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

ANNUAL REPORT 2024

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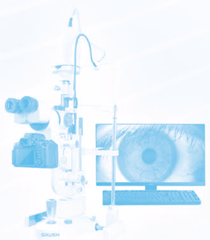

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Company Profile

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 comprises 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

Non-executive Director

Dr. David Guowei Wang

Independent Non-executive Directors

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

JOINT COMPANY SECRETARIES

Mr. Zhang Bo
Ms. Leung Shui Bing *(ACG, HKACG)*

AUTHORIZED REPRESENTATIVES

Mr. Gao Tieta
Mr. Liu Xinwei

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
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PRINCIPAL BANKS

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STOCK CODE

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COMPANY'S WEBSITE

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Financial Highlights

For the year ended December 31, 2024, the Group recorded the following key financial results:

- Revenue of the Group was RMB1,428.4 million for the year ended December 31, 2024, representing an increase of 1.6% as compared to the revenue of RMB1,406.2 million for the year ended December 31, 2023.
- Net profit of the Group was RMB88.5 million for the year ended December 31, 2024, representing a decrease of 48.8% as compared to the net profit of RMB172.9 million recorded in 2023.
- The Group's basic earnings per Share was RMB0.63 for the year ended December 31, 2024, as compared to the basic earnings per Share of RMB1.17 for the year ended December 31, 2023.
- The Board recommended the payment of a final dividend of HK$0.3 per Share for the year ended December 31, 2024 (2023: HK$1.1 per Share). The final dividend is subject to the approval of the Shareholders at the forthcoming AGM to be held on Thursday, May 29, 2025 and is expected to be paid on Friday, July 25, 2025 to the Shareholders whose names appear on the register of members of the Company as of Friday, June 27, 2025.

Chairman's Statement

Dear long-time and new 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 report of the Group for the year ended December 31, 2024.

In 2024, the medical device industry is characterized by innovation-driven, digitalization, and accelerated advancements in intelligence. In terms of medical equipment, high-end devices featuring intelligence, remote capabilities, precision, and multi-modal integration have become the key focus of development. In terms of medical consumables, against the backdrop of the ongoing national procurement policy for intraocular lenses, we have proactively responded by optimizing production processes, strengthening cost control, improving product quality, and maintaining a competitive edge in the fiercely competitive market through economies of scale and refined management. In 2024, China introduced a series of policies and regulations to encourage innovation and enhance supervision in the medical device sector, providing strong support for the industry's development. Throughout the year, amid a complex and volatile market environment and intense competition, the entire staff of the Group worked together to achieve significant progress in several key areas, gaining valuable experience and laying a solid foundation for future development.

In 2024, the Company adhered to its innovation-driven development strategy and continued to increase resource investment in R&D and production, comprehensively optimizing and expanding its proprietary product pipeline, achieving breakthrough in several key R&D projects and laying a solid foundation for advancing further development and fostering a new pattern in the future. At present, the Group (i) has successfully obtained registration certificates for three domestically developed mono-focal intraocular lenses and launched them on the market, and is dedicated to R&D of high-end domestic intraocular lenses; (ii) has obtained registration certificates for a new generation of dry eye examination products independently produced and officially launched them on the market; (iii) has passed the registration process for innovative products for the independently developed corneal confocal microscopes and recently obtained the registration certificate; (iv) has completed follow-up evaluations for its independently developed OK-Lens, and is expected to obtain product registration certificate by the end of 2025 or early 2026; and (v) further, Teleon (Teleon Surgical B.V.), a wholly-owned subsidiary of the Company, has reached an important milestone in the transition from Medical Device Directive ("**MDD**") to Medical Device Regulation ("**MDR**") and received the European Union MDR CE certificate for the independently developed hydrophilic acrylic intraocular lens (IOL) portfolio by the notified body. As the industry embraces intelligence and automation vigorously, the Company is actively advancing technological upgrades in two critical areas: For diagnostic equipment, it is advancing the application of artificial intelligence (AI) powered screening solutions; for surgical consumables, it is developing the advanced manufacturing technology of industrial robotics based on intelligent machine tools.

In 2024, amidst the complex and volatile industry dynamics, the Company strategically focused on upstream partnerships, continuously optimized its cooperation models, and persistently explored innovative pathways. By proactively embracing change and actively adapting to industry trends, it advanced steadily through dynamic adjustments. During the Reporting Period, the Group cooperated with 18 overseas brand partners, 16 of which had entered into exclusive distribution arrangements with the Group for their products, including Sometech Inc., a Korean company and new exclusive partner, further enriching the Group's product portfolio, not only providing the Group with diversified product choices, but also significantly enhancing its risk resistance ability of the overall business, enabling the Group to gain a more favorable position in the market competition. During the Reporting Period, the Company actively organized and engaged in a number of offline market activities to foster stronger customer loyalty and boost the brand's influence. Moreover, the Company's technical service team continued to upgrade product technology and enhance customer satisfaction through high-frequency visits and checks, with a total of over 26,000 service visits during the Reporting Period. By continuously optimizing service processes, the Company improved equipment repair response times and shortened failure cycles, consistently delivering professional, fast, and timely high-quality support.

Looking ahead, the ophthalmic medical device industry is gaining strong momentum and offers a promising outlook. As China's aging process accelerates, the prevalence of eye diseases among the elderly is rising, and the number of ophthalmology patients continues to grow, driving enormous demand to the ophthalmic medical device industry. At the same time, as people's life quality improves, growing demands for high-end healthcare services stimulate strong demands for high-end medical devices, powerfully driving industry innovation and progress. On the policy front, the government strongly supports the development of the medical and healthcare industry and has introduced a series of favorable policies to encourage the R&D and innovation of ophthalmic medical devices. Driven by multiple factors such as rising demand, market expansion, policy support, and the prominence of personalized needs, the domestic ophthalmic medical device industry is set to experience unprecedented growth, and the Company will continue to enhance its technological capabilities to bring light and hope to more patients.

In 2025, 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 advantages 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.

As the seasons change, new chapters are written. In the new year, the Group embarks on a new journey with enthusiasm. Upholding the philosophy of "Work Together for Mutual Benefit" and the mission of "Technology Creates a Bright Vision", we are determined to move forward, stay focused on long-term sustainable development, and continue to innovate, delivering even more impressive value and limitless possibilities for our Shareholders, investors, and stakeholders.

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

March 26, 2025

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 December 31, 2024, the Group has a "Global 4+2" R&D layout, with several R&D and production platforms in four cities in the PRC, namely Shenzhen, Suzhou, Wuxi and Wenzhou, and two R&D and production platforms overseas in the Netherlands and Germany. At the same time, the Group has a sales network covering over 50 countries and regions around the world, and has 133 engineers in Greater China which makes the Group capable of providing 7*24 hours technical support services for its equipment.

As of December 31, 2024, the Group (i) had a product portfolio of 170 products in total, including 69 Proprietary Products, further enriching the portfolio of the Proprietary Products; (ii) co-operated with 18 overseas brand partners, 16 of which had entered into exclusive distribution arrangements with the Group in respect of their products, including Heidelberg, Schwind and Optos, among which Sometech Inc., a Korean company, was added as the exclusive partner during the Reporting Period; (iii) had its products sold to over 50 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 and achieved a number of significant progress. For instance, the Company has obtained a product registration certificate for each of the three domestic monofocal intraocular lens developed in-house; the Company has also successfully obtained the medical device registration certificates for two diagnostic devices for dry eyes, namely Gaush iDea FOS, a dry eye detector, and Gaush iDea Topo, a detector for dry eye and corneal topography, both developed in-house; furthermore, the corneal confocal microscopy independently developed by the Company has completed the registration process for innovative products and obtained registration certificates ; and (v) generated revenue from sales of ophthalmic medical consumables of RMB530.3 million and generated revenue from technical services of RMB226.5 million during the Reporting Period, both reaching a record-high level.

For the year ended December 31, 2024, the revenue of the Group was RMB1,428.4 million, representing an increase of 1.6% as compared with the previous year. For the year ended December 31, 2024, the gross profit of the Group was RMB663.4 million, representing a decrease of 4.1% 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,	
	2024	2023
	(RMB'000)	(RMB'000)
Sales of ophthalmic medical equipment	**664,878**	680,271
Sales of ophthalmic medical consumables	**530,257**	510,496
Technical services	**226,458**	209,234
Others	**6,804**	6,237
Total	**1,428,397**	1,406,238

Products of the Group

As of December 31, 2024, the Group had a product portfolio of 170 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, 2024, the revenue contribution of the Group's Proprietary Products amounted to RMB375.8 million, representing a decrease of 1.6% as compared with the revenue contribution of the Proprietary Products of RMB381.9 million in 2023. For the year ended December 31, 2024, the revenue contribution of the Group's intraocular lens under the Proprietary Products amounted to RMB316.9 million, representing a year-on-year increase of 1.3%.

Distribution Products

As of December 31, 2024, the Group had co-operated with 18 overseas brand partners, 16 of which had entered into exclusive distribution arrangements with the Group, including Heidelberg, Schwind and Optos, among which Sometech Inc., a Korean company, was added as the exclusive partner during the Reporting Period. As of December 31, 2024, the revenue contribution of the Group's Distribution Products amounted to RMB819.3 million, representing an increase of 1.3% as compared with the revenue from the Distribution Products of RMB808.9 million in 2023.

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, 2024, the Group has a technical service team comprising 133 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, ensuring that the Group quickly provides 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, 2024, the revenue contribution of the Group's technical services amounted to RMB226.5 million, representing a year-on-year increase of 8.3%.

The Group's R&D Line-up

As of December 31, 2024, the Group had a "Global 4+2" R&D layout and a total of 265 R&D and production personnel, accounting for approximately 30.0% 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 10,000 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 bases are located in four cities, namely Shenzhen, Suzhou, Wuxi and Wenzhou, and its overseas R&D and production bases are located in the Netherlands and Germany. During the Reporting Period, the Group's research and development expenses amounted to RMB78.4 million, accounting for 20.9% of the revenue from the Proprietary Products, which was mainly due to the continuous increasing investment of the Group in R&D projects to strengthen its independent innovation capabilities to ensure the competitiveness of mid-to-long-term development in close alignment with the national strategic deployment.

Shenzhen Base: It mainly focuses on the layout of products such as domestic intraocular lens, myopic intraocular lens, ophthalmic electrophysiological equipment and systematic and intraoperative consumables for vitrectomy. In particular, the Company has obtained a product registration certificate for each of the three domestic monofocal intraocular lens developed in-house and a medical device registration certificate for an intraocular lens implant system during the Reporting Period. The Company will continue to promote the R&D and registration for domestic high-end intraocular lens. In addition, the Company conducted a process validation of myopic intraocular lens, with favorable results, and advanced the product registration of its ophthalmic electrophysiological equipment.

Suzhou Base: It consists of two R&D and production platforms, mainly focusing on the layout of products such as OK-Lens, defocusing lens, RGP and ophthalmic scalpels. Among them, the defocusing lenses independently developed and produced by the Group have been launched for sale, synchronized with the real-world research. The follow-up of OK-Lens has completed. It is expected to receive the product registration certificate of the OK-Lens by the end of 2025 or early 2026. At the same time, the Company initiates the product registration of the OK-Lens for the overseas markets.

Wenzhou Base: It has product registration certificates for the self-developed fundus photographic imaging machines, digital slit lamp microscopes, contrast sensitivity detectors, retinal vision testers and corneal topography. In particular, the Company continued to promote the product registration of optical biometer during the Reporting Period and is expected to obtain the product registration certificate in 2025; meanwhile, it initiated the in-house research and development of slit lamp products with dry eye diagnostic modules.

Wuxi Base: Efforts were mainly focused on its own branded diagnostic devices, as well as the domestication of surgical devices and consumables. During the Reporting Period, the Company has successfully obtained the medical device registration certificates for two diagnostic devices, namely Gaush iDea FOS, a dry eye detector, and Gaush iDea Topo, a detector for dry eye and corneal topography, both developed in-house, and has officially launched the products for sale. Furthermore, the corneal confocal microscopy independently developed by the Company has recently passed the registration process and obtained the product registration certificate for innovative products. Registration of fundus cameras and other products will be pursued in the future.

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 offering products that best suit their needs and circumstances and creating value for the customers. During the Reporting Period, the Group co-operated with 18 overseas brand partners, of which 16 had entered into exclusive distribution arrangements with the Group to distribute their products, including Heidelberg, Schwind and Optos, among which Sometech Inc., a Korean company, was added as the exclusive partner. The Group was authorized in March 2024 to be the exclusive partner of Sometech Inc. in Mainland China in respect of the distribution of 3D 4K digital surgical microscope for ophthalmology, with product models 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.

In March 2025, Femtosecond Laser (scope of application: creation of corneal flap in femtosecond laser-assisted in situ keratomileusis (Femto-LASIK)) and its supporting Patient Interface for SCHWIND ATOS launched by SCHWIND eye-tech-solutions GmbH, an important upstream partner represented by the Company, obtained the medical device registration certificate approved by the NMPA. In the same month, ANTERION (three-in-one anterior segment multimodal imaging diagnostic platform) launched by Heidelberg Engineering GmbH ("**Heidelberg**"), an important upstream partner represented by the Company, obtained the medical device registration certificate approved by the NMPA.

