel sales network and a well-established ophthalmology KOL network, as well as the professional sales team, the Group helps the customers evaluate their clinical needs, application environment and technical capabilities, thereby offers products that best suits their needs and circumstances, and creates value for the customers. During the Reporting Period, the Group co-operated with 19 overseas brand partners, of which 17 had entered into exclusive distribution arrangements with the Group to distribute their products, including Heidelberg, Schwind and Optos, among which Haag-Streit was added as the exclusive partner. 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 others. In March 2024, the Group and Sometech Inc., a Korean company, entered into an exclusive cooperation agreement in respect of the distribution of 3D 4K digital surgical microscope for ophthalmology, including but not limited to the VOMS-400 series. 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 registration application has been accepted and the related work continues to be in progress.

Overseas Business Expansion

The Company acquired Roland and Teleon in November 2020 and January 2021, respectively, both of which were brand partners of the Company. The acquisitions of Roland and Teleon enabled the Company to expand its Proprietary Products portfolio to high-tech ophthalmic diagnostic systems and increase the revenue contribution of its Proprietary Products, as well as the obtainment of core intellectual property rights related to regional refraction and extended depth of focus intraocular lenses, giving the Company the R&D capabilities of intraocular lenses and extending its business scope to the entire value chain of intraocular lenses.

During the Reporting Period, the Company obtained the product registration certificates for electrophysiological products in Brazil and the product registration certificates for intraocular lenses in Indonesia, laying a solid foundation for entering these markets. In addition, the Company actively hosted an extensive array of on-site exhibitions and summits around the world. Distributors and KOLs from more than 20 different countries and regions attended these summits. Furthermore, the Company also participated in several large on-site exhibitions with over 5,000 participants. In terms of R&D and production, the R&D of a new series of overseas intraocular lenses is currently progressing smoothly. Through maximizing cleanroom throughput, the Company has also further increased the production capacity of intraocular lenses.

The Group has sold products of Teleon to 51 countries and regions and sold products of Roland to 31 countries and regions.

Marketing

During the Reporting Period, the Group organized to hold various offline marketing activities, covering sub-specialty application areas, such as ocular surface and dry eye, cornea and refractive issues, cataract, vitreoretinal diseases, ocular trauma and neuro-ophthalmology. The products involved included the Group's own brands, such as Teleon's intraocular lenses, Roland's electro physiological equipment, and Gaush's precision ophthalmic scalpels, and Distribution Products, including Optos's ultra-widefield fundus camera, Heidelberg's optical coherence tomography/optical coherence tomography angiography and angiography integrated machine, Quantel's ultrasound, Quantel's laser, Geuder's ultrasonic phacoemulsification and vitrectomy system, SBM's ocular surface interferometer, Amaris' s excimer laser and others.

Highlights of these offline activities including: (i) the first Gaush Ophthalmology Era Symposium (高視眼暢會) was hosted, leveraging the influence of the cataract refractive surgery annual meeting to enhance the Group's overall presence in the ophthalmic medical field; (ii) the launch event of Gaush Optos Daytona Pro was combined with the Heidelberg multimodal imaging challenge, jointly creating a solution for vitreoretinal diagnosis and treatment; (iii) the fifth Gaush Medical Spectralis Symposium (高視醫療海德堡影像高峰論壇) and the celebration of the 25th anniversary of the launch of Heidelberg introduced by Gaush Medical in China were successfully held, continued enabling the building of the brand value and influence of Gaush Medical for Heidelberg's products, which was praised by many domestic fundus KOLs; (iv) the Gaush Medical Geuder Family Vitrectomy Forum Series (高視醫療歌德Family玻切手術論壇系列) was also held to continue to further develop the field of vitreoretinal surgery; (v) the training class for the 30th anniversary of Roland electrophysiology was successfully held, to actively consolidate Roland's influence as the first brand of visual electrophysiology in China, and to facilitate the standardization and precision of ophthalmic visual electrophysiological examinations at the same time; and (vi) leveraging on the corneal disease conference, the Amaris Academic Satellite Symposium (阿瑪仕學術衛星會), the celebration of 500 units installed in China and the customized surgery Drylab activities were held to enhance the brand influence of the Amaris products and to emphasize and promote the unique advantages of the Amaris curated customized solutions.

The Group also provided educational training services on ophthalmology-related knowledge to a wide range of ophthalmology professionals through Gaush online platform. As the first professional online ophthalmology education platform in China, Gaush online currently has over 50,000 registered users and has recorded more than 500,000 accumulated views of its online training courses. Ophthalmology, as a highly specialized field, demands a high level of professional knowledge and skills from doctors, nurses and other practitioners. Gaush online was created to meet this need and offers a wealth of ophthalmological knowledge and online training courses, providing a platform for ophthalmology practitioners to learn and improve. Moreover, Gaush online enables the wider and faster dissemination of ophthalmological knowledge through online education. Traditional ophthalmology training methods are often limited by time and space, but Gaush online breaks these barriers and allows more people to easily access ophthalmological knowledge and skills, improving the service level of the entire industry. Furthermore, Gaush online also promotes exchange and cooperation within the ophthalmology industry. Through online education, different ophthalmology institutions and experts can communicate and collaborate conveniently and jointly explore the latest developments and technologies in the field of ophthalmology to drive the development and innovation of the ophthalmology industry.

Long-term Strategies and Outlook

Adhering to the mission of "Technology Creates Bright Vision", the Group is committed to becoming a leader of the global ophthalmic medical device industry. Based on this goal, the Group will:

I. maintain the two-pronged approach of "Proprietary Products + high end imports", continuously increase investment on R&D, enhance the cooperation with upstream business partners, efficiently promote the domestic layout and thereby increase the proportion of revenue contribution from Proprietary Products, and gradually achieve the goal of Proprietary Products' revenue accounting for more than 50% of the Group's revenue;

II. maintain the leading position in diagnostic inspection products so as to prioritize and increase investment in surgical treatment products, especially focusing on the development of surgical device related consumables and independent implant consumables;

III. continue to consolidate the platform advantages of the product portfolio fully covering the major sub-specialties of ophthalmology, and continuously diversify and improve its product lines through a combination of internal R&D and mergers and acquisitions;

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

V. continue to enhance management capabilities and improve its operational efficiency, strengthen the Company's brand building and talent building, and practice the Group's core values.

