ANNUAL REPORT
2023

高视医疗科技有限公司
Gaush Meditech Ltd

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2407

科技締造 光明視界

Contents

Company Profile

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

With over 20 years of track record, Gaush Meditech, as a leading player in China's ophthalmic medical device market, develops and distributes a broad spectrum of ophthalmic medical equipment and consumables, and also provides its end customers with related technical services. The Group's product portfolio comprised Proprietary Products which the Group develops and manufactures as well as Distribution Products of its brand partners which the Group distributes, covering all seven ophthalmology sub-specialties where ophthalmic medical devices are utilized for their diagnosis, treatment or surgeries, being vitreoretinal diseases, cataracts, refractive surgery, glaucoma, ocular surface diseases, optometry and pediatric ophthalmology.

Corporate Information

DIRECTORS

Executive Directors

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

Non-executive Director

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

Independent Non-executive Directors

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

JOINT COMPANY SECRETARIES

Mr. Zhang Bo *(appointed on April 23, 2024)*
Ms. Li Wenqi *(resigned on April 23, 2024)*
Ms. Leung Shui Bing *(ACG、HKACG)*

AUTHORIZED REPRESENTATIVES

Mr. Gao Tieta
Mr. Liu Xinwei

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

LEGAL ADVISOR AS TO HONG KONG LAWS

Tian Yuan Law Firm LLP
Suites 3304–3309, 33/F
Jardine House
One Connaught Place
Central
Hong Kong

COMPLIANCE ADVISOR

Haitong International Capital Limited
Suites 3001–3006 and 3015–3016
One International Finance Centre
No. 1 Harbour View Street
Central
Hong Kong

REGISTERED OFFICE

4th Floor, Harbour Place
103 South Church Street
PO Box 10240, Grand Cayman
KY1-1002, Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 1901, Building A, Zhonghui Plaza
No. 11 Dongzhimen South Avenue
Dongcheng District, Beijing, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Harneys Fiduciary (Cayman) Limited
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman, KY1-1002
Cayman Islands

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKS

Citibank (China) Co., Ltd. Beijing Branch
17F Excel Center
No. 6, Wudinghou Street
Xicheng District
Beijing, China

East West Bank, Hong Kong Branch
Suite 1108, 11/F
Two International Finance Centre
8 Finance Street
Central
Hong Kong

STOCK CODE

2407

COMPANY'S WEBSITE

www.gaush.com

Financial Highlights

For the year ended December 31, 2023, the Group recorded the following key financial results:

- 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 on 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.

Chairman's Statement

Dear Shareholders,

I sincerely thank you all for your long-term support and attention. On behalf of the Board of Directors of Gaush Meditech Ltd, I am pleased to present to the Shareholders the annual report of the Group for the year ended December 31, 2023.

In 2023, against the background of unstable global economic recovery and intensifying international geopolitical and economic conflicts, the overall macro economy showed a weak recovery. In the context of the Company's sector, at the beginning of the year, affected by the relaxation of the epidemic and the gradual recovery of medical demand, the overall performance of the industry was relatively stable. In the second quarter, the anticipated recovery in demand for diagnosis and treatment from downstream customers fell short of expectations. In addition, the Federal Reserve's interest rate hikes and adjustments to relevant domestic policies have led to a slowdown in the industry's overall development and growth. With the introduction and implementation of related policies towards the end of the year, the overall industry sentiment has relatively rebounded. During the year, all employees of the Group faced challenges but remained composed and worked diligently together to overcome obstacles and actively organized R&D, production and marketing, resulting in satisfactory outcomes. During the Reporting Period, the Group achieved revenue of RMB1,406.2 million, representing a year-on-year increase of 12.2%, and recorded net profit of RMB172.9 million, making a significant turnaround from losses into profits.

In 2023, the Company continued to invest in R&D and production, enriched its pipeline of Proprietary Products, and achieved breakthroughs in numerous R&D and production projects. At present, the Group's (i) R&D efforts in domestically produced intraocular lenses are advancing smoothly, and the first registration certificate for domestic mono-focal intraocular lens has been obtained in March 2024. The R&D and registration for domestic intraocular lens will continue to promote; (ii) independently produced rigid gas permeable corneal contact lenses ("**RGP**") have obtained a medical device registration certificate and are officially launched to the market; (iii) orthokeratology lenses ("**OK-Lens**") have all been enrolled and short-term follow-up has been completed with excellent results; (iv) fully automatic fundus cameras have been launched, and have obvious competition advantages in terms of imaging quality and focus accuracy. Their market demand is steadily on the rise; and (v) new generation dry eye examination series products have completed localized production and entered the registration process. In addition, the Group continued to implement various key projects in the domestic R&D and production layout. The construction of R&D and production base of the Group in Wuxi was completed and operationalized by the end of 2023. Subsequently, the Group's global "4+2" R&D layout has been fully implemented, with domestic presence in four cities, namely Shenzhen, Suzhou, Wuxi and Wenzhou, alongside overseas presence in the Netherlands and Germany.

In 2023, the Company continued to optimize upstream cooperation and pursued experimentation and innovation in response to the general environment. During the Reporting Period, the Group cooperated with 19 overseas brand partners, 17 of which had entered into exclusive distribution arrangements with the Group for their products, including Haag-Streit, a new exclusive partner, further enriching the Group's product portfolio and enhancing its overall risk resistance ability. In addition, as the epidemic eased, the Group's strategic marketing team and technical service team carried out a variety of offline activities and high-frequency inspections. During the Reporting Period, the Company actively organized a number of offline market activities. While providing high-quality one-stop services to upstream partners, it continuously promoted advanced ophthalmic technologies to domestic patients, offering premium clinical solutions to patients, which further bolstered its brand influence. Furthermore, the Company's technical service team continued to strengthen the construction of service outlets and inspections. During the Reporting Period, the Company has a total number of over 26,000 service visits in Greater China, consistently delivering professional, prompt and timely high-quality services.

Looking ahead, domestic demand for ophthalmic medical devices will maintain a growth trend with a substantial room for development. The current growing aging problem in China will further increase the number of ophthalmology patients, and the growing patient demand will also drive the further expansion of the ophthalmic medical device market segment. In addition, with the improvement of living standards, patients' demand for high-end medical devices is also increasing. Currently, domestic medical devices are still concentrated in the mid-to-low-end level. High-end medical devices mainly rely on imports, and there is still broad room for domestic substitution.

In 2024, the Group will (i) continue to increase its investment in R&D and production, increase the number and categories of its own R&D products in an orderly manner, and efficiently promote localization; (ii) maintain its leading position in diagnostic examination products and attach importance to and increase investment in surgical treatment products; (iii) continue to consolidate the platform advantage of product portfolio that fully covers the major sub-specialties of ophthalmology; (iv) continue to expand its product mix by actively strengthening the introduction of new product lines and the expansion of distribution business; (v) further develop its dual core markets in Asia and Europe and promote international coverage in an orderly manner; and (vi) further optimize its management processes and systems, focusing on improving efficiency and effectiveness.

Flowers in spring come to fruition in autumn, and everything takes on a new look. In the coming year, guided by the mission of "Technology Creates Bright Vision", the Group will adhere to the principle of "Work Together for Mutual Benefit", strive for a long-term sustainable growth, and continue to bring higher value for its shareholders, investors, and all other stakeholders.

Yours faithfully,
Gaush Meditech Ltd
Mr. Gao Tieta
Chairman and Executive Director

March 25, 2024

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 annual report, 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. During the Reporting Period, 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 ophthalmic 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 annual report, Gaush Neotech has completed the whole construction and delivery and starts to conduct the domestic R&D and production of SBM equipment. 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 has appointed an independent professional valuer (the "**Valuer**") in accordance with IAS 36 to measure and determine the recoverable amount of each of its cash-generating units arising from acquisitions using the income approach (referred to as the discounted cash flow method) based on the value in use (the "**value-in-use**"). The assessment method has remained consistent with previous periods. No impairment of goodwill was recorded during the Reporting Period.

The recoverable amounts and carrying amounts of the cash-generating units are as follows:

	For the year ended December 31					
	2023			2022		
	Recoverable amount (RMB'000)	**Carrying amount (RMB'000)**	**Headroom (RMB'000)**	Recoverable amount (RMB'000)	Carrying amount (RMB'000)	Headroom (RMB'000)
Gaush Medica Ltd. (寧波高斯醫療科技有限公司)	**45,000**	**38,329**	**6,671**	56,000	40,000	16,000
Gaush Consumables Ltd. ("**Gaush Consumables**") (深圳市高視耗材科技有限公司)	**15,300**	**11,979**	**3,321**	12,700	10,632	2,068
Gaush Precision Ltd.	**7,400**	**5,816**	**1,584**	11,300	6,490	4,810
Roland Consult Stasche & Finger GmbH and Gaush Europe GmbH	**23,578**	**20,825**	**2,753**	21,526	19,417	2,109
Teleon Holding B.V.	**1,602,491**	**1,247,256**	**355,235**	1,399,959	1,195,088	204,871
	1,693,769	**1,324,205**	**369,564**	1,501,485	1,271,627	229,858

In 2023, the Group continued to increase its R&D investment in all cash-generating units, optimize strategic layout, steadily promote the R&D and registration of domestic ophthalmic medical equipment and consumables and actively expand overseas business. For details, please refer to the section headed "Business Review" of "Management Discussion and Analysis" in this annual report.

In the 2023 fiscal budget, the management of the Company estimated that the forecasted gross profit margin of Gaush Consumables cash-generating units would be 49.74% to 56.43%, representing an increase as compared to that of the 2022 fiscal budget. The increase was mainly due to the business integration of the Shenzhen R&D base in 2023 to further improve operational efficiency and leverage the synergistic benefits, optimization of the strategic layout of consumable products, and implementation of various new projects for the domestic production of consumable products. This forecast is prepared based on the best estimate of the Company's management regarding the future sales channels, contract values, costs, and operating expenses.

As of December 31, 2023, the management of the Company has formulated cash flow forecasts covering a period of 5 to 8 years based on reasonable and substantiated assumptions. For details on changes in input data and key assumptions, please refer to Note 15 to the consolidated financial statements.

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 30 to the consolidated financial statements in this annual report, 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 annual report and the Prospectus, the Group did not have any other future plans for material investment and capital assets as of the date of this annual report.

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 the Controlling Shareholder. For details, please refer to the announcement of the Company dated February 2, 2024 and Note 42 to the consolidated financial statements.

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

EXECUTIVE DIRECTORS

Mr. Gao Tieta (高鐵塔) ("**Mr. Gao**"), aged 59, is an executive Director and the Chairman. Mr. Gao is responsible for the overall strategic development of the Group, overseeing the overall operations and management of the Group and participating in the decision-making of major issues such as formulation of investment plans and annual business targets. Mr. Gao is Mr. Zhang Jianjun's brother-in-law.

Mr. Gao founded the Group with other co-founders in August 1998. During the first few years after the Group was founded, Mr. Gao was responsible for the strategic planning of the Group and the overall supervision and management of upper stream resources. From September 2014 to November 2017, he served as an executive director of Beijing Meicheng Medical Technology Limited* (北京美程醫療技術有限公司). He joined the Board as a Director since December 29, 2017 and was re-designated as an executive Director on November 18, 2021. He served as the Chief Executive Officer from January 2018 to March 2024 and was appointed as Chairman on December 28, 2018. Mr. Gao also holds directorships in Gaush Medical Corporation, Gaush BVI, Gaush HK, GMC BVI, GMC HK and Suzhou Gaush Clear.

Mr. Gao obtained his master of science degree in nuclear physics and nuclear technology and his bachelor of science degree in nuclear physics from Peking University (北京大學) in the PRC in June 1990 and July 1987, respectively.

Mr. Liu Xinwei (劉新偉) ("**Mr. Liu**"), aged 42, is an executive Director and the Chief Executive Officer. Mr. Liu is responsible for the overall operations and management of the Group, participating in the formulation of business plans and annual targets and leading the achievement of the Group's annual targets.

Mr. Liu has around 11 years of experience in the medical industry. Mr. Liu joined the Group as the board secretary of Gaush Medical Corporation in May 2016. Mr. Liu served as the chief financial officer of the Company from December 2018 to January 2023. He has served as a Director since November 21, 2019 and was re-designated as the executive Director on November 18, 2021. Mr. Liu served as the co-chief executive officer of the Company from January 2023 to March 2024 and has been appointed as the Chief Executive Officer since March 25, 2024. Mr. Liu also holds directorships in Gaush Germany, Gaush Netherlands, Gaush Teleon and Gaush Neotech.

Mr. Liu received his master's degree in business administration from Tsinghua University (清華大學) in July 2013. He received his bachelor's degree in information engineering from Zhejiang University (浙江大學) in June 2004. Mr. Liu holds a legal professional qualification (法律職業資格) certificate issued by the Ministry of Justice of the PRC in March 2013 and became a non-practising member of the Beijing Institute of Certified Public Accountants (北京註冊會計師協會) in April 2017.

Mr. Zhao Xinli (趙新禮) ("**Mr. Zhao**"), aged 57, is an executive Director and the chief compliance officer of the Company. Mr. Zhao is responsible for the legal and compliance affairs, oversees the internal audit and supervisory function of the Group, and participates in the decision-making of overall operations and management of the Group.

Mr. Zhao has around 31 years of experience in the field of medical and scientific devices. Mr. Zhao joined the Group in May 2005 and successively served as a manager and deputy general manager of Global Vision Corporation from April 2005 to July 2011, responsible for procurement and logistics. From July 2011 to January 2018, Mr. Zhao served as vice president of the Group. He has served as a Director since December 29, 2017 and was re-designated as an executive Director on November 18, 2021. Before joining the Group, Mr. Zhao worked at Oriental Scientific Instrument Import & Export Group Corporation* (東方科學儀器進出口集團有限公司) from July 1992 to April 2005 (currently known as OSIC Holding Group Co., Ltd.* (東方科儀控股集團有限公司)), a company engaged in international trade of technology and equipment, with his last position as a project manager.

Mr. Zhao obtained a certificate of completion of the joint executive master of business administration study program provided by The University of Wisconsin-Madison (in the United States) and The Chinese Academy of Sciences (in the PRC) in December 2002. He received his master of science degree in physical chemistry from the Institute of Photographic Chemistry of the Chinese Academy of Sciences (中國科學院感光化學研究所) (currently part of the Technical Institute of Physics and Chemistry of the Chinese Academy of Sciences (中國科學院理化技術研究所)) in October 1992. He received his bachelor of science degree in applied chemistry from Peking University (北京大學) in July 1987.

Mr. Zhang Jianjun (張建軍) ("**Mr. Zhang**"), aged 60, is an executive Director and the honorary president of the Company. Mr. Zhang is responsible for assisting Mr. Gao Tieta to share responsibility for coordinating designated works regarding, among others, strategic clients, significant public affairs, cultural construction and personnel development of the Group. Mr. Zhang is Mr. Gao Tieta's bother-in-law.

Mr. Zhang joined the Group in August 1998. From August 1998 to May 2011, he successively served as a regional manager, the sales manager and the marketing director of Global Vision Corporation. He served as an executive director of Mingwang Medical from November 2009 to March 2023, where he is responsible for daily management. From June 2012 to November 2017, he successively served as the general manager of Mingwang Medical and as a president for the medical device sector of Gaush Medical Corporation. He has served as a Director since December 29, 2017 and was re-designated as an executive Director on November 18, 2021. From November 2021 to January 2023, he served as the president of the Company and was appointed as the honorary president of the Company on January 10, 2023. He is also a supervisor of Gaush Technology, Gaush Diopsys and Gaush Medical Service.

Mr. Zhang graduated from Gansu Jiuquan Normal School (甘肅酒泉師範學校) in July 1985. He passed the self-study normal college-level examination (高等師範專科自學考試) in geography of Gansu Normal College (甘肅教育學院) (currently part of Lanzhou University of Arts and Science (蘭州文理學院)) in the PRC in June 1996.

Ms. Li Wenqi (李文奇) ("**Ms. Li**"), aged 50, is an executive Director and the chief financial officer of the Company. Ms. Li is primarily responsible for the financial management, operation management and informatization management of the Group.

Ms. Li has over 21 years of experience in accounting and financial management. She first joined Global Vision Corporation in August 1998 and served successively as cashier, accountant, financial supervisor, financial manager and financial controller. She has served as the vice president of the Company from January 2018 to January 2023 and a joint company secretary of the Company from November 2021 to April 2024. Ms. Li was appointed as the chief financial officer of the Company on January 10, 2023 and an executive Director on August 24, 2023.

Ms. Li received her bachelor's degree in accounting from Beijing Wuzi University (北京物資學院) in the PRC in July 1995. She also obtained accounting specialist qualification conferred by the Ministry of Finance of the PRC in May 1999.

NON-EXECUTIVE DIRECTOR

Dr. David Guowei Wang (formerly known as Wang Guowei (王國瑋)) ("**Dr. Wang**"), aged 62, has served as a Director since December 29, 2017 and was re-designated as a non-executive Director on November 18, 2021. Dr. Wang participates in the formulation of the Company's corporate and business strategies and advises on the operation of the Group.

Dr. Wang has over 17 years of experience in the medical industry. From April 2006 to July 2011, he served as a managing director of WI Harper Group, a cross-border venture capital firm focusing on the fields of healthcare, biotech, artificial intelligence, robotics, fintech, sustainability and new media, where he was responsible for healthcare-related investment activities in China. Dr. Wang has been working at OrbiMed Advisors LLC, an investment fund with a focus on the healthcare industry, as a partner and senior managing director of Asia since August 2011 where he is responsible for healthcare investment in China.

Dr. Wang has served as a director of a number of listed companies in the healthcare and medical industry:

(a) From October 2012 to May 2019, Dr. Wang served as a director of Suzhou Medical System Technology Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 603990) engaged in provision of clinical information system solutions;

(b) From June 2015 to August 2021, he served as a director of Amoy Diagnostics Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 300685) principally engaged in research and development, production and sales of tumor precision medical molecular diagnostic products;

(c) Since April 2016, he has served as a non-executive director of AK Medical Holdings Limited, a company listed on the Stock Exchange (stock code: 1789) principally engaged in the design, development, manufacture and distribution of orthopedic implants;

(d) Since September 2017, he has also served as a non-executive director of Sichuan Baili Tianheng Pharmaceutical Co., Ltd., which is a modern high-tech enterprise integrating research and development, production and marketing and listed on the Shanghai Science and Technology Board (stock code: 688506);

(e) From August 2018 to April 2020, Dr. Wang was a non-executive director of Union Medical Healthcare Limited (currently known as EC Healthcare), a company listed on the Stock Exchange (stock code: 2138) principally engaged in the provision of aesthetic medical services;

(f) Since July 2019, he has also served as a non-executive director of Laekna, Inc., a company listed on the Stock Exchange (stock code: 2105) principally engaged in discovering, development and commercialising innovative therapies for cancer and liver diseases; and

(g) From March 2020 to February 2024, he has also served as a director of Gracell Biotechnologies Inc., a company that was listed on the Nasdaq Global Select Market with ticker symbol "GRCL" dedicated to discovery and development of cell therapies for treating cancer.

Dr. Wang received his doctorate in developmental biology from California Institute of Technology in the United States in June 1995. He received his bachelor degree in medicine from Beijing Medical University (北京醫科大學) (currently known as Peking University Health Science Center (北京大學醫學部)) in the PRC in July 1986.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Feng Xin (馮昕) ("**Mr. Feng**"), aged 53, was appointed as an independent non-executive Director on November 11, 2022. Mr. Feng supervises and provides independent judgment to the Board.

Mr. Feng is a co-founder of Beijing 55 Investment Consultancy Limited* (北京五五靈通投資顧問有限公司), a company principally engaged in investment consulting, business management consulting and conference services. He also serves as the general manager of WeFocus (Beijing) Technology Limited (真果聯動（北京）科技有限公司), a company principally engaged in business management consulting services, since May 2020.

Mr. Feng is currently a director of the following companies:

(a) Since October 2015, Mr. Feng has served as a director of Beijing Hope Pharmaceutical Co., Ltd.* (北京海步醫藥科技股份有限公司), a company previously listed on the NEEQ[1] (stock code: 836438) which is principally engaged in the research and development, production and sales of active pharmaceutical ingredients and pharmaceutical intermediates; and

(b) Since October 2020, Mr. Feng has served as a director of Beijing Explorer Software Limited (北京探索者軟件股份有限公司), a company previously listed on the NEEQ[2] (stock code: 839007) which principally engaged in development of software.

Mr. Feng was a director of China 55 Club Co., Limited, a company incorporated in Hong Kong, which was dissolved by striking off[3] on April 9, 2010. The company had no actual business immediately prior to dissolution.

Mr. Feng received his master of Business Administration degree from University of Illinois in the United States in May 2002.

1 Beijing Hope Pharmaceutical Co., Ltd. was voluntarily delisted from the NEEQ in January 2020.

2 Beijing Explorer Software Limited was voluntarily delisted from the NEEQ in May 2020.

3 The Registrar of Companies in Hong Kong may strike the name of a company off the Companies Register under Division 1 of Part 15 of the Companies Ordinance of Hong Kong where the Registrar has reasonable cause to believe that the company is not in operation or carrying on business. The company shall be dissolved when its name is struck off the Companies Register.

Mr. Wang Li-Shin (王立新) ("**Mr. Wang**"), aged 63, was appointed as an independent non-executive Director on November 11, 2022. Mr. Wang supervises and provides independent judgment to the Board.

Mr. Wang has over 22 years of experience in the global healthcare industry. From October 2016 to January 2021, he was the executive president of Shanghai Bondent Technology Co., Ltd (上海博恩登特科技有限公司), a company which operates oral medical platform. Prior to joining Shanghai Bondent Technology Co., Ltd, Mr. Wang worked as the general manager of Leica Microsystems (Shanghai) Trading Co., Ltd. (徠卡顯微系統（上海）貿易有限公司) since February 2013, a company mainly engaged in the provision of microscopes and imaging systems. From September 2010 to November 2012, he served as the corporate vice president of the Asia Pacific region of Dako Denmark A/S, a provider of systems for cancer diagnostics. Prior to that, Mr. Wang also worked at Johnson & Johnson Medical.

Mr. Wang received bachelor of Science in Physics from Tunghai University in Taiwan in June 1984 and Master of Science in Applied Physics from Georgia Institute of Technology in the United States in March 1989. He also obtained master of Business Administration from The Wharton School of University of Pennsylvania in the United States in May 2000.

Mr. Chan Fan Shing (陳帆城) ("**Mr. Chan**"), aged 47, was appointed as an independent non-executive Director on November 11, 2022. Mr. Chan supervises and provides independent judgment to the Board.

Mr. Chan has extensive experience in auditing, accounting and financial management. From October 2018 to August 2020, Mr. Chan was an executive director of Tycoon Group Holdings Limited (滿貫集團控股有限公司), a Hong Kong-based provider of Proprietary Chinese Medicines, health supplement, skin care, personal care and other healthcare products, the shares of which are listed on the Main Board of the Stock Exchange since April 2020 (stock code: 3390), and a director of Tycoon Asia Pacific Group Limited (滿貫(亞太)集團有限公司). From September 2009 to March 2016, Mr. Chan was the company secretary, financial controller and authorized representative of CPMC Holdings Limited, a leading manufacturer in the PRC packaging industry, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 906) and a subsidiary of COFCO Corporation (中糧集團), a PRC state-owned conglomerate and a Fortune 500 company. Prior to that, Mr. Chan has been working as senior management in Hong Kong listed companies and international audit firms as auditor.

Mr. Chan is an independent non-executive director of Trigiant Group Limited (Stock Code: 1300) from September 2018 to January 2024, a company the shares of which are listed on the Main Board of the Stock Exchange. Mr. Chan has been an independent non-executive director of Joy City Property Limited (Stock Code: 207) since February 2020, a company the shares of which are listed on the Main Board of the Stock Exchange.

Mr. Chan obtained a bachelor's degree in Business Accounting from University of Glamorgan (currently known as University of South Wales), United Kingdom in June 1999 and a master's degree in Professional Accounting from The Hong Kong Polytechnic University in October 2008. He is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the CPA Australia, and a chartered professional accountant member of the Chartered Professional Accountants of British Columbia, Canada.

SENIOR MANAGEMENT

Mr. Gao Tieta (高鐵塔), aged 59, is an executive Director and the Chairman. For details of his biography, please refer to the above "Executive Directors" of this section.

Mr. Liu Xinwei (劉新偉), aged 42, is an executive Director and the Chief Executive Officer. For details of his biography, please refer to the above "Executive Directors" of this section.

Mr. Zhao Xinli (趙新禮), aged 57, is an executive Director and the chief compliance officer of the Company. For details of his biography, please refer to the above "Executive Directors" of this section.

Mr. Zhang Jianjun (張建軍), aged 60, is an executive Director and the honorary president of the Company. For details of his biography, please refer to the above "Executive Directors" of this section.

Ms. Li Wenqi (李文奇), aged 50, is an executive Director and the chief financial officer of the Company. For details of her biography, please refer to the above "Executive Directors" of this section.

Dr. Alexey Nikolaevich Simonov ("**Dr. Simonov**"), aged 52, is the chief technology officer of the Company. He is responsible for the management of the R&D of the Group.

Dr. Simonov is a self-starter with over 21 years of entrepreneurial and corporate R&D experiences in optical device industry (ophthalmic optics). Dr. Simonov started his career as an assistant professor in Lomonosov Moscow State University from May 2000 to October 2001, where he studied adaptive optics and high-precision measurements using dynamic holograms and lectured and taught physics to undergraduates. Later, Dr. Simonov served as a postdoctoral researcher in University of Groningen in Netherlands from November 2001 to October 2003 and then in Technical University of Delft in Netherlands from November 2003 to December 2006. From January 2007 to September 2018, Dr. Simonov served as the chief technical officer in AkkoLens International B.V., where he is primarily responsible for coordination of technical product development with the focus on novel ophthalmic medical devices. Dr. Simonov also served as the scientific and engineering consultancy in Flexible Optical B.V. from 2005 to 2006 and in Procornea (Oculentis) Nederland B.V. from 2005 to 2015, respectively. From October 2018 to October 2020, Dr. Simonov served as the Global Head of Optics and Metrology in HOYA Surgical Optics, where he led the development of product portfolio from idea to product. Since November 2020, Dr. Simonov has been serving as the chief technology officer in Teleon Surgical B.V., where he is responsible for overseeing the technology and product development of Teleon. Dr. Simonov was appointed as the chief technology officer of the Company on March 31, 2023.

Dr. Simonov received a bachelor's and master's degree in physics and a doctor's degree in laser physics and adaptive optics from Lomonosov Moscow State University in Moscow, Russian Federation in January 1995 and June 2000, respectively.