Overseas Business Expansion

During the Reporting Period, the Company actively hosted an extensive array of on-site exhibitions and summits around the world. Distributors from different countries and regions and over 100 KOLs 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. In the meantime, the Company actively and vigorously promotes the registration of products in new countries and regions to expand a wider market presence. Further, in March 2025, Teleon Surgical B.V., a wholly-owned subsidiary of the Company, has reached an important milestone in the transition from MDD to MDR and received the MDR CE certificate for the self-developed hydrophilic acrylic intraocular lens (IOL) portfolio by the notified body. This approval is an important step towards full MDR CE certification of the entire portfolio based on the hydrophilic materials self-developed by the Company, which is conducive to further cost reductions and long-term supply security of raw material, and is a testament to the relentless dedication, expertise, and perseverance of the entire team of the Company.

The Group has sold products of Teleon to 52 countries and regions and sold products of Roland to 33 countries and regions.

Marketing

During the Reporting Period, the Group organized to hold various offline marketing activities, covering sub-specialty application areas such as fundus and anterior segment examination and diagnosis, dry eye examination and therapy, fundus laser therapy, excimer laser surgery for glaucoma and refractive issues, cataract surgical treatment and optometry. The products involved included the Group's own brands, such as Teleon's intraocular lenses, Roland's electrophysiological equipment, and Gaush's precision ophthalmic surgical instruments, 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) Gaush Ophthalmology Era Symposium (高視眼暢會) brand conferences were continuously hosted, and the Group's overall presence in the ophthalmic medical field was enhanced at influential academic platforms including Academic Conference on Cataract and Refractive Surgery, China Retina Forum and Congress of Chinese Ophthalmological Society; (ii) Geuder Family seminars were designed to engage leading ophthalmic institutions, regional benchmark hospitals and global conferences through a multi-layered strategy and collaborate with renowned KOLs to delve into core areas such as ultrasonic phacoemulsification and vitrectomy technologies; (iii) capitalizing on the technological edge of its flagship product, "EasyRet", the Company partnered with several public hospitals and corporate clients to launch "Subliminal by Fiber Laser Demonstration Centers"; (iv) Gaush Teleon Refractive Cataract Roadshow Seminars were hosted across multiple regions to strengthen the regional competitiveness of Gaush Teleon's proprietary brand; (v) more than 20 Gaush iDea Roundtable Meetings were hosted across various provinces to boost the brand's regional influence and foster stronger customer loyalty; and (vi) the 7th Gaush Optos Ultra-widefield Fundus Imaging Competition, bringing together an elite panel of judges, showcasing diverse submissions and covering a variety of pathologies, boosted the brand reputation of Optos, deepened the recognition of experts of super authority for its ultra-widefield imaging capabilities and filled experts with confidence and expectations for its future.

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 60,000 registered users and has recorded more than 1,000,000 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 in R&D, enhance the cooperation with upstream business partners, efficiently promote the domestic layout and thereby increase the proportion of revenue contribution from the Proprietary Products;

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

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

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

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

FINANCIAL REVIEW

Revenue

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

The Group's revenue increased by 1.6% from RMB1,406.2 million for the year ended December 31, 2023 to RMB1,428.4 million for the year ended December 31, 2024. Despite the challenging global economic climate, the Group's revenue was able to maintain a certain growth mainly due to the coordinated development of the international and domestic markets. During the Reporting Period, by leveraging its well-established sales channel, better pre-sales support and after-sales services, excellent market promotion and product portfolio strategy, the Group positively expanded its sales territory, and the revenue achieved a notable increase in the second half of 2024 as compared to the first half of 2024, leading to revenue remaining stable for the year ended December 31, 2024 as compared to the previous year.

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,	
	2024	2023
	(RMB'000)	(RMB'000)
Distribution Products	**819,321**	808,910
Proprietary Products	**375,814**	381,857
Total	**1,195,135**	1,190,767

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 7.1% from RMB714.6 million for the year ended December 31, 2023 to RMB765.0 million for the year ended December 31, 2024. During the Reporting Period, the increase in the cost of sales of the Group slightly outpaced the increase in revenue, primarily due to the increase in the cost of raw materials of the Proprietary Products, the rising purchase price of the imported Distribution Products and the changes in the portfolio of Distribution Products.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by 4.1% from RMB691.6 million for the year ended December 31, 2023 to RMB663.4 million for the year ended December 31, 2024. The Group's gross profit margin decreased from 49.2% for the year ended December 31, 2023 to 46.4% for the year ended December 31, 2024. Such decrease was mainly due to (i) the impact of exchange rate fluctuations, which resulted in higher purchase cost for importing Distribution Products; and (ii) the significant decrease in unit selling prices of the Group's Proprietary Products, intraocular lens, which started to implement the national procurement prices in 2024.

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; and (iii) investment income and gains from financial products at fair value through profit or loss.

The Group's other income and gains decreased by 41.3% from RMB45.0 million for the year ended December 31, 2023 to RMB26.4 million for the year ended December 31, 2024. This was mainly due to the impact of exchange rate fluctuations. During the Reporting Period, Euro remained at a high level, while the US dollars strengthened. The changes in the exchange rate of RMB against foreign currencies resulted in a foreign exchange loss of RMB5.7 million for the year ended December 31, 2024, as compared to the foreign exchange gains of RMB15.6 million of previous year.

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 decreased by 6.4% from RMB248.8 million for the year ended December 31, 2023 to RMB232.9 million for the year ended December 31, 2024, which was primarily attributable to the proactive optimisation of promotional strategies and the expansion of direct sales channels by the overseas subsidiaries of the Group, resulting in a decrease in marketing and promotion expenses.

As a percentage of revenue, the selling and distribution expenses decreased from 17.7% for the year ended December 31, 2023 to 16.3% for the year ended December 31, 2024.

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 increased by 12.4% from RMB129.4 million for the year ended December 31, 2023 to RMB145.5 million for the year ended December 31, 2024. This was mainly due to the Group's introduction of a professional management team during the Reporting Period to coordinate relevant R&D projects, with the aim of further strengthening R&D synergies between its domestic and overseas business segments, enhancing overall innovation capabilities, and improving market competitiveness, which resulted in an increase in personnel costs and travel expenses.

Finance Costs

During the Reporting Period, the Group's finance costs primarily consisted of interest expenses on bank and other borrowings and lease liabilities. The Group's finance costs decreased by 27.5% from RMB50.6 million for the year ended December 31, 2023 to RMB36.7 million for the year ended December 31, 2024. This was mainly due to the fact that the Group repaid an amount of EUR12.125 million of the Vendor Loan and an amount of EUR1.05 million of China Minsheng Bank loan respectively during the Reporting Period, as well as a lower consolidated lending rate through loan replacement executed in February 2024, resulting in a decrease in interest expenses.

Research and Development Expenses

The Group closely followed the national strategic deployment, continuously increased investment in R&D projects, and strengthened independent innovation capabilities to ensure mid-to-long-term competitiveness. During the Reporting Period, the Group's research and development expenses increased by 48.2% from RMB52.9 million for the year ended December 31, 2023 to RMB78.4 million for the year ended December 31, 2024. This was mainly due to the continuous expansion of the Group's R&D team and the increased investment in the domestic R&D of relevant products. During the Reporting Period, Gaush Neotech completed the domestic R&D of relevant dry eye treatment devices and successfully obtained the relevant medical device registration certificates. Gaush Teleon continued to conduct its domestic R&D and production for intraocular lens, while Gaush Tech started the domestic R&D projects of Geuder consumables and ophthalmic electrophysiological consumables. Suzhou Gaush Clear increased its investment in the R&D of consumer optometry products. 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.

Other Expenses

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

The Group's other expenses increased significantly from RMB7.2 million for the year ended December 31, 2023 to RMB41.0 million for the year ended December 31, 2024. This was mainly due to (i) the provision for impairment of goodwill arising from subsidiaries acquired previously (please refer to Note 15 to the consolidated financial statements for details), and (ii) the increase in exchange losses relating to payables denominated in foreign currencies due to the fluctuation in foreign exchange rates.

Income Tax Expenses

The Group's income tax expenses decreased from RMB74.8 million for the year ended December 31, 2023 to RMB66.8 million for the year ended December 31, 2024, which was mainly due to a decrease in pre-tax profit during the Reporting Period.

Profit for the Year

For the foregoing reasons, the Group recorded a net profit of RMB88.5 million for the year ended December 31, 2024, as compared to a net profit of RMB172.9 million recorded for the year ended December 31, 2023.

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 decreased from RMB175.6 million as of December 31, 2023 to RMB97.7 million as of December 31, 2024. The relevant redemption plan was driven by the Group's ongoing efforts to improve capital management efficiency, actively seek high-return investment opportunities, and ensure the stable working capital for the Company's daily operations.

As of December 31, 2024, the Group's financial assets at fair value through profit or loss mainly include a private fund with a fair value of RMB97.6 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 balance of inventories of the Group remained relatively stable as of December 31, 2023 and December 31, 2024, amounting to RMB328.5 million and RMB334.4 million, respectively.

The Group's inventory turnover days remained relatively stable at 159 days and 163 days in 2023 and 2024, 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 increased by 12.7% from RMB151.7 million as of December 31, 2023 to RMB170.9 million as of December 31, 2024. This was mainly due to the increase in the balance of trade receivables as a result of the change in the customer structure, which led to an increase in the orders sold directly to end hospitals in 2024, whose settlement is usually on a payment after delivery basis.

The Group's trade receivable turnover days remained relatively stable at 42 days and 41 days in 2023 and 2024, respectively. 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 decreased by 22.4% from RMB90.6 million as of December 31, 2023 to RMB70.3 million as of December 31, 2024. The fluctuation was primarily as a result of the Group's payments made in accordance with procurement plans and payment schedules stipulated by suppliers.

The Group's trade payable turnover days in 2023 and 2024 were 41 days and 38 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 47.4% from RMB110.8 million as of December 31, 2023 to RMB163.3 million as of December 31, 2024, primarily due to (i) the Group's subsidiaries in Hong Kong and the Netherlands being required to pay advance payment of income tax according to the requirements of the local tax bureau, resulting in an increase in advance payment of income tax during the Reporting Period based on tax payment notices; and (ii) the increase in deductible import value-added tax as the Group increased the stock of imported proprietary intraocular lens 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, among others, Teleon and Roland, of which, the carrying amounts of Roland and Teleon asset group were denominated in Euro. The Group's goodwill decreased by 5.3% from RMB961.4 million as of December 31, 2023 to RMB910.5 million as of December 31, 2024. This was mainly attributable to (i) the effect of fluctuation of exchange rate between RMB and Euro; and (ii) the Group plans to adjust its strategic direction for electrophysiological products and optometric products as a result of changes in market demand and competitive pressures. As part of this adjustment and following prudent consideration of the recent operational performance of the Company's subsidiaries, such as Roland and Gaush Medica Ltd.* (寧波高斯醫療科技有限公司), as well as management's expectations for the future market, the Group provided an impairment provision for goodwill recorded in the relevant cash-generating units during the Reporting Period, which amounted to approximately RMB23.3 million. The aforesaid short-term impact of impairment provision for goodwill on the Group's performance will not have any material adverse impact on the Group's future operation and cash flow.

The Group has appointed an independent professional 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 assessment method has remained consistent with previous periods. During the Reporting Period, impairment has been fully recognized at the carrying amount of goodwill for the cash-generating units of Gaush Medica Ltd.* (寧波高斯醫療科技有限公司), Roland Consult Stasche & Finger GmbH and Gaush Europe GmbH.

For other cash-generating units, the respective recoverable amount and carrying amount is shown as follows:

	For the year ended December 31,					
	2024			2023		
	Recoverable amount (RMB'000)	**Carrying amount (RMB'000)**	**Headroom (RMB'000)**	Recoverable amount (RMB'000)	Carrying amount (RMB'000)	Headroom (RMB'000)
Gaush Consumables Ltd. ("**Gaush Consumables**")	**38,500**	**30,391**	**8,109**	15,300	11,979	3,321
Gaush Precision Ltd.	**5,800**	**4,789**	**1,011**	7,400	5,816	1,584
Teleon Holding B.V.	**1,264,318**	**1,157,610**	**106,708**	1,602,491	1,247,256	355,235
	1,308,618	**1,192,790**	**115,828**	1,625,191	1,265,051	360,140

In the 2024 fiscal budget, the management estimated that the forecasted gross profit margin of Gaush Consumables cash-generating units would be 33.17% to 40.33%, representing a decrease as compared to that of the 2023 fiscal budget, and a re-measurement result mainly due to 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 management regarding future sales channels, contract values, costs and operating expenses.

As at December 31, 2024, the management of the Company has formulated cash flow forecasts covering a period of 5 to 7 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, the patents and trademarks identified as a result of business combinations, the development expenditures from capitalization of research and development expenses, and non-patented technology purchased and used for R&D project collaborations. The Group's intangible assets increased by 9.1% from RMB269.8 million as of December 31, 2023 to RMB294.4 million as of December 31, 2024. During the Reporting Period, the original value of intangible assets increased by RMB74.6 million, primarily due to Gaush Tech, a wholly-owned subsidiary of the Company, entered into a technology cooperation agreement with Geuder, an important upstream partner of the Group, during the Reporting Period on the solution for phacoemulsification and vitrectomy surgery, pursuant to which non-patented technology was developed through technology transfer. The cooperation agreement aims to introduce the world's leading technologies related to the phacoemulsification and vitrectomy surgery system (including equipment and supporting consumables), carry out technology implementation, redevelopment and manufacturing in the Shenzhen base of the Group, and commercialize it to specific markets around the world. This further enriches the Group's ophthalmic surgical product portfolio and better provides product solutions to customers. Furthermore, the Group will further strengthen its R&D and production capabilities and the diversified foundation of its own products through technology introduction and redevelopment.

Capital Structure, Liquidity and Financial Resources

The 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, 2024, the issued share capital of the Company was USD14,789, and the number of issued Shares of USD0.0001 each was 147,887,869.