FINANCIAL REVIEW

Revenue

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

The Group's revenue increased by 12.2% from RMB1,253.8 million for the year ended December 31, 2022 to RMB1,406.2 million for the year ended December 31, 2023, which was mainly attributable to (i) revenue generated from sales of ophthalmic medical consumables increased by RMB98.7 million, (ii) revenue generated from sales of ophthalmic medical equipment increased by RMB39.0 million, and (iii) revenue generated from technical services increased by RMB19.1 million. The main reason for the increase of revenue was that the Company continued to analyze the market demand and competition landscape, adjusted its marketing strategy and product portfolio in a timely manner after the release of control measures for the Pandemic, so as to better meet the market demand and generate an increased revenue of the Group.

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

	For the year ended December 31,	
	2023	2022
	(RMB'000)	*(RMB'000)*
Distribution Products	**808,910**	744,814
Proprietary Products	**381,857**	308,305
Total	**1,190,767**	1,053,119

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 13.7% from RMB628.4 million for the year ended December 31, 2022 to RMB714.6 million for the year ended December 31, 2023. During the Reporting Period, the increase in the cost of sales of the Group slightly outpaced the increase of revenue, primarily due to the increase in the cost of raw materials of the Proprietary Products, as well as the increase in both the purchase price of the imported Distribution Products and the exchange rate.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by 10.6% from RMB625.3 million for the year ended December 31, 2022 to RMB691.6 million for the year ended December 31, 2023. The Group's gross profit margin slightly decreased from 49.9% for the year ended December 31, 2022 to 49.2% for the year ended December 31, 2023. Such decrease was mainly due to (i) the increase in the cost of raw materials required for the production of Proprietary Products in 2023; (ii) the continued rise in the exchange rate of Euro against RMB in 2023, resulting in an increase in the procurement cost of imported Distribution Products; and (iii) the changes in the Group's sales product mix.

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 other income and gains increased from RMB21.1 million for the year ended December 31, 2022 to RMB45.0 million for the year ended December 31, 2023. Such increase was mainly attributable to the significant increase in exchange gains related to the receivables denominated in EUR by the Group and the increase in government subsidies received by the Group during the Reporting Period, and the fair value gains from newly acquired financial assets at fair value through profit and loss.

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 32.5% from RMB187.8 million for the year ended December 31, 2022 to RMB248.8 million for the year ended December 31, 2023, which was primarily because the Group has fully resumed its offline marketing and sales related activities with the release 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.

As a percentage of revenue, the selling and distribution expenses increased from 15.0% for the year ended December 31, 2022 to 17.7% for the year ended December 31, 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 include IT service fees and audit fees incurred with respect to engaging external auditors and other service expenses procured to support corporate operations; (iii) transportation and travel expenses incurred in the course of administration; and (iv) depreciation and amortization of non-current assets.

The Group's administrative expenses decreased by 11.5% from RMB146.2 million for the year ended December 31, 2022 to RMB129.4 million for the year ended December 31, 2023, primarily as there was no listing expenses incurred in 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 by 18.5% from RMB42.7 million for the year ended December 31, 2022 to RMB50.6 million for the year ended December 31, 2023. Such increase was mainly attributable to the increase in interest caused by the higher interest rate on bank and other borrowings during the Reporting Period.

Research and Development Expenses

During the Reporting Period, the Group's research and development expenses increased by 28.7% from RMB41.1 million for the year ended December 31, 2022 to RMB52.9 million for the year ended December 31, 2023, primarily as the Group continuously expanded its R&D team and upgraded its R&D center. As of the date of this announcement, Gaush Neotech has completed the whole construction and delivery and plans to conduct the domestic R&D and production of SBM equipment and Geuder consumable. Meanwhile, Gaush Teleon continued to conduct its domestic R&D and production for intraocular lens in 2023, and therefore recorded a cumulative research and development expenses of RMB13.0 million in 2023. 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 consumables of ultrasonic emulsification and equipments of electrophysiology and dry eye diagnosis.

Fair Value Changes of Convertible Redeemable Preferred Shares

As the Preferred Shares were automatically converted into ordinary shares of the Company when the Shares were listed on the 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 asset impairment losses and credit impairment losses.

The Group's other expenses decreased significantly from RMB196.4 million for the year ended December 31, 2022 to RMB7.2 million for the year ended December 31, 2023, primarily as the convertible redeemable preferred shares of the Company were automatically converted into the ordinary shares of the Company when the Shares 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 amounted to RMB74.8 million for the year ended December 31, 2023, as compared to the income tax expenses of RMB77.6 million for the year ended December 31, 2022.

Profit/Loss for the Year

For the foregoing reasons, the Group recorded a net profit of RMB172.9 million for the year ended December 31, 2023, as compared to a net loss of RMB352.7 million recorded for the year ended December 31, 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 (non-IFRS measure) (as defined below) for the year, which are not required by, or presented in accordance with, the IFRS. The Group defines adjusted net profit (non-IFRS measure) for the year ended December 31, 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 Company would 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 of the Company 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 year ended December 31, 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 RMB172.9 million for the year ended December 31, 2023, representing an increase of 9.9% when compared with the adjusted net profit (non-IFRS measure) of RMB157.3 million for the year ended December 31, 2022, which reflected: (i) the increase in the Group's revenue as the Company continued to analyze the market demand and competition landscape, and adjusted the marketing strategy and product portfolio timely to better serve the market demand; and (ii) the positive effect brought by the fluctuation in the foreign exchange on the Company's daily operations.

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

	For the year ended December 31, 2022 *(RMB'000)*
Loss for the year	(352,712)
Add:	
Fair value losses on Preferred Shares	307,426
Foreign exchange losses on Preferred Shares	163,170
Listing expenses	39,456
Adjusted net profit (non-IFRS measure)	157,340

Financial Position

Financial Assets at Fair Value Through Profit or Loss

The Group's financial assets at fair value through profit or loss 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 RMB175.6 million as of December 31, 2023, primarily as the Group invested in funds as a supplemental means to improve utilization of its idle cash on a short-term basis.