JOINT COMPANY SECRETARIES

Mr. Zhang Bo (張博) ("**Mr. Zhang**"), aged 38, is the investment director of the Company and primarily responsible for domestic and foreign investment, mergers and acquisitions of the Group. Mr. Zhang was appointed as a joint company secretary of the Company on April 23, 2024. Mr. Zhang joined the Group in June 2016 and served as the investment manager of the Company from June 2016 to March 2021. Mr. Zhang has been serving as the investment director of the Company since April 2021. Prior to joining the Group, Mr. Zhang had worked as a legal assistant in Grandall (Beijing) Law Firm (國浩(北京)律師事務所) from August 2011 to March 2013 and as an investment manager in the investment bank department of Dongzhao Changtai Investment Group Co., Ltd. (東兆長泰投資集團有限公司) from April 2013 to May 2016. Mr. Zhang received his master's degree in constitutional and administrative law from China University of Political Science and Law (中國政法大學) in July 2011. Mr. Zhang passed the National Judicial Examination (國家司法考試) in the PRC and obtained his legal professional qualification in February 2009.

Ms. Leung Shui Bing (梁瑞冰) was appointed as one of the joint company secretaries of the Company on November 18, 2021. Ms. Leung currently serves as a manager of the Listing Services Department of TMF Hong Kong Limited (a global corporate services provider). She has over 19 years of experience in the company secretarial field. Ms. Leung obtained a bachelor's degree in Business and Management Studies (Accounting and Finance) from University of Bradford and a master's degree in Corporate Governance from The Open University of Hong Kong (currently known as Hong Kong Metropolitan University). She is a Chartered Secretary, Chartered Governance Professional and an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in United Kingdom.

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the year ended December 31, 2023.

GLOBAL OFFERING

The Company was incorporated in the Cayman Islands with limited liability on November 1, 2017. The Shares were listed on the Main Board of the Stock Exchange on December 12, 2022.

PRINCIPAL ACTIVITIES

The principal activities of the Group is the R&D, the manufacture and sale of ophthalmic medical devices, and providing technical services to the end customers of the Group.

Analysis of the principal activities of the Company and its subsidiaries during the year ended December 31, 2023 is set out in Note 1 to the consolidated financial statements.

An analysis of the Group's performance during the Reporting Period by business segments is set out in Note 4 to the consolidated financial statements.

PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in Note 1 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended December 31, 2023 are set out in the consolidated statement of profit or loss and other comprehensive income on page 100 of this annual report.

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 on Friday, June 28, 2024.

AGM AND CLOSURE OF REGISTER OF MEMBERS

The forthcoming AGM will be held on Thursday, May 30, 2024. For the purpose of determining the entitlement of the Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Monday, May 27, 2024 to Thursday, May 30, 2024, both days inclusive, 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.

BUSINESS REVIEW

A fair review of the business of the Group during the Reporting Period as required by Schedule 5 to the Companies Ordinance, including an analysis of the Group's financial key performance indicators and an indication of likely future developments in the Group's business are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" in this annual report. The Group's key relationships with its stakeholders who have a significant impact on the Group and on which the Group's success depends, is set out in the section headed "Environmental, Social and Governance Report" in this annual report. Events affecting the Company that have occurred since the end of the financial year is set out in the section headed "Subsequent Events After the Reporting Period" of "Management Discussion and Analysis" in this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

The following list is a summary of certain principal risks and uncertainties faced by the Group, some of which are beyond its control:

- The PRC ophthalmology medical device industry is rapidly evolving and highly competitive. The Group is subject to intense competition from domestic and international competitors, and the Group may face challenges in maintaining or enhancing the market share of the Group in this industry for a variety of reasons.

- The Group's business is subject to complex and evolving laws and regulations. The Group may not be able to successfully obtain, maintain or renew the regulatory filings or complete product registration testing or clinical trials in a timely manner and at acceptable costs, or at all, which may affect the sale and marketing of the products of the Group.

- The Group may not be successful in the public tender process, and lower bidding prices of competitors and volume-based discounts and/or lower ex-factory and sale prices offered by these competitors may undermine the Group's position in the public tender process and in turn adversely impact the Group's sales performance.

- The Group is subject to changing legal and regulatory requirements in the PRC healthcare industry, and new laws, rules and regulations may impose significant compliance burdens on the Group.

- The success of the Group is tied to its ability to retain and attract brand partners as well as the success of its brand partners and the Distribution Products which the Group distributes.

- The Group may not be able to protect its intellectual property rights which may adversely affect its reputation and disrupt its business.

- The Group may be unable to obtain and maintain effective patent and other intellectual property rights for its Proprietary Products and pipeline products, and the scope of such intellectual property rights obtained may not be sufficiently broad.

- China's political, economic and social conditions could affect the Group's business, financial condition, results of operations and prospects, and adverse developments in China's economy or an economic slowdown in China may reduce the demand for the products and services which the Group provides and have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

For more details of other risks and uncertainties faced by the Group, please refer to the section headed "Risk Factors" of the Prospectus.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment, giving back to the community and achieving sustainable growth. For more details, please refer to the section headed "Environmental, Social and Governance Report" in this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

As far as the Board and management of the Company are aware, the Group has complied in all material aspects with relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Reporting Period, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last five financial years are set out in the section headed "Financial Summary" in this annual report. This summary does not form part of the audited consolidated financial statements.

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 annual report, there was no change in the intended use of Net Proceeds and the expected timeline as previously disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus. The following table sets forth a summary of the utilization of the Net Proceeds as of 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%	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.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

For the year ended December 31, 2023, the Group's sales to its five largest customers accounted for 13.1% (2022: 15.8%) of the Group's total revenue and the Group's sales to its single largest customer accounted for 7.3% (2022: 7.8%) of the Group's total revenue.

Major Suppliers

For the year ended December 31, 2023, the Group's purchases from its five largest suppliers accounted for 42.6% (2022: 58.1%) of the Group's total purchases and the Group's purchases from its single largest supplier accounted for 15.4% (2022: 20.5%) of the Group's total purchases.

During the Reporting Period, none of the Directors or any of their respective close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the total number of issued Shares) had any interest in the Group's five largest customers and suppliers.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the year ended December 31, 2023 are set out in Note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended December 31, 2023 and details of the Shares issued during the year ended December 31, 2023 are set out in Note 34 to the consolidated financial statements.

DONATIONS

During the Reporting Period, the charitable and other donations made by the Group amounted to RMB0.28 million (2022: RMB0.94 million).

DEBENTURE AND CONVERTIBLE BONDS ISSUED

The Company did not issue any debenture or convertible bonds during the year ended December 31, 2023.

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended December 31, 2023 are set out on pages 193 and 103 respectively in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As of December 31, 2023, the Company's reserves available for distribution amounted to approximately RMB855.4 million (as of December 31, 2022: RMB822.2 million).

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group as of December 31, 2023 are set out in Note 30 to the consolidated financial statements.

DIRECTORS

The Directors during the Reporting Period and up to the date of this annual report are:

Executive Directors:

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

Non-executive Directors:

Dr. David Guowei Wang
Mr. Shi Long *(resigned on August 24, 2023)* [(1)]

Independent non-executive Directors:

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

Note:

(1) Mr. Shi Long has resigned as a non-executive Director with effect from August 24, 2023 in order to devote more time to focus on his other business commitments.

Pursuant to Article 109(a) of the Articles of Association, at each AGM one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. Accordingly, Mr. Feng Xin, Mr. Wang Li-Shin and Mr. Chan Fan Shing will retire by rotation at the forthcoming AGM, and they being eligible, will offer themselves for re-election at the AGM.

In accordance with Article 113 of the Articles of Association, any Director appointed to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office until the first AGM after his/her appointment and shall then be eligible for re-election. Accordingly, Ms. Li Wenqi will retire by rotation at the forthcoming AGM, and she being eligible, will offer herself for re-election at the AGM.

DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out in the section headed "Directors and Senior Management" in this annual report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent throughout the Reporting Period and remain so as of the date of this annual report.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of Mr. Gao Tieta, Mr. Liu Xinwei, Mr. Zhao Xinli and Mr. Zhang Jianjun, the executive Directors, have entered into a service contract with the Company. Each service contract is for an initial term of three years commencing from the Listing Date or until the third AGM since the Listing Date (whichever is sooner). The service contracts may be renewed in accordance with the Articles of Association and the applicable laws, rules and regulations.

Ms. Li Wenqi, an executive Director, has entered into a service contract with the Company. The service contract is for an initial term of office is three years commencing from August 24, 2023 or until the third AGM since the date of her appointment, whichever is sooner, and unless terminated by not less than one month's prior notice in writing served by either party to the other. The service contract may be renewed in accordance with the Articles of Association and the applicable laws, rules and regulations.

Each of Dr. David Guowei Wang, a non-executive Director, and the independent non-executive Directors has entered into a letter of appointment with the Company. Each letter of appointment is for an initial term of three years commencing from the Listing Date or until the third AGM since the Listing Date (whichever is sooner). The letters of appointment may be renewed in accordance with the Articles of Association and the applicable laws, rules and regulations.

None of the Directors proposed for re-election at the forthcoming AGM has or is proposed to have a service contract or a letter of appointment with any member of the Group which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transaction, arrangement or contract of significance in relation to the Group's business to which the Company, or any of its subsidiaries or fellow subsidiaries was a party and in which a Director or any of his/her connected entities had a material interest, whether directly or indirectly, subsisted during or at the end of the year ended December 31, 2023.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

There was no contract of significance (whether for the provision of services to the Group or otherwise) in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any Controlling Shareholder or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted during or at the end of the year ended December 31, 2023.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period and up to the date of this annual report.

EMPLOYEES AND REMUNERATION POLICIES

The remuneration of the Directors is reviewed by the Remuneration Committee and approved by the Board, having regard to the Group's operating results, individual performance of the Directors and comparable market practices.

Details of the emoluments of the Directors and five highest paid individuals during the Reporting Period are set out in Notes 8 and 9 to the consolidated financial statements.

During the year ended December 31, 2023, none of the Directors and the five highest paid individuals of the Group (i) received any emolument from the Group as an inducement to join or upon joining the Group; (ii) received any compensation for loss of office as a Director or management of any member of the Group; or (iii) waived or has agreed to waive any emoluments.

As of December 31, 2023, the Group had a total of 869 employees (December 31, 2022: 790), including an addition of over 50 R&D, 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, continuously deepen 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.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

The Group only operates defined contribution pension schemes. The employees of the Group's subsidiaries are required to participate in the retirement pension schemes organized by the relevant local government authorities. The subsidiaries of the Company are required to contribute, based on a certain percentage of the payroll costs of their employees, to the retirement pension schemes. The contributions are charged to profit or loss as they become payable in accordance with the rules of the retirement pension schemes.

No forfeited contribution (by the Group on behalf of its employees who leave the schemes prior to vesting fully in such contributions) is available to be utilized by the Group to reduce the contributions payable in the future years or to reduce the Group's existing level of contributions to the pension schemes.

Details of the retirement and employee benefits schemes of the Company are set out in Note 2.4 to the consolidated financial statements.

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

The changes in the information of Directors and chief executives of the Company since the publication of the 2023 interim report and up to the date of this annual report as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are as follows:

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

(2) Mr. Liu Xinwei was appointed as the Chief Executive Officer and ceased to act as the co-chief executive officer of the Company on March 25, 2024; and Mr. Gao Tieta has ceased to act as the Chief Executive Officer on the same date but will remain as an executive Director and the Chairman. For details, please refer to the announcement of the Company dated March 25, 2024.

Save as disclosed above and in this annual report, there was no other change to information of Directors and chief executives of the Company since the publication of 2023 interim report and up to the date of this annual report which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

As of December 31, 2023, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interest in Shares of the Company

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

Notes:

(1) All interests stated are long positions.

(2) The percentage is calculated is based on the total number of 147,970,369 ordinary Shares of the Company in issue as of December 31, 2023.

(3) As of December 31, 2023, Mr. Gao Tieta wholly owns GT HoldCo, and therefore he is deemed to be interested in the 63,263,528 Shares directly held by GT HoldCo.

(4) As of December 31, 2023, Mr. Zhang Jianjun holds 74.42% equity interest in GMC IV, and therefore he is deemed to be interested in the 6,156,481 Shares directly held by GMC IV.

(5) As of December 31, 2023, Mr. Zhao Xinli holds 33.33% equity interest in GMC V, and therefore he is deemed to be interested in the 3,436,116 Shares directly held by GMC V.

(6) As of December 31, 2023, GMC Teleon is held by Hima Holding Ltd and Huyang Group Ltd as to 62.22% and 33.33%, respectively. Hima Holding Ltd is wholly-owned by Mr. Liu Xinwei and Huyang Group Ltd is wholly-owned by Mr. Zhang Jianjun. Therefore, both Mr. Liu Xinwei and Mr. Zhang Jianjun are deemed to be interested in the 955,879 Shares directly held by GMC Teleon.

Save as disclosed above, as of December 31, 2023, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

As of December 31, 2023 or at any time during the Reporting Period, none of the Company or any of its subsidiaries was a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

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

As of December 31, 2023, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Interest in Shares of the Company

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

Notes:

(1) All interests stated are long positions.

(2) The percentage is calculated based on the total number of 147,970,369 ordinary Shares of the Company in issue as of December 31, 2023.

(3) As of December 31, 2023, GT HoldCo is wholly-owned by Mr. Gao Tieta.

(4) As of December 31, 2023, OrbiMed Asia directly held 18,039,426 Shares. To the best knowledge of the Company, OrbiMed Advisors III Limited is the general partner of OrbiMed Asia GP III, L.P.; and OrbiMed Asia GP III, L.P. is the general partner of OrbiMed Asia. OrbiMed Advisors III Limited and OrbiMed Asia GP III, L.P. were therefore deemed to be interested in the Shares which are owned by OrbiMed Asia under the SFO.

(5) As of December 31, 2023, Cuprite Gem directly held 11,375,840 Shares. To the best knowledge of the Company, Cuprite Gem is wholly owned by certain investment funds managed by their fund manager, Warburg Pincus LLC, among which, approximately 52.10% of Cuprite Gem is owned by Warburg Pincus China-Southeast Asia II (Cayman), L.P. The general partner of Warburg Pincus China-Southeast Asia II (Cayman), L.P. is Warburg Pincus (Cayman) China-Southeast Asia II GP, L.P., the general partner of which is Warburg Pincus (Cayman) China-Southeast Asia II GP LLC ("**WPC-SEA II Cayman GP LLC**"). The managing member of WPC-SEA II Cayman GP LLC is Warburg Pincus Partners II (Cayman), L.P., the general partner of which is Warburg Pincus (Bermuda) Private Equity GP Ltd.

Save as disclosed above, as of December 31, 2023, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in any Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company or any of its subsidiaries during the year ended December 31, 2023 or subsisted as of December 31, 2023.

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.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands that would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors or their respective associates had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group for the year ended December 31, 2023.

RELATED PARTY TRANSACTIONS

The related party transactions of the Group during the year ended December 31, 2023 as disclosed in Note 38 to the consolidated financial statements did not constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules or were exempt from reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

During the year ended December 31, 2023, the Group had not entered into any connected transactions or continuing connected transactions which are required to be disclosed in this annual report pursuant to Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended December 31, 2023, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatening against the Company.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices. The Company has arranged appropriate liability insurance to indemnify the Directors and senior management of the Company for their liabilities arising out of corporate activities. The insurance coverage will be reviewed on an annual basis.

AUDIT COMMITTEE

The Audit Committee had, together with the management and external auditor of the Company (the "**Auditor**"), reviewed the accounting principles and policies 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.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report in this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's total issued share capital, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, was held by the public at all times during the Reporting Period and as of the date of this annual report.

AUDITOR

The Shares were listed on the Stock Exchange on December 12, 2022, and the Company has no change in the Auditor since the Listing Date.

Ernst & Young was appointed as the Auditor for the year ended December 31, 2023. The accompanying financial statements prepared in accordance with IFRSs have been audited by Ernst & Young.

Ernst & Young shall retire at the forthcoming AGM and being eligible, will offer itself for re-appointment. A resolution for the re-appointment of Ernst & Young as Auditor will be proposed at the forthcoming AGM.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

As disclosed in the announcement of the Company dated February 2, 2024, on February 2, 2024, Gaush Netherlands, as the Borrower, entered into the Facility Agreement with, among others, a bank, as the Lender, pursuant to which Gaush Netherlands was granted by the Lender a facility of EUR52.5 million. The Borrower shall repay the loans made under the Facility in full on the date falling 48 months after the utilisation date, but no later than the date falling seven years after the disbursement of the Bridge Facility Loan. 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 the Controlling Shareholder.

Pursuant to the Facility Agreement, a change of control event occurs if, among others: (i) Mr. Gao Tieta is not or ceases to be, directly or indirectly, the single largest beneficial shareholder of the share capital of the Company or does not or ceases to control the Company; or (ii) any persons acting in concert hold or beneficially own, directly or indirectly, an aggregate percentage of the share capital of the Company that is equal to or greater than the percentage of the share capital of the Company that is beneficially owned, directly or indirectly, by Mr. Gao Tieta.

If a change of control event as abovementioned occurs: (i) the Lender shall not be obliged to fund a utilisation of the Facility; and (ii) the Lender shall, by not less than three days' notice to the Borrower, cancel the available commitment under the Facility Agreement and declare all outstanding loans made under the Facility Agreement, together with accrued interest, and all other amounts accrued or outstanding under the related finance documents shall become immediately due and payable; unless the Borrower cures such event in accordance with the Facility Agreement by providing security deposit, prepayment of the whole or any part of the Facility or any other means approved by the Lender within a specific period.

As of the date of this annual report, the above specific performance obligations imposed on the Controlling Shareholder under the Facility Agreement continued to exist.

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

All references above to other sections, reports or notes in this report form part of this annual report.

On behalf of the Board
Mr. Gao Tieta
Chairman and Executive Director

Hong Kong, March 25, 2024

Corporate Governance Report

The Board is pleased to present the corporate governance report of the Company for the year ended December 31, 2023.

CORPORATE GOVERNANCE PRACTICES

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

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

THE BOARD

Cultures and Values

A healthy corporate culture across the Group is integral to attaining its vision and strategy. It is the Board's role to foster a corporate culture with the following core principles and to ensure that the Company's vision, values and business strategies are aligned to it.

1. Integrity and code of conduct

The Group strives to maintain high standards of business ethics and corporate governance across all activities and operations. The Directors, management of the Company and staff are all required to act lawfully, ethically and responsibly, and the required standards and norms are explicitly set out in the training materials for all new staff and embedded in various policies such as the Group's employee handbook (including therein the Group's code of conduct), the anti-corruption policy and the whistleblowing policy of the Group. Trainings are conducted from time to time to reinforce the required standards in respect of ethics and integrity.

2. Commitment

The Group believes that the culture of commitment to workforce development, workplace safety and health, diversity and sustainability is one where people have a feeling of commitment and emotional engagement with the Group's mission. This sets the tone for a strong, productive workforce that attracts, develops and retains the best talent and produces the highest quality work. Moreover, the Company's strategy in the business development and management are to achieve long-term, steady and sustainable growth, while having due considerations from environment, social and governance aspects.

Responsibilities

The Board is responsible for the overall leadership of the Group, overseeing the Group's strategic decisions and monitoring the Group's business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three board committees including the Audit Committee, the Remuneration Committee and the Nomination Committee (together, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors have carried out duties in good faith and in compliance with applicable laws and regulations, and have acted in the interests of the Company and the Shareholders at all times.

The Company has arranged appropriate liability insurance in respect of legal action against the Directors. The insurance coverage will be reviewed on an annual basis.

Board Composition

As of December 31, 2023 and the date of this annual report, the Board comprises five executive Directors, one non-executive Director and three independent non-executive Directors as follows:

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

Non-executive Director:
Dr. David Guowei Wang
Mr. Shi Long *(resigned on August 24, 2023)*[1]

Independent non-executive Directors:
Mr. Feng Xin
Mr. Wang Li-Shin
Mr. Chan Fan Shing

Note:

(1) Mr. Shi Long has resigned as a non-executive Director with effect from August 24, 2023 in order to devote more time to focus on his other business commitments.

The biographies of the Directors are set out under the section headed "Directors and Senior Management" in this annual report.

During the Reporting Period, the Board has met at all times the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise. Among the three independent non-executive Directors, Mr. Chan Fan Shing has appropriate professional qualifications or accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

During the Reporting Period, the Company has also complied with Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board.

Save as disclosed in the Directors' biographies set out in the section headed "Directors and Senior Management" in this annual report, none of the Directors have any personal relationship (including financial, business, family or other material or relevant relationship) with any other Director and chief executive of the Company.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

Independent non-executive Directors

The independent non-executive Directors play a significant role in the Board as they bring an impartial view on the Group's strategies, performance and control, as well as ensure that the interests of all Shareholders are considered. All independent non-executive Directors possess appropriate academic, professional qualifications or related financial management experience. None of the independent non-executive Directors held any other offices in the Company or any of its subsidiaries or is interested in any Shares.

The Company has adopted the board independence assessment mechanism (the "**Board Independence Assessment Mechanism**") on March 31, 2023. The Board Independence Assessment Mechanism aims to ensure that the Board has strong independent elements, so that the Board can effectively make independent judgments and better protect the interests of the Shareholders.

In order to ensure that independent views and input of the independent non-executive Directors are made available to the Board, the Nomination Committee and the Board are committed to assessing the independence of the independent non-executive Directors annually with regards to all relevant factors including the following:

- required character, integrity, expertise, experience and stability to fulfill their roles;
- time commitment and attention to the Company's affairs;
- firm commitment to their independent roles and to the Board;
- declaration of conflict of interest in their roles as independent non-executive Directors;
- no involvement in the daily management of the Company nor in any relationship or circumstances which would affect the exercise of their independent judgement; and
- the Chairman meets with the independent non-executive Directors regularly without the presence of the executive Directors.

In addition, according to the Board Independence Assessment Mechanism, Directors are allowed to seek independent professional advice when performing their duties and are encouraged to independently contact and consult the senior management of the Company.

The Company has received from each independent non-executive Director an annual confirmation of his independence, and the Company considers such Directors to be independent throughout the Reporting Period in accordance with the criteria set out in Rule 3.13 of the Listing Rules.

Board Diversity Policy

The Company has adopted a board diversity policy (the "**Board Diversity Policy**") in order to enhance the effectiveness of the Board and to maintain high standards of corporate governance. The Board Diversity Policy sets out the objective and approach to achieve and maintain diversity of the Board. Pursuant to the Board Diversity Policy, the Company seeks to achieve Board diversity through consideration of a number of factors in selecting candidates to the Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and the contribution that the selected candidates will bring to the Board.

Under the current composition of the Board, the Board has achieved gender balance and a wide range of age, ranging from 42 years old to 63 years old. The Directors have a balanced mix of knowledge, experience and skills in the areas of medicine, business management, finance and accounting, etc. They obtained degrees in various areas including science, business administration, medicine, economics and accounting.

The Nomination Committee is delegated by the Board to be responsible for compliance with relevant code provisions governing board diversity under the CG Code. The Nomination Committee will, from time to time and at least once annually, monitor and evaluate the implementation of the Board Diversity Policy to ensure its continued effectiveness.

The Nomination Committee and the Board have reviewed the membership, structure and composition of the Board, and are of the opinion that the structure of the Board is reasonable, and the experiences and skills of the Directors in various aspects and fields can enable the Company to maintain high standard of operation.

Measurable Objectives

As disclosed in the Prospectus, the Company will continue to work to enhance gender diversity of the Board. The Company targets to achieve a female representation of not less than 20% of the members of the Board within five years from the Listing Date, subject to the Directors (i) being satisfied with the competence and experience of the relevant candidates after a comprehensive review process based on reasonable criteria; and (ii) fulfilling their fiduciary duties to act in the best interest of the Company and the Shareholders as a whole when deliberating on the appointment. These initiatives will form part of the discussion items of the Nomination Committee from time to time for the purpose of due implementation. In particular, the Company will take opportunities to increase the proportion of female members of the Board when selecting and recommending suitable candidates for appointments to enhance gender diversity in accordance with stakeholder expectations and recommended best practices. To develop a pipeline of potential female successors to the Board, the Company will (i) ensure that there is gender diversity when recruiting staff at mid to senior levels; and (ii) engage more resources in training female staff with the aim of promoting them to be members of the senior management or the Board. The Company is of the view that such strategy will offer chances for the Board to identify capable female candidates to be nominated as a member of the Board with an aim to achieving gender diversity of the Board in the long run.

The Company has taken, and will continue to take, steps to promote gender diversity at all levels of the Company, including but not limited to the Board and the senior management levels. In particular, Ms. Li Wenqi, serving as the Chief Financial Officer and an executive Director from January 2023 and August 2023, respectively, is female and forms part of the Board member and the senior management team.

The Board has also assessed the Group's diversity profile annually of all levels of employees and applied the diversity policy to attract, retain and motivate employees from the widest possible pool of available talent. As of December 31, 2023, the Group had 869 full-time employees (including the Company's senior management), of whom the number of female employees (including the Company's senior management) accounted for approximately 37.05% and the Group has achieved the objective of maintaining a relatively balanced gender ratio. For the purpose of implementation of the gender diversity for the Group's workforce, the measurable objectives adopted include, among other things, (i) at least one of the senior management members of the Company shall be female; and (ii) at least 35% of the Group's full-time employees shall be female. Based on the Board's review, there was no mitigating factor or circumstance which makes achieving gender diversity across the workforce (including senior management of the Company) more challenging or less relevant.

Induction and Continuous Professional Development

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statues, laws, rules and regulations. The Company also arranges regular seminars to provide Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

Directors are encouraged to participate in appropriate continuous professional development seminars and programmes to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The Company has also engaged external legal advisers to provide training to Directors on updates of the Listing Rules as well as the latest changes in relevant rules and regulations. In particular, Ms. Li Wenqi, who was appointed as an executive Director on August 24, 2023, obtained the legal advice referred to in Rule 3.09D of the Listing Rules on August 24, 2023, and Ms. Li Wenqi has confirmed that she understood her obligations as a Director.

According to the information provided by the Directors, a summary of trainings received by the Directors throughout the year ended December 31, 2023 is as follows:

Name of Directors	**Nature of Continuous Professional Development Programmes**
Executive Directors	
Mr. Gao Tieta *(Chairman)*	A, B, C, D
Mr. Liu Xinwei *(Chief Executive Officer)*	A, B, C, D
Mr. Zhao Xinli	A, B, C, D
Mr. Zhang Jianjun	A, B, C, D
Ms. Li Wenqi *(appointed on August 24, 2023)*	A, B, C, D
Non-executive Directors	
Dr. David Guowei Wang	A, B, C, D
Mr. Shi Long *(resigned on August 24, 2023)*	A, B, C, D
Independent Non-executive Directors	
Mr. Feng Xin	A, B, C, D
Mr. Wang Li-Shin	A, B, C, D
Mr. Chan Fan Shing	A, B, C, D

Notes:

A: Attending seminars and/or meetings and/or forums and/or briefings

B: Giving talks in the seminars and/or meetings and/or forums

C: Attending trainings conducted by lawyers

D: Reading materials relevant to corporate governance, director's duties and responsibilities, listing rules and other relevant ordinances

Chairman and Chief Executive Officer

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual.