In 2024, 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, 2024, the Group continued to maintain a solid financial position, with cash and cash equivalents balance amounting to RMB421.4 million, representing a decrease of 31.9% from RMB618.7 million as of December 31, 2023, primarily due to the payment of final dividends for 2023 during the Reporting Period in the amount of RMB148.5 million and the repayment of domestic and overseas loans amounting to approximately RMB109.7 million. 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, 2024, 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 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 secured China Minsheng Bank loan and Vendor Loan. As of December 31, 2024, the Group's interest-bearing bank and other borrowings amounted to RMB507.7 million, including short-term borrowings of RMB170.6 million and long-term borrowings of RMB337.1 million, all of which bore fixed interest rates, except for China Minsheng Bank loan. The Company's main borrowings included the replacement loans granted by China Minsheng Bank to repay the Senior Facility Loan and the Vendor Loan borrowed when it acquired Teleon. The Group repaid an amount of EUR12.125 million of Vendor Loan and an amount of EUR1.05 million of Replacement Loans respectively during the Reporting Period. As of December 31, 2024, all of the Group's bank and other borrowings were denominated in Euro and RMB.

As of December 31, 2024, the effective annual interest rates of the Group's bank and other borrowings ranged from 3.90% to 7.00% (as of December 31, 2023: 5.10% to 7.12%), 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, 2024 amounted to RMB81.2 million, representing an increase of 78.1% as compared to that of RMB45.6 million for the year ended December 31, 2023, primarily because the Group reached the technological cooperation agreement with Geuder during the Reporting Period and paid the related technological transfer fee in this regard.

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, 2024, the Group's gearing ratio was 34.8%. As of December 31, 2023, the Group's gearing ratio was 39.1%.

Pledge of Assets

As of December 31, 2024, except for the relevant pledged assets mentioned in Note 14 to the financial statements in this annual report, the Group did not have any other pledged assets.

Contingent Liabilities

As of December 31, 2024, 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. Given the Group's substantial receivables and payables denominated in US dollars or EUR, subject to the settlement cycle, fluctuations in foreign exchange rates during the cycle may lead to foreign exchange losses or gains. 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, 2023, the exchange differences on translation of foreign operations amounted to a gain of RMB35.8 million. For the year ended December 31, 2024, the exchange differences on translation of foreign operations amounted to a loss of RMB36.6 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, 2024, 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, 2024.

FUTURE PLANS FOR SIGNIFICANT INVESTMENT AND CAPITAL ASSETS

The Group did not have any future plans for significant investment and capital assets as of the date of this annual report.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

As of the date of this annual report, there was no subsequent event after the Reporting Period which has a material impact on the Group.

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Gao Tieta (高鐵塔) ("**Mr. Gao**"), aged 60, 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 the 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 43, 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 12 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 was appointed as the Chief Executive Officer on 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 58, is an executive Director and the chief compliance officer of the Company. Mr. Zhao is responsible for the legal and compliance affairs, overseeing the internal audit and supervisory function of the Group, and participating in the decision-making of overall operations and management of the Group.

Mr. Zhao has around 32 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 the 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 61, 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 brother-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 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 51, 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 22 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 63, 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 18 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 region 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 the 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 the R&D, 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 R&D, 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's 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 54, 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 R&D, 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 is 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.* (北京海步醫藥科技股份有限公司) 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 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 64, 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 23 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 degree in physics from Tunghai University in Taiwan in June 1984 and master of science degree in applied physics from Georgia Institute of Technology in the United States in March 1989. He also obtained master of business administration degree 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 48, 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 from September 2018 to January 2024, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1300). Mr. Chan has been an independent non-executive director of Joy City Property Limited since February 2020, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 207).

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 60, 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 43, 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 58, 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 61, 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 51, 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 53, 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 22 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 39, 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) ("**Ms. Leung**") 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 20 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.

Report of Directors

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the year ended December 31, 2024.

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 are the R&D, manufacture and sale of ophthalmic medical devices, and the provision of technical services to the end customers of the Group.

Analysis of the principal activities of the Group during the year ended December 31, 2024 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, 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on page 99 of this annual report.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK$0.3 per Share for the year ended December 31, 2024 (2023: HK$1.1 per Share). The final dividend is subject to the approval of the Shareholders at the forthcoming AGM to be held on Thursday, May 29, 2025 and is expected to be paid on Friday, July 25, 2025 to the Shareholders whose names appear on the register of members of the Company as of Friday, June 27, 2025.

AGM AND CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming AGM will be held on Thursday, May 29, 2025. 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 26, 2025 to Thursday, May 29, 2025, 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 23, 2025.

The register of members of the Company will also be closed from Wednesday, June 25, 2025 to Friday, June 27, 2025, 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 24, 2025.

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 the 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 the 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, 2024:

		Net Proceeds (HK$ in million)				
Purposes	**% of the Net Proceeds**	**Amount available for utilization**	**Utilized amount up to December 31, 2023**	**Actual amount of Net Proceeds utilized during the Reporting Period**	**Unutilized amount as of December 31, 2024**	**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	18.47	90.96	—	Not applicable
Improve the production capacity and strengthen the manufacturing capabilities of the Group	29.0%	83.08	21.39	61.69	—	Not applicable
Expand the Group's sales and marketing	9.5%	27.22	5.97	21.25	—	Not applicable
For working capital and general corporate purposes	10.6%	30.37	30.37	—	—	Not applicable
Repay the interest-bearing borrowings of the Group	12.7%	36.38	36.38	—	—	Not applicable
Total	100.0%	286.48	112.58	173.90	—	

As of December 31, 2024, the remaining Net Proceeds have been fully utilized by the Group in accordance with the intended use set out in the Prospectus.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

For the year ended December 31, 2024, the Group's sales to its five largest customers accounted for 14.7% (2023: 13.1%) of the Group's total revenue and the Group's sales to its single largest customer accounted for 7.5% (2023: 7.3%) of the Group's total revenue.

Major Suppliers

For the year ended December 31, 2024, the Group's purchases from its five largest suppliers accounted for 50.3% (2023: 42.6%) of the Group's total purchases and the Group's purchases from its single largest supplier accounted for 17.9% (2023: 15.4%) 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, 2024 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, 2024 and details of the Shares issued during the year ended December 31, 2024 are set out in Note 30 to the consolidated financial statements.

DONATIONS

During the Reporting Period, the charitable and other donations made by the Group amounted to RMB1.30 million (2023: RMB0.28 million).

DEBENTURE AND CONVERTIBLE BONDS ISSUED

The Company did not issue any debenture or convertible bonds during the year ended December 31, 2024.

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended December 31, 2024 are set out on pages 189 and 102 respectively in this annual report.

DISTRIBUTABLE RESERVES

As of December 31, 2024, the Company's reserves available for distribution amounted to approximately RMB667.6 million (as of December 31, 2023: RMB855.4 million).

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group as of December 31, 2024 are set out in Note 28 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

Non-executive Director:

Dr. David Guowei Wang

Independent Non-executive Directors:

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

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. Gao Tieta, Mr. Liu Xinwei and Dr. David Guowei Wang will retire by rotation at the forthcoming AGM, and they being eligible, will offer themselves 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 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, 2024.

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, 2024.

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

During the year ended December 31, 2024, 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, 2024, the Group had a total of 884 employees (December 31, 2023: 869). For the year ended December 31, 2024, the total costs for the Group's employees amounted to RMB375.2 million (for the year ended December 31, 2023: RMB352.5 million). "Diligence and Capability" is the core value of the Group. The Group attaches great importance to employee competency development, and continuously establishes a comprehensive training management system according to the Company's development needs. Through launching new employee induction training, general skills training for all positions, business training and external learning, the Group continuously deepens employees with professional and management knowledge and skills required for different fields, levels and positions, with an aim to help the employees achieve their career plan and development direction, effectively implement the overall strategic planning of human resources, and build sufficient talent reserves for the Group to achieve long-term high-quality development.

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

SHARE AWARD SCHEME

A share award scheme (the "**Share Award Scheme**") was adopted by the Board on August 28, 2024 (the "**Adoption Date**") to recognize and reward eligible participants for their contribution to the Group, to attract best available personnel to provide service to the Group, and to provide additional incentives to them to remain with and further promote the success of the Group's business. The Share Award Scheme constitutes a share scheme under Chapter 17 of the Listing Rules and shall be subject to the applicable disclosure requirements under Rule 17.12 of the Listing Rules. However, it does not constitute a scheme involving the issue of new Shares as referred to in Chapter 17 of the Listing Rules.

Eligible Participants

The eligible participants include any director or employee of the Company or any other member of the Group (including any person who is granted awards under the Share Award Scheme as an inducement to enter into employment contracts with members of the Group), and who are not excluded persons (the "**Eligible Participant(s)**"). The eligibility of the Eligible Participants to the grant of the awards shall be determined by the Board or a committee duly appointed by the Board for the purpose of administering the Share Award Scheme (the "**Administrator**") from time to time and on a case-by-case basis subject to the Administrator's opinion as to his/her contribution to the development and growth of the Group or such other factors as the Administrator may deem appropriate.

Scheme Limit

The total number of Shares to be awarded by the Administrator pursuant to the Share Award Scheme shall not exceed 14,797,036 Shares (the "**Scheme Mandate Limit**"), representing approximately 10% of the total number of Shares in issue (excluding treasury shares, if any) as of the Adoption Date and approximately 10% of the total number of Shares in issue (excluding treasury shares, if any) as of the date of this annual report. The number of Shares which may be awarded to a selected participant pursuant to the Share Award Scheme shall not exceed 1,479,703 Shares, representing 1% of the total number of Shares in issue (excluding treasury shares, if any) as of the Adoption Date.

Grant of Awards

On and subject to the terms of the Share Award Scheme and the terms and conditions that the Administrator imposes pursuant to the terms of the Share Award Scheme, the Administrator shall be entitled at any time during the term of the Share Award Scheme to make a grant to any Eligible Participant, as the Administrator may in its absolute discretion determine.

The Administrator may in its absolute discretion specify such conditions, restrictions or limitations as it thinks fit when making a grant to a selected participant (including, without limitation, as to the performance targets, clawback mechanism and the vesting period attached to the award), provided such terms and conditions shall not be inconsistent with any other terms and conditions of the Share Award Scheme. The terms and conditions of an award may be determined at the sole and absolute discretion of the Administrator and may differ among selected participants.

The purchase price (if any) for acceptance of the award under the Share Award Scheme shall be determined at the sole and absolute discretion of the Administrator after taking into consideration (i) the purpose of the award, (ii) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the grant date, (iii) the average closing price of the Shares for the five business days prior to the grant date and/or (iv) any other matter which the Administrator considers relevant. The purchase price (if any) shall be paid to the Company. For the avoidance of doubt, the Administrator may determine the purchase price to be nil.

The grant of awards shall be satisfied by existing Shares to be acquired by an independent trustee appointed by the Company for the administration of the awarded Shares (the "**Trustee**") on the market. The Company shall procure that sufficient funds are provided to the Trustee to enable the Trustee to satisfy its obligations in connection with the Share Award Scheme.

Vesting of Award

Subject to the terms of the Share Award Scheme and the specific terms and conditions applicable to each award, the awarded Shares granted in an award shall be subject to a vesting schedule (if any) and to the satisfaction of performance milestones or targets and/or other conditions to be determined by the Administrator (if any) in its sole and absolute discretion.

Effectiveness and Duration

Subject to any early termination as may be determined by the Board pursuant to the terms of the Share Award Scheme, the Share Award Scheme shall be valid and effective for a period of ten (10) years commencing on the Adoption Date, after which no further awards will be granted, but the provisions of the Share Award Scheme shall in all other respects remain in full force and effect to the extent necessary to give effect to any awards granted prior to such expiry and the administration of the trust fund held by the Trustee pursuant to the trust deed. As at the date of this annual report, the remaining life of the Share Award Scheme is approximately 9 years and 4 months.

Since the Adoption Date and up to the date of this annual report, 1,799,600 Shares were acquired by the Trustee, representing approximately 1.22% of the total number of Shares in issue (excluding treasury shares, if any) as at the date of this annual report. Total consideration paid for the said purchases were approximately HK$17.92 million.

Since the Adoption Date and up to the date of this annual report, no awards have been granted, vested, cancelled or lapsed pursuant to the Share Award Scheme.

The total number of Shares available for grant under the Scheme Mandate Limit as at the Adoption Date and December 31, 2024 were both 14,797,036.

A summary of the principal terms of the Share Award Scheme was set out in the announcement of the Company dated August 28, 2024.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

The Group only operates defined contribution pension schemes. The employees of the Company'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 Group 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

Save as disclosed in this annual report, there was no other change to information of Directors and chief executives of the Company since the publication of the 2024 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 ANY OF ITS ASSOCIATED CORPORATIONS

As at December 31, 2024, 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 by the Company 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 the 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	42.78%
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%
	Beneficial owner	191,900	0.13%
Mr. Liu Xinwei(6)	Interest in a controlled corporation	955,879	0.65%
	Beneficial owner	1,208,500	0.82%

Notes:

(1) All interests stated are long positions.

(2) The percentage is calculated based on the total number of 147,887,869 ordinary shares of the Company in issue as at December 31, 2024.

(3) As at December 31, 2024, Mr. Gao Tieta wholly owned GT HoldCo, and therefore he is deemed to be interested in the 63,263,528 Shares directly held by GT HoldCo.