As of December 31, 2023, the Group's financial assets at fair value through profit or loss mainly include (i) the fund units of private fund I with a fair value of RMB96.1 million; and (ii) the fund units of private fund II with a fair value of RMB79.4 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 the Group's historical procurement, production and sales statistics and adjusts its inventories to meet the demand of customers in a timely manner without causing inventory accumulation. The Group's inventories increased by 16.9% from RMB281.1 million as of December 31, 2022 to RMB328.5 million as of December 31, 2023, due to the Group's year-end balance of finished products 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 remained relatively stable at 155 days and 159 days in 2022 and 2023, respectively, which indicated that the Group's inventories were generally utilized or sold within six months.

Trade Receivables

The Group's trade receivables represented outstanding amounts due from its customers. The Group's trade receivables slightly decreased by 11.6% from RMB171.7 million as of December 31, 2022 to RMB151.7 million as of December 31, 2023, mainly due to the fact that the Group actively and successfully collected long-aged trade receivables in 2023.

The Group's trade receivable turnover days decreased from 51 days in 2022 to 42 days in 2023. Such decrease was primarily as the Group continues to strengthening and improving its 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 30 to 90 days.

Trade Payables

The Group's trade payables primarily represented payments due to suppliers for importing the Distribution Products. The original value of the Group's trade payables increased by 31.9% from RMB68.7 million as of December 31, 2022 to RMB90.6 million as of December 31, 2023, primarily as a result of the Group's stocking of Optos products in advance and the centralized stocking of Schwind products for orders on hand.

The Group's trade payable turnover days in 2022 and 2023 were 40 days and 41 days respectively, generally in line with the credit term policies of the Group's suppliers between 30 days to 90 days.

Prepayments, Other Receivables and Other Assets

The Group's prepayments, other receivables and other assets primarily consisted of (i) prepayment to suppliers; (ii) deposits that the Group paid to its customers as product quality assurance deposits; (iii) deposits for participating in public tenders; (iv) advance payment of income tax; and (v) value-added tax recoverable. The Group's prepayments, other receivables and other assets increased by 46.9% from RMB75.4 million as of December 31, 2022 to RMB110.8 million as of December 31, 2023, primarily due to the increase in deductible import value-added tax as the Group increased the stock of various proprietary intraocular lens overseas which have been included in national procurement in preparation for the market demand arising from the sales of the next year.

Goodwill

Goodwill arose from acquisitions of the Group's subsidiaries including Teleon and Roland, of which, the carrying amounts of Roland and Teleon asset group were denominated in Euro. The Group's goodwill slightly increased by 6.0% from RMB906.9 million as of December 31, 2022 to RMB961.4 million as of December 31, 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 decreased by 3.3% from RMB278.9 million as of December 31, 2022 to RMB269.8 million as of December 31, 2023. During the Reporting Period, the original value of intangible assets increased by RMB13.9 million primarily attributable to the capitalization of development costs, but the net value of intangible assets decreased by 3.3% primarily attributable to the accumulated amortization.

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, and the share capital structure of the Company remain unchanged during the Reporting Period. As of December 31, 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 2023, the Group used internal resources to fund its liquidity. As the Group's business can generate stable cash inflow, together with abundant cash and bank balances, the Group has sufficient liquidity and financial resources to satisfy its daily operation and working capital needs, as well as to support its expansion plan. The Group regards monetary fund management as an essential part in financial management, and incorporates it to the key items of financial inspection and internal audit, and has formulated corresponding internal control management systems, including the "Currency Fund Management System", to strengthen its monetary fund management, ensure the security of its monetary fund, and reduce the utilization costs and financial risks of its monetary fund. As of December 31, 2023, the Group continued to maintain a solid financial position, with cash and cash equivalents balance amounting to RMB618.7 million, representing a decrease of 14.2% from RMB721.5 million as of December 31, 2022, due to its investment in financial assets at fair value through profit or loss with residual funds from its operation with an aim for higher interest income as compare to demand deposits with banks. In addition, the Group recorded term deposits RMB38.7 million as of December 31, 2023, and the Group did not record such term deposits as of December 31, 2022. The Group's cash is mainly in the form of bank deposit balances and deposited with reputable financial institutions and mature within one year. As of December 31, 2023, all cash and cash equivalents and term deposits 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, net proceeds from the Global Offering and, when necessary, bank and other borrowings.

The Group's interest-bearing bank and other borrowings represented current and non-current secured bank loans and Senior Facility Loan. As of December 31, 2023, the Group's interest-bearing bank and other borrowings amounted to RMB618.6 million, among which, including short-term borrowings of RMB523.3 million and long-term borrowings of RMB95.3 million. Except for the Senior Facility Loan, all of which bore fixed interest rates. The Company's main borrowing was the loan borrowed from a Swiss bank when it acquired Teleon, and the Group repaid a total of EUR11.25 million of such part of loan in 2023. As of December 31, 2023, all of the Group's bank and other borrowings were denominated in Euro.

As of December 31, 2023, the effective annual interest rates of the Group's bank and other borrowings ranged from 5.10% to 7.12% (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 year ended December 31, 2023 amounted to RMB45.6 million, representing a decrease of 5.0% as compared to that of RMB48.0 million for the year ended December 31, 2022, primarily because the Group concentrated on upgrading and renovating the research and development center and completed the construction of the Shenzhen Base in 2022, along with the centralized procurement of machinery and equipment. As these plants and equipment have been put into operation progressively, relevant procurement decreased in 2023.

Gearing Ratio

Gearing ratio represented total interest-bearing borrowings divided by net assets or liabilities as of the end of the period and multiplied by 100%. Interest-bearing borrowings included interest-bearing bank borrowings and other borrowings, lease liabilities, and loans at fair value through profit and loss. As of December 31, 2023, the Group's gearing ratio was 39.1%. As of December 31, 2022, the Group's gearing ratio was 50.9%.

Pledge of Assets

As of December 31, 2023, except for the relevant pledged assets mentioned in Note 14 to the financial statements in this announcement, the Group did not have any other pledged assets.