During the Reporting Period, Mr. Gao Tieta is the Chairman and the Chief Executive Officer. While this constitutes a deviation from code provision C.2.1 of the CG Code, the Board believes that, in view of Mr. Gao's experience, personal profile and his roles in the Company, Mr. Gao has extensive understanding of the Group's business as the Chief Executive Officer and is therefore the 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 of the Company levels.

On March 25, 2024, Mr. Liu Xinwei was appointed as the new Chief Executive Officer, and Mr. Gao Tieta ceased to act as the Chief Executive Officer but continued to act as the Chairman, therefore, the role of the Chairman and the Chief Executive Officer would be separated and not performed by the same individual.

Appointment and Re-election of Directors

Each of Mr. Gao Tieta, Mr. Liu Xinwei, Mr. Zhao Xinli and Mr. Zhang Jianjun, the executive Directors, have entered into a service contract with the Company. Each service contract is for an initial term of three years commencing from the Listing Date or until the third AGM since the Listing Date (whichever is sooner). The service contracts may be renewed in accordance with the Articles of Association and the applicable laws, rules and regulations.

Ms. Li Wenqi, an executive Director, has entered into a service contract with the Company. The service contract is for an initial term of office is three years commencing from August 24, 2023 or until the third AGM since the date of her appointment, whichever is sooner, and unless terminated by not less than one month's prior notice in writing served by either party to the other. The service contract may be renewed in accordance with the Articles of Association and the applicable laws, rules and regulations.

Each of Dr. David Guowei Wang, a non-executive Director, and the independent non-executive Directors has entered into an appointment letter with the Company. Each letter of appointment is for an initial term of three years commencing from the Listing Date or until the third AGM since the Listing Date (whichever is sooner). The letters of appointment may be renewed in accordance with the Articles of Association and the applicable laws, rules and regulations.

None of the Directors proposed for re-election at the forthcoming AGM has or is proposed to have a service contract with any member of the Group which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

Pursuant to Article 109(a) of the Articles of Association, at each AGM one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. Accordingly, Mr. Feng Xin, Mr. Wang Li-Shin and Mr. Chan Fan Shing will retire by rotation at the forthcoming AGM, and they being eligible, will offer themselves for re-election at the AGM.

In accordance with Article 113 of the Articles of Association, any Director appointed to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office until the first AGM after his appointment and shall then be eligible for re-election. Accordingly, Ms. Li Wenqi will retire by rotation at the forthcoming AGM, and she being eligible, will offer herself for re-election at the AGM.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition and making recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors.

Board Meetings

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board and Board Committee meetings, reasonable notice is generally given. The agenda and accompanying board papers are dispatched to the Directors or the Board Committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and are adequately prepared for the meetings. When Directors or Board Committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting. Minutes of meetings are kept by the company secretary of the Company with copies circulated to all Directors for information and records.

Minutes of the Board meetings and the Board Committee meetings are recorded in sufficient detail about the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by Directors.

During the Reporting Period, four Board meetings were held and the attendance of each Director is set out as follow:

Directors	Attended/Eligible to attend
Mr. Gao Tieta *(Chairman)*	4/4
Mr. Liu Xinwei	4/4
Mr. Zhao Xinli	4/4
Mr. Zhang Jianjun	4/4
Ms. Li Wenqi (1)	2/2
Dr. David Guowei Wang	4/4
Mr. Shi Long (2)	2/2
Mr. Feng Xin	4/4
Mr. Wang Li-Shin	4/4
Mr. Chan Fan Shing	4/4

Notes:

(1) Ms. Li Wenqi has been appointed as an executive Director with effect from August 24, 2023.

(2) Mr. Shi Long has resigned as a non-executive Director with effect from August 24, 2023.

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.

Delegation by the Board

The Board reserves for its decision on all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management of the Company. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management of the Company.

Corporate Governance Function

The Board recognizes that corporate governance should be the collective responsibility of the Directors which includes:

(a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

(b) to review and monitor the training and continuous professional development of Directors and senior management of the Company;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report of the Company.

BOARD COMMITTEES

Audit Committee

The Audit Committee currently comprises three members, including two independent non-executive Directors namely Mr. Chan Fan Shing *(chairman)* and Mr. Feng Xin, and one non-executive Director namely Dr. David Guowei Wang.

The principal duties of the Audit Committee include the following:

1. to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditors, and any questions of their resignation or dismissal;

2. to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee shall discuss with the auditors the nature and scope of the audit and reporting obligations before the audit commences;

3. to review the Company's financial information, including organizing and leading the Company's annual audit work, monitoring integrity and ensuring the truthfulness, accuracy and completeness of the financial statements of the Company and the Company's annual report and accounts, half-year report and, if prepared for publication, quarterly reports during the audit process, reviewing significant financial reporting judgements contained in them, and submitting them to the Board; and

4. to oversee the Company's financial reporting system, risk management and internal control systems.

The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

During the Reporting Period, three Audit Committee meetings were held and the attendance of each member is set out as follow:

Directors	Attended/Eligible to attend
Mr. Chan Fan Shing *(Chairman)*	3/3
Dr. David Guowei Wang	2/3
Mr. Feng Xin	3/3

During the Reporting Period, at the meetings, the Audit Committee reviewed, among other things, the audited consolidated financial statements and annual results of the Group for the year ended December 31, 2022, interim results of the Group for the six months ended June 30, 2023, the effectiveness of the financial reporting, risk management and internal control systems of the Company, the audit working plan and the internal control working report for the year ended December 31, 2023.

Nomination Committee

The Nomination Committee currently comprises three members, including two independent non-executive Directors namely Mr. Wang Li-Shin *(chairman)* and Mr. Feng Xin, and one executive Director namely Mr. Gao Tieta.

The principal duties of the Nomination Committee include the following:

1. to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

2. to extensively identify individuals who are suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships and senior management members;

3. to assess the independence of independent non-executive Directors to determine their eligibility;

4. to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive Officer;

5. to develop and formulate the criteria and procedures for identifying and assessing the qualifications of and conducting preliminary examination of qualifications of candidates for directorships and senior management positions and make recommendations to the Board, including but not limited to evaluating the balance of skills, knowledge and experience on the Board, and in the light of this evaluation prepared a description of the role and capabilities required for a particular appointment;

6. to develop policy concerning diversity of Board and reviewing the policy and the progress on achieving the objectives set for implementing the policy;

7. to keep under review the leadership needs of the organization, both executive and non-executive, with a view to ensuring the continued ability of the organization to compete effectively in the marketplace;

8. to keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;

9. to ensure that on appointment to the Board, non-executive Directors and independent non-executive Directors receive a formal letter of appointment setting out clearly the expectations of them in terms of time commitment, committee service and involvement outside Board meetings;

10. to review and assess the adequacy of the corporate governance guidelines of the Company and to recommend any proposed changes to the Board for approval;

11. to do any such things to enable the Nomination Committee to discharge its powers and functions conferred on it by the Board; and

12. to conform to any requirement, direction and regulation that may from time to time be prescribed by the Board or contained in the Company's constitution or imposed by legislation.

The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

During the Reporting Period, two Nomination Committee meetings were held and the attendance of each member is set out as follow:

Directors	Attended/Eligible to attend
Mr. Wang Li-Shin *(Chairman)*	2/2
Mr. Gao Tieta	2/2
Mr. Wang Li-Shin	2/2

During the Reporting Period, the Nomination Committee at the meetings, among other things, (i) reviewed the composition of the Board and its committees as well as the skills, knowledge and experiences of the Board members, (ii) made recommendations to the Board on the re-election of retiring Directors, (iii) evaluated the independence of independent non-executive Directors, (iv) made recommendation to the Board on the appointment of Dr. Alexey Nikolaevich Simonov as the chief technology officer of the Company, (v) reviewed the Board Diversity Policy and the director nomination policy of the Company (the "**Director Nomination Policy**"), and (vi) made recommendation to the Board on the appointment of Ms. Li Wenqi as an executive Director.

Director Nomination Policy

The Company has adopted the Director Nomination Policy in accordance with the CG Code for selecting and recommending candidates for directorships.

The Director Nomination Policy sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

Selection Criteria

The Nomination Committee will evaluate, select and recommend candidate(s) for directorships to the Board by giving due consideration to criteria, having due regard to the benefits of diversity on the Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, sufficient time to effectively carry out their duties, their services on other listed and non-listed companies which should be limited to reasonable numbers, qualifications including accomplishment and experience in the relevant industries the Company's business is involved in, independence, reputation for integrity, potential contributions that the individual(s) can bring to the Board and commitment to enhance and maximise Shareholders' value.

Nomination Process

The Nomination Committee will recommend to the Board for the appointment of a Director in accordance with the following procedures and process:

(a) to consult any source it deems appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from an independent agency firm and proposals from Shareholders with due consideration given to the criteria;

(b) to adopt any process it deems appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third-party reference checks;

(c) upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;

(d) to make the recommendation to the Board in relation to the proposed appointment; and

(e) the Board will have the final authority on determining the selection of nominees.

For the re-election of Directors at the general meeting, the Nomination Committee shall review the overall contributions and services to the Company of the retiring Directors, including its attendance at Board meetings, Board Committee meetings and general meetings (if applicable), and his/her level of participation and performance on the Board. The Nomination Committee shall require the nominee to submit updated biographical information and the consent to be re-elected as a Director; and should review and determine whether retiring Directors still meet the criteria for Director selection. The Nomination Committee shall then make recommendations to the Board on the re-election of Directors.

The Nomination Committee shall also monitor and review the implementation of the Director Nomination Policy, as appropriate from time to time, and will report to the Board annually. As of the date of this annual report, the Nomination Committee and the Board have reviewed the Director Nomination Policy and consider it effective.

Remuneration Committee

The Remuneration Committee currently comprises three members, including two independent non-executive Directors namely Mr. Feng Xin *(chairman)* and Mr. Wang Li-Shin, and one executive Director namely Mr. Gao Tieta.

The principal duties of the Remuneration Committee include the following:

1. to review the system and policy of the remuneration management of the Company, and to make recommendations to the Board on the policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

2. to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

3. to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management of the Company. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

4. to make recommendations to the Board on the remuneration of non-executive Directors;

5. to consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the Company and its subsidiaries;

6. to contemplate the criteria for appraising Directors and senior management members, to conduct the appraisal, and to submit the appraisement reports to the Board;

7. to review and approve compensation payable to executive Directors and senior management of the Company for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

8. to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

9. to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration;

10. where the service contract of a director or proposed Director of the Company or its subsidiaries is required to be approved by the Shareholders pursuant to Rule 13.68 of the Listing Rules, the Remuneration Committee (or an independent board committee) shall form a view in respect of such service contract and advise Shareholders (other than Shareholders who are Directors with a material interest in such service contract and their associates) as to whether the terms are fair and reasonable, advise whether such service contract is in the interests of the Company and its Shareholders as a whole and advise Shareholders on how to vote;

11. to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules; and

12. to consider all other matters as referred to the Remuneration Committee by the Board.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

During the Reporting Period, two Remuneration Committee meetings were held and the attendance of each member is set out as follow:

Directors	Attended/Eligible to attend
Mr. Feng Xin *(Chairman)*	2/2
Mr. Gao Tieta	2/2
Mr. Wang Li-Shin	2/2

During the Reporting Period, the Remuneration Committee at the meetings, among other things, (i) reviewed the remuneration of Directors and senior management for the year ended December 31, 2022, (ii) made recommendations to the Board on the remuneration of the Directors and senior management for the year ending December 31, 2023, including the remuneration of Dr. Alexey Nikolaevich Simonov who was newly appointed as the chief technology officer of the Company on March 31, 2023, (iii) adjusted the remuneration of certain executive Directors and the Company's senior management, and (iv) made recommendation to the Board on the remuneration of Ms. Li Wenqi who was newly appointed as an executive Director on August 24, 2023.

Directors' Remuneration Policy

The Directors' remuneration policy comprises primarily a fixed component (in the form of a base salary) and a variable component (which includes discretionary bonus and other merit payments), considering other factors such as their experience, level of responsibility, individual performance, the profit performance of the Group and general market conditions.

The Remuneration Committee will meet at least once for each year to discuss remuneration related matters (including the remuneration of Directors and the senior management) and review the remuneration policy of the Group. The Remuneration Committee would make recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

Remuneration of Directors and Senior Management

Particulars of the remuneration of the Directors and the five highest paid individuals for the year ended December 31, 2023 are set out in Notes 8 and 9 to the consolidated financial statements. Pursuant to code provision E.1.5 of the CG Code, the remuneration of the members of the senior management (other than the Directors) whose particulars are contained in the section headed "Directors and Senior Management" in this annual report for the year ended December 31, 2023 by band is set out below:

Remuneration band	Number of individual
HK$2,000,000 to HK$2,500,000	1

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group for the year ended December 31, 2023 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management of the Company has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Group's consolidated financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly updates on the Group's performance, positions and prospects.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the Auditor regarding their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report in this annual report.

AUDITOR'S REMUNERATION

The remuneration for the audit and non-audit services provided by the Auditor to the Group during the year ended December 31, 2023 is set out as follows:

Type of Services	Amount (RMB'000)
Audit Services	
— Annual audit service	5,552
Non-audit services	
— Review services	950
— Tax services	160
— ESG services	100
Total	6,762

GOVERNANCE POLICIES

To uphold high standards of business integrity, honesty and transparency in all its business dealings, the Group has established anti-corruption and whistleblowing policies, which are conducive to setting a healthy corporate culture and good corporate governance practices.

Anti-Corruption Policy

The Company has adopted an anti-corruption policy (the "**Anti-corruption Policy**"), which prohibits corruption and bribery acts of the Group's employees to ensure their compliance with applicable laws and regulations, aiming to uphold its high probity standards, professional ethics and integrity to make sure that the Group is operating in an honest, fair and impartial environment and acting in the Shareholders' best interest, and that the employees conduct activities in an appropriate manner that complies with applicable laws and regulations.

The Anti-corruption Policy forms an integral part of the Group's corporate governance framework, including, among other things, (i) maintaining top level commitment to adopting ethical and anti-corruption business practices, high standard of integrity and zero-tolerance to corruption; (ii) scope of the policy, including activities that are considered as misconduct and personnel to which the policy applies; (iii) policy statements against corruption in doing business and key integrity and conduct requirements for personnel; (iv) measures for prevention and control of corruption and bribery behaviors; and (v) procedures on investigation and disciplinary measures for corruption incidents. The Board and its Audit Committee supervise the design and implementation of the Anti-corruption Policy, with the audit and supervision department as the standing department for anti-corruption work of the Group primarily responsible for receiving reports, investigation and reporting to the Board and its Audit Committee.

The Anti-corruption Policy is reviewed and updated periodically to align with the applicable laws and regulations as well as the industry best practice.

Whistleblowing Policy

The Company has adopted a whistleblowing policy (the "**Whistleblowing Policy**"), the purpose of which is to (i) foster a culture of compliance, ethical behaviour and good corporate governance across the Group; (ii) promote the importance of ethical behaviour, and (iii) encourage employees of and those who deal with the Group to raise concerns, in confidence and anonymity, relating to the misconduct, unlawful and unethical behavior in any matters related to the Group.

The nature, status and the results of the complaints received under the Whistleblowing Policy are reported to the audit and supervision department of the Group, which is a subordinate body governed by the Audit Committee, for preliminary investigation. The possible improprieties will be discussed with the Directors, and determined by the Audit Committee or the Board, as the case may be, for necessity of further investigation. No incident of fraud or misconduct that have material effect on the Group's financial statements or overall operations for the year ended December 31, 2023 has been discovered. The Whistleblowing Policy is reviewed annually by the Audit Committee to ensure its effectiveness.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the Group's risk management and internal control systems and reviews their effectiveness on an annual basis. The risk management and internal control measures are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has established the risk management and internal control systems, which are designed to enable the Company to maintain the highest standards of corporate governance and to identify and reduce any potential risks. The Group also provides employees with revised staff manual and various management systems from time to time. The Group has set up employee induction training and assessment mechanism and provides employees with compliance training on a regular basis to enhance compliance awareness. The Group has established a risk management system, which clarifies the division of responsibility and authority of risk management corresponding to each relevant department and standardizes the basic process of risk management.

The Group has established an internal audit function. The Group's internal audit function plays a major role in monitoring the internal governance of the Company. The major tasks of the internal audit function are reviewing the financial condition and internal control of the Company and conducting audits of the branches and subsidiaries of the Company on a timely basis. The internal audit function reports to the Audit Committee to ensure that any major issues identified are channeled to the Audit Committee on a timely basis. The Audit Committee then discusses the issues with, and reports to, the Board, if necessary.

The Company understands its obligations under the SFO and the Listing Rules and the overriding principle that inside information should be announced immediately after such information comes to its attention and/or it is the subject of a decision unless it falls within any of the "Safe Harbours" as provided in the SFO. Meanwhile, the Company has set up an inside information management system, where the insider internal reporting obligations, reporting procedures and liability of disclosure of information of the personnel concerned have been clearly stated, and the Company shall arrange self-examination in a timely manner in accordance with the provisions of the relevant regulatory authorities. The real-time monitoring performed by the Company may involve the inside information, and the Company should organize intermediary agencies to determine whether the information belongs to an inside information and is practical. If it has fulfilled the disclosure requirements, the Company will soon organize the disclosure and will strictly control the scope of monitoring before the disclosure. The volatility of share price will be monitored until the disclosure of inside information is completed. If the disclosure requirements are not satisfied, the Company will also maintain strict confidentiality.

The main features of the risk management and internal control systems are to safeguard assets, to ensure proper maintenance of accounting records and provide reliable financial reporting, and to ensure compliance with relevant legislation and regulations.

The Company reviews the risk management and internal control systems once a year. The Board has conducted a review of the effectiveness of the risk management and internal control systems of the Group for the year ended December 31, 2023 to ensure that a sound system is maintained and operated by the Company's management in compliance with the agreed procedures and standards, and to resolve material internal control defects. The review covered all material controls, including financial, operational and compliance controls and risk management functions. In particular, the Board considered the resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial functions, as well as those relating to the Company's ESG performance and reporting to be adequate. The review was conducted through discussions with the management of the Company, its external auditors and the assessment performed by the Audit Committee.

The Board considers that the current risk management and internal control measures effectively and adequately cover the existing businesses of the Group, and will continue to be optimised in line with the business development of the Group. The risks mentioned herein include, among other things, material risks relating to ESG.

JOINT COMPANY SECRETARIES

Ms. Li Wenqi was appointed as a joint company secretary of the Company on November 18, 2021. In order to maintain good corporate governance and to ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company has also engaged Ms. Leung Shui Bing of TMF Hong Kong Limited, a company secretarial service provider, as another joint company secretary of the Company to assist Ms. Li Wenqi in performing her duties as company secretary of the Company during the Reporting Period. Ms. Li Wenqi was the principal contact person of Ms. Leung Shui Bing with the Company during the Reporting Period.

In accordance with Rule 3.29 of the Listing Rules, Ms. Li Wenqi and Ms. Leung Shui Bing have attended not less than 15 hours of relevant professional training during the Reporting Period.

On April 23, 2024, Mr. Zhang Bo was appointed as a jointed company secretary of the Company, and Ms. Li Wenqi ceased to act as a jointed company secretary of the Company but continued to act as the executive Director and the chief financial officer of the Company. Since April 23, 2024, Ms. Leung Shui Bing have been assisting Mr. Zhang Bo in performing his duties as joint company secretary of the Company and Mr. Zhang Bo has become the principal contact person of Ms. Leung Shui Bing with the Company.

DIVIDEND POLICY

Currently, we do not have a specific dividend policy or a predetermined dividend payout ratio. The decision to pay dividends in the future will be made at the discretion of the Board and will be based on the profits, cash flows, financial condition, capital requirements and other conditions of the Group that the Board deems relevant. The payment of dividends may be limited by other legal restrictions and agreements that the Group may enter into in the future.

Under the Companies Act, a Cayman Islands company may pay a dividend out of either profits or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. The Company may, however, pay a dividend out of its share premium account unless the payment of such a dividend would result in the Company being unable to pay its debts as they fall due in the ordinary course of business. There is no assurance that dividends of any amount will be declared to be distributed in any year.

GENERAL MEETING

During the Reporting Period, an AGM was held on May 25, 2023 and the attendance of each Director is set out as follow:

Directors	Attended/Eligible to attend
Mr. Gao Tieta *(Chairman)*	1/1
Mr. Liu Xinwei	1/1
Mr. Zhao Xinli	1/1
Mr. Zhang Jianjun	1/1
Ms. Li Wenqi (1)	0/0
Dr. David Guowei Wang	0/1
Mr. Shi Long (2)	0/1
Mr. Feng Xin	1/1
Mr. Wang Li-Shin	1/1
Mr. Chan Fan Shing	1/1

Notes:

(1) Ms. Li Wenqi has been appointed as an executive Director with effect from August 24, 2023.

(2) Mr. Shi Long has resigned as a non-executive Director with effect from August 24, 2023.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make the informed investment decisions.

The AGM provides opportunity for the Shareholders to communicate directly with the Directors. The Chairman and the chairmen of the Board Committees will attend the AGMs to answer Shareholders' questions. The Auditor will also attend the AGMs to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

To promote effective communication, the Company adopts a Shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and the Shareholders and maintains a website of the Company at www.gaush.com, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

The Company has established several channels to communicate with the Shareholders as follows:

(i) corporate communications such as annual reports, interim reports and circulars could be issued in printed form as requested by the Shareholders and are available on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.gaush.com;

(ii) periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;

(iii) corporate information is made available on the Company's website;

(iv) AGMs and extraordinary general meetings provide a forum for the Shareholders to make comments and exchange views with the Directors and senior management; and

(v) the Hong Kong branch share registrar of the Company serves the Shareholders in respect of Share registration, dividend payment and related matters.

The Company has reviewed the implementation and effectiveness of the Shareholders' communication policy. The Board is of the view that the Shareholders' communication policy of the Company has facilitated sufficient Shareholders' communication and considered the policy is effective and adequate.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and the poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

CONVENING OF EXTRAORDINARY GENERAL MEETING AND PUTTING FORWARD PROPOSALS

In accordance with Article 64 of the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. One or more Shareholders holding, as of the date of deposit of the requisition, in aggregate not less than one-tenth of the voting rights (on a one vote per share basis) in the share capital of the Company may also make a requisition to convene an extraordinary general meeting and/or add resolutions to the agenda of a general meeting. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholders may put forward proposals for consideration at a general meeting of the Company according to Article 64 of the Articles of Association requisitioning an extraordinary general meeting and including a resolution at such meeting. The requirements and procedures of Article 64 of the Articles of Association are set out above.

As regards the Shareholders to propose a person for election as a Director, the procedures for Shareholders are available on the website of the Company.

ENQUIRIES TO THE BOARD

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the headquarters of the Company at Room 1901, Building A, Zhonghui Plaza No.11 Dongzhimen South Avenue, Dongcheng District, Beijing, China or email to the Company (email address: IR@gaush.com).

CHANGE IN CONSTITUTIONAL DOCUMENTS

The memorandum and Articles of Association of the Company has been amended and restated with effect from the Listing Date, the latest versions of which available from the websites of the Company and the Stock Exchange.

During the year ended December 31, 2023, there was no change in the memorandum and Articles of Association of the Company.

ABOUT THIS REPORT

OVERVIEW

This report is the Environmental, Social and Governance Report (hereinafter referred to as the "**ESG Report**") issued by Gaush Meditech Ltd (hereinafter referred to as the "**Gaush Meditech**", "**Company**" or the "**company**"), which related to all stakeholders of the Company and the main purpose of which is to disclose the management, practise and performance of Gaush Meditech Ltd and its subsidiaries in environmental, social and governance (hereinafter referred to as the "**ESG**").

Reporting Period

This report covers the period from January 1, 2023 to December 31, 2023 (hereinafter referred to as the "**Reporting Period**"), with some content dating back to previous years.

Reporting Scope and Boundary

The policies and data in this report cover the Company and its subsidiaries, and the reporting scope is consistent with that of the annual report. Unless otherwise stated, the financial data in this report are denominated in RMB. The Company determines the scope of this report by assessing the impact of all relevant operating entities of the Company on the society and environment during the Reporting Period.

Abbreviation of subsidiaries involved in the main text of this report:

Roland: Roland Consult Stasche & Finger GmbH;

Teleon: Teleon Holding B.V., Teleon Surgical B.V., Teleon IP B.V., Teleon Surgical Vertriebs GmbH, Teleon Surgical GmbH and IOL expert GmbH & Co. KG, collectively.

Base of Preparation

This report is prepared in accordance with the requirements of the Environmental, Social and Governance Reporting Guide (hereinafter referred to as "**ESG Reporting Guide**") in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "**Stock Exchange**").

Source of Information and Reliability Assurance

The information and data disclosed in this report are derived from the Company's statistical reports and official documents, and have been reviewed by relevant departments. The Company undertakes that there are no false records or misleading statements in this report, and is responsible for the authenticity, accuracy and completeness of the contents.

Response to the ESG Reporting Principles of the Stock Exchange

Materiality: In order to further specify the key areas of the Company's ESG practises and information disclosure, and improve the pertinence and responsiveness of this report, Gaush Meditech identifies ESG issues and determines its materiality in accordance with the requirements of the ESG Reporting Guide, to ensure that the information disclosed in the report fully covers the Company's development and key issues concerned by stakeholders. Judgement is mainly based on:

- Values, policies, strategies, operation management, and long-term and short-term goals of the Company
- Relevant laws, regulations, ESG Reporting Guide and international agreements that have strategic value to the Company
- Results of the materiality assessment of the ESG information disclosure made by peers

Quantitative: In accordance with the requirements of the ESG Reporting Guide, the Company discloses or explains all quantitative indicators related to the "environment" aspect, fully discloses the quantitative indicators related to the "society" aspect, and explains some of the data when necessary.

Consistency: Since the listing of the Company, the Company has established a unified system to collect ESG information, clarified the statistical methods adopted for ESG information, and standardised the disclosure scope of the report.

STATEMENT OF THE BOARD

Gaush Meditech adheres to the sustainable development strategy and is committed to providing innovative medical products and services to the society. The Company has established a sound ESG management system and working mechanism, and incorporated product quality, employee management, business ethics and supply chain ESG management into the Company's operation and management, striving to maintain a harmony and inclusive relationship with the society and the environment, and creating long-term and stable value for the society, environment and corporate.