(4) As at December 31, 2024, Mr. Zhang Jianjun held 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 at December 31, 2024, Mr. Zhao Xinli held 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 at December 31, 2024, 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 at December 31, 2024, 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 any of 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 was required to be recorded in the register required to be kept by the Company pursuant to 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, 2024 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 at December 31, 2024, 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 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:

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	42.78%
OrbiMed Advisors III Limited(4)	Interest in a controlled corporation	18,039,426	12.20%
OrbiMed Asia GP III, L.P.(4)	Interest in a controlled corporation	18,039,426	12.20%
OrbiMed Asia(4)	Beneficial owner	18,039,426	12.20%

Notes:

(1) All interests stated are long positions.

(2) The percentage is calculated based on the total number of 147,887,869 ordinary shares of the Company in issue as at December 31, 2024.

(3) As at December 31, 2024, GT HoldCo is wholly owned by Mr. Gao Tieta.

(4) As at December 31, 2024, 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.

Save as disclosed above, as at December 31, 2024, 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 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, 2024 or subsisted as of December 31, 2024.

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

At the AGM convened by the Company on May 30, 2024 (the "**2023 AGM**"), Directors were granted a general mandate by the Shareholders to repurchase up to 14,797,036 Shares from the Stock Exchange (the "**Repurchase Mandate**"), representing 10% of the total number of issued Shares as at the date of the 2023 AGM. During the Reporting Period, the total number of Shares repurchased by the Company on the Stock Exchange pursuant to the Repurchase Mandate were 82,500 Shares, at a total consideration (before deduction of expenses) of HK$976,492 (the "**Share Repurchase**"). All repurchased Shares have been cancelled on November 18, 2024. During the Reporting Period, the Company's monthly breakdown of Shares repurchased is set out as below:

Month of repurchase	Number of Shares repurchased	Highest price paid per Share	Lowest price paid per Share	Aggregate consideration paid (before deduction of expenses)
		HK$	HK$	HK$
July 2024	82,500	12.94	11.28	976,492
Total	**82,500**			**976,492**

The Board believes that the Share Repurchase can demonstrate the Company's confidence in its own business outlook and prospects and would, ultimately, benefit the Company and create value to its Shareholders. The Board believes that the current financial resources of the Company would enable it to implement the Share Repurchase while maintaining a solid financial position.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined in the Listing Rules)) during the Reporting Period. The Company did not hold any treasury shares (as defined in the Listing Rules) as at December 31, 2024.

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, 2024.

RELATED PARTY TRANSACTIONS

The related party transactions of the Group during the year ended December 31, 2024 as disclosed in Note 34 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, 2024, 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, 2024, 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, 2024. The Audit Committee considered that the annual results of the Group for the year ended December 31, 2024 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 section headed "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, 2024. 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 the 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 (the "**Borrower**"), entered into a facility agreement (the "**Facility Agreement**") with, among others, a bank, as the lender (the "**Lender**"), pursuant to which Gaush Netherlands was granted by the Lender a facility of EUR52.5 million (the "**Facility**"). 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 26, 2025

The Board is pleased to present the corporate governance report of the Company for the year ended December 31, 2024.

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 is 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, 2024 and up to 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

Non-executive Director:
Dr. David Guowei Wang

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

The biographies of the Directors are set out in 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 43 years old to 64 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 a 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 of the Company and an executive Director since 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, 2024, the Group had 884 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 36.2% 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.

According to the information provided by the Directors, a summary of trainings, received by the Directors throughout the year ended December 31, 2024 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	A, B, C, D
Non-executive Director	
Dr. David Guowei Wang	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 period from January 1, 2024 to March 24, 2024, 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 Tieta's experience, personal profile and his roles in the Company, Mr. Gao Tieta 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 the Chairman and the 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 the balance of power and authorizations between the Board and the senior management of the Company, given that: (i) Mr. Gao Tieta 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 strategy and other key business, financial and operational policies of the Group are and will be made collectively after thorough discussion at both the Board and senior management levels.

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 has been 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 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. Gao Tieta, Mr. Liu Xinwei and Dr. David Guowei Wang will retire by rotation at the forthcoming AGM, and they being eligible, will offer themselves 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, five Board meetings were held and the attendance of each Director is set out as follow:

Directors	Attended/Eligible to attend
Mr. Gao Tieta *(Chairman)*	5/5
Mr. Liu Xinwei *(Chief Executive Officer)*	5/5
Mr. Zhao Xinli	5/5
Mr. Zhang Jianjun	5/5
Ms. Li Wenqi	5/5
Dr. David Guowei Wang	5/5
Mr. Feng Xin	5/5
Mr. Wang Li-Shin	5/5
Mr. Chan Fan Shing	5/5

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, two 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)*	2/2
Dr. David Guowei Wang	2/2
Mr. Feng Xin	2/2

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, 2023, the effectiveness of the financial reporting, risk management and internal control systems of the Company and the interim results of the Group for the six months ended June 30, 2024.

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, one Nomination Committee meeting was held and the attendance of each member is set out as follow:

Directors	**Attended/Eligible to attend**
Mr. Wang Li-Shin *(Chairman)*	1/1
Mr. Gao Tieta	1/1
Mr. Feng Xin	1/1

During the Reporting Period, the Nomination Committee at the meeting, 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 change of Chief Executive Officer, and (v) reviewed the Board Diversity Policy and the director nomination policy of the Company (the "**Director Nomination Policy**").

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 the 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's 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 Group;

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, one Remuneration Committee meeting was held and the attendance of each member is set out as follow:

Directors	Attended/Eligible to attend
Mr. Feng Xin *(Chairman)*	1/1
Mr. Gao Tieta	1/1
Mr. Wang Li-Shin	1/1

During the Reporting Period, the Remuneration Committee at the meeting, among other things, (i) reviewed the remuneration of the Directors and the senior management for the year ended December 31, 2023, (ii) made recommendations to the Board on the remuneration of the Directors and the senior management for the year ended December 31, 2024, including the remuneration of Mr. Liu Xinwei who was newly appointed as the Chief Executive Officer on March 25, 2024, and (iii) adjusted the remuneration of certain executive Directors and the Company's senior management.

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 each year to discuss remuneration-related matters (including the remuneration of the 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, 2024 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, 2024 by band is set out below:

Remuneration band	Number of individual
HK$2,500,001 to HK$3,000,000	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, 2024, 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, 2024 is set out as follows:

Type of Services	Amount (RMB'000)
Audit Services	
— Annual audit service	5,540
Non-audit Services	
— Review services	911
— ESG services	50
Total	6,501

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 has a material effect on the Group's financial statements or overall operations for the year ended December 31, 2024 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, 2024 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

On April 23, 2024, Mr. Zhang Bo was appointed as a joint company secretary of the Company, and Ms. Li Wenqi ceased to act as a joint company secretary of the Company but continued to act as the executive Director and the chief financial officer of the Company. 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 and Mr. Zhang Bo in performing their duties as company secretary of the Company during the Reporting Period. Since April 23, 2024, Mr. Zhang Bo has been 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, Mr. Zhang Bo and Ms. Leung Shui Bing have attended not less than 15 hours of relevant professional training during the Reporting Period.

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 30, 2024 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 *(Chief Executive Officer)*	1/1
Mr. Zhao Xinli	1/1
Mr. Zhang Jianjun	1/1
Ms. Li Wenqi	1/1
Dr. David Guowei Wang	1/1
Mr. Feng Xin	1/1
Mr. Wang Li-Shin	1/1
Mr. Chan Fan Shing	1/1

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 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 that 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 headquarter 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 are available from the websites of the Company and the Stock Exchange.

During the year ended December 31, 2024, 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 "**Gaush Meditech**" or the "**Company**"), which is related to all stakeholders of the Company and the main purpose of which is to disclose the management, practise and performance of Gaush Meditech and its subsidiaries in environmental, social and governance (hereinafter referred to as the "**ESG**").

Reporting Period

This report covers the period from January 1, 2024 to December 31, 2024 (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 Renminbi. 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; and

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

Basis 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 harmonious 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 members 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 26, 2025.

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 2024, through internal and external stakeholder surveys and after taking into account 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 regulations, 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 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 retaliate against 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 ongoing and regular training and education for the Board members, the management members and employees. Furthermore, the Company also provides regular anti-commercial bribery trainings for distributors, covering relevant laws and regulations, compliance standards of the medical industry and basic compliance principles of Gaush Meditech. On April 25, 2024, Gaush Meditech offered anti-commercial bribery trainings to certain employees of the sales segment and distributors respectively via online meetings, which covered updates of relevant laws and regulations, real-world anti-corruption cases and compliance principles of Gaush Meditech, with over 180 participants. In May and November 2024, Gaush Meditech launched two trainings for 75 recruits. The trainings focused on compliance requirements of the medical industry and the Company, and studied anti-corruption cases, aiming at enhancing employees' compliance and anti-corruption awareness. During the Reporting Period, the Company conducted six anti-fraud and anti-bribery training sessions for Board members, employees and distributors, with 566 participants involved.

Anti-corruption and anti-commercial bribery training for recruits in May 2024

Anti-corruption and anti-commercial bribery training for recruits in November 2024

1.2 Information Security

The Company attaches great importance to information security and privacy protection, and strictly complies 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 (《高视医疗客戶管理制度》) 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 forwarding 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 obtain approval in advance 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 2024, the Company strengthened the learning programs for new employees in the aspects of information system application and information security, 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 2024, 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 (《高视医疗集團品牌傳播管理規範》), the Administrative Measures on Marketing Materials and Non-marketing Materials of Gaush Meditech (《高视医疗推廣材料和非推廣材料管理辦法》), the Management Measures for Organizing Events and Sponsoring Events of Gaush Meditech (《高视医疗主辦活動與支持活動管理辦法》) 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 strictly implemented review procedures on the printing of promotion materials and labels, dissemination of materials to external parties, etc.

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 2024, 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 Gaush 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, 2024, the total number of authorised patents of Gaush Meditech in China and overseas was 162.

II. PRODUCT RESPONSIBILITY

Gaush Meditech upholds its vision of "Being the Leader in the Global Ophthalmic Device Industry", and uses our quality products to satisfy the needs of our customers, and attaches great importance to 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

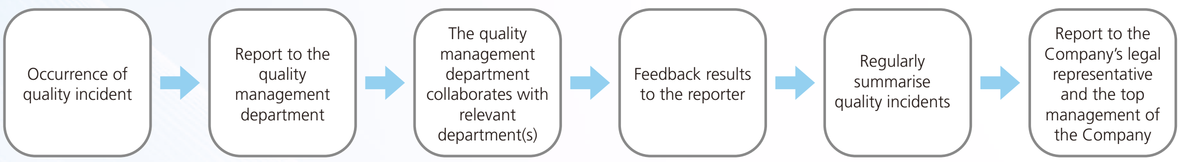
Gaush Meditech truly believes that quality and safety of products are crucial to the health of patients, and understands that product quality is the most intuitive experience and feelings of users on the Company's brand. The Company has always adhered to strict quality standards and established a quality 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 the Regulations on the Quality Management of Medical Device Operation (《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, and 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 (《高视医疗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 (《高视医疗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, after-sales 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 (《高视医疗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 2 quality management related training sessions for the quality management department, logistics department, information department, procurement department and other departments. The training covered many aspects, including industry regulations, introduction to quality management system, and description of medical device labels and tags.

On February 2, 2024, the Company held a one-hour special training session on the computer system management section under the Regulations on the Quality Management of Medical Device Operation, which was attended by five employees. Regarding the Regulations on the Quality Management of Medical Device Operation (《醫療器械經營質量管理規範》), the new regulation officially implemented on July 1, 2024, the Company's quality management department organised an internal training workshop for the relevant business departments and the management of the Company. On July 4, 2024, the Company's procurement department delivered a one-hour training to relevant business departments, which focused on the procurement requirements under the management of medical device operation, with nine employees attending.

GSP training of the information department on February 2, 2024

GSP training of the procurement department on July 4, 2024

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, WeChat Mini Programme for customer feedback 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 analyse the issues related to the customer complaints in a timely manner, so as to continuously enhance the quality of customer service. During the Reporting Period, the Company received a total of 3 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 2024, 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 comprises 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 program 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 944 people, with customer satisfaction rate reaching 99.7%.

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 anti-commercial 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 analyse and supervise 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 2024, five domestic suppliers obtained ISO certifications in quality, environment and occupational health and safety.

Table: Number of suppliers by geographical region

Indicators	Unit	2024
Total number of suppliers	Number	343
Number of suppliers from Mainland China	Number	306
Number of suppliers from Hong Kong, Macau, Taiwan and overseas	Number	37

In 2024, the Company monitored and reviewed 16 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 directly disqualified.

III. ENVIRONMENTAL RESPONSIBILITY

The Company adheres to our environmental protection approach of "Turning 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 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 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 non-hazardous wastes;
Resource Consumption Targets	• Reduce energy consumption and improve 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 2024, 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 lights 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 2024, 40% of the company vehicles of Teleon is electric and hybrid vehicles.