Contingent Liabilities

As of December 31, 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 condition and results of operations of the Group. The Group purchases products from brand partners in many countries around the world. Therefore, the Group exposes to foreign currency risk when it enters into transactions denominated in multiple currencies. For example, changes in currency exchange rates may affect the Group's costs of goods sold and competitiveness against its domestic competitors or competitors who are multinational companies whose international operations provide a natural hedge to currency fluctuation risk. The Group predominantly purchases its products in US dollars and Euro. The Group sells the goods to distributors and hospitals and clinics in China in RMB. Currently, the Group does not have any foreign currency hedging policy. The Group's management will continue to pay attention to the Group's foreign exchange exposure, and seeks to limit its exposure to foreign currency risk by minimizing its net foreign currency position. Exchange differences on translation of foreign operations represents the difference arising from the translation of the financial statements of companies within the Group that have a functional currency of Euro, which is different from the functional currency of RMB for the financial statements of the Company. For the year ended December 31, 2022, the exchange differences on translation of foreign operations amounted to a gain of RMB24.5 million. For the year ended December 31, 2023, the exchange differences on translation of foreign operations amounted to a gain of RMB35.8 million, primarily due to the fluctuation of exchange rate of Euro during the Reporting Period.

Credit Risk

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

Significant Investment Held

As of December 31, 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 year ended December 31, 2023.

Future Plans for Significant Investment and Capital Assets

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

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

In anticipation of the due date of the outstanding Senior Facility Loan, on February 2, 2024, Gaush Netherlands, a subsidiary of the Company, as the borrower (the "**Borrower**"), entered into a facility agreement (the "**Facility Agreement**") with, among others, a bank, as the lender (the "**Lender**"), pursuant to which the Borrower was granted by the Lender a facility of EUR52.5 million. All amounts borrowed by the Borrower under the facility shall be applied towards all amounts outstanding in respect of the Senior Facility Loan and relevant fees and expenses (if applicable). The Facility Agreement imposes, among others, specific performance obligations on Mr. Gao Tieta, the Chairman, an executive Director and a controlling shareholder of the Company. For details, please refer to the announcement of the Company dated February 2, 2024.

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

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 each 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 announcement, there was no change in the intended use of Net Proceeds and the expected timeline as previously disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus. The following table sets forth a summary of the utilization of the Net Proceeds as of December 31, 2023:

			Net Proceeds (HK$ in million)			
Purposes	**% 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 December 31, 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	18.46	90.96	December 11, 2024
Improve the production capacity and strengthen the manufacturing capabilities of the Group	29.0%	83.08	2.08	19.31	61.69	December 11, 2024
Expand the Group's sales and marketing	9.5%	27.22	0.01	5.96	21.25	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	100.0%	286.48	68.44	44.14	173.90	

As of December 31,2023, the remaining Net Proceeds of approximately HK$173.90 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.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK$1.1 per Share for the year ended December 31, 2023 (2022: Nil). The final dividend is subject to the approval of the Shareholders at the forthcoming AGM to be held on Thursday, May 30, 2024 and is expected to be paid on Friday, July 26, 2024 to the Shareholders whose names appear on the register of members of the Company as of Friday, June 28, 2024.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, May 27, 2024 to Thursday, May 30, 2024, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend and vote at the forthcoming AGM to be held on Thursday, May 30, 2024, during which period no share transfers will be registered. To be eligible to attend and vote at the AGM, the Shareholders must deliver all properly completed transfer forms accompanied by the relevant share certificates to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration of relevant transfers no later than 4:30 p.m. on Friday, May 24, 2024.

The register of members of the Company will also be closed from Wednesday, June 26, 2024 to Friday, June 28, 2024, both days inclusive, in order to determine the entitlement of the Shareholders to receive the final dividend, during which period no share transfers will be registered. To qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Tuesday, June 25, 2024.

EMPLOYEES AND REMUNERATION POLICIES

As of December 31, 2023, the Group had a total of 869 employees (December 31, 2022: 790), including an addition of over 50 research and development, production and other technological talents. For the year ended December 31, 2023, the total costs for the Group's employees amounted to RMB352.5 million (for the year ended December 31, 2022: RMB288.4 million). "Diligence and Capability" is the core value of the Group. The Group attaches great importance to employee competency development, and continuously establishes a comprehensive training management system according to the Company's development needs. Through launching new employee induction training, general skills training for all positions, business training and external learning, the Group continuously deepens employees with professional and management knowledge and skills required for different fields, levels and positions, with an aim to help the employees achieve their career plan and development direction, effectively implement the overall strategic planning of human resources, and build sufficient talent reserves for the Group to achieve long-term high-quality development.

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

CORPORATE GOVERNANCE

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

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.

REVIEW OF FINANCIAL INFORMATION

Audit Committee

The Company has established the Audit Committee with written terms of reference in compliance with the requirements under the Listing Rules. As of the date of this announcement, the Audit Committee comprises two independent non-executive Directors, namely, Mr. Chan Fan Shing and Mr. Feng Xin, and a non-executive Director, Dr. David Guowei Wang. The chairman of the Audit Committee is Mr. Chan Fan Shing. The 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 annual results of the Group for the year ended December 31, 2023. The Audit Committee considered that the annual results of the Group for the year ended December 31, 2023 are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

Scope of Work of the Company's Auditor

The figures in respect of the Group's consolidated statement of profit or loss and consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended December 31, 2023 as set out in this preliminary results announcement have been agreed by the Company's external auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year.