The board of directors of Gaush Meditech (hereinafter referred to as the "**Board**") is the highest responsible and decision-making body for ESG matters, and assumes full responsibility for the Company's ESG strategy and management. The Board monitors and reviews the Company's ESG-related policies, management, performance and target progress through holding regular meetings. Meanwhile, during the course of regular supervision, the Board continuously evaluates, prioritises and manages material ESG-related issues and risks by taking into account the actual development of the Company's business. In the future, the Company will set up an environmental, social and governance committee, a committee under the Board, to support the Board in making decision related to ESG management and review the Company's ESG performance in accordance with ESG-related goals.

In order to effectively carry out our ESG-related work, the Company has established an ESG working group, the member of which comprise our senior management and department heads. The ESG working group is responsible for implementing our ESG plan, preparing annual ESG reports and reporting ESG matters to the Board on a regular basis.

After being confirmed by the management of the Company, this report was approved by the Board on March 25, 2024.

COMMUNICATION WITH STAKEHOLDERS

Each department of the Company communicates and exchanges with corresponding stakeholders on an ongoing basis, to enable them to understand the Company's development trends and future plans in a timely manner on one hand, and actively understand the requirements of stakeholders and take corresponding measures to meet their reasonable expectations on the other hand.

Category of stakeholders	Expectations	Means of communications and response
Customers	Product quality and safety Technology and innovation Customer service Information security and privacy protection	Customer service hotline Business communication Customer feedback Exchange and seminars Negotiation and cooperation
Shareholders and investors	Operating performance Anti-corruption Risk management Response to climate change	General meetings Listing information disclosure Company announcement
Government and regulatory authorities	Anti-corruption Risk management Compliance operation Emission management Use of energy Water resources management Packaging materials	On-site research Official correspondence
Employees	Occupational health and safety Employees training and development Compliance employment Diversity and equal opportunities Talent introduction and retention	Regular communication Employees satisfaction survey
Academic institutions	Cooperative research Innovative products and technologies Industry development	Execution of cooperation agreement Academic exchange
Suppliers	Fair and open tendering process Anti-corruption Compliance operation Supply chain management Packaging materials Product quality and safety Technology and innovation	On-site research Negotiation and cooperation Tendering platform

Category of stakeholders	Expectations	Means of communications and response
Community	Public welfare and charity Public information Community engagement	Public welfare activities Company website Company announcement Interview and exchange

In 2023, through internal and external stakeholder surveys and after taking account into opinions from the Company's management, the Company identified and evaluated the sustainable development topics that are important to the Company's business based on the Company's sustainable development management system and business development status, further discussion of which is set out in the subsequent sections of this report. The Company has identified a total of 21 ESG topics and classified them into three categories, namely environment, society and governance, of which topics of high importance include product quality and safety, compliance employment, employees training and development, supply chain management, responsible marketing, information security and privacy protection, as well as anti-corruption.

Table: Important topics to Gaush Meditech

Environmental	Social	Governance
• Emission management • Use of energy • Water resources management • Packaging materials • Response to climate change	• Product quality and safety • Intellectual property • Information security and privacy protection • Marketing • Customer service • Employee benefits and remuneration • Diversity and equal opportunities • Occupational health and safety • Employees training and development • Compliance employment • Supply chain management • Public welfare and charity	• Anti-corruption • Risk management • Compliance operation • Governance structure

I. OPERATIONAL RESPONSIBILITY

Gaush Meditech is committed to achieving long-term commercial success by creating value for the economy, environment and society. The Company regards business ethics, information security, marketing management and intellectual property rights as the core of its operational responsibilities. By continuously improving our governance structure and establishing a sound management process, the Company strives to create sustainable development value for all stakeholders.

1.1 Anti-corruption

The Company adheres to the principle of "punishment and precaution, and emphasis on precaution", and strictly abides by the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Criminal Law of the People's Republic of China (《中華人民共和國刑法》), the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不當競爭法》) and other relevant laws and regulations of China and the place of our overseas operation. The Company keeps enhancing Gaush Meditech's business ethics system, and has formulated Gaush Meditech Anti-fraud and Anti-commercial Bribery Management System, Conflict of Interest Management System and other regulation, which has clearly provided the professional code of conduct for all employees of the Company, especially our Directors, middle and senior management, and key employees, so as to protect the legitimate rights and interests of the Company and its shareholders. During the Reporting Period, the Company has not involved in any litigation related to corruption, bribery and unfair competition.

The Company has established a clear management structure for anti-fraud and commercial bribery, which consists of the audit committee, the management, the audit and supervision department and various business departments. Although the independent non-executive Directors of the Company are not involved in and independent of the Company's day-to-day management and operation, they are required to make recommendations to the Board on the management of ethics and anti-bribery, and on the compliance of the anti-bribery regulations, and jointly monitor the Company's effort on anti-corruption with the Board. In addition, the Company requires all employees of the Company to sign the Anti-fraud, Anti-commercial Bribery and Anti-money Laundering Commitment Letter (《反舞弊反商業賄賂反洗錢承諾函》), aiming to effectively foster an integrity culture and strengthen integrity awareness in our daily operation on an ongoing basis.

Table: Management structure for anti-commercial bribery

Department	Duties
Audit Committee	Responsible for the review and supervision of the Company's audit and risk management, and the supervision of anti-fraud and commercial bribery
Management	Responsible for establishing sound anti-corruption related management measures, assessing and managing fraud, commercial bribery and other risks
Audit and Supervision Department	Responsible for formulating the Company's anti-fraud and business ethics work plan, receiving reports on commercial bribery cases, and carrying out relevant investigations
Various Business Departments	Responsible for anti-fraud work of respective departments

Gaush Meditech has established a smooth reporting channel and publicly announced the ways to blow the whistle. The Company encourages all employees, customers, suppliers and other stakeholders to report any suspected violations, breaches or improper behaviours through reporting hotline, e-mail and other means. The Company has established a system to protect the whistle-blower, members of the investigation team shall keep the information of the whistle-blower confidential and shall not present the information about the report to persons other than those involved in the investigation or decision-making. The management personnel at all levels shall not suppress or attach the whistle-blower by any means to ensure that the privacy and safety of the whistle-blower are not infringed.

In order to continuously enhance the compliance awareness of the Board members and employees, the Company has established an anti-fraud and anti-bribery training framework to ensure that there will be at least one training and propagation programme for all employees and one to two training and propagation programme for senior management level every year. In addition, the Company also organises anti-corruption training on laws and regulations, integrity and ethics for new employees. On April 16, 2023, Gaush Meditech conducted comprehensive compliance training for the Group's middle and senior managers at the first-quarter business development segment business meeting, including anti-fraud and anti-commercial bribery management. On May 22, 2023, Gaush Meditech launched new employee training for more than 30 employees. The training focused on the compliance requirements for medical industry and company, and studied anti-corruption cases, aiming at enhancing employees' compliance and anti-corruption awareness. During the Reporting Period, the Company conducted five anti-fraud trainings for the Board members and employees, with 643 Board members and employees participating in the trainings.

The first session of new employee compliance training in 2023

Compliance training for middle and senior managers in the business development segment in the first quarter of 2023

1.2 Information Security

The Company attaches great importance to information security and privacy protection, and strictly comply with systems including the Regulations of the People's Republic of China on the Safety Protection of Computer Information Systems (《中華人民共和國計算機信息系統安全保護條例》), the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》), the Cyber Security Law of the People's Republic of China (《中華人民共和國網絡安全法》) and other relevant laws and regulations of China and the place of our overseas operation. The Company has formulated the Information Security Management System (《信息安全管理制度》), the Information System Account and Authority Management Rules (《信息系統賬號及權限管理細則》), the Gaush Meditech Customer Management System (《高視醫療客戶管理制度》) and other rules to regulate computer equipment security, data information security, account password security, software security, email security, network security, server room security and other aspects. The specific requirements of those systems are as follows:

Computer equipment security	• Maintain a clean, safe and good working environment for computer equipment • In case of failure, it should be reported to the information department in a timely manner. Any hardware damage must state the reason for damage, no parts can be dismantled or replaced without permission
Data security	• Copying of confidential documents of the Company with personal media discs, USB storage and mobile hard discs and other storage devices is prohibited • Printed confidential documents of the Company shall not be taken out of the Company • Personal work files shall be archived in a timely manner, and shall not place any word files on the desktop of the computer • When an employee resigns, the person-in-charge of the department shall be responsible for the handover of computer equipment and work information
Account password security	• The password of the information system is updated every six months and the password of the information system is changed according to the strength requirement • Disclosure of system accounts and passwords to others is strictly prohibited • When an employee resigns or transfers, the information department shall be promptly notified to cancel the respective information system account
Software security	• Set scheduled automatic update for anti-virus software and firewall and update virus library regularly
Email security	• All emails communication with external parties for business purpose shall only be sent and received through the corporate mailbox of the Company • Use secure email gateway to check and screen out phishing emails, emails with virus, etc.

Network security	• No access to websites not related to work during working hours is allowed • Dissemination or forward of information harmful to the Company and public order of the society through network is prohibited
Server room security	• No person other than the administrator from the information department can enter the server room, for people who need to enter the server room, one must first obtain the approval from the information department

When purchasing third-party services, the Company requires the third party to sign a confidentiality agreement with the Company or add a confidentiality clause to the proposed service contract to regulate the use of information by the third-party and protect the Company's business data and customer's privacy information. In order to strengthen employees' information security management capabilities, the Company regularly organises information security and privacy protection training. In 2023, the Company organised an information system application and information security trainings for 65 new employees, which has effectively improved employees' safety awareness of protecting customer privacy and information. In addition, the Company engaged a third-party institution to perform information management audit and to continuously improve information security and information management capabilities. In 2023, the Company conducted a recoverability test on the backup files of the main information systems (ERP, OA) every half year. The recovery situation was normal and no loopholes were found. During the year, the Company did not have any information security and privacy leakage incidents.

1.3 Marketing Management

The Company strictly complies with the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》), the Law of the People's Republic of China on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》), the Regulations on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》) and other relevant laws and regulations of China and the place of our overseas operation, and has formulated the Regulations on Brand Communication and Management of Gaush Meditech Group (《高視醫療集團品牌傳播管理規範》), the Administrative Measures on Marketing Materials and Non-marketing Materials of Gaush Meditech (《高視醫療推廣材料和非推廣材料管理辦法》) and other systems, which have clearly stated the regulations and management of marketing information and non-marketing information, including not to mislead consumers by misrepresentation, exaggeration, excessive emphasis, omission, or any other means, and implemented strictly review procedures on the printing of promotion materials and labels, dissemination of materials to external parties, etc.

The Company organized special training themed "New Ideas and New Strategies for Compliance with Updated Advertising Regulations for Medical Devices (新規下醫療器械廣告合規新思路與新對策)" in August 2023. A total of 23 colleagues participated in the training.

In order to ensure responsible marketing can be implemented in full, all medical devices advertisements are collectively managed by our marketing department, and our quality management department conducts sample check from time to time. For the existing advertisements and labels on the market which have not yet obtained approval or have already expired or become invalid, the Company will carry out rectification within time limit to ensure that the marketing and promotion information and labels are effectively managed and in compliance with the laws and regulations. In order to standardise the management of the Company's requirements and to maintain an accurate and unified brand image, the Company provides regular training to our marketing personnel to ensure that they fully understand and are familiar with the requirements of responsible marketing.

In 2023, the Company set up a "Promotional Article Release Approval" module in its official WeChat public account. Marketing contents are required to be subject to secondary review before being released. In addition, a procedure of "Promotional and Non-promotional Material Application and Approval Form" has been established in the enterprise OA system. Any corporate materials displayed publicly are required to be declared and approved before they can be produced and put into use.

1.4 Intellectual Property

Gaush Meditech attaches great importance to the protection of intellectual property and respects the intellectual property rights of third parties. The Company strictly complies with the Patent Law of the People's Republic of China (《中華人民共和國專利法》), the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), the Intellectual Property Law of the People's Republic of China (《中華人民共和國知識產權法》) and other relevant laws and regulations of China and the place of our overseas operation, and has established the Guash Shenzhen Base Patent Management System (《高視深圳基地專利管理制度》), Wenzhou Raymond Patent Management and Reward System (《溫州雷蒙專利管理及獎勵制度》) and other systems. The Intellectual Property Management and Reward System (《知識產權管理及獎勵制度》) clearly specifies the management process and reward mechanism of intellectual property. The Company drives technology advancement through the implementation of our intellectual property strategy, intellectual property rights education, and igniting the employees' passion for invention and creation. As of December 31, 2023, the total number of authorised patents of Gaush Meditech in China and overseas was 143.

II. PRODUCT RESPONSIBILITY

Gaush Meditech upholds its vision of "Being the Leader in the Global Ophthalmic Device Industry", and uses the our quality products to satisfy the needs of our customers, and attach great importance on customer's experience and feedback to continuously improve our service quality. The Company also firmly believes that the quality and resilience of the supply chain are the boosters for the sustainable development of enterprises. The Company uses quality, safety, anti-corruption and other indicators to manage our suppliers, with an aim to encourage the whole supply chain to develop in a socially responsible and environmentally responsible manner.

2.1 Product Quality

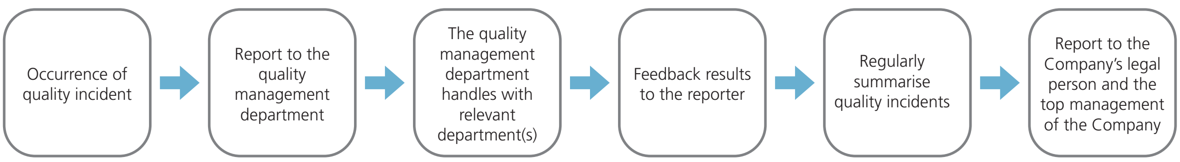
Gaush Meditech truly believes that quality and safety of products are crucial to the health of patients, and understands that product quality is the most intuitive experience and feelings of users on the Company's brand. The Company has always adhered to strict quality standards and established a quality management system based on ISO13485 Quality Management System Certification for Medical Devices, Good Manufacturing Practise for Medical Devices (《醫療器械生產質量管理規範》) and Good Supply Practise for Medical Devices (《醫療器械經營質量管理規範》) to ensure that product inspection, warehousing, delivery and all other aspects are managed in accordance with strict quality standards, effectively ensuring the excellent quality of our products.

2.1.1 Quality Assurance

Product quality is always the Company's first priority, we will continue to optimise and upgrade the product quality management system. The Company strictly complies with and implements the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》), the Regulations on the Quality Management of Medical Device Operation (《醫療器械經營質量管理規範》), the Regulations on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》), the Measures for the Supervision and Administration of Medical Device Operation (《醫療器械經營監督管理辦法》) and other relevant laws and regulations of China and the place of our overseas operation, and has formulated the Gaush Meditech's Special Event Reporting and Handling System (《高視醫療質量專項事件報告與處置管理制度》), the Gaush Meditech's Operation Quality Compliance and Management System (《高視醫療經營質量合規管理制度》), the Measures for Quality Management of Backup Machines of Technology Department (《技術部備用機質量管理辦法》) and other internal systems, which have clearly stated the roles and responsibilities of relevant departments in quality compliance and management, and required to adopt effective quality control measures in the procurement, acceptance, storage, sales, transportation, after-sales service of medical devices.

In order to effectively control quality incidents and related risks, Gaush Meditech classifies quality incidents into low-risk incident, medium-risk incident and high-risk incident according to the nature of the risk of the quality incident. When the products of the Company cause suspected quality non-compliance incidents due to product quality, aftersales service and other factors, the relevant personnel shall immediately notify the competent department and notify the quality management department. The specific procedures are as follows:

Picture: Process for handling quality incident



2.1.2 Product Recall Management

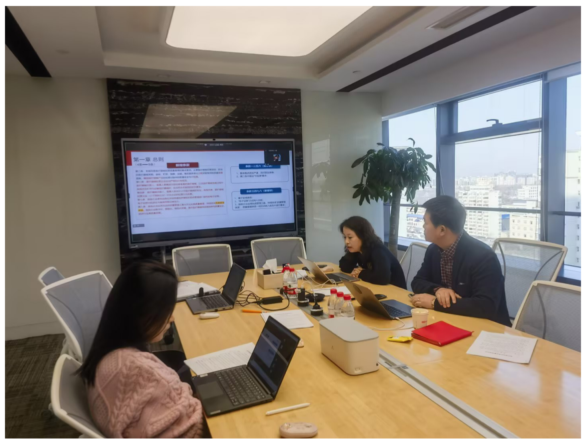
In accordance with the Measures for the Administration of Medical Device Recalls (《醫療器械召回管理辦法》) issued by the China Food and Drug Administration, the Company has established a series of management procedures applicable to product adverse events and product recalls in the places where we operate around the world, and has formulated the Gaush Meditech's Operation Quality Compliance Management System (《高視醫療經營質量合規管理制度》), which has clearly stipulated the standards and procedures for medical device recall. At the same time, the Company has formulated the Report Form for Medical Device Recall Plan (《醫療器械召回計劃報告表》), the Report Form for Medical Device Recall Incident (《醫療器械召回事件報告表》) and the Report Form for Implementation of Recall Plan (《召回計劃實施情況報告表》) and other internal documents to ensure the recall work can be commenced in a swift, standardised and effective way. During the Reporting Period, the Company did not have any product recall.

2.1.3 Establish a Culture for Quality

The Company keeps up its effort in the construction of a culture for quality and continuously improves the effectiveness of quality management through quality training. During the Reporting Period, the Company conducted a total of 3 quality management related trainings for the quality management department, logistics department, procurement department and other departments. The training covered many aspects, including industry regulations, propagation on quality management system, and description of medical device labels and tags.

On November 24, 2023, the Company conducted specific training on quality compliance management requirements for five new employees in the procurement department. In addition, in accordance with the Medical Device Operation Quality Management Standards (《醫療器械經營質量管理規範》) (No. 153, 2023) newly issued by the central government and will become effective from July 1, 2024, the Company organised a training on the medical device operation quality management standards for employees of relevant departments on December 27, 2023. The training lasted for two hours, with a total of 7 participants. Through such training or meetings, the Company further enhances employees' awareness of quality compliance and promotes the refinement and improvement of its product quality.

Quality management standard training for new employees in the procurement department in November 2023



Medical device operation and management quality standard training carried out on the implementation of new national regulations in December 2023

2.2 Customer Service

The Company sticks to a "customer-first" mindset, and strictly complies with the Law of the People's Republic of China on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》) and other relevant laws and regulations of China and the place of our overseas operation. We have established and kept improving our customer feedback mechanism. Regular customer satisfaction surveys will be conducted to improve customer service quality.

In order to provide customers with timely and effective communication channels and solutions, the Company actively establishes customer communication channels, and collects customer feedback through 400 customer service hotlines, customer feedback WeChat Mini Programme and other means. At the same time, the Company has clear regulations to regulate the process of handling customer's complaints, and has clear complaint channels, handling methods and handling time requirements for different types of complaints to ensure that all complaints are handled in a timely and effective manner. In addition, the Company will analysis the issues related to the customer complaints in a timely manner, so as to enhance the quality of customer service. During the Reporting Period, the Company received a total of 2 complaints from our customers, all of which have been properly resolved pursuant to the stipulated system.

The Company conducts annual customer satisfaction survey to understand customers' expectations and demands in a timely manner, and builds up competitive advantage by continuously improving customer satisfaction. In 2023, the Company held approximately 300 training exchange events in respect of the clinical application of products and devices in hospital departments, and further provided users a more professional and efficient communication platform. In addition, the Company has built a min programme named "Gaush Solution". The program comprise four modules: "micro-showroom, micro-classroom, micro-clinic and micro-college", which clearly showcased the related information, application methods and clinical experience of the Company's ophthalmic equipment, devices and consumable products, and the programs has provided the ophthalmic medical personnel a ready-to use and worry-free solution. The Company has also established a special WeChat communication group to better provide customers with timely and accurate services, and organises user training seminars for various brands from time to time to enhance customers' equipment operation proficiency and better guarantee patients' safety, promote academic exchanges, and enhance the reputation of medical institutions. During the Reporting Period, the Company conducted surveys on service attitude, service efficiency, service quality, service standards and other aspects, and distributed questionnaires to a total of 866 people, with customer satisfaction rate reaching 99.18%.

2.3 Supply Chain Management

Gaush Meditech sees supply chain management as an important part for fulfilling product responsibility. The Company attaches great importance to the selection of suppliers, hoping to establish a close and stable cooperative relationship with excellent suppliers, and work together with suppliers to create a high-quality and responsible supply chain.

The Company strictly complies with the Bidding Law of the People's Republic of China (《中華人民共和國招標投標法》) and other relevant laws and regulations of China and the place of our overseas operation, and has formulated the Domestic Procurement Management System of the Procurement Department (《採購部國內採購管理制度》) to clearly provided the environmental and social management requirements and standards for the selection and admission, screening and approval, management and evaluation of suppliers, and promote the systematic and standardised management of suppliers.

Suppliers of the Company mainly include medical devices and non-medical devices suppliers, international and domestic logistics service providers. When admitting a supplier, the Company gives priority to suppliers with outstanding performance in product quality, health and safety, and environmental protection, and signs anticommercial bribery agreements with suppliers. During the Reporting Period, the Company has verified of suppliers' certification, such as ISO9001 Quality Management System, ISO14001 Environmental Management System and ISO45001 Occupational Health and Safety Management System, during the admission process and annual assessment. It helped us effectively analysed and supervised the social and environmental risks of suppliers in occupational health and safety, quality management, environment, emissions management and other aspects. At the same time, the Company actively cooperates with suppliers to reduce the impact on the environment brought by the packaging materials used (such as plates and plastic), and encourages them to use materials that are more environmentally friendly. In 2023, five domestic suppliers obtained ISO certifications in quality, environment and occupational health and safety.

Table: Number of suppliers by geographical region

Indicators	Unit	2023
Total number of suppliers	Number	442
Number of suppliers from Mainland China	Number	407
Number of suppliers from Hong Kong, Macau, Taiwan and overseas	Number	35

In 2023, the Company monitored and reviewed 20 suppliers in terms of product quality, anti-corruption, service performance and other aspects according to the Annual Supplier Evaluation Form (《供應商年度評價表》). At the same time, the Company classified suppliers into four categories, namely A, B, C and D, based on the supplier evaluation results. The Company will classify underperforming suppliers into grade D, which will be notified to make rectification within a time limit and will be re-evaluated after rectification. Suppliers who fail to rectify will be taken off from the list directly,

III. ENVIRONMENTAL RESPONSIBILITY

The Company adheres to our environmental protection approach of "Turing bad into good through comprehensive planning, arrangement and utilisation", and sticks to green development philosophy in construction, production, and office scenarios. The Company focuses on the reasonable use of various resources and manage our emission in compliance with laws and regulations. The Company incorporates environmental protection awareness into our slogans for work and daily practices, and assumes ecological and environmental protection responsibility, committed to green and sustainable development.

3.1. Environmental Management

The Company strictly complies with the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》), the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》), the Regulations on the Safety Management of Hazardous Chemicals (《危險化學品安全管理條例》), the European Climate Law and other relevant domestic and foreign laws and regulations, and continues to improve the our energy, water resources and raw materials use efficiency, as well as to reduce and eliminate pollutant emissions in the course of production and operation, and to minimise the impact on the environment of the places where the Company operates.

For the sake of stable environmental management, Gaush Meditech has formulated and implemented various internal systems, such as the Corporate Environmental Protection Management System (《企業環境保護管理制度》), the Hazardous Chemicals Management System (《危險化學品管理制度》), the Regulations on the Management of Temporary Storage Room for Hazardous Waste (《危廢暫存間管理規定》) and the Laboratory Waste Disposal System (《實驗室廢棄物處理制度》). In order to further incorporate environmental management practices into our daily operation, the Company has established an environmental management structure consisting of the general manager, department heads and professional environmental protection technicians. Under the coordination, guidance, supervision and inspection of the general manager, all departments have achieved full and reasonable utilisation of resources and energy, effectively prevented and controlled the pollution of "three wastes", and actively implemented the environmental protection responsibility system.

The Company sets our environmental objectives and formulates relevant work plan to achieve such objectives in a scientific way based on relevant guidelines and our own development strategy and takes into consideration of historical environmental data and other information.

Table: Environmental objectives of the Company

Emission Targets	• Implement energy-saving measures in daily work to reduce greenhouse gas emissions; • Adopt scientific methods to collect exhaust gas and reduce harmful exhaust gas emissions; • Reduce waste materials generated in the operation process, prevent leakage of hazardous wastes, promote recycling of packaging materials and other resources, and reduce the generation of hazardous and nonhazardous wastes;
Resource Consumption Targets	• Reduce energy consumption and improving energy consumption efficiency to reduce unnecessary energy consumption and waste; • Pay attention to water conservation in the course of production and operation, prevent the abuse of water resources, and reduce water consumption in business activities.

3.2 Resources Consumption

Gaush Meditech integrates the concept of green development into its production and operation, and tries to explore ways in reducing energy and water consumption, recycling of packaging materials, etc., and is highly committed to achieving high quality green development while developing its business.

3.2.1 Energy Consumption

The revenue of Gaush Meditech is mainly derived from the distribution of ophthalmic medical equipment, development and manufacturing of Proprietary Products. Compared with traditional manufacturing industries, our business consumes less energy and resource and has less impact on the environment and natural resources. Electricity is the Company's major energy consumption during production, therefore, the Company tries to reduce energy consumption in our premises, as well as in the course of production and operation through the application of energy-saving technology and daily management, and keep on maximizing our energy usage efficiency to reduce unnecessary waste of energy.

Energy-Saving Design

Building is where the Company commences all businesses and where energy consuming activities occur, as such, the Company has integrated energy-saving technology and energy-saving equipment into the building during the design stage of the building, which has broken the traditional model of energy consumption, and reducing energy consumption from the source.

During the design of its new production base, Teleon has established a low-energy consuming technology system that does not use fossil fuels. The building uses heat exchanger for cooling, the heat generated from production activities is recycled for heating of the building, thus achieving self-sufficiency of cooling and heating for the whole building, reducing the net energy consumption during the use of the building.

The Company uses energy-saving devices, such as LED lightings and smart lighting control switches in various places of operation, and implements reasonable lighting control according to usage requirements to reduce energy waste. In 2023, Teleon achieved 100% coverage of energy-saving lightings in its operation sites in Netherlands, and 50% coverage of energy-saving lightings in its operation sites in Germany.

Energy Conservation Management

The Company pays attention to scientific energy management in its production and operation, puts forward energy-saving requirements for different scenarios and advocates electricity saving, helps employees to build up energy-saving habits in daily life, and takes multiple measures to prevent energy waste.