Table: Energy Consumption Status

Indicators	Unit	2024 Data
Electricity consumption	0'000 kWh	276.78
Natural gas consumption	m^3	4.33
Gasoline consumption	tonne	72.37
Comprehensive energy consumption[1]	tonnes of coal equivalent ("**TCE**")	446.65
Comprehensive energy density	TCE/million of revenue	0.31
Greenhouse gas emissions (Scope 1)	tCO_2e	216.76
Greenhouse gas emissions (Scope 2)	tCO_2e	1,485.21
Total greenhouse gas emissions[2]	tCO_2e	1,701.97
Greenhouse gas emissions density	tCO_2e/million of revenue	1.19

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 2024, 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》), 2022 Electricity CO_2 Emission Factor (《2022年電力二氧化碳排放因子》) and the Guidelines on Accounting Methods 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	2024 Data
Water consumption	tonnes	10,971.00
Water consumption density	tonnes/million of revenue	7.68

3.2.3 Other Resources Consumption

In respect of the resources consumed by the Company, the Company emphasises conservation and environmental protection, and implements measures to manage our packaging materials, office supplies and equipment consumables, striving 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

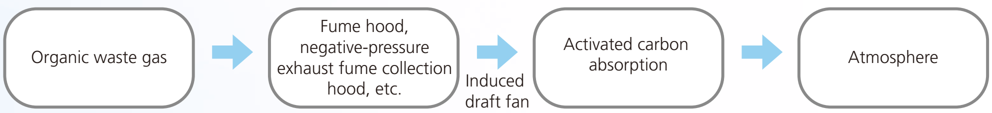
Indicators	Unit	2024 Data
Total packaging consumption	Kilogram ("**kg**")	15,347.74
Packaging consumption density	kg/million of revenue	10.74

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 2024, 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	2024 Data
Chemical oxygen demand (COD)	kg	0.14
Total wastewater discharge	tonnes	136.29

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 of the waste 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 hands 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	2024 Data
Hazardous waste	Total amount of hazardous waste	kg	8,610.01
	Hazardous waste density	kg/million of revenue	6.03
Non-hazardous waste	Total amount of non-hazardous waste	kg	4,577.00
	Non-hazardous waste density	kg/million of revenue	3.20

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 employees 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 employees 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 strives to create a diversified, equal and harmonious working environment. The Company provides active support in talent cultivation and continuously optimises the building of talent pool through diversified training strategies. The Company attaches great importance to the health and safety of our staff, and continuously strengthens the health and safety management system, and enhances their safety awareness. In addition, the Company actively participates in ophthalmic medical social welfare and contributes 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 systems that all staff will have equal employment opportunities and it 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 handles relevant incidents in accordance with laws and regulations. Gaush Meditech clearly stipulates in the Employee Handbook that employment of persons under the age of 18 is strictly prohibited, and the identity card of the proposed staff shall be checked 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 2024, the Company did not have any incidents of child labour and forced labour.

Table: Number of Employees by Category

Indicators		Unit	2024 Data
Number of full-time employees		person	884
Number of employees by rankings	Senior management	person	27
	Middle-level staff	person	53
	General staff	person	804
Number of employees by gender	Male staff	person	564
	Female staff	person	320
Number of employees by age	30 and below	person	155
	31 to 50	person	633
	51 and above	person	96
Number of employees by geographical region	Mainland China staff	person	675
	Overseas, Hong Kong, Macao and Taiwan staff	person	209

Table: Turnover Rate of Employees by Category

Indicators		Unit	2024 Data
Turnover rate of employees by gender	Male staff	%	11.35
	Female staff	%	15.31
Turnover rate of employees by age	30 and below	%	18.06
	31 to 50	%	12.80
	51 and above	%	4.17
Turnover rate of employees by geographical region	Mainland China staff	%	16.15
	Overseas, Hong Kong, Macao and Taiwan staff	%	1.91

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 our 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 the Company's overview, development, rules and regulations, etc. to new employees, 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	2024 Data
Percentage of staff received training by gender	Male staff	%	61.31
	Female staff	%	33.37
Percentage of staff received training by type of employment	Senior management	%	2.38
	Middle-level staff	%	4.98
	General staff	%	87.33
Average number of hours of training received by staff by gender	Male staff	hour	18.58
	Female staff	hour	11.83
Average number of hours of training received by staff by type of employment	Senior management	hour	9.52
	Middle-level staff	hour	12.15
	General staff	hour	16.58

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 Meditech, 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 2024, the Company recorded no occupational fatality. In 2024, the number of working days lost due to work related injury was zero.

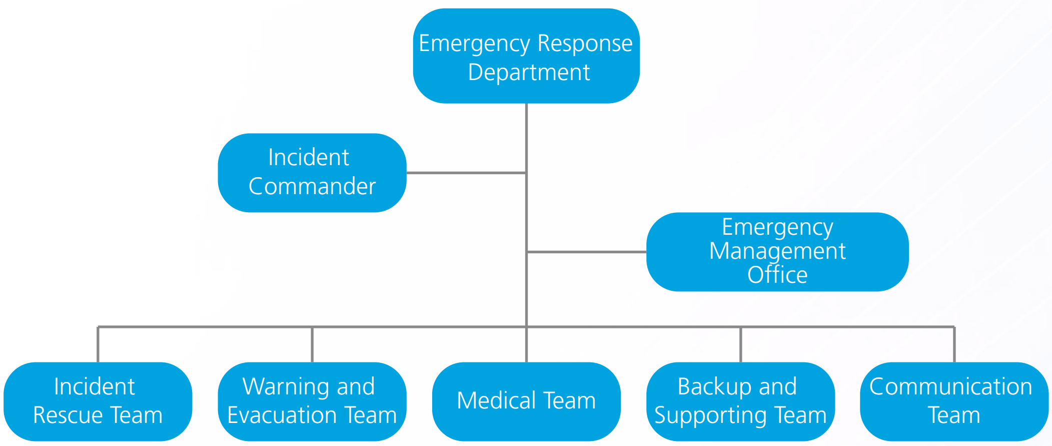


Table: Gaush Meditech Production Safety Accident Emergency Response Organisation Structure

4.4 Community Welfare

Gaush Meditech actively undertakes its corporate social responsibility and leverages on its own resources and advantages to help more people improve their ophthalmic health. In June 2024, the Company joined the sixth "Light of Hope" medical aid mission to Xinjiang led by Jinzhou Medical University Eye Disease Center, Liaoning Province. As part of this initiative, Gaush Meditech donated intraocular lenses and other medical supplies valued at about RMB120,000, contributing to the sight-restoring undertaking dedicated to local patients. During the Reporting Period, the Company's investment in community welfare amounted to RMB1,300,000.

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-time 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

Independent Auditor's Report

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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 99 to 189, which comprise the consolidated statement of financial position as at 31 December 2024, 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 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as 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**") as issued by the 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 2024, the Group recorded goodwill of RMB911 million. Management has assessed the goodwill impairment and impairment losses of goodwill amounting to RMB23 million were recognised in the current year. 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 in relation to impairment of goodwill included: 1) We evaluated the management's identification of the cash-generating units (CGUs) to which the goodwill is allocated; 2) We evaluated the competence, capabilities and independence of the management's independent third party valuer and involved 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) We evaluated the appropriateness of discount rate by comparing to similar companies in the same industry and same economic environment; 4) We evaluated the appropriateness of key assumptions and estimates including revenue growth rate and gross margin rate by comparing with historical data; 5) We evaluated the sensitivity of key assumptions by assessing the changes to the recoverable amounts of the CGUs resulting from changes in these assumptions; and 6) We assessed 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 IFRS Accounting Standards 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

EY 安永

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

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 HO, Siu Fung, Terence (practising certificate number: P04202).

Ernst & Young
Certified Public Accountants
Hong Kong

26 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	5	**1,428,397**	1,406,238
Cost of sales		**(765,008)**	(714,638)
Gross profit		**663,389**	691,600
Other income and gains	5	**26,417**	45,037
Selling and distribution expenses		**(232,894)**	(248,829)
Administrative expenses		**(145,466)**	(129,383)
Research and development costs		**(78,418)**	(52,883)
Other expenses		**(41,032)**	(7,201)
Finance costs	7	**(36,709)**	(50,606)
PROFIT BEFORE TAX		**155,287**	247,735
Income tax expense	10	**(66,764)**	(74,821)
PROFIT FOR THE YEAR		**88,523**	172,914
Attributable to:			
Owners of the parent		**92,394**	173,523
Non-controlling interests		**(3,871)**	(609)
		88,523	172,914
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic			
For profit for the year (in RMB)	12	**0.63**	1.17
PROFIT FOR THE YEAR		**88,523**	172,914
OTHER COMPREHENSIVE INCOME			
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods			
Exchange differences:			
Exchange differences on translation of foreign operations		**(36,590)**	35,839
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**51,933**	208,753
Attributable to:			
Owners of the parent		**55,804**	209,362
Non-controlling interests		**(3,871)**	(609)
		51,933	208,753

Consolidated Statement of Financial Position

As at December 31, 2024

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**79,428**	80,865
Right-of-use assets	14(a)	**44,584**	45,210
Goodwill	15	**910,506**	961,389
Intangible assets	16	**294,423**	269,827
Long-term prepayments and other receivables	20	**38,828**	38,581
Deferred tax assets	29	**47,765**	57,009
Total non-current assets		**1,415,534**	1,452,881
CURRENT ASSETS			
Financial assets at fair value through profit or loss	17	**97,676**	175,602
Inventories	18	**334,419**	328,527
Trade receivables	19	**166,441**	146,543
Prepayments, other receivables and other assets	20	**124,498**	72,186
Contract assets	21	**1,263**	2,548
Term deposits	22	**—**	38,741
Pledged deposits	23	**5,042**	7,994
Cash and cash equivalents	24	**421,438**	618,695
Total current assets		**1,150,777**	1,390,836
CURRENT LIABILITIES			
Trade payables	25	**70,344**	90,564
Derivative financial instruments		**538**	9
Other payables and accruals	26	**128,617**	132,847
Tax payable		**17,660**	5,204
Contract liabilities	27	**103,864**	125,458
Interest-bearing bank and other borrowings	28	**170,633**	523,269
Lease liabilities	14(b)	**20,158**	14,316
Total current liabilities		**511,814**	891,667
NET CURRENT ASSETS		**638,963**	499,169
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,054,497**	1,952,050

As at December 31, 2024

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT LIABILITIES			
Government grant		**1,801**	—
Other payables and accruals	26	**16,059**	31,764
Contract liabilities	27	**29,856**	29,974
Interest-bearing bank and other borrowings	28	**337,095**	95,293
Deferred tax liabilities	29	**57,149**	66,553
Lease liabilities	14(b)	**24,350**	31,480
Total non-current liabilities		**466,310**	255,064
Net assets		**1,588,187**	1,696,986
EQUITY			
Equity attributable to owners of the parent			
Share capital	30	**102**	102
Treasury shares	30	**(11,688)**	—
Reserves	31	**1,586,725**	1,680,365
		1,575,139	1,680,467
Non-controlling interests		**13,048**	16,519
Total equity		**1,588,187**	1,696,986

Xinwei Liu
Director

Wenqi Li
Director

Consolidated Statement of Changes in Equity

For the year ended December 31, 2024

		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	30	—	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 30.

		Attributable to owners of the parent							
	Notes	**Share capital RMB'000 (Note 32)**	**Treasury shares RMB'000 (Note 32)**	**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 2024		**102**	**—**	**2,084,522**	**8,768**	**(412,925)**	**1,680,467**	**16,519**	**1,696,986**
Total comprehensive income for the year		**—**	**—**	**—**	**(36,590)**	**92,394**	**55,804**	**(3,871)**	**51,933**
Final 2023 dividend declared	11	**—**	**—**	**—**	**—**	**(148,555)**	**(148,555)**	**—**	**(148,555)**
Purchase of own shares	30	**—**	**(11,688)**	**(889)**	**—**	**—**	**(12,577)**	**—**	**(12,577)**
Capital injection from non-controlling shareholder **		**—**	**—**	**—**	**—**	**—**	**—**	**400**	**400**
As 31 December 2024		**102**	**(11,688)**	**2,083,633**	**(27,822)**	**(469,086)**	**1,575,139**	**13,048**	**1,588,187**

* These reserve accounts comprise the consolidated reserves of RMB1,586,725,000 in the consolidated statement of financial position.

** Gaush Precision Ltd. (高視精密醫療器械(蘇州)有限公司) received a capital injection of RMB400,000 from a non-controlling shareholder.