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

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.gaush.com), and the annual report of the Company for the year ended December 31, 2023 containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

The Board is pleased to announce the audited consolidated results of the Group for the year ended December 31, 2023 together with the comparative figures for the year ended December 31, 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended December 31, 2023

	Notes	**2023** **RMB'000**	2022 *RMB'000*
REVENUE	4	**1,406,238**	1,253,785
Cost of sales		**(714,638)**	(628,447)
Gross profit		**691,600**	625,338
Other income and gains	4	**45,037**	21,115
Selling and distribution expenses		**(248,829)**	(187,766)
Administrative expenses		**(129,383)**	(146,169)
Research and development costs	5	**(52,883)**	(41,089)
Fair value changes of convertible redeemable preferred shares		**—**	(307,426)
Other expenses		**(7,201)**	(196,415)
Finance costs		**(50,606)**	(42,682)
PROFIT/(LOSS) BEFORE TAX	5	**247,735**	(275,094)
Income tax expense	6	**(74,821)**	(77,618)
PROFIT/(LOSS) FOR THE YEAR		**172,914**	(352,712)
Attributable to:			
Owners of the parent		**173,523**	(349,619)
Non-controlling interests		**(609)**	(3,093)
		172,914	(352,712)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic			
For profit/(loss) for the year *(in RMB)*	8	**1.17**	(3.61)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31, 2023

	2023	2022
	RMB'000	*RMB'000*
PROFIT/(LOSS) FOR THE YEAR	**172,914**	(352,712)
OTHER COMPREHENSIVE INCOME		
Other comprehensive profit that may be reclassified to profit or loss in subsequent periods		
Exchange differences:		
Exchange differences on translation of foreign operations	**35,839**	24,502
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**208,753**	(328,210)
Attributable to:		
Owners of the parent	**209,362**	(325,117)
Non-controlling interests	**(609)**	(3,093)
	208,753	(328,210)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2023

	Notes	December 31, 2023 RMB'000	December 31, 2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**80,865**	72,019
Right-of-use assets		**45,210**	54,735
Goodwill	*9*	**961,389**	906,869
Intangible assets		**269,827**	278,884
Long-term prepayments and other receivables		**38,581**	22,983
Deferred tax assets		**57,009**	56,266
Total non-current assets		**1,452,881**	1,391,756
CURRENT ASSETS			
Financial assets at fair value through profit or loss	*10*	**175,602**	2,095
Inventories		**328,527**	281,120
Trade receivables	*11*	**146,543**	166,397
Contract assets		**2,548**	2,247
Cash in transit for investment		**—**	90,540
Prepayments, other receivables and other assets		**72,186**	52,463
Term deposits		**38,741**	—
Pledged deposits		**7,994**	9,949
Cash and cash equivalents	*12*	**618,695**	721,523
Total current assets		**1,390,836**	1,326,334
CURRENT LIABILITIES			
Trade payables	*13*	**90,564**	68,703
Derivative financial instruments		**9**	—
Other payables and accruals		**132,847**	123,175
Tax payable		**5,204**	13,581
Interest-bearing bank and other borrowings	*14*	**523,269**	131,880
Contract liabilities		**125,458**	136,049
Lease liabilities		**14,316**	19,235
Total current liabilities		**891,667**	492,623
NET CURRENT ASSETS		**499,169**	833,711

	Note	**December 31, 2023** *RMB'000*	December 31, 2022 *RMB'000*
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,952,050**	2,225,467
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*14*	**95,293**	569,708
Contract liabilities		**29,974**	26,891
Deferred tax liabilities		**66,553**	71,951
Other payables and accruals		**31,764**	35,053
Lease liabilities		**31,480**	35,179
Total non-current liabilities		**255,064**	738,782
Net assets		**1,696,986**	1,486,685
EQUITY			
Equity attributable to owners of the parent			
Share capital		**102**	102
Other reserves		**1,680,365**	1,469,455
		1,680,467	1,469,557
Non-controlling interests		**16,519**	17,128
Total equity		**1,696,986**	1,486,685

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

1. CORPORATE AND GROUP INFORMATION

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

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

2. ACCOUNTING POLICIES

2.1 Basis of Preparation

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended December 31, 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

2.2 Changes in Accounting Policies and Disclosures

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

IFRS 17	*Insurance Contracts*
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 the 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 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's 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. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(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 January 1, 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. 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.

2.3 Issued but not yet Effective International Financial Reporting Standards

The Group has not applied the following revised IFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised IFRSs, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "**2020 Amendments**")*[1,4]
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "**2022 Amendments**")*[1,4]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*[1]
Amendments to IAS 21	*Lack of Exchangeability*[2]

1 Effective for annual periods beginning on or after January 1, 2024

2 Effective for annual periods beginning on or after January 1, 2025

3 No mandatory effective date yet determined but available for adoption

4 the 2020 Amendments and the amendments are effective for annual reporting periods beginning on or after January 1, 2024

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after January 1, 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e., January 1, 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

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

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

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

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

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

Year ended December 31, 2023

	Proprietary products *RMB'000*	**Distribution products** *RMB'000*	**Technical services** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
External sales	**381,857**	**808,910**	**209,234**	**6,237**	**1,406,238**
Intersegment sales	**150,348**	**—**	**—**	**4,191**	**154,539**
Total segment revenue	**532,205**	**808,910**	**209,234**	**10,428**	**1,560,777**
Elimination of intersegment sales					**(154,539)**
Segment revenue	**381,857**	**808,910**	**209,234**	**6,237**	**1,406,238**
Segment cost	**157,281**	**440,144**	**115,592**	**1,621**	**714,638**
Segment gross profit	**224,576**	**368,766**	**93,642**	**4,616**	**691,600**

Year ended December 31, 2022

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

Geographical information

(a) Revenue from external customers

	2023	2022
	RMB'000	*RMB'000*
Greater China	**1,122,722**	1,001,358
Asia Pacific (excluding Greater China)	**67,599**	46,905
Germany	**137,800**	120,219
Europe (excluding Germany)	**41,343**	47,535
Americas (including Canada)	**11,574**	12,983
Oceania	**17,636**	16,618
Others	**7,564**	8,167
Total revenue	**1,406,238**	1,253,785

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

(b) Non-current assets

	2023	2022
	RMB'000	*RMB'000*
Greater China	**119,572**	116,233
Germany	**22,882**	17,723
Netherlands	**1,243,404**	1,197,055
Total non-current assets	**1,385,858**	1,331,011

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

Information about major customers

None of the Group's sales to a single customer amounted to 10.00% or more of the Group's revenue during the year (2022: Nil).