Table: Energy Saving Management Measures

Eliminate "24-hour lighting" and "lighting before sunset"	Require all workshops, factories, offices and dormitories to turn off lights when there is sufficient daylight, turn on less light if there are only a few people, turn off lights before leaving, and adjust the lights on and lights off time according to the daylight brightness;
Control the usage time of electrical appliances	Require all employees to switch off all equipment before off duty, including computers, water dispensers, printers and other electrical appliances in the office, to reduce the standby time of the equipment, so as to minimise energy consumption;
Adjust air conditioning temperature	Require setting the air conditioning cooling and heating temperature at 25 degrees, close the doors and windows when the air conditioner is turned on, and strictly prohibit to turn on the air conditioner when the room is vacant;
Use of clean energy vehicles	Increase the proportion of clean energy vehicles and reduce energy consumption in business trips. In 2023, 40% of the company vehicles of Teleon is electric and hybrid vehicles.

Table: Energy Consumption Status

Indicators	Unit	2023 Data
Electricity consumption	0'000 kWh	372.49
Natural gas consumption	m^3	4.20
Gasoline consumption	tonne	65.00
Comprehensive energy consumption[1]	tonnes of coal equivalent ("**TCE**")	553.44
Comprehensive energy density	TCE/million of revenue	0.39
Greenhouse gas emissions (Scope 1)	tCO_2e	197.77
Greenhouse gas emissions (Scope 2)	tCO_2e	2,124.32
Total greenhouse gas emissions[2]	tCO_2e	2,322.09
Greenhouse gas emissions density	tCO_2e/million of revenue	1.65

3.2.2 Water Consumption

Under the backdrop of severe freshwater scarcity problem, the Company is well aware of the importance of water conservation, and has taken up the responsibility of water conservation on ourselves. In the course of our production and operation, the Company commits to the reasonable use of water resources, gradually optimises our water consumption pattern, and has established the goal of developing a water-saving operation mode. The water resources of the Company are all supplied by municipal water supply, and the Company did not encounter any problems in water supply during the year.

The Company strengthens the daily maintenance and management of industrial and domestic water equipment, performs dripping and leakage checks every morning and evening, and carries out repair and maintenance work timely upon malfunction is found. At the same time, the Company posts water conservation slogans near water taps, requires employees to turn off the tap after use, and encourages employees to save water and develop water conservation habits.

In addition, the Company carried out delicacy management in the selection of water sources, so as to select suitable water sources for different water consumption scenarios, and strictly prevent the abuse of water resources. In 2023, in order to save tap water resources, Teleon installed well pumps and used natural well water to water its gardening plants.

1 The calculation of the comprehensive energy consumption referred to the General Principles for Calculation of the Comprehensive Energy Consumption (《綜合能耗計算通則》) (GBT2589–2020).

2 The calculation of the greenhouse gas emissions were calculated according to IPCC 2006 Guidelines for National Greenhouse Gas Inventories (《IPCC 2006國家溫室氣體清單指南》), the Notice on the 2023–2025 Work Related to the Management of Corporate Greenhouse Gas Emissions Reporting in the Power Industry and the Guidelines on Accounting Methods (《關於做好2023–2025年發電行業企業溫室氣體排放報告管理有關工作的通知》) and Reporting of Greenhouse Gas Emissions of Other Industrial Enterprises (《工業其他行業企業溫室氣體排放核算方法與報告指南》).

Table: Water Consumption Status

Indicators	Unit	2023 Data
Water consumption	tonnes	12,010.65
Water consumption density	tonnes/million of revenue	8.54

3.2.3 Other Resources Consumption

In respect of the resources consumed by the Company, the Company emphasises conservation and environmental protection, and implement measures to manage our packaging materials, office supplies and equipment consumables, strive to save our costs and reduce waste of resources and our impact on environment.

Table: Management of Other Resources Consumption

Packaging materials	• Packaging materials are mainly plastic and paper; • Actively use recyclable packaging, promote the shifting to green packaging, and improve the consumption efficiency and sustainable value of packaging materials; • Roland plans to replace plastic packaging with paper packaging to help improve the degradation rate and recycling ability of packaging.
Office consumables	• Gradually shift to paperless office and encourage reduce printing and copying; • If print out is required, double-sided printing will be used for daily documents and other paper materials used internally to reduce the consumption of paper of office operation, which, at the same time can also reduce the use of toner cartridges, ink cartridges and other consumables.
Equipment maintenance consumables	• Reasonable use of consumables to avoid waste and improper disposal.

Table: Packaging Materials Consumption Status

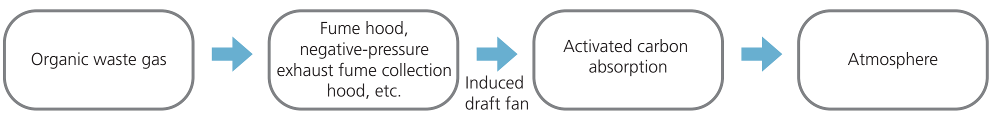
Indicators	Unit	2023 Data
Total packaging consumption	Kilogram (“**kg**”)	16,253.67
Packaging consumption density	kg/million of revenue	11.56

3.3 Emissions Management

Gaush Meditech commits to comply all laws and regulations related to waste discharge and management, and adheres to the Company's principle of reducing waste from source. The Company disposes and discharges environmental pollutants, such as waste gas, wastewater and waste, in compliance with laws and regulations, and effectively controls the negative impact of its business activities on the environment. In 2023, the Company did not experience any major environmental pollution incidents.

3.3.1 Waste Gas Management

The Company carries out waste gas treatment operation in accordance with the General Technical Principles for Application and Issuance of Pollutant Discharge Permits (《排污許可證申請與核發技術規範總則》)(HJ942–2018), the Emission Limits of Air Pollutants (《大氣污染物排放限值》)(DB44/27–2001), the Standard for fugitive emission of volatile organic compounds (《揮發性有機物無組織排放濃度控制標準》) (GB 37822–2019) and other standards. The waste gas from the Company's production and operation mainly comes from the volatile organic compounds generated during experiment and production process. To prevent the harm to human health and the atmosphere caused by reckless emission of waste gas, the Company has installed ventilation facilities and activated carbon adsorption devices in our production workshops and laboratories, after activated carbon adsorption process, waste gas is transformed into harmless gas and discharged through pipelines.



Picture: Treatment process of organic waste gas

3.3.2 Wastewater Management

The wastewater generated from the Company's operating activities includes industrial wastewater such as wastewater from hydrates removal, wastewater from laboratory, and domestic sewage. In particular, industrial wastewater is collected and handed over to a qualified third-party for treatment and domestic wastewater is treated in the septic tanks within the industrial park in accordance with the Discharge Limits of Water Pollutants (《水污染排放限值》) (DB44/26–2001).

Table: Wastewater Discharge Status

Indicators	Unit	2023 Data
Chemical oxygen demand (COD)	kg	0.24
Total wastewater discharge	tonnes	695.11

3.3.3 Waste Management

The Company strictly controls the waste discharged during our production and operation process, and has formulated internal systems, such as the Hazardous Chemicals Management System (《危險化學品管理制度》) and the Regulations on the Management of Temporary Storage Room for Hazardous Wastes (《危廢暫存間管理規定》) to standardise the management of dangerous goods in respect of their transportation, storage and treatment, and prevent the leakage of dangerous goods and hazardous waste. Besides ensuring the compliance of the laws and regulations of wastes disposal, the Company strives to reduce the generation of wastes as much as possible.

The non-hazardous wastes generated by the Company in its production and operation mainly include waste packaging materials, domestic waste and kitchen waste. The Company hands over the waste packaging materials generated during the packaging process to qualified third parties for recycling to facilitate the reuse the wastes packaging materials. At the same time, the Company put the domestic waste generated from office operation into the garbage station of the park, which will then be handled by third-party organisation appointed by the park.

The hazardous wastes generated by the Company in its production and operation mainly include organic mixed liquid waste, waste containers and waste batteries from laboratory. The Company collects, classifies and stores all our hazardous wastes, and regularly hand them over to qualified third-party companies for disposal.

Table: Hazardous Waste Management

Transportation	• Implement strict control on the transportation process of hazardous chemicals, designated person is assigned to handle the process with caution to avoid leakage of hazardous materials caused by crushing and damage of container.
Storage	• Stick label of hazardous waste as identification, and use uniform packaging to avoid leakage; • During the time the hazardous wastes are temporarily stored at our facilities, our management personnel will inspect the hazardous wastes packaging and storage facilities once a week, and will take measures to clean up and replace them in a timely manner if any damage is found to prevent leakage; • Store separately in the temporary storage room for hazardous waste and store separately from other garbage or waste to prevent the spread of contamination; • Chemical warehouses and hazardous waste storage rooms that deal with hazardous wastes are designated as key areas for anti-seepage, in accordance with the Standard for Pollution Control on Hazardous Waste Storage (《危險廢物儲存污染控制標準》) (GB18597–2001), high-performance and high-density anti-seepage grouting materials are used to reduce the chance of soil contamination caused by infiltration and seepage.
Processing	• Hazardous waste generated from various activities will be collected and stored together, and when it reached the prescribed quantity, the management personnel shall promptly notify qualified third-party companies for disposal.

Table: Generation of Waste

Indicators		Unit	2023 Data
Hazardous waste	Total amount of hazardous waste	kg	6,928.37
	Hazardous waste density	kg/million of revenue	4.93
Non-hazardous waste	Total amount of non-hazardous waste	kg	2,363.20
	Non-hazardous waste density	kg/million of revenue	1.68

3.4 Climate Change

Against the backdrop of global warming, the probability of extreme weather events continues to rise. Typhoons, rainstorms and other disasters will affect the normal operation of the enterprise, and as policy makers and stakeholders attach greater attention to environmental issues, the business strategy and operation costs of the Company will be affected.

In response to the potential risks brought by climate change, the Company actively responds to sudden climate events, pays attention to the weather forecast, establishes an emergency management system that includes warning, reporting and handling, and carries out reasonable response measures according to the severity of the event. When there is typhoon or rainstorm, the Company requires all doors and windows to be closed and all staff to take shelter indoor. While ensuring the safety of our staff, preventive measures are in place to prevent damage to equipment and facilities caused by bad weather and reduce maintenance costs due to equipment failure.

Table: Measures to Response to Typhoon and Rainstorm

Orange typhoon warning signal	Arrange employee to report duty later, off duty in advance or cancel their duty, and provide necessary shelter for staff who are on duty or stranded in the workplace;
Red typhoon warning signal	All staff should stop working, and shelter will be provided to staff who stranded in the workplace;
Red rainstorm warning signal	Arrange employee to report duty later, off duty in advance or cancel their duty, and provide necessary shelter for staff who are on duty or stranded in the company.

IV. SOCIAL RESPONSIBILITY

In Gaush Meditech, it is always our principle to use talent to drive development, and our responsibility is to safeguard the health and safety of the public. The Company protects the rights and interests of employees in accordance with the law and strive to create a diversified, equal and harmonious working environment. The Company provides active support in talent cultivation and continuously optimise the building of talent pool through diversified training strategies. The Company attaches great importance to the health and safety of our staff, and continuously strengthen the health and safety management system, and enhance their safety awareness. In addition, the Company actively participates in ophthalmic medical social welfare and contribute to the medical social welfare business.

4.1 Employment

Gaush Meditech is in strict compliance with the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) and other relevant laws and regulations of China and the place of our overseas operation, and has formulated internal systems, such as the Recruitment Management System Document and the Employee Handbook, to state clearly the specific requirements for employment, becoming a regular staff, promotion and resignation, and set out detailed provisions on employees' remuneration, insurance, working hours, holidays, etc. At the same time, the Company has stated clearly in such system that all staff will have equal employment opportunities and will promote the diversified development of our staff. The Company is committed to eliminating all forms of discrimination in respect of ethnicity, region, gender, marital status, disability and age, and have developed corresponding management and supervision processes to create an equal, fair, diversified and inclusive workplace for our staff.

The Company prohibits any form of child labour and forced labour, and handle relevant incidents in accordance with laws and regulations. Gaush Meditech clearly stipulates in the Employee Handbook that employment of person under the age of 18 is strictly prohibited, and shall check the identity card of the proposed staff to avoid employment of child labour. In addition, the Company respects the selection of candidates and will only conduct background checks and verifications with the consent of candidates to ensure that the candidates are employed on a voluntary, legal and compliant basis. In 2023, the Company did not have any incidents of child labour and forced labour.

Table: Number of Employees by Category

Indicators		Unit	2023 Data
Number of full-time employees		person	869
Number of employees by rankings	Senior management	person	33
	Middle-level staff	person	53
	General staff	person	783
Number of employees by gender	Male staff	person	547
	Female staff	person	322
Number of employees by age	30 and below	person	178
	31 to 50	person	603
	51 and above	person	88
Number of employees by geographical region	Mainland China staff	person	662
	Overseas, Hong Kong, Macao and Taiwan staff	person	207

Table: Turnover Rate of Employees by Category

Indicators		Unit	2023 Data
Turnover rate of employees by gender	Male staff	%	10.1
	Female staff	%	12.4
Turnover rate of employees by age	30 and below	%	22.5
	31 to 50	%	8.8
	51 and above	%	2.3
Turnover rate of employees by geographical region	Mainland China staff	%	13.9
	Overseas, Hong Kong, Macao and Taiwan staff	%	1.4

4.2 Talent Cultivation

"Diligence and capability" is Gaush Meditech's core value. The Company attaches great importance to employee training, and continuously establishes a comprehensive training management system according to the Company's development needs. Through new employee induction training, general skills training for all positions, business training and external learning, we keep on providing its employees with professional and management knowledge and skills required for different fields, levels and positions, with an aim to help the employees achieve their career plan and development direction, effectively implement the overall strategic planning of human resources, and build sufficient talent reserves for Gaush Meditech to achieve long-term high-quality development.

Table: Staff Training System

Type of training	Detail description
Training for new staff	The Company introduces new employees to the Company's overview, development, rules and regulations, etc., so that they can understand and be familiar with the Company's situation, adapt to the Company's working environment and deepen their recognition of the Company's culture.
General skills training	The Company formulates practical general skills training according to the needs of employees' positions to improve their working skills in daily work.
Business skills training	The Company formulates corresponding training plans every year based on the business and functions for which the employees are responsible for, and regularly organises relevant training according to the staff's performance and needs of their work.
External training	The Company provides external training opportunities for some employees every year according to the development needs of different positions, so that they can learn leading domestic and foreign technical achievements.

Table: The Percentage of Employees Received Training and Average Training Hours by Category

Indicators		Unit	2023 Data
Percentage of staff received training by gender	Male staff	%	62.95
	Female staff	%	37.05
Percentage of staff received training by type of employment	Senior management	%	3.80
	Middle-level staff	%	6.10
	General staff	%	90.10
Average number of hours of training received by staff by gender	Male staff	hour	14.78
	Female staff	hour	10.13
Average number of hours of training received by staff by type of employment	Senior management	hour	10.54
	Middle-level staff	hour	13.35
	General staff	hour	13.15

Gaush Meditech adheres to the principles of fairness, justice and reasonable remuneration and provides its employees with competitive remuneration and benefits. In compliance with the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》), the Provisions on Labour Protection of Female Employees (《女職工勞動保護規定》) and other laws and regulations, the Company provides our staff with social insurance such as pension insurance, unemployment insurance, medical insurance, work-related injury insurance, maternity insurance and housing provident fund. At the same time, the Company also provides our staff with a variety of staff benefits, including commercial insurance, health check-ups, joining anniversaries, festival gifts, paid holidays, etc., to attract and retain talents through various means and continuously enhancing the well-being of our staff.

4.3 Health and Safety

In Gaush Medical, we believe that protecting the health and safety of our staff is always the top priority for a socially responsible enterprise. The Company is in strict compliance with the Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》) and other relevant occupational health and safety laws and regulations of China and the place of our overseas operation. The Company continues to establish a sound health and safety management system, and formulates the Occupational Health Management System (《職業健康管理制度》), the Occupational Health Inspection System (《職業健康檢查制度》), the Regulations on the Use of Work Related Protective Gear (《勞動防護用品使用規範》), the Employee Handbook (《員工手冊》) and other systems, which have clarified the corresponding responsibilities of all levels and departments, standardised the occupational health and safety management and supervision process, provided guidance to our staff on the effectively use of work related protective gear, and effectively protected the safety and health of our staff.

The Company has a series of measures to protect the health and safety of our staff. Through regular safety training, employees' safety awareness has been further improved. Exhaust gas emission filtering devices are uniformly equipped at work stations in production and after-sales workshops to reduce the impact of exhaust gas on personnel. Fresh air ventilation systems are installed during decoration. Employees are equipped with protective gloves when carrying out handling operations. We also provide anti-dust masks, protective earplugs and other protective equipment to our staff. The Company arranges dedicated person to transport chemicals and collect and transfer hazardous waste in laboratories and workshops. In addition, the Company arranges annual physical examinations for our staff, and uses different means to show our care for their health and development.

In order to reduce the risk of operation, the Company has formulated the Emergency Plan for Fire Accidents (《火災事故應急預案》), the Emergency Plan for Worker Fall from Height (《高空作業落地應急預案》), the Emergency Drills for Chemical Leak Accidents (《化學品洩漏事故應急演練》), the Emergency Measures for Special Equipment Sterile Cabinets (《特種設備沒菌櫃應急措施》), the Special Drills and Training for Clean Workshops (《潔淨車間專項演練培訓》), the Fire Emergency Drills (《消防應急演練》) and the Emergency Plan for Electric Shock Accidents (《觸電事故應急預案》), which have stated clearly the emergency command unit and its responsibilities, and standardised the risk analysis, preventive measures, precautions, handling procedures, reporting methods and other aspects of safety accidents, and enhanced the emergency response capabilities of our staff. During the Reporting Period, the Company actively carried out safety training related to safe operation and warehouse explosion prevention, which effectively enhanced the self-protection ability and safety awareness of our staff. From 2020 to 2023, the Company recorded no occupational fatality. In 2023, the number of working days lost due to work related injury was zero.

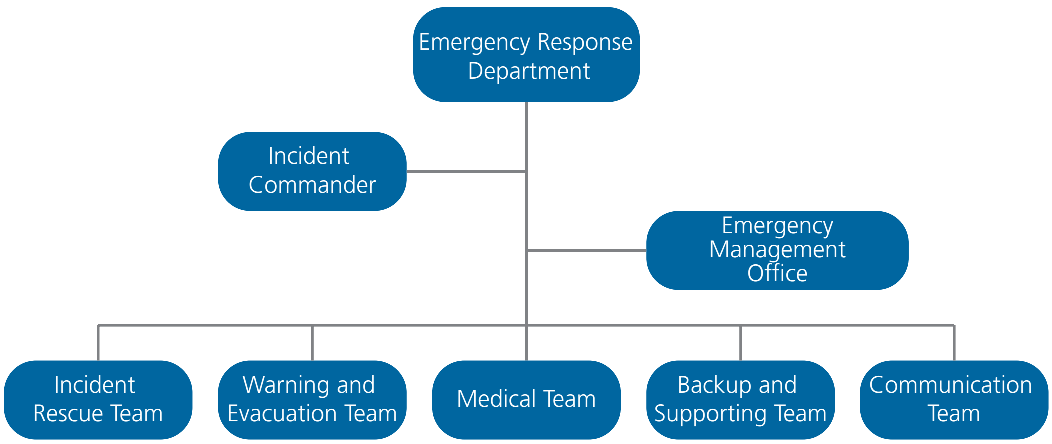


Table: Gaush Meditech Production Safety Accident Emergency Response Organisation Structure

4.4 Community Welfare

Gaush Meditech actively undertakes corporate social responsibility and leverage on its own resources and advantages to help more people improve their ophthalmic health. In July 2023, the Company participated in the 5-day "Silk Road, Journey of Light" charity event in Baisha Station, Hainan. During the event, the Company donated medical consumables with a total amount of RMB122,675, lent 2 slit lamps and 2 phaco vitrectomy machines and completed a total of 602 outpatient screenings and successfully restored sight to 154 cataract patients through surgery. In August 2023, the Company participated in a five-day charity event titled "Charity Brightness Campaign at the Beitun Station of the 10th Division of Xinjiang Production and Construction Corps" (慈善光明行「新疆生產建設兵團第十師北屯站」). During the event, the Company supplied a slit lamp and a phaco vitrectomy device. A total of 1,142 outpatient screenings were conducted, and surgery successfully restored sight to 150 cataract patients. During the Reporting Period, the Company's investment in community welfare amounted to RMB280,000.

Award Ceremony of the Silk Road, Journey of Light Charity Event in July 2023


上海复大公益基金会
Shanghai Fuda Public Welfare Foundation
慈善光明行

志愿者服务证书

尊敬的：高视医疗科技集团有限公司

贵公司于2023年8月25日—8月29日，在新疆生产建设兵团第十师北屯市开展的上海复大基金会"慈善光明行"公益活动中，给予了物资、设备上的大力支持和帮助，为新疆阿勒泰地区眼疾患者送去了光明和希望。

大爱无疆，感恩永恒！

北屯市人民政府　上海复大公益基金会　白内障复明慈善光明行

Volunteer Service Certificate in August 2023 of "Charity Bright Action" Charity Event

STOCK EXCHANGE INDICATORS INDEX

Indicators	Description	Section Index
Mandatory Disclosure Indicators		
Governance Structure		
Disclosure of the Board's supervision of environmental, social and governance matters		Statement of the Board
The Board's environmental, social and governance management approach and strategy, including the process for assessing, prioritising and managing material environmental, social and governance-related matters, including risks to the issuer's business		Statement of the Board
Explain how the Board reviews progress against environmental, social and governance-related goals and how they relate to the issuer's business		Statement of the Board
Reporting Scope		
Explain the reporting scope of environmental, social and governance report and describe the process for selecting which entities or businesses to include in environmental, social and governance report. If the reporting scope changes, the issuer should explain the differences and reasons for the changes		About This Report
"Comply or explain" indicators		
A. Environmental		
Aspect A1: Emissions		
General Disclosure		
A1.1	The types of emissions and respective emissions data.	Emission Management
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Energy Consumption
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emission Management
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emission Management
A1.5	Description of emission target(s) set and steps taken to achieve them.	Environmental Management, Emission Management
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Management, Emission Management

Indicators	Description	Section Index
Aspect A2: Use of Resources		
General Disclosure		
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Resources Consumption
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Resources Consumption
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Management, Resources Consumption
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental Management, Resources Consumption
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Resources Consumption
Aspect A3: The Environment and Natural Resources		
General Disclosure		
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Management, Emission Management
Aspect A4: Climate Change		
General Disclosure		
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change
B. Social		
Aspect B1: Employment		
General Disclosure		
B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Employment
B1.2	Employee turnover rate by gender, age group and geographical region.	Employment

Indicators	Description	Section Index
Aspect B2: Health and Safety		
General Disclosure		
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
B2.2	Lost days due to work injury.	Health and Safety
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety
Aspect B3: Development and Training		
General Disclosure		
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Talent Cultivation
B3.2	The average training hours completed per employee by gender and employee category.	Talent Cultivation
Aspect B4: Labour Standards		
General Disclosure		
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment
B4.2	Description of steps taken to eliminate such practices when discovered.	Employment
Aspect B5: Supply Chain Management		
General Disclosure		
B5.1	Number of suppliers by geographical region.	Supply Chain Management
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management

Indicators	Description	Section Index
Aspect B6: Product Responsibility		
General Disclosure		
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Quality
B6.2	Number of products and service related complaints received and how they are dealt with.	Customer Service
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property
B6.4	Description of quality assurance process and recall procedures.	Product Quality
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Information Security
Aspect B7: Anti-corruption		
General Disclosure		
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption
B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
Aspect B8: Community Investment		
General Disclosure		
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Welfare
B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Welfare

EY 安永

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

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

OPINION

We have audited the consolidated financial statements of Gaush Meditech Ltd (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 100 to 193, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill	
As at 31 December 2023, the Group recorded goodwill of RMB961 million. The goodwill of the Group arose from the acquisition of non-public interest entities. The management of the Group performed impairment test at least on an annual basis and has involved an independent third party valuer to assist in performing the impairment test. The assumptions applied in the impairment test required significant management estimates, including revenue growth rate, gross profit margin and discount rate. There are significant uncertainties in these estimates, which are affected by management's judgement on the future market and economic environment, and the recoverable amount of goodwill can be affected by the adoption of different estimates and assumptions. Therefore, we identified the impairment of goodwill as a key audit matter. The related disclosure is included in notes 2.4, 3 and 15 to the consolidated financial statements.	Our audit procedures included, among others, the following: 1) Evaluating the management's identification of the Cash-Generating Unit (CGU) to which the goodwill is allocated; 2) Evaluating the competence, capabilities and independence of the management's independent third party valuer and involving our internal valuation specialists to assist us in evaluating the methodologies and the discount rate used by the management and the external valuer for determining the recoverable amount; 3) Evaluating the appropriateness of discount rate by comparing to similar companies in the same industry and same economic environment; 4) Evaluating the appropriateness of key assumptions and estimates including revenue growth rate and gross margin rate by comparing with historical data; 5) Evaluating the sensitivity of key assumptions by assessing the changes to the recoverable amounts of the CGUs resulting from changes in these assumptions; and 6) Assessing the adequacy of the disclosure in the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

EY 安永

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

EY 安永

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Siu Fung Terence Ho.