Consolidated Statement of Cash Flows

For the year ended December 31, 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:		**155,287**	247,735
Adjustments for:			
Finance costs	7	**36,709**	50,606
Interest income		**(754)**	(6,579)
Loss/(gain) on disposal of property, plant, and equipment		**683**	(146)
Fair value loss/(gain) on derivative financial instruments		**479**	(63)
Fair value gains on financial assets at fair value through profit or loss	6	**(701)**	(3,444)
Depreciation of property, plant, and equipment	6	**18,673**	16,667
Depreciation of right-of-use assets	6	**23,503**	21,932
Amortisation of intangible assets	6	**39,767**	37,368
Impairment reversal recognised on trade receivables, net	6	**(550)**	(1,233)
Impairment reversal recognised on contract assets, net	6	**(13)**	(7)
Impairment loss/(reversal) recognised on other receivables, net	6	**339**	(212)
Gain on disposal of financial assets at fair value through profit or loss	6	**(3,023)**	(512)
Impairment of goodwill	15	**23,257**	—
Write-down of inventories to net realisable value	6	**9,425**	6,999
Scrap for inventories		**(2,148)**	(5,988)
		300,933	363,123
Decrease in pledged deposits		**—**	4,116
Increase in inventories		**(5,108)**	(48,744)
(Increase)/decrease in trade receivables		**(17,723)**	19,971
Decrease/(increase) in contract assets		**1,298**	(294)
Increase in prepayments, other receivables and other assets		**(20,859)**	(25,598)
(Decrease)/increase in trade payables		**(19,667)**	22,096
(Decrease)/increase in other payables and accruals		**(19,670)**	7,342
Decrease in contract liabilities		**(21,712)**	(7,508)
Cash generated from operations		**197,492**	334,504
Income tax paid		**(89,709)**	(85,466)
Net cash flows from operating activities		**107,783**	249,038

Consolidated Statement of Cash Flows

For the year ended December 31, 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**754**	6,579
Proceeds from disposal of financial assets at fair value through profit or loss		**80,190**	178,303
Purchases of financial assets at fair value through profit or loss		**—**	(259,417)
Proceeds from disposal of items of property, plant, and equipment and other long-term assets		**4**	8
Purchases of property, plant and equipment and other long-term assets		**(14,665)**	(34,924)
Maturity of term deposit		**294,316**	132,985
Purchases of term deposit		**(254,739)**	(171,628)
Acquisition of subsidiaries, net of cash paid	32	**(23,787)**	(9,398)
Additions of intangible assets		**(66,547)**	(10,674)
Investment income from financial assets at fair value through profit or loss	5	**3,023**	512
Net cash flows from/(used in) investing activities		**18,549**	(167,654)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank borrowings		**27,524**	7,923
Repayment of bank borrowings		**(109,695)**	(130,814)
Payments of lease liabilities	14	**(25,866)**	(22,268)
Contributions by non-controlling shareholders		**400**	—
Issuance of ordinary shares		**—**	1,547
Repurchase of shares		**(12,577)**	—
Dividends paid		**(148,555)**	—
Pledged bank deposits for loans		**2,952**	(2,161)
Payment of listing expenses		**(3,895)**	(1,891)
Interest paid		**(33,382)**	(42,272)
Net cash flows used in financing activities		**(303,094)**	(189,936)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(176,762)**	(108,552)
Cash and cash equivalents at beginning of year	24	**618,695**	721,523
Effect of foreign exchange rate changes, net		**(20,495)**	5,724
CASH AND CASH EQUIVALENTS AT END OF YEAR	24	**421,438**	618,695

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 the 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	
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/Mainland China 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/Mainland China 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/Mainland China 10 November 2009	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/Mainland China 15 February 2016	RMB7,000,000	—	100%	Sale of and services related to ophthalmic devices and consumables
Gaush Medica Ltd. (寧波高斯醫療科技有限公司) *	PRC/Mainland China 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/Mainland China 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/Mainland China 13 May 2019	RMB10,000,000	—	100%	Warranty service

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 Consumables Ltd. (深圳市高視耗材科技有限公司) * (i)	PRC/Mainland China 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/Mainland China 10 May 2018	RMB6,666,667	—	85%	Production and research of ophthalmic consumables
Gaush Clear Ltd. (蘇州高視高清醫療技術有限公司) *	PRC/Mainland China 24 February 2021	RMB50,000,000	—	80%	Production and research of ophthalmic consumables
Gaush Teleon Ltd. (高視泰靚醫療科技有限公司) *	PRC/Mainland China 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/Mainland China 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/Mainland China 23 June 2022	RMB10,000,000	—	100%	Sale of and services related to 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

* 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.

(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.

1. CORPORATE AND GROUP INFORMATION *(Continued)*

During the year, the Group acquired the 100% shareholding of Rigeo. Further details of this acquisition are included in note 32 to the financial statements.

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.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all IFRS Accounting Standards, International Accounting Standards ("**IASs**") and Interpretations) as 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 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 2024. 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.

2.1 BASIS OF PREPARATION *(Continued)*

Basis of consolidation *(Continued)*

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")
Amendments to IAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the revised IFRS Accounting Standards are described below:

(a) 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. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

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

(b) 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 Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) 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. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

IFRS 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to IAS 21	*Lack of Exchangeability*[1]
Annual Improvements to IFRS Accounting Standards — Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[2]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS *(Continued)*

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

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19. Some of the Company's subsidiaries are considering the application of IFRS 19 in their specified financial statements.

Amendments to IFRS 9 and IFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS *(Continued)*

Amendments to IFRS 9 and IFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of initial application. Earlier application is permitted. The amendments to IFRS 9 and IFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

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 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.

Annual Improvements to IFRS Accounting Standards — Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS *(Continued)*

- IFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any 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.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

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.

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, financial 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	8–15 years
Trademark	10 years
Customer relationship	9.33 years
Non-patented technology	10 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 and is initially recognised at its fair value at the acquisition date, which is regarded as their cost. Purchased non-patented technology is stated at cost less any impairment losses and amortised on the straight-line basis over its estimated useful lives of 10 years.

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 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 the 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 2024 was RMB910,506,000 (2023: RMB961,389,000). 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 19 and note 21 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 17 to the financial statements, respectively.

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 2024, the best estimate of the carrying amount of capitalised development costs was RMB12,577,000 (2023: RMB8,395,000).

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, Quantal, HAAG-SREIT 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 2024	**Proprietary products RMB'000**	**Distribution products RMB'000**	**Technical services RMB'000**	**Others RMB'000**	**Total RMB'000**
External sales	**375,814**	**819,321**	**226,458**	**6,804**	**1,428,397**
Intersegment sales	**149,339**	**—**	**—**	**—**	**149,339**
Total segment revenue	**525,153**	**819,321**	**226,458**	**6,804**	**1,577,736**
Elimination of intersegment sales					**(149,339)**
Segment revenue	**375,814**	**819,321**	**226,458**	**6,804**	**1,428,397**
Segment cost	**151,697**	**485,982**	**125,427**	**1,902**	**765,008**
Segment gross profit	**224,117**	**333,339**	**101,031**	**4,902**	**663,389**

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

4. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue from external customers

	2024 **RMB'000**	2023 RMB'000
Greater China	**1,115,037**	1,122,722
Asia Pacific (excluding Greater China)	**62,106**	67,599
Germany	**173,013**	137,800
Europe (excluding Germany)	**41,596**	41,343
Americas (including Canada)	**15,173**	11,574
Oceania	**16,953**	17,636
Others	**4,519**	7,564
Total revenue	**1,428,397**	1,406,238

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

(b) Non-current assets

	2024 **RMB'000**	2023 RMB'000
Greater China	**178,699**	119,572
Germany	**12,694**	22,882
Netherlands	**1,174,591**	1,243,404
Total non-current assets	**1,365,984**	1,385,858

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 (2023: Nil).

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

Revenue from contracts with customers

(a) Disaggregated revenue information

Segments	2024 RMB'000	2023 RMB'000
Types of goods or services		
Sale of ophthalmic medical devices	**664,878**	680,271
Sale of ophthalmic medical consumables	**530,257**	510,496
Technical services*	**226,458**	209,234
Others	**6,804**	6,237
Total	**1,428,397**	1,406,238
Geographical markets**		
Greater China	**1,115,693**	1,119,684
Germany	**168,206**	126,700
Netherlands	**144,415**	159,854
Others	**83**	—
Total	**1,428,397**	1,406,238
Timing of revenue recognition		
Goods transferred at a point in time	**1,199,720**	1,195,358
Services transferred over time	**228,677**	210,880
Total	**1,428,397**	1,406,238

* 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:

	2024 RMB'000	2023 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting year	**123,724**	131,044

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. For the consignment of medical consumables, the performance obligation is satisfied only when the consignees sell the medical consumables to the end customers and signed settlement statement is received. The payment is generally due within 30 to 60 days after the invoice date.

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

	2024 **RMB'000**	2023 RMB'000
Other income		
Bank interest income	**3,175**	6,579
Government grants	**19,404**	18,650
Others	**114**	82
Total other income	**22,693**	25,311
Gains		
Foreign exchange gains	**—**	15,561
Fair value gains on financial assets at fair value through profit or loss	**701**	3,444
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	**3,023**	512
Total gains	**3,724**	19,726
Total other income and gains	**26,417**	45,037

6. PROFIT BEFORE TAX

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

	Notes	2024 RMB'000	2023 RMB'000
Cost of inventories sold		**637,679**	597,425
Cost of services provided		**127,329**	117,213
Cost of sales		**765,008**	714,638
Depreciation of property, plant and equipment*	13	**18,673**	16,667
Depreciation of right-of-use assets*	14(a)	**23,503**	21,932
Amortisation of intangible assets*	16	**39,767**	37,368
Lease payments not included in the measurement of lease liabilities	14(c)	**967**	902
Auditor's remuneration		**6,730**	7,111
Employee benefit expense (including directors' and chief executive's remuneration)**:	8		
Wages and salaries and pension scheme contributions		**375,213**	352,491
Impairment of goodwill****	15	**23,257**	—
Foreign exchange losses/(gains), net***		**5,713**	(15,561)
Impairment reversal recognised on trade receivables, net****	19	**(550)**	(1,233)
Impairment reversal recognised on contract assets, net****		**(13)**	(7)
Impairment loss/(reversal) recognised on other receivables, net****		**339**	(212)
Write-down of inventories to net realisable value****		**9,425**	6,999
Fair value losses/(gains), net:			
Derivative financial instruments		**479**	(63)
Financial assets at fair value through profit or loss	5	**(701)**	(3,444)
Bank interest income	5	**(3,175)**	(6,579)
Investment income from financial assets at fair value through profit or loss		**(3,023)**	(512)

6. PROFIT 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 statement of profit or loss.

** Employee benefit expense is included in "Cost of sales", "Selling and distribution expenses", "Research and development expenses" and "Administrative expenses" in the consolidated statement of profit or loss.

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

**** The impairment of goodwill, write-down of inventories to net realisable value and the impairment of trade receivables, contract assets and other receivables, and fair value losses are included in "Other expenses" in the consolidated statement of profit or loss. Fair value gains are included in "Other income and gains" in the consolidated statement of profit or loss.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 **RMB'000**	2023 RMB'000
Interest on bank and other borrowings	**35,048**	49,390
Interest on lease liabilities (note 14(b))	**1,661**	1,216
Total	**36,709**	50,606

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:

	2024 **RMB'000**	2023 RMB'000
Fees	**738**	729
Other emoluments:		
Salaries, other allowances, and benefits in kind	**4,637**	4,618
Performance related bonuses	**2,090**	1,987
Pension scheme contributions	**429**	443
Subtotal	**7,156**	7,048
Total	**7,894**	7,777

(a) Independent non-executive directors

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

	2024 **RMB'000**	2023 RMB'000
Mr. Chan Fan Shing	**246**	243
Mr. Wang Li-shin	**246**	243
Mr. Feng Xin	**246**	243
Total	**738**	729

There were no other emoluments payable to the independent non-executive directors during the year (2023: 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
2024					
Executive directors:					
Mr. Gao Tieta	—	803	351	57	1,211
Mr. Zhang Jianjun	—	367	234	6	607
Mr. Zhao Xinli	—	752	239	68	1,059
Mr. Liu Xinwei	—	758	289	68	1,115
Ms. Li Wenqi*	—	572	178	68	818
Subtotal	—	3,252	1,291	267	4,810
Non-executive director:					
Mr. David Guowei Wang	—	—	—	—	—
Mr. Shi Long**	—	—	—	—	—
Chief executive:					
Mr. Alexey Nikolaevich Simonov***	—	1,385	799	162	2,346
Total	—	4,637	2,090	429	7,156

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
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

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 (2023: 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 (2023: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024 **RMB'000**	2023 RMB'000
Salaries, other allowances and benefits in kind	**5,642**	5,164
Performance related bonuses	**2,411**	2,314
Pension scheme contributions	**298**	279
Total	**8,351**	7,757

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

	2024	2023
HKD1,500,001 to HKD2,000,000	**1**	1
HKD2,000,001 to HKD2,500,000	**1**	2
HKD2,500,001 to HKD3,000,000	**2**	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 Mainland China

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% except for 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 for a term of three years, therefore the subsidiary was entitled to a preferential CIT rate of 15% for the years ended 31 December 2023 and 2024.

For certain small low-profit PRC subsidiaries of the Group, the portion of the annual taxable income not exceeding RMB3,000,000 shall be computed at a reduced rate of 25% as the taxable income amount, and be subject to CIT rate at 20%, which results in an effective tax burden of 5%.

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 15.75%, depending on the location of the respective subsidiaries.

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

10. INCOME TAX *(Continued)*

Income tax for other jurisdictions *(Continued)*

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

	2024 RMB'000	2023 RMB'000
Current — Hong Kong	**6,343**	17,845
Current — Mainland China	**40,062**	46,379
Current — other jurisdictions	**20,425**	19,032
Deferred (note 29)	**(66)**	(8,435)
Total tax charge for the year	**66,764**	74,821

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 and/or operate to the tax expense at the effective tax rates, are as follows:

	2024 RMB'000	2023 RMB'000
Profit before tax	**155,287**	247,735
Tax at the statutory tax rate	**35,630**	57,341
Lower tax rates for specific jurisdictions or enacted by local authority	**(3,426)**	(7,694)
Tax losses utilised from previous periods	**(1,190)**	(2,732)
Expenses not deductible for tax	**11,276**	7,847
Super deduction for research and development expenses	**(11,096)**	(4,930)
Unrecognised temporary differences and tax losses	**47,749**	23,439
Income not subject to tax	**(1,660)**	(1,331)
Adjustments in respect of current tax of previous period	**(5,777)**	947
Other items	**(4,742)**	1,934
Tax charge at the Group's effective rate	**66,764**	74,821

11. DIVIDENDS

	2024 HKD'000	2023 HKD'000
Proposed final dividend of HKD0.30 (2023: HKD1.10) per ordinary share	**44,366**	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. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 147,818,994 (2023: 147,969,591) outstanding during the year, as adjusted to reflect the rights issue during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect over-allotment option. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding 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.

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2024.