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

Revenue from contracts with customers

(a) Disaggregated revenue information

Segments

	2023	2022
	RMB'000	*RMB'000*
Types of goods or services		
Sale of ophthalmic medical devices	**680,271**	641,305
Sale of ophthalmic medical consumables	**510,496**	411,814
Technical services*	**209,234**	190,084
Others	**6,237**	10,582
Total	**1,406,238**	1,253,785
Geographical markets**		
Greater China	**1,119,684**	1,001,569
Germany	**126,700**	119,796
Netherlands	**159,854**	132,420
Total	**1,406,238**	1,253,785
Timing of revenue recognition		
Goods transferred at a point in time	**1,195,358**	1,053,120
Services transferred over time	**210,880**	200,665
Total	**1,406,238**	1,253,785

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

** Allocated by the geographical location of entities generating revenue.

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

	2023	2022
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting year	**131,044**	88,727

(b) Performance obligations

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

Sale of ophthalmic medical devices

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

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

Sale of ophthalmic medical consumables

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

Technical services

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

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

Other income and gains

	2023	2022
	RMB'000	*RMB'000*
Other income		
Bank interest income	**6,579**	4,675
Government grants	**18,650**	14,495
Others	**82**	1,939
Total other income	**25,311**	21,109
Gains		
Foreign exchange gains	**15,561**	—
Fair value gains on financial assets at fair value through profit or loss	**3,444**	6
Fair value gains on derivative financial instruments	**63**	—
Gain on disposal of property, plant and equipment	**146**	—
Gain on disposal of financial assets at fair value through profit or loss	**512**	—
Total gains	**19,726**	6
Total other income and gains	**45,037**	21,115

5. PROFIT/(LOSS) BEFORE TAX

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

	Notes	**2023** **RMB'000**	2022 RMB'000
Cost of inventories sold		**597,425**	519,100
Cost of services provided		**117,213**	109,347
Cost of sales		**714,638**	628,447
Depreciation of property, plant and equipment*		**16,667**	11,587
Depreciation of right-of-use assets*		**21,932**	19,755
Amortisation of intangible assets*		**37,368**	34,406
Research and development costs		**52,883**	41,089
Lease payments not included in the measurement of lease liabilities		**902**	825
Listing expenses (including auditor's remuneration)		**—**	39,456
Auditor's remuneration		**7,111**	—
Employee benefit expense (including directors' and chief executive's remuneration)**:			
Wages and salaries and pension scheme contributions		**352,491**	288,410
Foreign exchange (gains)/losses, net		**(15,561)**	172,470
Reversal of impairment of trade receivables, net	11	**(1,233)**	(2,243)
(Reversal of impairment)/impairment of contract assets, net		**(7)**	8
Reversal of impairment of other receivables, net		**(212)**	(871)
Write-down of inventories to net realisable value		**6,999**	4,091

	Notes	**2023** *RMB'000*	2022 *RMB'000*
Fair value (gains)/losses, net:			
Preferred shares		**—**	307,426
Derivative financial instruments		**(63)**	—
Financial assets at fair value through profit or loss		**(3,444)**	(6)
Loans at fair value through profit or loss		**—**	20,956
Bank interest income	4	**(6,579)**	(4,675)
Gains on disposal of financial assets at fair value through profit or loss	4	**(512)**	—
(Gains)/losses on disposal of property, plant, and equipment	4	**(146)**	665

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

** Employee benefit expense of approximately RMB113,482,000 (2022: RMB95,982,000) is included in cost of sales in the consolidated statements of profit or loss for the year ended December 31, 2023. Employee benefit expense of approximately RMB34,013,000 (2022: RMB22,242,000) is included in research and development costs in the consolidated statements of profit or loss for the year ended December 31, 2023.

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. In addition, upon payments of dividends by the Company and the subsidiaries incorporated in the British Virgin Islands to their shareholders, no withholding tax is imposed.

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%.

Corporate income tax for Chinese Mainland

Under the Law of the PRC on Corporate Income Tax (the "**CIT Law**") and the Implementation Regulation of the CIT Law, the CIT 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, and the Certificate has been reissued in December 2023, therefore the subsidiary was entitled to a preferential CIT rate of 15% for the years ended December 31, 2022 and 2023.

Income tax for other jurisdictions

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

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

From January 1, 2022, subsidiaries established in the Netherlands were subject to corporate income tax at the rate of 15% for taxable income of EUR395,000 or less and at the rate of 25.8% for the portion exceeding EUR395,000. From January 1, 2023, subsidiaries established in the Netherlands were subject to corporate income tax at the rate of 19% for taxable income of EUR200,000 or less and at the rate of 25.8% for the portion exceeding EUR200,000. The management of the Group expects that Teleon Holding B.V., a subsidiary of the Company, together with its Dutch subsidiaries should qualify for the innovation box. A reduced rate of 9% applies to activities covered by the innovation box. The innovation box provides tax relief to encourage innovative research. Qualifying profits earned from qualifying innovative activities are taxed at this special rate.

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

	2023	2022
	RMB'000	*RMB'000*
Current — Hong Kong	**17,845**	11,471
Current — Chinese Mainland	**46,379**	50,012
Current — other jurisdictions	**19,032**	26,675
Deferred	**(8,435)**	(10,540)
Total tax charge for the year	**74,821**	77,618

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

	2023	2022
	RMB'000	*RMB'000*
Profit/(loss) before tax	**247,735**	(275,094)
Tax at the statutory tax rate	**57,341**	53,162
Lower tax rates for specific jurisdictions or enacted by local authority	**(7,694)**	(6,301)
Tax losses utilised from previous periods	**(2,732)**	(185)
Expenses not deductible for tax	**7,847**	19,931
Super deduction for research and development expenses	**(4,930)**	(4,393)
Unrecognised temporary differences and tax losses	**23,439**	16,640
Income not subject to tax	**(1,331)**	—
Adjustments in respect of current tax of previous period	**947**	(877)
Other items	**1,934**	(359)
Tax charge at the Group's effective rate	**74,821**	77,618

7. DIVIDENDS

	2023	2022
	HKD'000	*HKD'000*
Proposed final dividend of HKD1.10 (2022: Nil) per ordinary share for the year ended December 31, 2023	**162,767**	—

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

8. PROFIT/(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 year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 147,969,591 (2022: 96,947,859) in issue during the year, as adjusted to reflect the rights issue during the year.