Ernst & Young
Certified Public Accountants
Hong Kong

25 March 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2023

	Notes	2023 RMB'000	2022 RMB'000
REVENUE	5	**1,406,238**	1,253,785
Cost of sales		**(714,638)**	(628,447)
Gross profit		**691,600**	625,338
Other income and gains	5	**45,037**	21,115
Selling and distribution expenses		**(248,829)**	(187,766)
Administrative expenses		**(129,383)**	(146,169)
Research and development costs	6	**(52,883)**	(41,089)
Fair value changes of convertible redeemable preferred shares	33	**—**	(307,426)
Other expenses		**(7,201)**	(196,415)
Finance costs	7	**(50,606)**	(42,682)
PROFIT/(LOSS) BEFORE TAX		**247,735**	(275,094)
Income tax expense	10	**(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)	12	**1.17**	(3.61)
PROFIT/(LOSS) FOR THE YEAR		**172,914**	(352,712)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income 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

As at December 31, 2023

	Notes	**31 December 2023 RMB'000**	31 December 2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**80,865**	72,019
Right-of-use assets	14(a)	**45,210**	54,735
Goodwill	15	**961,389**	906,869
Intangible assets	16	**269,827**	278,884
Long-term prepayments and other receivables	21	**38,581**	22,983
Deferred tax assets	31	**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	18	**175,602**	2,095
Inventories	19	**328,527**	281,120
Trade receivables	20	**146,543**	166,397
Contract assets	22	**2,548**	2,247
Cash in transit for investment	17	**—**	90,540
Prepayments, other receivables and other assets	21	**72,186**	52,463
Term deposits	23	**38,741**	—
Pledged deposits	24	**7,994**	9,949
Cash and cash equivalents	25	**618,695**	721,523
Total current assets		**1,390,836**	1,326,334
CURRENT LIABILITIES			
Trade payables	26	**90,564**	68,703
Derivative financial instruments	29	**9**	—
Other payables and accruals	27	**132,847**	123,175
Tax payable		**5,204**	13,581
Interest-bearing bank and other borrowings	30	**523,269**	131,880
Contract liabilities	28	**125,458**	136,049
Lease liabilities	14(b)	**14,316**	19,235
Total current liabilities		**891,667**	492,623
NET CURRENT ASSETS		**499,169**	833,711
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,952,050**	2,225,467

Consolidated Statement of Financial Position

As at December 31, 2023

	Notes	31 December 2023 RMB'000	31 December 2022 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	30	**95,293**	569,708
Contract liabilities	28	**29,974**	26,891
Deferred tax liabilities	31	**66,553**	71,951
Other payables and accruals	27	**31,764**	35,053
Lease liabilities	14(b)	**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	34	**102**	102
Other reserves	35	**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

Xinwei Liu
Director

Wenqi Li
Director

Consolidated Statement of Changes in Equity

For the year ended December 31, 2023

		Attributable to owners of the parent						
	Note	Share capital RMB'000	Capital reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Accumulated losses* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2022		65	(368,095)	(51,573)	(236,829)	(656,432)	23,061	(633,371)
Total comprehensive loss for the year		—	—	24,502	(349,619)	(325,117)	(3,093)	(328,210)
Issue of shares	34	5	327,795	—	—	327,800	—	327,800
Share issue expenses		—	(8,754)	—	—	(8,754)	—	(8,754)
Conversion of convertible redeemable preferred shares to ordinary shares	34	32	2,130,988	—	—	2,131,020	—	2,131,020
Capital injection from a non-controlling shareholder**		—	—	—	—	—	1,000	1,000
Share acquisition from a non-controlling shareholder ***		—	1,040	—	—	1,040	(3,840)	(2,800)
As 31 December 2022		102	2,082,974	(27,071)	(586,448)	1,469,557	17,128	1,486,685

* These reserve accounts comprise the consolidated reserves of RMB1,469,455,000 in the consolidated statements of financial position as at 31 December 2022.

** Tianjin Taihang Corporate Management Consultancy L.P. (天津高視太行企業管理諮詢合夥企業(有限合夥)) received a capital injection of RMB1,000,000 from a non-controlling shareholder.

*** On 25 August 2022, the Group acquired 40% of the equity of the Gaush Consumables Ltd. from a minority shareholder. The Group generated the capital reserve of RMB1,040,000 due to the equity transaction. After the acquisition, the Group holds the 100% equity of Gaush Consumables Ltd..

		Attributable to owners of the parent						
	Note	**Share capital RMB'000**	**Capital reserve* RMB'000**	**Exchange fluctuation reserve* RMB'000**	**Accumulated losses* RMB'000**	**Total RMB'000**	**Non-controlling interests RMB'000**	**Total equity RMB'000**
At 1 January 2023		**102**	**2,082,974**	**(27,071)**	**(586,448)**	**1,469,557**	**17,128**	**1,486,685**
Total comprehensive income for the year		**—**	**—**	**35,839**	**173,523**	**209,362**	**(609)**	**208,753**
Issue of shares	34	**—**	**1,548**	**—**	**—**	**1,548**	**—**	**1,548**
As 31 December 2023		**102**	**2,084,522**	**8,768**	**(412,925)**	**1,680,467**	**16,519**	**1,696,986**

* These reserve accounts comprise the consolidated reserves of RMB1,680,365,000 in the consolidated statement of financial position as at 31 December 2023.

** On 9 January 2023, the Company issued 35,500 ordinary shares of HKD51.40 per share due to the exercise of the over-allotment option. An additional share capital of RMB24.23 was added due to the exercise of over-allotment option which is disclosed in note 34.

Consolidated Statement of Cash Flows

For the year ended December 31, 2023

	Notes	2023 RMB'000	2022 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before tax:		**247,735**	(275,094)
Adjustments for:			
Finance costs	7	**50,606**	42,682
Interest income	5	**(6,579)**	(4,675)
(Gain)/loss on disposal of property, plant, and equipment	6	**(146)**	665
Fair value losses on preferred shares	33	**—**	307,426
Fair value gains on derivative financial instruments	6	**(63)**	—
Fair value gains on financial assets at fair value through profit or loss	6	**(3,444)**	(6)
Fair value losses on loans at fair value through profit or loss	6	**—**	20,956
Depreciation of property, plant, and equipment	6	**16,667**	11,587
Depreciation of right-of-use assets	6	**21,932**	19,755
Amortisation of intangible assets	6	**37,368**	34,406
Impairment reversal recognised on trade receivables, net	6	**(1,233)**	(2,243)
Impairment (reversal)/loss recognised on contract assets, net	6	**(7)**	8
Impairment reversal recognised on other receivables, net	6	**(212)**	(871)
Gain on disposal of financial assets at fair value through profit or loss	6	**(512)**	—
Write-down of inventories to net realisable value	6	**6,999**	4,091
Scrap for inventories		**(5,988)**	(3,776)
Foreign exchange differences, net		**—**	176,762
Decrease in pledged bank deposits for retention		**4,116**	3,256
Increase in inventories		**(48,744)**	(41,776)
Decrease in trade receivables		**19,971**	8,494
Increase in contract assets		**(294)**	(234)
Increase in prepayments, other receivables and other assets		**(25,598)**	(8,700)
Increase/(decrease) in trade payables		**22,096**	(4,178)
Increase in other payables and accruals		**7,342**	582
(Decrease)/increase in contract liabilities		**(7,508)**	39,797
Cash generated from operations		**334,504**	328,914
Income tax paid		**(85,466)**	(94,492)
Net cash flows from operating activities		**249,038**	234,422

For the year ended December 31, 2023

	Notes	2023 RMB'000	2022 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	5	**6,579**	4,675
Proceeds from disposal of financial assets at fair value through profit or loss		**178,303**	—
Purchases of financial assets at fair value through profit or loss		**(259,417)**	(2,162)
Proceeds from disposal of items of property, plant, and equipment and other long-term assets		**8**	—
Purchases of property, plant, and equipment and other long-term assets		**(34,924)**	(45,395)
Maturity of term deposit		**132,985**	—
Purchases of term deposit		**(171,628)**	—
Acquisition of subsidiaries, net of cash paid	36	**(9,398)**	—
Cash in transit for investment	17	**—**	(90,540)
Additions of intangible assets		**(10,674)**	(2,618)
Investment income from financial assets at fair value through profit or loss	5	**512**	—
Net cash flows used in investing activities		**(167,654)**	(136,040)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank borrowings		**7,923**	57,724
Repayment of bank borrowings		**(130,814)**	(316,310)
Acquisition of non-controlling interests		**—**	(2,800)
Payments of lease liabilities	14	**(22,268)**	(23,625)
Contributions by non-controlling shareholders		**—**	1,000
Issuance of ordinary shares		**1,547**	327,801
Pledged bank deposits for loans		**(2,161)**	554
Payment of listing expenses		**(1,891)**	(2,444)
Interest paid		**(42,272)**	(38,822)
Net cash flows (used in)/from financing activities		**(189,936)**	3,078
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(108,552)**	101,460
Cash and cash equivalents at beginning of year	25	**721,523**	608,996
Effect of foreign exchange rate changes, net		**5,724**	11,067
CASH AND CASH EQUIVALENTS AT END OF YEAR	25	**618,695**	721,523

1. CORPORATE AND GROUP INFORMATION

The Company is a limited company incorporated in the Cayman Islands on 1 November 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 12 December 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.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies. Particulars of the Company's principal subsidiaries are set out below:

Name	Place and date of incorporation/ registration and place of operations	Registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Gaush Medicare Ltd.	The British Virgin Islands 8 November 2017	USD1	100%	—	Investment holding
GMC MEDSTAR LIMITED	The British Virgin Islands 10 July 2017	USD100	100%	—	Investment holding
Gaush Medical Limited	Hong Kong 15 November 2017	HKD1	—	100%	Investment holding
GMC Medstar Limited	Hong Kong 10 July 2017	HKD100	—	100%	Investment holding
Global Vision Hong Kong Limited	Hong Kong 19 December 2013	HKD10,000	—	100%	Sale of ophthalmic devices and consumables
Gaush Medical Corporation (高視醫療科技集團有限公司) *	PRC/Chinese Mainland 25 May 2016	RMB350,000,000	—	100%	Investment holding
Global Vision Corporation (北京高視遠望科技有限責任公司) *	PRC/Chinese Mainland 27 August 1998	RMB5,000,000	—	100%	Sale of and services related to ophthalmic devices and consumables
MingWang Medical Ltd. (上海高視明望醫療器械有限公司) *	PRC/Chinese Mainland 10 November 2009	RMB10,000,000	—	100%	Sale of and services related to ophthalmic devices and consumables
Gaush Technology Ltd. (上海高視醫療技術有限公司) *	PRC/Chinese Mainland 23 February 2016	RMB10,000,000	—	100%	Sale of and services related to ophthalmic devices and consumables
Gaush Jingpin Ltd. (天津高視晶品醫療技術有限公司) *	PRC/Chinese Mainland 15 February 2016	RMB7,000,000	—	100%	Sale of and services related to ophthalmic consumables
Gaush Diopsys Ltd. (天津高視大奧醫療科技有限公司) *	PRC/Chinese Mainland 13 October 2016	RMB10,000,000	—	60%	Sale of and services related to ophthalmic devices and consumables

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Name	Place and date of incorporation/ registration and place of operations	Registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Gaush Medica Ltd. (寧波高斯醫療科技有限公司) *	PRC/Chinese Mainland 10 August 2017	RMB10,416,667	—	52%	Sale of and services related to ophthalmic devices and consumables
Wenzhou Gaush Raymond Photoelectric Technology Co., Ltd. (溫州高視雷蒙光電科技有限公司) *	PRC/Chinese Mainland 31 May 2006	RMB3,500,000	—	100%	Manufacture, research and sale of ophthalmic devices
Gaush Medical Service Ltd. (天津高視醫療技術服務有限公司) *	PRC/Chinese Mainland 13 May 2019	RMB10,000,000	—	100%	Warranty service
Gaush CRO Ltd. (海南高視醫學研究有限公司) *	PRC/Chinese Mainland 27 August 2020	RMB5,000,000	—	100%	Sale of and registration services related to ophthalmic devices and consumables
Gaush Consumables Ltd. (深圳市高視耗材科技有限公司) * (i)	PRC/Chinese Mainland 8 February 2017	RMB5,000,000	—	100%	Production and research of ophthalmic consumables
Gaush Precision Ltd. (高視精密醫療器械(蘇州)有限公司) *	PRC/Chinese Mainland 10 May 2018	RMB6,666,667	—	85%	Production and research of ophthalmic consumables
Gaush Medical INC (廣州高視醫療科技有限公司) *	PRC/Chinese Mainland 27 October 2020	RMB5,000,000	—	100%	Sale of and services related to ophthalmic devices and consumables
Gaush Clear Ltd. (蘇州高視高清醫療技術有限公司) *	PRC/Chinese Mainland 24 February 2021	RMB50,000,000	—	80%	Production and research of ophthalmic consumables
Shenzhen Gaush Clear Ltd. (深圳高視高清醫療技術有限公司) * (ii)	PRC/Chinese Mainland 9 August 2021	RMB5,000,000	—	100%	Production and research of ophthalmic consumables
Gaush Teleon Ltd. (高視泰靚醫療科技有限公司) *	PRC/Chinese Mainland 22 June 2021	RMB53,000,000	—	100%	Production and research of ophthalmic consumables
Gaush Tech Ltd. (深圳高視科技有限公司) * (i)	PRC/Chinese Mainland 6 January 2022	RMB30,000,000	—	100%	Production and research of ophthalmic devices and consumables
Global Vision Ltd. (無錫高視遠望醫療有限公司) *	PRC/Chinese Mainland 23 June 2022	RMB10,000,000	—	100%	Sale of and services related to ophthalmic devices and consumables

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Name	Place and date of incorporation/ registration and place of operations	Registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Gaush Neotech Ltd (高視創新科技有限公司) * (iii)	PRC/Chinese Mainland 15 February 2023	RMB60,000,000	—	100%	Production and research of ophthalmic devices and consumables
Gaush Europe GmbH	Germany 21 February 2021	EUR25	—	100%	Investment holding
Roland Consult Stasche & Finger GmbH	Germany 29 November 1995	EUR25.61	—	80%	Manufacture, research and sale of ophthalmic devices
Gaush Coöperatief U.A.	Netherlands 29 October 2020	EUR1	—	100%	Investment holding
Teleon Holding B.V.	Netherlands 27 March 2013	EUR1,000	—	100%	Investment holding
Teleon Surgical B.V.	Netherlands 22 October 2014	EUR1,100	—	100%	Production, research and sale of ophthalmic consumables
Teleon Surgical Vertriebs GmbH	Germany 21 November 2016	EUR25,000	—	100%	Sale of ophthalmic devices and consumables
Teleon Surgical GmbH	Germany 23 June 2015	EUR25,000	—	100%	Investment holding
Teleon IP B.V.	Netherlands 10 July 2014	EUR1,100	—	100%	Investment holding
IOL expert GmbH & Co. KG (iv)	Germany 1 April 2016	EUR2,000	—	100%	Sale of ophthalmic consumables

* The English names of the companies registered in the PRC represent the best efforts made by the directors of the Company ("**Directors**") in directly translating the Chinese names of these companies, as none of them have registered their official English names. The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Notes:

(i) In order to further improve the operational efficiency and show the synergy effects of Shenzhen's development and research base to optimise the strategic footprint on consumable products, the subsidiary operated under the management of Gaush Tech Ltd. in 2023.

(ii) The subsidiary was dissolved on 20 February 2023.

(iii) The subsidiary was established on 15 February 2023.

(iv) On 1 September 2023, Teleon Holding B.V. acquired the 100% shareholding of the subsidiary, which is disclosed in note 36 to the financial statements.

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 31 December 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.

2.1 BASIS OF PREPARATION *(Continued)*

Basis of consolidation *(Continued)*

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.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

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

(d) Amendments to IAS 12 International Tax Reform — *Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. 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 1 January 2024
2 Effective for annual periods beginning on or after 1 January 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 1 January 2024

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

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 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e., 1 January 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.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

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.

2.4 MATERIAL ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its derivative financial instruments and financial assets at fair value through profit or loss at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Fair value measurement *(Continued)*

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, deferred tax assets and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; (If the Group is itself such a plan) and the sponsoring employers of the post-employment benefit plan;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Categories	**Estimated useful lives**
Machinery and equipment	3–10 years
Transportation equipment	4 years
Office equipment and others	3–10 years
Decoration	10–40 years
Leasehold improvements	Over the shorter of the lease terms and 2–5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives. The principal estimated useful lives of intangible assets are as follows:

Categories	Estimated useful lives
Software	5–10 years
Patent	8–10 years
Trademark	10 years
Customer relationship	9.33 years

The useful economic life for software is based on the anticipated number of years the software will retire due to significant upgrades to the software. The useful life of patent is estimated based on the shorter of legal registered period and the period over which the patent is expected to generate economic benefit. The useful life of trademarks is based on the estimated periods that the Group intends to derive future economic benefits from the use of the assets. Besides, The Group also takes into account factors including the duration of the patent and trademark, as well as the useful lives of similar assets in the marketplace. The customer relationship was acquired in a business combination recognised separately from goodwill disclosed in note 36 to the financial statement and is initially recognised at its fair value at the acquisition date, which is regarded as their cost.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products, commencing from the date when the products are put into commercial production.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Categories	**Estimated useful lives**
Plant and buildings	1–10 years
Motor vehicles	5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

Group as a lessee *(Continued)*

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals, interest-bearing bank and other borrowings, convertible redeemable preferred shares, lease liabilities, loans at fair value through profit or loss and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include convertible redeemable preferred shares, loans at fair value through profit or loss, and derivative financial instruments.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

Subsequent measurement *(Continued)*

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a moving weighted average cost basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three month that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

The Group provides for warranties in relation to the sale of certain ophthalmic medical devices. The periods and terms of product warranty are provided in accordance with the laws and regulations related to the products. The Group also provides additional services or product warranty for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(a) Sale of ophthalmic medical devices

Revenue from the sale of ophthalmic medical devices is recognised at the point in time when control of the asset is transferred to the customer, generally on acceptance by the customers after installation.

(b) Sale of ophthalmic medical consumables

Revenue from the sale of ophthalmic medical consumables is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery and acceptance of the products by the customers.

(c) After-sales services

Revenue from the provision of after-sales services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Revenue from contracts with customers *(Continued)*

(d) Revenue from other services

Revenue from licensing out certain items of intellectual properties is recognised at the point in time when control of the relevant asset is transferred to customers according to the contract terms. Revenue from providing clinical research organisation (CRO) services is recognised over the scheduled period on the completion percentage of the contract.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Employee benefits

Social pension plans

The Group has social pension plans for its employees arranged by local government labour and security authorities. The Group makes contributions on a monthly basis to the social pension plans. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the social pension plans. Under the plans, the Group has no further obligations beyond the contributions made.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Employee benefits *(Continued)*

Housing fund and other social insurances

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include housing fund, basic and supplementary medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to the statement of profit or loss on an accrual basis. The Group has no further obligations beyond the contributions made. Apart from those described above, the Group does not have any other legal or constructive obligations over employee benefits.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the note 11 to the financial statements.

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

(a) Identifying performance obligations in a bundled sale of ophthalmic medical devices and after-sales services

The Group provides customers with after-sales services either separately or bundled together with the sale of ophthalmic medical devices. The after-sales services are a promise to transfer services in the future and are part of the negotiated exchange between the Group and the customer.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Judgements *(Continued)*

Revenue from contracts with customers *(Continued)*

(a) Identifying performance obligations in a bundled sale of ophthalmic medical devices and after-sales services *(Continued)*

The Group determined that both ophthalmic medical devices and after-sales services are each capable of being distinct. The fact that the Group regularly sells both ophthalmic medical devices and after-sales services on a standalone basis indicates that the customer can benefit from both products on their own. The Group also determined that the promises to transfer the ophthalmic medical devices and to provide after-sales services are distinct within the context of the contract. The ophthalmic medical devices and after-sales services are not inputs to a combined item in the contract. The Group is not providing a significant integration service because the presence of the ophthalmic medical devices and after-sales services together in the contract does not result in any additional or combined functionality and neither the equipment nor the installation modifies or customises the other. Consequently, the Group has allocated a portion of the transaction price to the ophthalmic medical devices and the after-sales services based on relative standalone selling prices.

Research and development expenses

All research expenses are charged to profit or loss as incurred. Expenses incurred on each pipeline to develop new products are capitalised and deferred in accordance with the accounting policy for research and development expenses in note 2.4. Determining the amounts to be capitalised requires management to make judgements on the technical feasibility of existing pipelines to be successfully commercialised and bring economic benefits to the Company.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2023 was RMB961,389,000 (2022: RMB906,869,000). Further details are given in note 15.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Provision for expected credit losses on trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in note 20 and note 22 to the financial statements, respectively.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Estimation of the fair value of financial assets and financial liabilities at fair value through profit or loss

Certain financial assets and financial liabilities are measured at fair value at the end of each reporting period as disclosed in notes 18 and 29 to the financial statements, respectively.

Deferred tax assets

Deferred tax assets are recognised for certain deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 31 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Development costs

Development costs are capitalised in accordance with the accounting policy for research and development costs in note 2.4 to the financial statements. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. At 31 December 2023, the best estimate of the carrying amount of capitalised development costs was RMB8,395,000 (2022: Nil).

4. OPERATING SEGMENT INFORMATION

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

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

(b) the distribution products segment sells multi-function diagnostic equipment, ocular fundus diagnosis, surgical and treatment equipment and related supporting consumables produced by Heidelberg, Schwind, Geuder, Optos, Quantel 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 services related to CRO.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segment revenue and gross profit of each operating segment. The selling and marketing expenses, administrative expenses, research and development expenses are not included in the measure of the segments' performance which is used by management as a basis for the purpose of resource allocation and assessment of segment performance. Fair value changes on investments measured at fair value through profit or loss, other income and gains, other expenses and finance costs and income tax expenses are also not allocated to individual operating segments.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

There were no separate segment assets and segment liabilities information provided to management, as management does not use this information to allocate resources or to evaluate the performance of the operating segments.

4. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 December 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 31 December 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

4. OPERATING SEGMENT INFORMATION *(Continued)*

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).

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

Revenue from contracts with customers

(a) Disaggregated revenue information

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

5. REVENUE, OTHER INCOME AND GAINS *(Continued)*

Revenue from contracts with customers *(Continued)*

(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.

5. REVENUE, OTHER INCOME AND GAINS *(Continued)*

Other income and gains

	2023 **RMB'000**	2022 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

6. 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*	13	**16,667**	11,587
Depreciation of right-of-use assets*	14(a)	**21,932**	19,755
Amortisation of intangible assets*	16	**37,368**	34,406
Research and development costs		**52,883**	41,089
Lease payments not included in the measurement of lease liabilities	14(c)	**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 (note 8))**:			
Wages and salaries and pension scheme contributions		**352,491**	288,410
Foreign exchange (gains)/losses, net****		**(15,561)**	172,470
Impairment reversal recognised on trade receivables, net***	20	**(1,233)**	(2,243)
(Impairment reversal)/impairment recognised on contract assets, net***		**(7)**	8
Impairment reversal recognised on other receivables, net***		**(212)**	(871)
Write-down of inventories to net realisable value***		**6,999**	4,091
Fair value (gains)/losses, net:			
Preferred shares	33	**—**	307,426
Derivative financial instruments		**(63)**	—
Financial assets at fair value through profit or loss	5	**(3,444)**	(6)
Loans at fair value through profit or loss	32	**—**	20,956
Bank interest income	5	**(6,579)**	(4,675)
Gains on disposal of financial assets at fair value through profit or loss	5	**(512)**	—
(Gains)/losses on disposal of property, plant, and equipment*****		**(146)**	665

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

* Depreciation and amortisation are included in "Cost of sales", "Selling and distribution expenses", "Research and development expenses" and "Administrative expenses" in the 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 statement of profit or loss for the year ended 31 December 2023. Employee benefit expense of approximately RMB34,013,000 (2022: RMB22,242,000) is included in research and development costs in the consolidated statement of profit or loss for the year ended 31 December 2023.

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

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

***** Gains and Losses on disposal of property, plant, and equipment are included in "Other income and gains" and "Other expenses" in the consolidated statements of profit or loss, respectively.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2023 **RMB'000**	2022 RMB'000
Interest on bank and other borrowings	**49,390**	40,756
Interest on lease liabilities (note 14(b))	**1,216**	1,926
Total	**50,606**	42,682

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1) (a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2023 **RMB'000**	2022 RMB'000
Fees	**—**	—
Other emoluments:		
Salaries, other allowances, and benefits in kind	**4,618**	2,905
Performance related bonuses	**1,987**	1,440
Pension scheme contributions	**443**	244
Subtotal	**7,048**	4,589
Total fees and other emoluments	**7,048**	4,589

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2023	2022
Mr. Chan Fan Shing	**243**	19
Mr. Wang Li-shin	**243**	19
Mr. Feng Xin	**243**	19
Total	**729**	57

Mr. Feng Xin, Mr. Wang Li-shin and Mr. Chan Fan Shing were appointed as independent non-executive directors of the Company on 12 December 2022.

There were no other emoluments payable to the independent non-executive directors during the year (2022: Nil).

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

(b) Executive directors, non-executive directors and the chief executive

	Fees RMB'000	Salaries, other allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2023					
Executive directors:					
Mr. Gao Tieta	—	808	414	65	1,287
Mr. Zhang Jianjun	—	509	236	70	815
Mr. Zhao Xinli	—	748	245	65	1,058
Mr. Liu Xinwei	—	748	294	65	1,107
Ms. Li Wenqi*	—	569	184	65	818
Subtotal	—	3,382	1,373	330	5,085
Non-executive director:					
Mr. David Guowei Wang	—	—	—	—	—
Mr. Shi Long**	—	—	—	—	—
Chief executive:					
Mr. Alexey Nikolaevich Simonov***	—	1,236	614	113	1,963
Total	—	4,618	1,987	443	7,048

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

(b) Executive directors, non-executive directors and the chief executive *(Continued)*

	Fees RMB'000	Salaries, other allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2022					
Executive directors:					
Mr. Gao Tieta	—	744	540	60	1,344
Mr. Zhang Jianjun	—	725	224	64	1,013
Mr. Zhao Xinli	—	710	336	60	1,106
Mr. Liu Xinwei	—	726	340	60	1,126
Subtotal	—	2,905	1,440	244	4,589
Non-executive directors:					
Mr. David Guowei Wang	—	—	—	—	—
Mr. Shi Long	—	—	—	—	—
Total	—	2,905	1,440	244	4,589

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

* Ms. Li Wenqi was appointed as executive director of the Company on 24 August 2023.

** Mr. Shi Long resigned as non-executive director of the Company on 24 August 2023.

*** Mr. Alexey Nikolaevich Simonov was appointed as Chief Technology Officer of Company on 31 March 2023.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one chief executive (2022: one director who is also the chief executive), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining four (2022: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2023 **RMB'000**	2022 RMB'000
Salaries, other allowances and benefits in kind	**5,164**	4,745
Performance related bonuses	**2,314**	1,655
Pension scheme contributions	**279**	373
Total	**7,757**	6,773

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	2023 **RMB'000**	2022 RMB'000
HKD1,500,001 to HKD2,000,000	**1**	3
HKD2,000,001 to HKD2,500,000	**2**	1
HKD2,500,001 to HKD3,000,000	**1**	—
Total	**4**	4

10. 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 31 December 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 1 January 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 1 January 2023, subsidiaries established in the Netherlands were subject to corporate income tax at the rate of 19% for taxable income of EUR 200,000 or less and at the rate of 25.8% for the portion exceeding EUR 200,000. 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.

10. INCOME TAX *(Continued)*

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

	2023 **RMB'000**	2022 RMB'000
Current — Hong Kong	**17,845**	11,471
Current — Chinese Mainland	**46,379**	50,012
Current — other jurisdictions	**19,032**	26,675
Deferred (note 31)	**(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 **RMB'000**	2022 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

* According to relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that was effective from 2018, enterprises engaging in research and development activities were entitled to claim 200% of their eligible research and development costs so incurred as tax deductible expenses when determining their assessable profits for that period ("**Super Deduction**"). Enterprises can also amortise the intangible assets based on 200% of the actual costs incurred, if the R&D expenses incurred have been capitalised. The Group made its best estimate for the Super Deduction to be claimed for the Group's PRC subsidiaries in ascertaining their assessable profits for the years ended 31 December 2022 and 2023.