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

	2024 RMB'000	2023 RMB'000
Earnings:		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**92,394**	173,523

	Number of shares	
	2024	2023
Shares:		
Weighted average number of ordinary shares outstanding during the year, used in the basic earnings per share calculation*	**147,818,994**	147,969,591
Effect of dilution — weighted average number of ordinary shares:		
Over-allotment option*	**—**	59,075
Total	**147,818,994**	148,028,666

12. EARNINGS 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 2024						
At 1 January 2024						
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
At 1 January 2024, net of accumulated depreciation	55,460	286	5,042	—	20,077	80,865
Additions	7,630	31	1,159	9,771	689	19,280
Acquisition of a subsidiary (note 32)	66	—	—	—	—	66
Reclassification	(8,470)	—	—	8,470	—	—
Disposals	(402)	—	(18)	—	—	(420)
Depreciation provided during the year (note 6)	(11,107)	(103)	(1,369)	—	(6,094)	(18,673)
Exchange realignment	(1,265)	—	(151)	—	(274)	(1,690)
At 31 December 2024, net of accumulated depreciation	41,912	214	4,663	18,241	14,398	79,428
At 31 December 2024:						
Cost	75,806	2,865	10,107	18,241	32,071	139,090
Accumulated depreciation	(33,894)	(2,651)	(5,444)	—	(17,673)	(59,662)
Net carrying amount	41,912	214	4,663	18,241	14,398	79,428

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 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

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 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 and 1 January 2024	**3,937**	**41,273**	**45,210**
Additions	**3,176**	**20,436**	**23,612**
Acquisition of subsidiaries (note 32)	**528**	**—**	**528**
Depreciation charge (note 6)	**(2,479)**	**(21,024)**	**(23,503)**
Exchange realignment	**(451)**	**(812)**	**(1,263)**
As at 31 December 2024	**4,711**	**39,873**	**44,584**

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:

	2024 RMB'000	2023 RMB'000
Carrying amount at 1 January	**45,796**	54,414
New leases	**23,612**	10,571
Acquisition of subsidiaries (note 32)	**528**	—
Accretion of interest recognised during the year (note 7)	**1,661**	1,216
Payments	**(25,866)**	(22,268)
Exchange realignment	**(1,223)**	1,863
Carrying amount at 31 December	**44,508**	45,796
Analysed into:		
Current portion	**20,158**	14,316
Non-current portion	**24,350**	31,480

The maturity analysis of lease liabilities is disclosed in note 37 to the financial statements.

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

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities (note 7)	**1,661**	1,216
Depreciation charge of right-of-use assets (note 6)	**23,503**	21,932
Expense relating to short-term leases (note 6)	**967**	902
Total amount recognised in profit or loss	**26,131**	24,050

(d) The total cash outflow for leases is disclosed in note 33(c) to the financial statements.

15. GOODWILL

	RMB'000
At 1 January 2023:	
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	2,530
Exchange realignment	51,990
Cost and net carrying amount at 31 December 2023	961,389
At 1 January 2024 and 31 December 2023:	
Cost	961,389
Accumulated impairment	—
Net carrying amount	961,389
Cost at 1 January 2024, net of accumulated impairment	**961,389**
Acquisition of a subsidiary* (note 32)	**12,471**
Impairment during the year (note 6)	**(23,257)**
Exchange realignment	**(40,097)**
Cost and net carrying amount at 31 December 2024	**910,506**
At 31 December 2024:	
Cost	**933,763**
Accumulated impairment	**(23,257)**
Net carrying amount	**910,506**

* On 1 October 2024, the Group acquired a 100% equity interest in Rigeo B.V., which was further detailed in note 32.

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.
- Rigeo B.V.

The carrying amounts of goodwill allocated to each of the cash-generating units are as follows:

	2024 **RMB'000**	2023 RMB'000
Gaush Medica Ltd.	**—**	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
Teleon Holding B.V.	**890,834**	930,312
Rigeo B.V. (note 32)	**11,991**	—
Total	**910,506**	961,389

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 amounts of the CGUs have 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.

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 7-year period was applied to Gaush Consumables Ltd. and Gaush Precision Ltd. respectively. 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 seven years, respectively, are feasible and reflects a more reasonable entity value.

15. GOODWILL *(Continued)*

Impairment testing of goodwill *(Continued)*

The carrying amount of Gaush Medica Ltd. CGU was impaired by RMB31,176,000 during the year ended 31 December 2024. Consequently, the carrying amount of goodwill was written down by RMB16,190,000. The impairment loss recognised was included in "Other expenses" in the consolidated statement of profit or loss. The recoverable amount of the CGU was RMB7,200,000 as at 31 December 2024. The impairment was attributable to the adjustment of the Group's strategic direction for optometric products, in response to changes in market demand and competitive pressures.

The carrying amount of Roland Consult Stasche & Finger GmbH and Gaush Europe GmbH CGU was impaired by RMB8,941,000 during the year ended 31 December 2024. Consequently, the carrying amount of goodwill was written down by RMB7,067,000. The impairment loss recognised was included in "Other expenses" in the consolidated statement of profit or loss. The recoverable amount of the CGU was RMB9,031,000 as at 31 December 2024. The impairment was attributable to the adjustment of the Group's strategic direction for electrophysiological products in response to changes in market demand and competitive pressures.

For the other CGUs, 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:

	2024 **RMB'000**	2023 RMB'000
Gaush Consumables Ltd.	**8,109**	3,321
Gaush Precision Ltd.	**1,011**	1,584
Teleon Holding B.V.	**106,708**	355,235
Total	**115,828**	360,140

Based on the headroom of the impairment assessments of goodwill as at 31 December 2024, the recoverable amount of the CGU estimated from the cash flow forecast exceeded the carrying amount of goodwill and no impairment was considered necessary.

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 2024		
	Pre-tax discount rate	**Budgeted gross profit margin**	**Terminal growth rate**
Gaush Medica Ltd.	**16.88%**	**29.74%-35.13%**	**2.00%**
Gaush Consumables Ltd.	**17.79%**	**33.17%-40.33%**	**2.00%**
Gaush Precision Ltd.	**16.94%**	**33.90%-41.91%**	**2.00%**
Roland Consult Stasche & Finger GmbH and Gaush Europe GmbH	**23.57%**	**39.61%-43.20%**	**2.00%**
Teleon Holding B.V.	**14.62%**	**63.29%-66.90%**	**2.00%**

	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%

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.

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. For the CGU of Roland Consult Stasche & Finger GmbH and Gaush Europe GmbH, as the goodwill has been fully written off, there would be no headroom by performing sensitivity test.

15. GOODWILL *(Continued)*

Impairment testing of goodwill *(Continued)*

For the other CGUs, the impacts on the amount by which each CGU's recoverable amount above its carrying amount (headroom) are as follows:

	As at 31 December 2024			
	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 Consumables Ltd.	**8,109**	**(2,000)**	**(900)**	**(3,600)**
Gaush Precision Ltd.	**1,011**	**(1,000)**	**(200)**	**(900)**
Teleon Holding B.V.	**106,708**	**(38,381)**	**(31,608)**	**(97,082)**
Total	**115,828**	**(41,381)**	**(32,708)**	**(101,582)**

	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)

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.

The management of the Group assessed that any reasonably possible change in any of these assumptions would not cause the carrying amounts of these cash-generating units to exceed their respective recoverable amounts as at 31 December 2024.

16. INTANGIBLE ASSETS

31 December 2024

	Software RMB'000	Patent* RMB'000	Trademark RMB'000	Customer relationships RMB'000	Deferred development costs RMB'000	Non-patented technology RMB'000	Total RMB'000
Cost at 1 January 2024, net of accumulated amortisation	8,867	214,737	34,763	3,065	8,395	—	269,827
Additions	671	—	—	—	—	63,490	64,161
Additions — internal development	—	—	—	—	4,182	—	4,182
Acquisition of a subsidiary (note 32)	—	6,261	—	—	—	—	6,261
Amortisation provided during the year (note 6)	(1,344)	(30,942)	(5,054)	(308)	—	(2,119)	(39,767)
Exchange Realignment	(273)	(8,443)	(1,402)	(123)	—	—	(10,241)
31 December 2024	7,921	181,613	28,307	2,634	12,577	61,371	294,423
At 31 December 2024:							
Cost	13,535	305,678	51,135	3,011	12,577	63,490	449,426
Accumulated amortisation	(5,614)	(124,065)	(22,828)	(377)	—	(2,119)	(155,003)
Net carrying amount	7,921	181,613	28,307	2,634	12,577	61,371	294,423

* Patent 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 patent over their estimated useful lives of 15 years, which is disclosed in note 2.4 summary of significant accounting policy "Intangible assets (other than goodwill)".

16. INTANGIBLE ASSETS *(Continued)*

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	—	—	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

* 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, respectively, which is disclosed in note 2.4 summary of significant accounting policy "Intangible assets (other than goodwill)".

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 **RMB'000**	2023 RMB'000
Subscription for investment in private funds*	**97,554**	175,530
Foreign exchange forward transaction	**122**	72
Total	**97,676**	175,602

* The Group subscribed for relevant participating shares attributable to segregated portfolios. The subscribed private funds totalled RMB97,554,000, equivalent to approximately USD13,000,000 (2023: 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.

18. INVENTORIES

	2024 **RMB'000**	2023 RMB'000
Finished goods	**275,596**	284,101
Goods in transit	**17,078**	16,875
Raw materials	**35,666**	18,758
Work in progress	**18,044**	16,401
	346,384	336,135
Provision for inventories	**(11,965)**	(7,608)
Total	**334,419**	328,527

19. TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	**170,857**	151,725
Impairment	**(4,416)**	(5,182)
Net carrying amount	**166,441**	146,543

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:

	2024 RMB'000	2023 RMB'000
Within 1 year	**146,814**	122,437
1 to 2 years	**16,747**	19,332
2 to 3 years	**2,250**	3,916
3 to 4 years	**581**	726
4 to 5 years	**49**	132
Over 5 years	**—**	—
Total	**166,441**	146,543

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

	2024 RMB'000	2023 RMB'000
At beginning of year	**5,182**	5,299
Impairment reversal, net	**(550)**	(1,233)
Exchange realignment	**(72)**	97
Amount written off as uncollectible	**(144)**	(994)
Recovery of bad debts previously written off	**—**	2,013
At end of year	**4,416**	5,182

19. 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 2024

	Gross carrying amount RMB'000	Expected credit losses RMB'000
Individual evaluation of expected losses	**1,535**	**539**
Assessment of expected credit losses by credit risk portfolio	**169,322**	**3,877**
At end of year	**170,857**	**4,416**

	Expected credit loss rate	Gross carrying amount RMB'000	Expected credit losses RMB'000
Within 1 year	**1.26%**	**147,680**	**1,860**
1 to 2 years	**5.60%**	**17,738**	**993**
2 to 3 years	**11.03%**	**2,529**	**279**
3 to 4 years	**37.19%**	**925**	**344**
4 to 5 years	**67.76%**	**152**	**103**
Over 5 years	**100.00%**	**298**	**298**
Total	**2.29%**	**169,322**	**3,877**

19. TRADE RECEIVABLES *(Continued)*

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
Total	2.53%	148,375	3,750

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024 **RMB'000**	2023 RMB'000
Prepayments	**20,906**	18,188
Deposits and other receivables	**14,224**	18,876
Value added tax recoverable	**41,738**	24,895
Advance payment of income tax	**50,367**	15,622
Service fee to be amortised	**27,144**	21,194
Prepayments for non-current assets	**9,899**	12,605
	164,278	111,380
Impairment allowance	**(952)**	(613)
Total	**163,326**	110,767
Classified as:		
non-current portion	**38,828**	38,581
current portion	**124,498**	72,186

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

As at 31 December 2024 and 2023, 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.

21. CONTRACT ASSETS

	2024 **RMB'000**	2023 RMB'000
Contract assets arising from:		
Sale of ophthalmic devices	**1,274**	2,572
Less: Impairment	**(11)**	(24)
Net carrying amount	**1,263**	2,548
Classified as:		
current portion	**1,263**	2,548

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.

21. CONTRACT ASSETS *(Continued)*

The Group's trading terms and credit policy with customers are disclosed in note 19 to the financial statements.

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

	2024 RMB'000	2023 RMB'000
Within one year	**1,263**	2,548
Total	**1,263**	2,548

22. TERM DEPOSITS

	2024 RMB'000	2023 RMB'000
Term deposit	**—**	38,741

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

23. PLEDGED DEPOSITS

	2024 RMB'000	2023 RMB'000
Pledged deposits	**5,042**	7,994

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 2024, the Group's pledged deposits are the deposits amounting to RMB5,042,000 (equivalent to EUR670,015) which were pledged to secure the interest of the senior facility loan as disclosed in note 28 to the financial statements.

24. CASH AND CASH EQUIVALENTS

	2024 RMB'000	2023 RMB'000
Cash and bank balances	**421,438**	618,695

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

	2024 '000	2023 '000
RMB	**241,333**	383,465
USD	**8,270**	2,093
EUR	**15,981**	27,865
HKD	**4,997**	1,562

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

Cash and cash equivalents earn interest at floating rates based on daily bank deposit rates 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.