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

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

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

	2023	2022
	RMB'000	*RMB'000*
Earnings:		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**173,523**	(349,619)

	Number of shares	
	2023	2022
Shares:		
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation	**147,969,591**	96,947,859
Effect of dilution — weighted average number of ordinary shares:		
Over-allotment option*	**59,075**	—
	148,028,666	96,947,859

* 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 January 9, 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 December 12, 2022, and the over-allotment option expired on January 11, 2023. The over-allotment option had dilution effect.

9. GOODWILL

	RMB'000
At January 1, 2022:	
Cost	882,698
Accumulated impairment	—
Net carrying amount	882,698
Cost at January 1, 2022, net of accumulated impairment	882,698
Exchange realignment	24,171
Cost and net carrying amount at December 31, 2022	906,869
At January 1, 2023 and December 31, 2022:	
Cost	**906,869**
Accumulated impairment	**—**
Net carrying amount	**906,869**
Cost at January 1, 2023, net of accumulated impairment	**906,869**
Acquisition of a subsidiary*	**2,530**
Exchange realignment	**51,990**
Cost and net carrying amount at December 31, 2023	**961,389**
At December 31, 2023:	
Cost	**961,389**
Accumulated impairment	**—**
Net carrying amount	**961,389**

* On September 1, 2023, the Group acquired a 100% equity interest in IOL Expert GmbH & Co KG. IOL Expert, a non-listed company based in Germany, which is active in the sales and distribution of ophthalmic products to end-users (surgeons) in Germany. The acquisition was made as part of the Group's strategy to expand its market share of ophthalmic products. After the acquisition, management expects synergy effects for the operating activities of IOL Expert. The activities of IOL Expert will be fully integrated into the existing business of Teleon Holding B.V. to expand the distribution. Therefore, management has allocated IOL Expert to the cash-generating unit of Teleon Holding B.V..

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

	2023	2022
	RMB'000	*RMB'000*
Gaush Medica Ltd.	**16,190**	16,190
Gaush Consumables Ltd.	**5,320**	5,320
Gaush Precision Ltd.	**2,361**	2,361
Roland Consult Stasche & Finger GmbH and Gaush Europe GmbH	**7,206**	6,808
Teleon Holding B.V.	**930,312**	876,190
Total	**961,389**	906,869

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	RMB'000	*RMB'000*
Subscription for investment in private funds*	**175,530**	2,095
Foreign Exchange Forward Transaction	**72**	—
Total	**175,602**	2,095

* The Group subscribed for relevant participating shares attributable to two segregated portfolios. The subscribed private funds totalled RMB175,530,000 (equivalent to approximately USD24,300,000) with expected rate of return ranging from 2.5% to 4.5% per annum. The segregated portfolios seek to achieve the investment objective by investing in cash or cash equivalents, U.S. national debt and other money market instruments. The subscriptions of above funds were approved by the board of directors and were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

11. TRADE RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**151,725**	171,696
Impairment	**(5,182)**	(5,299)
Net carrying amount	**146,543**	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.

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:

	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**122,437**	149,309
1 to 2 years	**19,332**	14,016
2 to 3 years	**3,916**	2,628
3 to 4 years	**726**	398
4 to 5 years	**132**	46
Over 5 years	**—**	—
Total	**146,543**	166,397

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

	2023	2022
	RMB'000	*RMB'000*
At beginning of year	**5,299**	10,136
Impairment losses, net	**(1,233)**	(2,243)
Exchange realignment	**97**	15
Amount written off as uncollectible	**(994)**	(2,609)
Recovery of bad debts previously written off	**2,013**	—
At end of year	**5,182**	5,299

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

An impairment analysis is performed as each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns by customer type. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available as at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

As at December 31, 2023

	Gross carrying amount	**Expected credit losses**
	RMB'000	***RMB'000***
Individual evaluation of expected losses	**3,350**	**1,432**
Assessment of expected credit losses by credit risk portfolio	**148,375**	**3,750**
At end of year	**151,725**	**5,182**

	Expected credit loss rate	**Gross carrying amount** *RMB'000*	**Expected credit losses** *RMB'000*
Within 1 year	**1.09%**	**122,173**	**1,336**
1 to 2 years	**3.44%**	**19,691**	**677**
2 to 3 years	**13.29%**	**4,516**	**600**
3 to 4 years	**32.72%**	**1,079**	**353**
4 to 5 years	**53.85%**	**286**	**154**
Over 5 years	**100.00%**	**630**	**630**
	2.53%	**148,375**	**3,750**

As at December 31, 2022

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

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

12. CASH AND CASH EQUIVALENTS

	2023	2022
	RMB'000	*RMB'000*
Cash and bank balances	**618,695**	721,523

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

	2023	2022
	RMB'000	*RMB'000*
RMB	**383,465**	388,268
USD	**2,093**	13,479
EUR	**27,865**	24,054
HKD	**1,562**	68,126

The RMB is not freely convertible into other currencies, however, under Chinese Mainland'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 or the specific rates in the agreement deposit contracts with bank. 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:

	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**84,359**	67,943
Over 1 year	**6,205**	760
Total	**90,564**	68,703

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

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

	December 31, 2023		
	Effective interest rate (%)	**Maturity**	***RMB'000***
Current			
Bank loans — secured	**5.10–5.32**	**2024**	**8,461**
Vendor loan — secured*	**7.00**	**2024**	**95,293**
Senior facility loan — secured**	**5.44–7.12**	**2024**	**419,515**
Total-Current			**523,269**
Non-current			
Vendor loan — secured*	**7.00**	**2025**	**95,293**
Total-non-current			**95,293**
Total			**618,562**

	December 31, 2022		
	Effective interest rate (%)	Maturity	*RMB'000*
Current			
Bank loans — secured	1.50–3.10	2023	45,287
Senior facility loan — secured**	3.00–4.20	2023	86,593
Total-Current			131,880
Non-current			
Senior facility loan — secured**	3.15–4.20	2024	389,702
Vendor loan — secured*	7.00	2024–2025	180,006
Total-non-current			569,708
Total			701,588

* For the purpose of the acquisition of Teleon Holding B.V. and its subsidiaries, the original shareholder of Teleon Holding B.V. granted a subsidiary of the Company, Gaush Coöperatief U.A., a five-year vendor loan amounting to RMB190,586,000 (equivalent to EUR24,250,000) (2022: RMB180,006,000, equivalent to EUR24,250,000) with an annual interest rate of 7% (the "**Vendor Loan**") on December 23, 2020. The amount of RMB95,293,000 (equivalent to EUR12,125,000) will be paid within next year and classified as current portion of other borrowings. The Vendor Loan was guaranteed by Gaush Meditech Ltd, and pledged by 100% shares of Gaush Medical Limited and 100% shares of GMC Medstar Limited, although it was agreed that such pledges shall be subordinated to the security granted in favour of the mezzanine facility loan which has been repaid.