11. DIVIDENDS

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

12. 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 year ended 31 December 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 RMB'000	2022 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

12. PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT *(Continued)*

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

13. PROPERTY, PLANT AND EQUIPMENT

	Machinery and equipment RMB'000	Transportation equipment RMB'000	Office equipment and others RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Total RMB'000
At 31 December 2023						
At 1 January 2023						
Cost	57,516	2,850	7,764	4,060	26,131	98,321
Accumulated depreciation	(15,851)	(2,450)	(2,790)	—	(5,211)	(26,302)
Net carrying amount	41,665	400	4,974	4,060	20,920	72,019
At 1 January 2023, net of accumulated depreciation	41,665	400	4,974	4,060	20,920	72,019
Additions	17,518	—	1,323	536	5,215	24,592
Reclassification	4,596	—	—	(4,596)	—	—
Disposals	(918)	(15)	(50)	—	—	(983)
Depreciation provided during the year (note 6)	(8,794)	(99)	(1,406)	—	(6,368)	(16,667)
Exchange realignment	1,393	—	201	—	310	1,904
At 31 December 2023, net of accumulated depreciation	55,460	286	5,042	—	20,077	80,865
At 31 December 2023:						
Cost	80,150	2,834	9,310	—	31,674	123,968
Accumulated depreciation	(24,690)	(2,548)	(4,268)	—	(11,597)	(43,103)
Net carrying amount	55,460	286	5,042	—	20,077	80,865

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Machinery and equipment RMB'000	Transportation equipment RMB'000	Office equipment and others RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Total RMB'000
At 31 December 2022						
At 1 January 2022						
Cost	35,599	2,834	6,011	—	14,553	58,997
Accumulated depreciation	(10,582)	(2,335)	(1,465)	—	(1,733)	(16,115)
Net carrying amount	25,017	499	4,546	—	12,820	42,882
At 1 January 2022, net of accumulated depreciation	25,017	499	4,546	—	12,820	42,882
Additions	19,649	16	1,637	7,230	12,275	40,807
Reclassification	3,170	—	—	(3,170)	—	—
Disposals	(865)	—	(7)	—	—	(872)
Depreciation provided during the year (note 6)	(5,876)	(115)	(1,291)	—	(4,305)	(11,587)
Exchange realignment	570	—	89	—	130	789
At 31 December 2022, net of accumulated depreciation	41,665	400	4,974	4,060	20,920	72,019
At 31 December 2022:						
Cost	57,516	2,850	7,764	4,060	26,131	98,321
Accumulated depreciation	(15,851)	(2,450)	(2,790)	—	(5,211)	(26,302)
Net carrying amount	41,665	400	4,974	4,060	20,920	72,019

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of plant and buildings and motor vehicles in its operations. Leases of plant and buildings and leases of motor vehicles generally have lease terms between 1 and 10 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. There are several lease contracts that include extension option. The Group applies judgement in evaluating whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Motor vehicles RMB'000	Plant and buildings RMB'000	Total RMB'000
As at 1 January 2022	518	42,125	42,643
Additions	3,659	27,242	30,901
Depreciation charge (note 6)	(1,601)	(18,154)	(19,755)
Exchange realignment	117	829	946
As at 31 December 2022 and 1 January 2023	**2,693**	**52,042**	**54,735**
Additions	**3,063**	**7,508**	**10,571**
Depreciation charge (note 6)	**(2,007)**	**(19,925)**	**(21,932)**
Exchange realignment	**188**	**1,648**	**1,836**
As at 31 December 2023	**3,937**	**41,273**	**45,210**

14. LEASES *(Continued)*

The Group as a lessee *(Continued)*

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2023 **RMB'000**	2022 RMB'000
Carrying amount at 1 January	**54,414**	44,379
New leases	**10,571**	30,806
Accretion of interest recognised during the year (note 7)	**1,216**	1,926
Payments	**(22,268)**	(23,625)
Exchange realignment	**1,863**	928
Carrying amount at 31 December	**45,796**	54,414
Analysed into:		
Current portion	**14,316**	19,235
Non-current portion	**31,480**	35,179

The maturity analysis of lease liabilities is disclosed in note 41 to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2023 **RMB'000**	2022 RMB'000
Interest on lease liabilities (note 7)	**1,216**	1,926
Depreciation charge of right-of-use assets (note 6)	**21,932**	19,755
Expense relating to short-term leases (note 6)	**902**	825
Total amount recognised in profit or loss	**24,050**	22,506

(d) The total cash outflow for leases is disclosed in note 37(c) to the financial statements.

15. GOODWILL

	RMB'000
At 1 January 2022:	
Cost	882,698
Accumulated impairment	—
Net carrying amount	882,698
Cost at 1 January 2022, net of accumulated impairment	882,698
Exchange realignment	24,171
Cost and net carrying amount at 31 December 2022	906,869
At 1 January 2023 and 31 December 2022:	
Cost	906,869
Accumulated impairment	—
Net carrying amount	906,869
Cost at 1 January 2023, net of accumulated impairment	**906,869**
Acquisition of a subsidiary* (note 36)	**2,530**
Exchange realignment	**51,990**
Cost and net carrying amount at 31 December 2023	**961,389**
At 31 December 2023:	
Cost	**961,389**
Accumulated impairment	**—**
Net carrying amount	**961,389**

* On 1 September 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..

15. GOODWILL *(Continued)*

Impairment testing of goodwill

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

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

* In order to further improve the operational efficiency and show the synergy effects of business combination, the Group carried out business integration in Shenzhen's development and research base to optimise the strategic footprint on consumable products in 2023. The CGU of Gaush Consumables Ltd. remains the same but operated under the management of Gaush Tech Ltd. as a whole.

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

15. GOODWILL *(Continued)*

Impairment testing of goodwill *(Continued)*

The recoverable amount of the CGUs has been determined based on a value in use ("**VIU**") calculation using cash flow projections based on financial budgets approved by the senior management. The cash flow projections covering a 5-year period were applied to Gaush Medica Ltd., Roland Consult Stasche & Finger GmbH and Gaush Europe GmbH as well as Teleon Holding B.V.; and the cash flow projections covering an 8-year period was applied to Gaush Consumables Ltd. and Gaush Precision Ltd. Based on management's best knowledge and experience in the industry, it is reasonable to assume that it takes 3 years longer for an early stage entity to develop and commercialise products before reaching perpetual growth. Management believes that a forecasted periods of five years and eight years, respectively, are feasible and reflects a more reasonable entity value. As at the end of each of the reporting period, the recoverable amounts of the CGUs or group of CGUs exceeded their carrying amounts as follows:

	2023 **RMB'000**	2022 RMB'000
Gaush Medica Ltd.	**6,671**	16,000
Gaush Consumables Ltd.	**3,321**	2,068
Gaush Precision Ltd.	**1,584**	4,810
Roland Consult Stasche & Finger GmbH and Gaush Europe GmbH	**2,753**	2,109
Teleon Holding B.V.	**355,235**	204,871
Total	**369,564**	229,858

Based on the headroom of the impairment assessments of goodwill as at 31 December 2023, the recoverable amount of the cash-generating unit estimated from the cash flow forecast exceeded the carrying amount of goodwill and no impairment was considered necessary.

Goodwill is tested by the management for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The recoverable amount of the CGUs has been determined based on a value in use ("**VIU**") calculation. That calculation uses cash flow projections based on financial budgets approved by management. Other key assumptions for the VIU calculation relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin. Such estimation is based on management's expectations for the market development.

15. GOODWILL *(Continued)*

Impairment testing of goodwill *(Continued)*

The following describes each key assumption on which the management has based its cash flow projections to undertake impairment testing of goodwill.

	As at 31 December 2023		
	Pre-tax discount rate	**Budgeted gross profit margin**	**Terminal growth rate**
Gaush Medica Ltd.	**17.44%**	**34.50%-39.12%**	**2.50%**
Gaush Consumables Ltd.	**17.81%**	**49.74%-56.43%**	**2.50%**
Gaush Precision Ltd.	**17.59%**	**30.00%-48.00%**	**2.50%**
Roland Consult Stasche & Finger GmbH and Gaush Europe GmbH	**24.87%**	**44.18%-44.33%**	**2.00%**
Teleon Holding B.V.	**14.82%**	**57.42%-57.42%**	**2.00%**

	As at 31 December 2022		
	Pre-tax discount rate	Budgeted gross profit margin	Terminal growth rate
Gaush Medica Ltd.	17.45%	33.45%-46.00%	3.00%
Gaush Consumables Ltd.	18.34%	29.49%-46.90%	3.00%
Gaush Precision Ltd.	17.70%	30.55%-47.78%	3.00%
Roland Consult Stasche & Finger GmbH and Gaush Europe GmbH	23.23%	40.52%-41.22%	2.00%
Teleon Holding B.V.	15.58%	54.92%-61.35%	2.00%

Assumptions were used in the value in use calculation of the cash-generating units for 31 December 2023 and 31 December 2022. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Pre-tax discount rates — The discount rates used are before tax and reflect specific risks relating to the relevant units.

The range of budgeted gross profit margins — The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Terminal growth rate — The forecasted terminal growth rate is based on management's expectations and does not exceed the long-term average growth rate for the industry relevant to the CGUs or group of CGUs.

The values assigned to the key assumptions on market development of medical devices and medical consumables and discount rates are consistent with external information sources.

15. GOODWILL *(Continued)*

Impairment testing of goodwill *(Continued)*

The management of the Company has performed sensitivity test by decreasing 1% of budgeted gross margin, decreasing 0.5% of terminal growth rate or increasing 1% of pre-tax discount rate, with all other assumptions held constant. The impacts on the amount by which each CGU's recoverable amount above its carrying amount (headroom) are as follows:

		As at 31 December 2023		
	Headroom RMB'000	**Impact by decreasing gross profit margin RMB'000**	**Impact by decreasing terminal growth rate RMB'000**	**Impact by increasing pre-tax discount rate RMB'000**
Gaush Medica Ltd.	**6,671**	**(4,000)**	**(1,000)**	**(4,000)**
Gaush Consumables Ltd.	**3,321**	**(1,200)**	**(700)**	**(2,700)**
Gaush Precision Ltd.	**1,584**	**(1,100)**	**(300)**	**(1,100)**
Roland Consult Stasche & Finger GmbH and Gaush Europe GmbH	**2,753**	**(2,358)**	**(786)**	**(1,572)**
Teleon Holding B.V.	**355,235**	**(43,226)**	**(38,510)**	**(119,460)**
Total	**369,564**	**(51,884)**	**(41,296)**	**(128,832)**

		As at 31 December 2022		
	Headroom RMB'000	Impact by decreasing gross profit margin RMB'000	Impact by decreasing terminal growth rate RMB'000	Impact by increasing pre-tax discount rate RMB'000
Gaush Medica Ltd.	16,000	(4,000)	(2,000)	(5,000)
Gaush Consumables Ltd.	2,068	(900)	(500)	(1,700)
Gaush Precision Ltd.	4,810	(2,500)	(1,900)	(3,600)
Roland Consult Stasche & Finger GmbH and Gaush Europe GmbH	2,109	(1,855)	(742)	(1,484)
Teleon Holding B.V.	204,871	(47,507)	(55,672)	(113,570)
Total	229,858	(56,762)	(60,814)	(125,354)

Considering there was still sufficient headroom based on the assessment, the management of the Company believes that a reasonably possible change in the above key parameters would not cause the carrying amount of the CGUs to exceed their recoverable amount, and would not result in an impairment provision for goodwill.

16. INTANGIBLE ASSETS

31 December 2023

	Software RMB'000	Patent RMB'000	Trademark* RMB'000	Customer relationships* RMB'000	Deferred development costs RMB'000	Total RMB'000
Cost at 1 January 2023, net of accumulated amortisation	8,359	233,961	36,564	—	—	278,884
Additions	1,367	90	207	—	—	1,664
Additions — internal development	—	—	—	—	8,395	8,395
Acquisition of a subsidiary (note 36)	—	—	758	3,034	—	3,792
Reclassification	—	(1,104)	1,104	—	—	—
Amortisation provided during the year (note 6)	(1,275)	(31,008)	(5,008)	(77)	—	(37,368)
Exchange Realignment	416	12,798	1,138	108	—	14,460
31 December 2023	8,867	214,737	34,763	3,065	8,395	269,827
At 31 December 2023:						
Cost	13,329	312,548	53,051	3,144	8,395	390,467
Accumulated amortisation	(4,462)	(97,811)	(18,288)	(79)	—	(120,640)
Net carrying amount	8,867	214,737	34,763	3,065	8,395	269,827

16. INTANGIBLE ASSETS *(Continued)*

31 December 2022

	Software RMB'000	Patent RMB'000	Trademark* RMB'000	Customer relationships* RMB'000	Deferred development costs RMB'000	Total RMB'000
At 1 January 2022						
Cost	8,994	288,437	47,969	—	—	345,400
Accumulated Amortisation	(1,926)	(32,082)	(7,503)	—	—	(41,511)
Net carrying amount	7,068	256,355	40,466	—	—	303,889
Cost at 1 January 2022, net of accumulated amortisation	7,068	256,355	40,466	—	—	303,889
Additions	2,194	424	—	—	—	2,618
Amortisation provided during the year (note 6)	(1,120)	(28,571)	(4,715)	—	—	(34,406)
Exchange realignment	217	5,753	813	—	—	6,783
31 December 2022	8,359	233,961	36,564	—	—	278,884
At 31 December 2022 and at 1 January 2023:						
Cost	11,478	296,756	49,097	—	—	357,331
Accumulated Amortisation	(3,119)	(62,795)	(12,533)	—	—	(78,447)
Net carrying amount	8,359	233,961	36,564	—	—	278,884

* Trademark and customer relationships identified and derived from business combinations were recognised at fair value at the acquisition dates and have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of customer relationships over their estimated useful lives of 9.33 years, which is disclosed in note 2.4 summary of significant accounting police "Intangible assets (other than goodwill)".

17. CASH IN TRANSIT FOR INVESTMENT

	2023 RMB'000	2022 RMB'000
Value Investment Fund SP	—	90,540

Global Vision Hong Kong Limited subscribed for USD13.00 million (equivalent to RMB90.54 million) of relevant participating shares attributable to Value Investment Fund SP. The payment was processed on 31 December 2022 and the fund was credited to the beneficiary on 3 January 2023. Value Investment Fund SP has been transferred to financial assets at fair value through profit or loss at 31 December 2023 which is detailed in note18.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 RMB'000	2022 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 the 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.

19. INVENTORIES

	2023 RMB'000	2022 RMB'000
Finished goods	284,101	251,260
Goods in transit	16,875	10,763
Raw materials	18,758	10,422
Work in progress	16,401	14,946
	336,135	287,391
Provision for inventories	(7,608)	(6,271)
Total	328,527	281,120

20. TRADE RECEIVABLES

	2023 RMB'000	2022 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 RMB'000	2022 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 RMB'000	2022 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

20. TRADE RECEIVABLES *(Continued)*

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 at 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 31 December 2023

	Gross carrying amount RMB'000	Expected credit losses 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**

20. TRADE RECEIVABLES *(Continued)*

As at 31 December 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

21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2023 **RMB'000**	2022 RMB'000
Prepayments	**18,188**	6,729
Deposits and other receivables	**18,876**	17,096
Value added tax recoverable	**24,895**	14,804
Advance payment of income tax	**15,622**	19,138
Service fee to be amortised	**21,194**	15,410
Prepayments for non-current assets	**12,605**	3,094
	111,380	76,271
Impairment allowance	**(613)**	(825)
Total	**110,767**	75,446
Classified as:		
non-current portion	**38,581**	22,983
current portion	**72,186**	52,463

Deposits and other receivables mainly represent rental deposits, guarantee deposits and purchase rebate for certain brands.

As at 31 December 2023 and 2022, none of the balances, except for other receivables, were either past due or impaired as they related to balances for whom there was no recent history of default and past due amounts. The loss allowance was assessed to be minimal.

22. CONTRACT ASSETS

	2023 **RMB'000**	2022 RMB'000
Contract assets arising from:		
Sale of ophthalmic devices	**2,572**	2,278
Less: Impairment	**(24)**	(31)
Net carrying amount	**2,548**	2,247
Classified as:		
current portion	**2,548**	2,247

Contract assets are initially recognised for revenue earned from the sale of ophthalmic devices as the receipt of consideration is conditional on stable operation of the devices. At the end of the guarantee period, the amounts recognised as contract assets are reclassified to trade receivables.

22. CONTRACT ASSETS *(Continued)*

The Group's trading terms and credit policy with customers are disclosed in note 20 to the financial statements.

The expected timing of recovery or settlement for contract assets as at 31 December is as follows:

	2023 **RMB'000**	2022 RMB'000
Within one year	**2,548**	2,247
Total	**2,548**	2,247

23. TERM DEPOSITS

	2023 **RMB'000**	2022 RMB'000
Term deposit	**38,741**	—

Term deposits are made at a fixed period at an agreed interest deposit rate.

24. PLEDGED DEPOSITS

	2023 **RMB'000**	2022 RMB'000
Pledged deposits	**7,994**	9,949

The pledged deposits earn interest at interest rates stipulated by the respective financial institutions. The pledged deposits are deposited with creditworthy banks with no recent history of default and pledged to secure general banking facilities granted to the Group.

At 31 December 2023, the Group's pledged deposits are the deposits amounting to RMB7,994,000 (equivalent to EUR1,017,213) which were pledged to secure the interest of the senior facility loan as disclosed in note 30 to the financial statements.

At 31 December 2022, the Group's deposits are as following: Roland Consult Stasche & Finger GmbH issued a letter of guarantee that is beneficial to Kimadia, a company in Iraq, with a carrying amount of RMB633,000 (equivalent to EUR85,301) as the performance bond. Besides, the pledged deposits with a carrying amount of RMB3,483,000 (equivalent to USD500,101) were to secure a pledge deposit for a foreign trade project of the Health and Family Planning Commission of Alxa League of Inner Mongolia (內蒙古阿拉善盟衛生和計劃生育委員會外貿項目). The rest of pledged deposits amounting to RMB5,833,000 (equivalent to EUR785,736) was pledged to secure the interest of the senior facility loan respectively as detailed in note 30 to the financial statements.

25. CASH AND CASH EQUIVALENTS

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

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

	2023 RMB'000	2022 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.

26. 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 RMB'000	2022 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.

27. OTHER PAYABLES AND ACCRUALS

	2023 **RMB'000**	2022 RMB'000
Payroll payable	**67,130**	54,160
Other taxes payable	**45,129**	47,585
Other payables	**13,641**	14,581
Accruals	**38,711**	41,902
	164,611	158,228
Classified as:		
Non-current portion	**31,764**	35,053
Current portion	**132,847**	123,175

Other payables are non-interest-bearing and have an average term of 6 to 12 months.

28. CONTRACT LIABILITIES

	2023 **RMB'000**	2022 RMB'000
Short-term advances received and deferred revenue	**155,432**	162,940
Classified as:		
Non-current portion	**29,974**	26,891
Current portion	**125,458**	136,049

Contract liabilities include short-term advances received to deliver ophthalmic medical devices and consumables, and deferred revenue generated from technical services.

29. DERIVATIVE FINANCIAL INSTRUMENTS

	2023 **RMB'000**	2022 RMB'000
Foreign Exchange Forward Transaction	**9**	—

30. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 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**

	31 December 2022		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans — secured*	1.50–3.10	2023	45,287
Senior facility loan — secured***	3.00–4.20	2023	86,593
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

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

* The balance of bank loans from DBS Bank (China) Limited Beijing Branch (星展銀行(中國)有限公司北京分行) at 31 December 2023 was RMB8,461,000 (2022: RMB25,918,000). The information about the guarantee is as follows:

Credit facility (Financing amount)	Guarantee
31 December 2023	
Short-term loans or accounts receivable of USD5,000,000 or its equivalent in Euro (recyclable)	Guaranteed by Gaush Medical Corporation and MingWang Medical Ltd. with the maximum amount of USD6,853,000 or its equivalent in Euro
31 December 2022	
Short-term loans or accounts receivable of USD5,000,000 or its equivalent in Euro (recyclable)	Guaranteed by Gaush Medical Corporation and MingWang Medical Ltd. with the maximum amount of USD6,853,000 or its equivalent in Euro

* The balances of bank loans from Citi bank (China) Co., Ltd. Beijing Branch (花旗銀行(中國)有限公司北京分行) as at 31 December 2023 were Nil (2022: RMB19,369,000). The information about the guarantees are as follows:

Credit facility (Financing amount)	Guarantee
31 December 2023	
USD3,430,000 or any equivalent currency	Guaranteed by Global Vision Corporation, MingWang Medical Ltd. and Gaush Medical Corporation
31 December 2022	
(a) RMB20,000,000 or its equivalent in USD, Euro and JPY	Guaranteed by Global Vision Corporation, MingWang Medical Ltd. and Gaush Medical Corporation
(b) USD700,000	Guaranteed by MingWang Medical Ltd. and Gaush Medical Corporation

** 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 23 December 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 31 December 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 22 April 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 on 2 February 2024, which is disclosed in note 42 to the financial statements.

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

	2023 **RMB'000**	2022 RMB'000
Analysed into:		
Bank borrowings repayable:		
Within one year or on demand	**427,976**	131,880
In the second year	**—**	389,702
Subtotal	**427,976**	521,582
Other borrowings repayable:		
Within one year or on demand	**95,293**	—
In the second year	**95,293**	90,003
In the third to fifth years, inclusive	**—**	90,003
Subtotal	**190,586**	180,006
Total	**618,562**	701,588

31. DEFERRED TAX

The movements in deferred tax liabilities during the reporting year before offsetting are as follows:

Deferred tax liabilities

	As at 31 December 2023			
	Fair value adjustment arising from acquisition of subsidiaries RMB'000	Right-of-use assets RMB'000	Fair Value gains arising from financial assets at fair value through profit or loss RMB'000	Total RMB'000
At 31 December 2023	71,686	13,280	—	84,966
Exchange realignment	3,877	453	14	4,344
Deferred tax (charged)/credited to profit or loss during the year	(9,876)	(2,761)	638	(11,999)
Deferred tax liabilities at 31 December 2023	65,687	10,972	652	77,311

	As at 31 December 2022		
	Fair value adjustment arising from acquisition of subsidiaries RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 31 December 2022	66,359	9,907	76,266
Exchange realignment	1,531	263	1,794
Deferred tax charged to profit or loss during the year	3,796	3,110	6,906
Deferred tax liabilities at 31 December 2022	71,686	13,280	84,966

31. DEFERRED TAX *(Continued)*

The movements in deferred tax assets during the reporting year before offsetting are as follows: (Continued)

Deferred tax assets

	As at 31 December 2023						
	Impairment provision for assets RMB'000	**Unrealised internal transaction profit RMB'000**	**Tax deductible losses RMB'000**	**Lease liabilities RMB'000**	**Accrued social welfare RMB'000**	**Others RMB'000**	**Total RMB'000**
At 31 December 2022	**1,442**	**20,815**	**4,308**	**13,126**	**565**	**29,025**	**69,281**
Exchange realignment	**24**	**347**	**—**	**459**	**—**	**1,220**	**2,050**
Deferred tax (charged)/credited to profit or loss during the year	**(355)**	**10,515**	**(870)**	**(2,667)**	**(327)**	**(9,860)**	**(3,564)**
Deferred tax assets at 31 December 2023	**1,111**	**31,677**	**3,438**	**10,918**	**238**	**20,385**	**67,767**

	As at 31 December 2022						
	Impairment provision for assets RMB'000	Unrealised internal transaction profit RMB'000	Tax deductible losses RMB'000	Lease liabilities RMB'000	Accrued social welfare RMB'000	Others RMB'000	Total RMB'000
At 31 December 2021	2,428	7,701	4,898	10,307	845	24,562	50,741
Exchange realignment	16	—	—	259	—	819	1,094
Deferred tax (charged)/credited to profit or loss during the year	(1,002)	13,114	(590)	2,560	(280)	3,644	17,446
Deferred tax assets at 31 December 2022	1,442	20,815	4,308	13,126	565	29,025	69,281

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

	2023 RMB'000	2022 RMB'000
Deferred tax assets	**67,767**	69,281
Offset amount	**(10,758)**	(13,015)
Net deferred tax assets	**57,009**	56,266

31. DEFERRED TAX *(Continued)*

	2023 **RMB'000**	2022 RMB'000
Deferred tax liabilities	**77,311**	84,966
Offset amount	**(10,758)**	(13,015)
Net deferred tax liabilities	**66,553**	71,951

Deferred tax assets have not been recognised in respect of the following item:

	2023 **RMB'000**	2022 RMB'000
Aggregated tax losses	**168,352**	90,174

The above tax losses are available for a maximum of five to ten years for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of the above item as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in Chinese Mainland in respect of earnings generated from 1 January 2008. The applicable rate is 5% or 10% for the Group.

At 31 December 2022 and 2023, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Chinese Mainland and European countries. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregated amounts of temporary differences associated with investments in subsidiaries in Chinese Mainland and European countries for which deferred tax liabilities have not been recognised totalled approximately RMB648,026,000 (2022: RMB798,538,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

32. LOAN AT FAIR VALUE THROUGH PROFIT OR LOSS

	Mezzanine facility loan RMB'000
At 1 January 2022	159,099
Changes in fair value	20,956
Foreign exchange differences	2,231
Repayment of the mezzanine facility loan	(182,286)
At 31 December 2022	—

The mezzanine facility loan was borrowed from CS on 22 April 2021 with a maturity date on 22 April 2024. Its annualised internal rate would rise from five percent (5%) to twelve percent (12%) if a recognised initial public offering ("**IPO**") of the Company had not occurred. The Company has designated this mezzanine facility loan from CS as a financial liability at fair value through profit or loss. The loan was guaranteed by Gaush Medicare Ltd., GMC MEDSTAR LIMITED and Mr. Gao Tieta, and pledged by 100% shares of Global Vision Hong Kong Limited, 100% shares of Gaush Medical Limited, 100% shares of GMC Medstar Limited, 100% shares of GMC MEDSTAR LIMITED, 100% shares of Gaush Medicare Ltd. and the Company's DSRA balance in CS amounting to nil (2022: nil) as at 31 December 2023. As security for the mezzanine facility loan, the Company also conditionally assigned the Company's right to receive the repayment of an intercompany loan amounting to EUR25,000,000 from Gaush Medical Limited to CS to secure the mezzanine facility loan. The Group fully prepaid the mezzanine loan in December 2022 after IPO.

33. CONVERTIBLE REDEEMABLE PREFERRED SHARES

Since the date of incorporation, the Company has completed several rounds of financing arrangements by issuing preferred shares. On 12 December 2022, the Company was successfully listed on the Stock Exchange and made an offering of 13,068,600 shares at a price of HKD51.40 per share. All Preferred Shares were converted into ordinary shares upon completion of the IPO on 12 December 2022. The fair value of each Preferred Share after capitalisation issue on the conversion date is the offer price in the global offering. The completion of the successful IPO has triggered the automatic termination of all the special rights granted to the shareholders of Preferred Shares.