** The senior facility loan amounting to RMB419,515,000 (equivalent to EUR52,500,000) (2022: RMB476,295,000, equivalent to EUR64,166,000) as at December 31, 2023 was guaranteed by Gaush Meditech Ltd, Global Vision Hongkong Limited, Gaush Medical Limited and GMC Medstar Limited, and pledged by 100% shares of Gaush Coöperatief U.A., 100% shares of Teleon Holding B.V., 100% shares of Gaush Medical Corporation and the Company's debt service reserve account ("**DSRA**") balance in Credit Suisse AG, Singapore Branch ("**CS**") amounting to RMB7,994,000 (equivalent to EUR1,017,213) (2022: RMB5,832,000, equivalent to EUR785,736). Gaush Medical Limited's right to receive repayment of an intercompany loan amounting to EUR3,000,000 was also conditionally assigned to CS to secure the senior facility loan. The maturity date of the senior facility loan is April 22, 2024. In anticipation of the due date of the outstanding senior facility loan, the Group entered into a facility agreement with, among others, a bank, pursuant to which the Group was granted by the bank a facility of EUR52.5 million to repay the senior loan.

DEFINITIONS AND GLOSSARIES

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

"AGM"	annual general meeting of the Company
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors of the Company
"cataract"	a dense, cloudy area that forms in the lens of the eye which begins when proteins in the eye form clumps that prevent the lens from sending clear images to the retina
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Chairman"	the chairman of the Board
"Chief Executive Officer"	the chief executive officer of the Company
"China" or "PRC"	the People's Republic of China, but for the purpose of this announcement and for geographical reference only and except where the context requires otherwise, references herein to "China" and the "PRC" do not apply to Hong Kong, Macau and Taiwan
"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
"Directors"	director(s) of the Company
"Distribution Products"	products of the brand partners which the Group distributes
"EUR" or "Euro"	the lawful currency of the European Union

"electrophysiological equipment"	electrophysiological equipment uses an objective and non-invasive diagnostic technique, which can evaluate visual disorder by measuring electrical signals produced by the visual system
"Gaush Neotech"	Gaush Neotech 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
"Gaush Netherlands"	Gaush Coöperatief U.A., a cooperative (coöperatie) company duly incorporated under the laws of the Netherlands on October 29, 2020 and an indirect wholly-owned subsidiary of the Company
"Gaush Raymond"	Wenzhou Gaush Raymond Photoelectric Technology Co., Ltd* (溫州高視雷蒙光電科技有限公司), a company with limited liability incorporated under the laws of the PRC on May 31, 2006 and an indirect subsidiary of the Company which it holds 52.00% equity interest
"Gaush Teleon"	Gaush Teleon Ltd* (高視泰靚醫療科技有限公司), a company with limited liability incorporated under the laws of the PRC on June 22, 2021 and an indirect wholly-owned subsidiary of the Company
"Geuder"	Geuder AG, a company established in Germany
"glaucoma"	a group of eye diseases that are usually characterized by progressive structural and functional changes of the optic nerve, which is caused by fluid building up in the front part of the eye
"Global Offering"	the Hong Kong Public Offering and the International Offering (both as defined in the Prospectus)
"Greater China"	for the purposes of this announcement and for geographical reference only, the Chinese Mainland, Hong Kong, Macau and Taiwan

"Group"	the Company and all of its subsidiaries or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)
"HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"intraocular lens"	an artificial replacement for the lens of human eye removed during cataract surgery
"KOL"	key opinion leaders, being physicians with influence on their peers' medical practice for the purpose of this announcement
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange on December 12, 2022
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules

"OK-Lens"	orthokeratology lenses, also known as orthokeratology, is a non-surgical method to eliminate the refractive error of the eye and improve the naked vision by changing the geometry of the cornea within the pressure of the eyelids during sleep which is placed on the upper surface of the cornea when wearing
"Preferred Shares"	the convertible redeemable preferred shares of the Company, which were converted into Shares and recorded as share capital upon the Listing
"Proprietary Products"	products that the Group develops and manufactures
"Prospectus"	the prospectus of the Company dated November 30, 2022
"refractive error"	eye disorder caused by irregularity in the shape of the eye, which makes it difficult for the eyes to focus images clearly
"R&D"	research and development
"Reporting Period"	the period from January 1, 2023 to December 31, 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 was subsequently refinanced by the facility granted by the Lender to Gaush Netherlands under the Facility Agreement in February 2024

"Share(s)"	ordinary shares in the share capital of the Company with a par value of US$0.0001 each
"Shareholders"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under section 15 of the Companies Ordinance of Hong Kong
"Teleon"	collectively, Teleon Holding B.V., Teleon Surgical B.V., Teleon IP B.V., Teleon Surgical Vertriebs GmbH and Teleon Surgical GmbH
"US dollars", "USD" or "US$"	United States dollars, the lawful currency of the United States
"vitreoretinal diseases"	diseases that develop from the back surface of the eye and the vitreous fluid around it, with the most representative vitreoretinal diseases being wet age-related macular degeneration (wAMD), diabetic macular edema (DME), retinal vein occlusion (RVO) and myopic choroidal neovascularization (mCNV)
"%"	per cent

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

Hong Kong, March 25, 2024

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

* *For identification purposes only*