The movements of the convertible redeemable preferred shares are set out below:

	Series A Preferred Shares RMB'000	Series B Preferred Shares RMB'000	Total RMB'000
At 31 December 2021 and at 1 January 2022	959,543	700,881	1,660,424
Changes in fair value	241,434	65,992	307,426
Foreign exchange differences	96,766	66,404	163,170
Converted to ordinary shares upon the completion of the IPO	(1,297,743)	(833,277)	(2,131,020)
At 31 December 2022	—	—	—

Changes in fair value of Preferred Shares were recorded in "Fair value changes of convertible redeemable preferred shares". Management considered that fair value changes of the Preferred Shares that are attributable to changes of credit risk of these instruments are not material.

34. SHARE CAPITAL

Shares

Group and Company

	2023	2022
	RMB'000	RMB'000
Issued and fully paid:	**102**	102

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

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

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

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

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

35. OTHER RESERVES

The amounts of the Group's other reserves and the movements therein for the reporting period are presented in the consolidated statements of changes in equity.

(a) Capital reserve

Capital reserve comprises contributions by the shareholders at the respective dates.

(b) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of companies outside Chinese Mainland. The reserve is dealt with in accordance with the accounting policy set out in note 2.4.

36. BUSINESS COMBINATION

Acquisition of IOL Expert GmbH & Co KG.

On 1 September 2023, the Group acquired a 100% equity interest in IOL Expert GmbH & Co KG. (refer to as "**IOL Expert**") at a cash consideration of RMB9,785,000. IOL Expert is a non-listed Germany-based company, 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 in Germany. The Group expected synergy effects for the operational 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 in Germany. The consideration for the acquisition was fully paid at the acquisition date.

The fair values of the identifiable assets and liabilities of IOL Expert as at the date of acquisition were as follows:

	Notes	**Fair value recognised on acquisition RMB'000**
Cash and cash equivalents		**387**
Trade receivables		**478**
Inventories		**3,943**
Intangible assets	16	**3,792**
Trade payables		**(1,015)**
Other payables and accruals		**(13)**
Tax payables		**(317)**
Total identifiable net assets at fair value		**7,255**
Non-controlling interests		**—**
Goodwill on acquisition	15	**2,530**
Satisfied by cash		**9,785**

36. BUSINESS COMBINATIONS *(Continued)*

Acquisition of IOL Expert GmbH & Co KG. *(Continued)*

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration	**(9,785)**
Cash and cash equivalents acquired	**387**
Net outflow of cash and cash equivalents included in cash flows used in investing activities	**(9,398)**

The fair values of the trade receivables at the date of acquisition amounted to RMB478,000. The gross contractual amounts of trade receivables were RMB478,000. All trade receivables are expected to be collectable.

The revenue and profit included in the consolidated statement of profit or loss from the acquisition date to 31 December 2023 contributed by IOL Expert GmbH & Co KG. after eliminating the intra-group sales were RMB2,447,000 (equivalent to EUR319,000) and RMB61,000 (equivalent to EUR8,000), respectively.

There were no right-of-use assets or any other tangible fixed assets identified on this acquisition.

Had the combination of IOL Expert taken place at the beginning of 2023, the revenue of the Group and the profit of the Group for the year ended 31 December 2023 would have been RMB1,414,444,000 and RMB173,643,000, respectively.

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB10,571,000 and RMB10,571,000, respectively, in respect of lease arrangements for plant and equipment (2022: RMB30,806,000 and RMB30,806,000, respectively).

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings RMB'000	Lease liabilities RMB'000
At 1 January 2023	**701,588**	**54,414**
Changes from financing cash flows	**(122,891)**	**(22,268)**
Interest paid from financing cash flows	**(42,272)**	**—**
Addition	**—**	**10,571**
Exchange realignment	**32,747**	**1,863**
Interest expense	**49,390**	**1,216**
At 31 December 2023	**618,562**	**45,796**

	Interest-bearing bank and other borrowings RMB'000	Loan at fair value through profit or loss RMB'000	Lease liabilities RMB'000	Convertible redeemable preferred shares RMB'000
At 1 January 2022	757,798	159,099	44,379	1,660,424
Changes from financing cash flows	(76,300)	(182,286)	(23,625)	—
Interest paid from financing cash flows	(38,822)	—	—	—
Addition	—	—	30,806	—
Change in fair value	—	20,956	—	307,426
Exchange realignment	18,156	2,231	928	163,170
Conversion of convertible redeemable preferred shares to ordinary shares	—	—	—	(2,131,020)
Interest expense	40,756	—	1,926	—
At 31 December 2022	701,588	—	54,414	—

(c) Total cash outflows for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2023 RMB'000	2022 RMB'000
Within operating activities	**902**	825
Within financing activities	**22,268**	23,625
Total	**23,170**	24,450

38. RELATED PARTY TRANSACTIONS

(a) Name and relationship

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

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

38. RELATED PARTY TRANSACTIONS *(Continued)*

(a) Name and relationship *(Continued)*

* Ms.Li Wenqi was appointed as the Executive Director of the Company from 24 August 2023.

** Mr. Alexey Nikolaevich Simonov was appointed as the chief technology officer of the Company from 31 March 2023.

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

(b) Transactions with related parties

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the reporting period.

	Notes	**2023** **RMB'000**	2022 RMB'000
Sales of goods to	(i)		
Entities controlled by Mr. Gao Fan		—	549
		—	549
Sales of services to			
Entities controlled by Mr. Gao Fan		—	1
		—	1
Purchases of products from	(ii)		
Entities controlled by Mr. Gao Fan		—	3
		—	3
Lease payments to			
Mr. Gao Tieta	(iii)	**2,160**	1,440

Notes:

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

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

(iii) The Group entered into certain property leasing agreements with Mr. Gao Tieta, and accordingly recognised lease liabilities of RMB1,440,000 (2022: RMB1,472,000) as at the end of the reporting period. The Group prepaid RMB720,000 to renew the leasing agreement at the end of the reporting period.

38. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Balances with related parties

	Notes	2023 RMB'000	2022 RMB'000
Amounts due from related parties:			
Trade balance			
Mr. Gao Tieta		**100**	100
		100	100
Amounts due to related parties:			
Trade balance			
Mr. Gao Tieta	(i)	**720**	—
		720	—

Notes:

(i) Balances due to Mr. Gao Tieta, are the prepayments for property leasing disclosed in Note38(b)(iii).

(d) Compensation of key management personnel of the Group

	2023 RMB'000	2022 RMB'000
Salaries, other allowances and benefits in kind	**5,347**	3,446
Performance related bonuses	**1,987**	1,657
Pension scheme contributions	**443**	303
Total	**7,777**	5,406

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

39. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2023

Financial assets	Financial assets at amortised cost RMB'000	Financial assets at fair value through profit or loss RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	—	175,602	175,602
Trade receivables	146,543	—	146,543
Financial assets included in prepayments, other receivables and other assets	18,263	—	18,263
Term deposit	38,741	—	38,741
Pledged deposits	7,994	—	7,994
Cash and cash equivalents	618,695	—	618,695
Total	830,236	175,602	1,005,838

Financial liabilities	Financial liabilities at amortised cost RMB'000	Financial liabilities at fair value through profit or loss RMB'000	Total RMB'000
Trade payables	90,564	—	90,564
Derivative financial instruments	—	9	9
Financial liabilities included in other payables and accruals	13,641	—	13,641
Interest-bearing bank and other borrowings	618,562	—	618,562
Lease liabilities	45,796	—	45,796
Total	768,563	9	768,572

39. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2022

Financial assets	Financial assets at amortised cost RMB'000	Financial assets at fair value through profit or loss RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	—	2,095	2,095
Trade receivables	166,397	—	166,397
Cash in transit for investment	90,540	—	90,540
Financial assets included in other receivables and other assets	16,271	—	16,271
Pledged deposits	9,949	—	9,949
Cash and cash equivalents	721,523	—	721,523
Total	1,004,680	2,095	1,006,775

Financial liabilities	Financial liabilities at amortised cost RMB'000	Financial liabilities at fair value through profit or loss RMB'000	Total RMB'000
Trade payables	68,703	—	68,703
Financial liabilities included in other payables	14,581	—	14,581
Interest-bearing bank and other borrowings	701,588	—	701,588
Lease liabilities	54,414	—	54,414
Total	839,286	—	839,286

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	2023 **RMB'000**	2022 RMB'000
Carrying amounts of:		
Non-current portion of interest-bearing bank and other borrowings	**95,293**	569,708
Fair values of:		
Non-current portion of interest-bearing bank and other borrowings	**88,866**	510,588

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

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

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

The fair values of the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2023 was assessed to be insignificant.

The fair value of subscription for investment in private funds have been calculated based on the investment statements provided by the investment management of private funds.

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

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

Assets measured at fair value

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Financial assets at fair value through profit or loss	**—**	**175,602**	**—**	**175,602**

As at 31 December 2022

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

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, pledged deposits, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, interest-bearing bank and other borrowings and convertible redeemable preferred shares. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group is exposed to interest rate risk in relation to cash and cash equivalents and interest-bearing bank and other borrowings. The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise. The Group's interest rate profile as monitored by management is set out in note 29 to the financial statements.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies.

The Group's subsidiaries operate in Chinese Mainland and overseas. And the Group's major operational activities are carried out in Chinese Mainland and a majority of the transactions is denominated in RMB. The Group's confirmed foreign currency assets and liabilities and future foreign currency transactions (foreign currency assets and liabilities and foreign currency transactions are mainly denominated in US dollars and Euro) are subject to foreign exchange risks. The Group's finance department at its headquarters is responsible for monitoring the foreign currency transactions and the scale of foreign currency current assets and current liabilities to minimise foreign exchange risks.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Foreign currency risk *(Continued)*

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the USD, EUR, HKD, CHF and JYP exchange rates, with all other variables held constant, of the Group's loss before tax (due to changes in the fair values of monetary assets and liabilities).

	Increase/ (decrease) In rate %	Increase/ (decrease) in profit/(loss) before tax RMB'000
Year ended 31 December 2023		
If the USD strengthens against the RMB	**5**	**38**
If the USD weakens against the RMB	**(5)**	**(38)**
If the EUR strengthens against the RMB	**5**	**(16,096)**
If the EUR weakens against the RMB	**(5)**	**16,096**
If the HKD strengthens against the RMB	**5**	**2,099**
If the HKD weakens against the RMB	**(5)**	**(2,099)**
If the CHF strengthens against the RMB	**5**	**(220)**
If the CHF weakens against the RMB	**(5)**	**220**
If the JYP strengthens against the RMB	**5**	**(4)**
If the JYP weakens against the RMB	**(5)**	**4**
Year ended 31 December 2022		
If the USD strengthens against the RMB	5	4,373
If the USD weakens against the RMB	(5)	(4,373)
If the EUR strengthens against the RMB	5	1,958
If the EUR weakens against the RMB	(5)	(1,958)
If the HKD strengthens against the RMB	5	3,650
If the HKD weakens against the RMB	(5)	(3,650)
If the JYP strengthens against the RMB	5	(40)
If the JYP weakens against the RMB	(5)	40

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of reporting period. The amounts presented are gross carrying amounts for financial assets.

31 December 2023	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Contract assets*	—	—	—	2,572	2,572
Trade receivables*	—	—	—	151,725	151,725
Financial assets included in prepayments, other receivables and other assets					
– Normal**	18,876	—	—	—	18,876
– Doubtful**	—	—	—	—	—
Pledged deposits					
– Not yet past due	7,994	—	—	—	7,994
Term deposits					
– Not yet past due	38,741	—	—	—	38,741
Cash and cash equivalents					
– Not yet past due	618,695	—	—	—	618,695
Total	684,306	—	—	154,297	838,603

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk *(Continued)*

31 December 2022	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Contract assets*	—	—	—	2,278	2,278
Trade receivables*	—	—	—	171,696	171,696
Financial assets included in prepayments, other receivables and other assets					
– Normal**	17,096	—	—	—	17,096
– Doubtful**	—	—	—	—	—
Pledged deposits					
– Not yet past due	9,949	—	—	—	9,949
Cash and cash equivalents					
– Not yet past due	721,523	—	—	—	721,523
Total	748,568	—	—	173,974	922,542

* For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 20 and 22 to the financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 20 to the financial statements. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by analysis by customer/counterparty and by geographical region and receivable balances are monitored on an ongoing basis.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The maturity profile of the Group's financial liabilities as at the end of each year, based on the contractual undiscounted payments, is as follows:

	As at 31 December 2023			
	Less than 1 year RMB'000	**1 to 5 years RMB'000**	**Over 5 years RMB'000**	**Total RMB'000**
Trade payables	**84,359**	**6,205**	**—**	**90,564**
Other payables	**13,641**	**—**	**—**	**13,641**
Interest-bearing bank and other borrowings	**536,677**	**97,794**	**—**	**634,471**
Derivative financial instruments	**9**	**—**	**—**	**9**
Lease liabilities	**16,724**	**33,140**	**2,512**	**52,376**
Total	**651,410**	**137,139**	**2,512**	**791,061**

	As at 31 December 2022			
	Less than 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Trade payables	68,703	—	—	68,703
Other payables	14,581	—	—	14,581
Interest-bearing bank and other borrowings	173,575	591,257	—	764,832
Lease liabilities	20,800	28,204	5,344	54,348
Total	277,659	619,461	5,344	902,464

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares or debt instruments. No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2023.

42. EVENTS AFTER THE REPORTING PERIOD

It was anticipated that the due date of the outstanding senior loan was 2 February 2024 as disclosed in note 30. Gaush Coöperatief U.A., as the borrower entered into a facility agreement with, among others, a bank, as the lender, pursuant to which Gaush Coöperatief U.A. was granted by the lender a facility of EUR52.5 million. The facility agreement imposes, among others, specific performance obligations on Mr. Gao Tieta, the chairman of the Board, an executive director and a controlling shareholder of the Company.

For the specific performance obligations. A change of control event occurs if, among others: (i) Mr. Gao Tieta is not or ceases to be, directly or indirectly, the single largest beneficial shareholder of the share capital of the Company or does not or ceases to control the Company; or (ii) any persons acting in concert hold or beneficially own, directly or indirectly, an aggregate percentage of the share capital of the Company that is equal to or greater than the percentage of the share capital of the Company that is beneficially owned, directly or indirectly, by Mr. Gao Tieta. If a change of control event as abovementioned occurs: (i) the lender shall not be obliged to fund a utilisation of the facility; and (ii) the lender shall, by not less than three days' notice to the borrower, cancel the available commitment under the facility agreement and declare all outstanding loans made under the facility agreement, together with accrued interest, and all other amounts accrued or outstanding under the related finance documents shall become immediately due and payable; unless the borrower cures such event in accordance with the facility agreement by providing security deposit, prepayment of the whole or any part of the facility or any other means approved by the lender within a specific period. More details were disclosed in the Company's announcement on 2 February 2024.

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**33,856**	33,856
Total non-current assets	**33,856**	33,856
CURRENT ASSETS		
Other receivables due from subsidiaries	**783,841**	738,166
Financial assets at fair value through profit or loss	**2,183**	2,095
Cash and cash equivalents	**1,776**	54,972
Term deposit	**38,741**	—
Total current assets	**826,541**	795,233
CURRENT LIABILITIES		
Trade payables	**4,628**	6,447
Other payables due to subsidiaries	**313**	340
Total current liabilities	**4,941**	6,787
NET CURRENT ASSETS	**821,600**	788,446
TOTAL ASSETS LESS CURRENT LIABILITIES	**855,456**	822,302
NON-CURRENT LIABILITIES	**—**	—
Total non-current liabilities	**—**	—
Net assets	**855,456**	822,302
EQUITY		
Share capital	**102**	102
Other reserves	**855,354**	822,200
Total equity	**855,456**	822,302

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

A summary of the Company's reserves is as follows:

	Share capital RMB'000	Capital reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2022	65	(368,095)	(751,175)	(1,119,205)
Total comprehensive loss for the year	—	—	(508,559)	(508,559)
Issue of shares	5	327,795	—	327,800
Shares repurchased	—	(8,754)	—	(8,754)
Conversion of convertible redeemable preferred shares to ordinary shares	32	2,130,988	—	2,131,020
As 31 December 2022	102	2,081,934	(1,259,734)	822,302

	Share capital RMB'000	**Capital reserve RMB'000**	**Accumulated losses RMB'000**	**Total RMB'000**
At 1 January 2023	**102**	**2,081,934**	**(1,259,734)**	**822,302**
Total comprehensive income for the year	**—**	**—**	**31,606**	**31,606**
Issue of shares	**—**	**1,548**	**—**	**1,548**
As 31 December 2023	**102**	**2,083,482**	**(1,228,128)**	**855,456**

44. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 March 2024.

Financial Summary

	For the year ended December 31,				
	2023	2022	2021	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Operating results					
Revenue	**1,406,238**	1,253,785	1,298,218	962,075	1,106,655
Gross profit	**691,600**	625,338	609,471	436,177	463,345
Profit/(Loss) before tax	**247,735**	(275,094)	(137,964)	149,155	2,149
Profit/(Loss) for the year	**172,914**	(352,712)	(191,571)	98,538	(38,026)
Adjusted net profit (non-IFRS measure)(1)	**N/A**	157,340	171,319	118,004	144,674
Profitability					
Gross profit margin	**49.2%**	49.9%	46.9%	45.3%	41.9%
Net profit/(loss) margin	**12.3%**	(28.1)%	(14.8)%	10.2%	(3.4)%
Adjusted net profit margin(2)	**N/A**	12.5%	13.2%	12.3%	13.0%

	As of December 31,				
	2023	2022	2021	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial Position					
Total current assets	**1,390,836**	1,326,334	1,089,781	749,037	947,199
Total current liabilities	**891,667**	492,623	441,235	1,280,500	406,977
Total non-current assets	**1,452,881**	1,391,756	1,336,888	1,486,739	81,838
Total non-current liabilities	**255,064**	738,782	2,618,805	907,466	691,845
Net (liabilities)/assets	**1,696,986**	1,486,685	(633,371)	47,810	(69,785)
Cash and cash equivalents	**618,695**	721,523	608,996	307,490	332,762

Note:

(1) Adjustments to the net loss for the year ended December 31, 2022 include: (i) fair value losses on Preferred Shares of RMB307.4 million; (ii) foreign exchange losses on Preferred Shares of RMB163.2 million; and (iii) listing expenses of RMB39.5 million. Given that Preferred Shares have been converted into ordinary shares of the Company upon Listing, the Company would not record fair value losses and foreign exchange losses on Preferred Shares after the Listing. Moreover, the listing expenses are expenses relating to the Global Offering.

(2) Non-IFRS adjusted net profit margin was calculated based on adjusted net profit divided by revenue.

"AGM"	annual general meeting of the Company
"Articles of Association"	sixth amended and restated memorandum and articles of association of the Company conditionally adopted on November 11, 2022 with effect from the Listing Date, as amended from time to time
"associates"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Company
"Board" or "Board of Directors"	the board of directors of the Company
"Bridge Facility Loan"	the secured loan granted by Credit Suisse to Gaush Netherlands pursuant to a bridge facility agreement of EUR100 million dated December 18, 2020 to partially finance the acquisition of Teleon
"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"	People's Republic of China, but for the purpose of this annual report and for geographical reference only and except where the context requires otherwise, references in this annual report to "China" and the "PRC" do not include Hong Kong, Macau and Taiwan
"Class III hospitals"	a top-level hospital in China, as China's hospitals are categorized as Class I hospitals, Class II hospitals and Class III hospitals according to, among other factors, the hospital's size, technical level, medical equipment, management expertise and service quality, and Class III hospitals are at the highest level
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Companies Act"	the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modifies from time to time
"Companies Ordinance"	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Company"	Gaush Meditech Ltd 高视医疗科技有限公司, an exempted company incorporated under the laws of the Cayman Islands with limited liability on November 1, 2017, the Shares of which are listed on the Main Board of the Stock Exchange

"Controlling Shareholder(s)"	has the meaning ascribed thereto in the Listing Rules and unless the context requires otherwise, refers to Mr. Gao Tieta and GT HoldCo
"Credit Suisse"	Credit Suisse AG, Singapore Branch which is the Singapore branch of Credit Suisse AG, an international financial services firm incorporated in Switzerland
"CRO"	a contract research organization that provides support to the pharmaceutical, biotechnology and medical device industries in the form of research services outsourced on a contract basis
"Cuprite Gem"	Cuprite Gem Investments Ltd, an exempted company incorporated under the laws of Cayman Islands with limited liability on August 24, 2020, further details of which are set out in "History, Reorganization and Development — Pre-IPO Investments — Information on the Pre-IPO Investors" of the Prospectus
"Director(s)"	the director(s) of the Company
"Distribution Products"	products of the brand partners which the Group distributes
"ESG"	Environmental, Social and Governance
"EUR" or "Euro"	the lawful currency of the European Union
"Gaush BVI"	Gaush Medicare Ltd, a British Virgin Islands business company duly incorporated under the laws of the British Virgin Islands on November 8, 2017 and a wholly-owned subsidiary of the Company
"Gaush Germany"	Gaush Europe GmbH, a limited liability company (Gesellschaft mit beschränkter Haftung) duly incorporated under the laws of Germany which was founded with its first entry in the commercial register on January 21, 2020 and an indirect wholly-owned subsidiary of the Company
"Gaush HK"	Gaush Medical Limited (高視醫療投資有限公司), a company duly incorporated and validly existing under the laws of Hong Kong on November 15, 2017 and an indirect wholly-owned subsidiary of the Company
"Gaush Medical Corporation"	Gaush Medical Corporation* (高視醫療科技集團有限公司), a company with limited liability incorporated under the laws of the PRC on May 25, 2016 and an indirect wholly-owned subsidiary of the Company
"Gaush Medical Service"	Gaush Medical Service Ltd* (天津高視醫療技術服務有限公司), a company with limited liability incorporated under the laws of the PRC on May 13, 2019 and an indirect wholly-owned subsidiary of the Company
"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 Technology"	Gaush Technology Ltd* (上海高視醫療技術有限公司), a company with limited liability incorporated under the laws of the PRC on February 23, 2016 and an indirect wholly-owned subsidiary of the Company
"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
"Global Vision Corporation"	Global Vision Corporation* (北京高視遠望科技有限責任公司), a company with limited liability incorporated under the laws of the PRC on August 27, 1998 and an indirect wholly-owned subsidiary of the Company
"GMC BVI"	GMC MEDSTAR LIMITED, a company duly incorporated under the laws of the British Virgin Islands on June 21, 2017 and a direct wholly-owned subsidiary of the Company
"GMC HK"	GMC Medstar Limited, a company duly incorporated and validly existing under the laws of Hong Kong and an indirect wholly-owned subsidiary of the Company
"GMC IV"	GMC FOUR Ltd, a company duly incorporated under the laws of the British Virgin Islands on October 27, 2017 which was owned as to 74.42% by Zhang Jianjun, 12.79% by Gao Feng, 7.67% by Wang Cheng and 5.12% by Wu Hui
"GMC Teleon"	GMC Teleon Ltd, a company duly incorporated under the laws of the British Virgin Islands on May 18, 2021 which was owned as to 62.22% by Liu Xinwei, 33.33% by Zhang Jianjun, 2.00% by Mark Lansu, 1.11% by Hendrik Ligt, 1.11% by Rik Renssen and 0.23% by Alexey Simonov
"GMC V"	GMC FIVE Ltd, a company duly incorporated under the laws of the British Virgin Islands on October 27, 2017 which was owned as to 66.67% by Gao Jinta and 33.33% by Zhao Xinli

"Group" or "Gaush Meditech"	the Company and all of its subsidiaries or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)
"GT HoldCo"	GAUSH HOLDING Ltd, a company duly incorporated under the laws of the British Virgin Islands on October 27, 2017 which was wholly-owned by Gao Tieta
"HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IAS"	International Accounting Standard
"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 annual report
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange on December 12, 2022
"Listing Date"	December 12, 2022
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
"Mingwang Medical"	Mingwang Medical Ltd.* (上海高視明望醫療器械有限公司), a company with limited liability incorporated under the laws of the PRC on November 10, 2009 and an indirect wholly-owned subsidiary of the Company
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules
"NEEQ"	the National Equities Exchange and Quotations, a PRC over-the-counter system for trading shares of public companies
"NMPA"	National Medical Products Administration (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局)
"Nomination Committee"	the nomination committee of the Company

"OrbiMed Asia"	Orbimed Asia Partners III, L.P., an exempted limited partnership registered under the laws of the Cayman Islands on June 10, 2013, further details of which are set out in "History, Reorganization and Development — Pre-IPO Investments — Information on the Pre-IPO Investors" of the Prospectus
"OK-Lens"	orthokeratology lenses, also known as orthokeratology, is a nonsurgical 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
"Remuneration Committee"	the remuneration committee of the Company
"Reporting Period"	for the year ended 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
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary shares in the share capital of the Company with a par value of US$0.0001 each
"Shareholder(s)"	holder(s) of the Share(s)

"Shenzhen Gaush Technology"	Shenzhen Gaush Technology Limited* (深圳高視科技有限公司), a company with limited liability incorporated under the laws of the PRC on January 6, 2022 and an indirect wholly-owned subsidiary of the Company
"SMILE"	Small Incision Lenticule Extraction, a type of laser based refractive eye surgery used to correct myopia, and astigmatism, which involves in cleaving a thin lenticule from the corneal stroma and has specific requirements for corneal thickness
"Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"subsidiary(ies)"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Suzhou Gaush Clear"	Gaush Clear Ltd* (蘇州高視高清醫療技術有限公司), a company with limited liability incorporated under the laws of the PRC on February 24, 2021 and an indirect subsidiary of the Company which it holds 80.00% equity interest
"Suzhou Gaush Precision"	Gaush Precision Ltd* (高視精密醫療器械（蘇州）有限公司), a company with limited liability incorporated under the laws of the PRC on May 10, 2018 and an indirect subsidiary of the Company which it holds 85.00% equity interest
"Teleon"	collectively, Teleon Holding B.V., Teleon Surgical B.V., Teleon IP B.V., Teleon Surgical Vertriebs GmbH and Teleon Surgical GmbH
"United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US dollars", "USD" or "US$"	United States dollars, the lawful currency of the United States
"vitreoretinal diseases"	diseases that develop from the back surface of the eye and the vitreous fluid around it, with the most representative vitreoretinal diseases being wet age-related macular degeneration (wAMD), diabetic macular edema (DME), retinal vein occlusion (RVO) and myopic choroidal neovascularization (mCNV)
"we", "us" or "our"	the Company or the Group, as the context requires
"%"	per cent

* *For identification purposes only*