25. 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:

	2024 RMB'000	2023 RMB'000
Within 1 year	**68,219**	84,359
Over 1 year	**2,125**	6,205
Total	**70,344**	90,564

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

26. OTHER PAYABLES AND ACCRUALS

	2024 RMB'000	2023 RMB'000
Payroll payable	**68,011**	67,130
Other taxes payable	**36,636**	45,129
Other payables	**19,258**	13,641
Accruals	**20,771**	38,711
	144,676	164,611
Classified as:		
Non-current portion	**16,059**	31,764
Current portion	**128,617**	132,847

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

27. CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Short-term advances received and deferred revenue	**133,720**	155,432
Classified as:		
Non-current portion	**29,856**	29,974
Current portion	**103,864**	125,458

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

28. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2024		
	Effective interest rate (%)	**Maturity**	**RMB'000**
Current			
Bank loans — secured*	**3.90–5.16 Euribor+1**	**2025**	**79,384**
Vendor loan — secured**	**7.00**	**2025**	**91,249**
Total-current			**170,633**
Non-current			
Bank loans — secured*	**2025: Euribor+1 2026–2027: Euribor+0.7**	**2027**	**337,095**
Total — non-current			**337,095**
Total			**507,728**

	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

28. 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 2024 was RMB8,467,000 (2023: RMB8,461,000). The information about the guarantee is as follows:

Credit facility (Financing amount)	**Guarantee**
31 December 2024	
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 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

* 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 2024 were RMB19,077,000 (2023: Nil). The information about the guarantees are as follows:

Credit facility (Financing amount)	**Guarantee**
31 December 2024	
USD3,430,000 or any equivalent currency	Guaranteed by Global Vision Corporation, MingWang Medical Ltd. and Gaush Medical Corporation
31 December 2023	
USD3,430,000 or any equivalent currency	Guaranteed by Global Vision Corporation, MingWang Medical Ltd. and Gaush Medical Corporation

* In anticipation of the due date of the outstanding senior facility loan, Gaush Coöperatief U.A., the Group's subsidiary, as the borrower, entered into a facility agreement with China Minsheng Banking Corp. Ltd Shanghai Pilot Free Trade Zone Branch (中國民生銀行股份有限公司上海自貿試驗區分行) ("**Minsheng Bank**"), as the lender, pursuant to which Gaush Coöperatief U.A. was granted by the lender a facility of EUR52,500,000 to repay the senior facility loan on 2 February 2024. The replacement loan amounting to RMB389,649,000 (equivalent to EUR51,450,000) as at 31 December 2024 was guaranteed by Gaush Meditech Ltd and pledged by 100% of shares of Gaush Coöperatief U.A., 100% of shares of Teleon Holding B.V., and the Company's debt service reserve account ("**DSRA**") balance in Minsheng Bank amounting to RMB5,042,000 (equivalent to EUR670,015). The maturity date of the replacement facility loan is 22 December 2027.

The secured MinSheng Bank replacement loan is subject to the following covenants that required to be tested half-yearly, at 30 June and 31 December.

a) A leverage ratio does not exceed 3.75:1 as at 31 December 2024, which is calculated as total debt divided by EBITDA. The ratio was 1.80:1 as at 31 December 2024.

b) An interest cover ratio is not less than 4.00:1, which is calculated as EBITDA divided by finance costs. The interest cover ratio was 8.34:1 as at 31 December 2024.

c) A gearing ratio not exceed 0.6:1, which is calculated as total debt divided by net asset. The gearing ratio was 0.35:1 as at 31 December 2024.

The Group considers there is no indication that it will have difficulties in complying with these covenants.

** For the purpose of the acquisition of Teleon Holding B.V. and its subsidiaries, the original shareholder of Teleon Holding B.V. granted to a subsidiary of the Company, Gaush Coöperatief U.A., a five-year vendor loan amounting to EUR24,250,000 with an annual interest rate of 7% (the "**Vendor Loan**") on 23 December 2020. The amount of RMB91,249,000 (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.

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

	2024 **RMB'000**	2023 RMB'000
Analysed into:		
Bank borrowings repayable:		
Within one year or on demand	**79,384**	427,976
In the second year	**49,387**	—
In the third to fifth years, inclusive	**287,708**	—
Subtotal	**416,479**	427,976
Other borrowings repayable:		
Within one year or on demand	**91,249**	95,293
In the second year	**—**	95,293
Subtotal	**91,249**	190,586
Total	**507,728**	618,562

29. DEFERRED TAX

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

Deferred tax liabilities

	As at 31 December 2024			
	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	**65,687**	**10,972**	**652**	**77,311**
Exchange realignment	**(2,603)**	**—**	**(31)**	**(2,634)**
Deferred tax (charged)/credited to profit or loss during the year	**(8,764)**	**(62)**	**246**	**(8,580)**
Effect of acquisition of subsidiaries during the year (Note 32)	**1,615**	**—**	**—**	**1,615**
Deferred tax liabilities at 31 December 2024	**55,935**	**10,910**	**867**	**67,712**

	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 2022	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

29. DEFERRED TAX *(Continued)*

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

Deferred tax assets

	As at 31 December 2024						
	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 2023	**1,111**	**31,677**	**3,438**	**10,918**	**238**	**20,385**	**67,767**
Exchange realignment	**(8)**	**(196)**	**—**	**(8)**	**—**	**(713)**	**(925)**
Deferred tax (charged)/credited to profit or loss during the year	**(313)**	**(9,613)**	**7,750**	**(131)**	**(238)**	**(5,969)**	**(8,514)**
Deferred tax assets at 31 December 2024	**790**	**21,868**	**11,188**	**10,779**	**—**	**13,703**	**58,328**

	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

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:

	2024 RMB'000	2023 RMB'000
Deferred tax assets	**58,328**	67,767
Offset amount	**(10,563)**	(10,758)
Net deferred tax assets	**47,765**	57,009

29. DEFERRED TAX *(Continued)*

Deferred tax assets *(Continued)*

	2024 RMB'000	2023 RMB'000
Deferred tax liabilities	**67,712**	77,311
Offset amount	**(10,563)**	(10,758)
Net deferred tax liabilities	**57,149**	66,553

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

	2024 RMB'000	2023 RMB'000
Aggregated tax losses	**356,830**	168,352

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 Mainland China in respect of earnings generated from 1 January 2008. The applicable rate is 5% or 10% for the Group.

At 31 December 2023 and 2024, 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 Mainland China 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 Mainland China and European countries for which deferred tax liabilities have not been recognised totalled approximately RMB887,377,000 (2023: RMB648,026,000).

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

30. SHARE CAPITAL

Shares

Group and Company

	2024 **RMB'000**	2023 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 2023	147,934,869	102
Issuance of ordinary shares (i)	35,500	—
At 31 December 2023 and 1 January 2024	**147,970,369**	**102**
Cancellation of the shares (ii)	**(82,500)**	**—**
At 31 December 2024	**147,887,869**	**102**

(i) The information of issuance of ordinary shares is disclosed in note 12.

(ii) The Company purchased 1,297,100 of its shares on the Hong Kong Stock Exchange at a total. As at 31 December 2024, the Group had 1,214,600 (2023: Nil) purchased shares classified as treasury shares held for the share award scheme in the future.

Share award scheme

On 28 August 2024, the Company adopted a share award scheme (the "**Scheme**") to recognise and reward eligible participants for their contribution to the Group. The Scheme is funded solely by existing shares to be purchased by the trustee on the market. The Scheme shall be valid and effective for a period of ten years commencing on the adoption date, after which no further awards will be granted.

The total number of shares to be awarded by the administrator pursuant to the Scheme shall not exceed 14,797,036 shares. The number of shares which may be awarded to a selected participant pursuant to the Scheme shall not exceed 1,479,703 shares. From the adoption date of the Scheme to 31 December 2024, no awards have been granted, vested, cancelled or lapsed pursuant to the Scheme.

31. 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 Mainland China. The reserve is dealt with in accordance with the accounting policy set out in note 2.4.

32. BUSINESS COMBINATION

Acquisition of Rigeo B.V.

On 1 October 2024, the Group acquired a 100% equity interest in Rigeo B.V. (refer to as "**Rigeo**") at a cash consideration of EUR4,158,000 (equivalent to RMB32,544,000). Rigeo is a non-listed Netherland-based company, which is active in the field of production and sales of optical instruments and equipment dedicated designed for manufacturing IOLs, moulding-inserts and contact lenses. The acquisition was made as part of the Group's long-term strategy to secure future support and capability of domestic production. The cash consideration for the acquisition was fully paid at the acquisition date.

32. BUSINESS COMBINATION *(Continued)*

Acquisition of Rigeo B.V. *(Continued)*

The fair values of the identifiable assets and liabilities of Rigeo B.V. as at the date of acquisition were as follows:

	Notes	**Fair value recognised on acquisition RMB'000**
Cash and cash equivalents		**8,757**
Trade receivables		**1,409**
Prepayments, other receivables, and other assets		**122**
Inventories		**5,141**
Property, plant and equipment	13	**66**
Intangible assets	16	**6,261**
Right-of-use assets	14(a)	**528**
Trade payables		**(68)**
Lease liabilities	14(b)	**(528)**
Deferred tax liabilities	29	**(1,615)**
Total identifiable net assets at fair value		**20,073**
Non-controlling interests		**—**
Goodwill on acquisition	15	**12,471**
Satisfied by cash		**32,544**

The purchase price allocation is still preliminary pending for the finalisation of the valuation of the assets and liabilities of Rigeo. Thus, the net identifiable assets may be subsequently adjusted, with a corresponding adjustment to goodwill within 12 months after the acquisition date.

32. BUSINESS COMBINATION *(Continued)*

Acquisition of Rigeo B.V. *(Continued)*

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration	**(32,544)**
Cash and cash equivalents acquired	**8,757**
Net outflow of cash and cash equivalents included in cash flows used in investing activities	**(23,787)**

The fair values of the trade receivables at the date of acquisition amounted to RMB1,409,000. The gross contractual amounts of trade receivables were RMB1,409,000. All trade receivables are expected to be collectable.

The revenue and loss included in the consolidated statement of profit or loss from the acquisition date to 31 December 2024 contributed by Rigeo B.V. after eliminating the intra-group sales were RMB470,000 (equivalent to EUR60,000) and RMB157,000 (equivalent to EUR20,000), respectively.

Had the combination of Rigeo B.V. taken place at the beginning of 2024, the revenue of the Group and the profit of the Group for the year ended 31 December 2024 would have been RMB1,435,048,000 and RMB91,228,000, respectively.

33. 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 RMB23,612,000 and RMB23,612,000, respectively, in respect of lease arrangements for plant and equipment (2023: RMB10,571,000 and RMB10,571,000, respectively).

33. 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 2024	**618,562**	**45,796**
Changes from financing cash flows	**(82,171)**	**(25,866)**
Interest paid from financing cash flows	**(33,382)**	**—**
Addition	**—**	**23,612**
Acquisition of subsidiaries (note 32)	**—**	**528**
Exchange realignment	**(30,329)**	**(1,223)**
Interest expense (note 7)	**35,048**	**1,661**
At 31 December 2024	**507,728**	**44,508**

	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

(c) Total cash outflows for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2024 RMB'000	2023 RMB'000
Within operating activities	**967**	902
Within financing activities	**25,866**	22,268
Total	**26,833**	23,170

34. 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

(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.

	Note	**2024** **RMB'000**	2023 RMB'000
Lease payments to Mr. Gao Tieta	(i)	**2,160**	2,160

Notes:

(i) The Group entered into certain property leasing agreements with Mr. Gao Tieta, and accordingly recognised lease liabilities of RMB2,077,000 (2023: RMB1,440,000) as at the end of the reporting period. The Group prepaid RMB720,000 (2023: RMB720,000) for the leasing agreement at the end of the reporting period.

34. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Balances with related parties

	Note	2024 RMB'000	2023 RMB'000
Amounts due from related parties:			
Trade balance			
Mr. Gao Tieta		**100**	100
Total		**100**	100
Amounts due to related parties:			
Trade balance			
Mr. Gao Tieta	(i)	**720**	720
Total		**720**	720

Note:

(i) Balances due to Mr. Gao Tieta, are the prepayments for property leasing disclosed in Note 34(b)(i).

(d) Compensation of key management personnel of the Group

	2024 RMB'000	2023 RMB'000
Salaries, other allowances and benefits in kind	**5,375**	5,347
Performance related bonuses	**2,090**	1,987
Pension scheme contributions	**429**	443
Total	**7,894**	7,777

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

35. 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:

2024

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	—	97,676	97,676
Trade receivables	166,441	—	166,441
Financial assets included in prepayments, other receivables and other assets	13,272	—	13,272
Pledged deposits	5,042	—	5,042
Cash and cash equivalents	421,438	—	421,438
Total	606,193	97,676	703,869

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	70,344	—	70,344
Derivative financial instruments	—	538	538
Financial liabilities included in other payables and accruals	19,258	—	19,258
Interest-bearing bank and other borrowings	507,728	—	507,728
Lease liabilities	44,508	—	44,508
Total	641,838	538	642,376

35. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

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

36. 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:

	2024 **RMB'000**	2023 RMB'000
Carrying amounts of:		
Non-current portion of interest-bearing bank and other borrowings	**337,095**	95,293
Fair values of:		
Non-current portion of interest-bearing bank and other borrowings	**324,569**	88,866

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 2024 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.

36. 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 2024

	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	**—**	**97,676**	**—**	**97,676**

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

37. 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.

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 Mainland China and overseas. And the Group's major operational activities are carried out in Mainland China 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.

37. 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 2024		
If the USD strengthens against the RMB	**5**	**2,418**
If the USD weakens against the RMB	**(5)**	**(2,418)**
If the EUR strengthens against the RMB	**5**	**(2,156)**
If the EUR weakens against the RMB	**(5)**	**2,156**
If the HKD strengthens against the RMB	**5**	**651**
If the HKD weakens against the RMB	**(5)**	**(651)**
If the CHF strengthens against the RMB	**5**	**(216)**
If the CHF weakens against the RMB	**(5)**	**216**
If the JYP strengthens against the RMB	**5**	**(4)**
If the JYP weakens against the RMB	**(5)**	**4**
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

37. 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 2024	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*	—	—	—	1,274	1,274
Trade receivables*	—	—	—	170,857	170,857
Financial assets included in prepayments, other receivables and other assets					
– Normal**	14,224	—	—	—	14,224
– Doubtful**	—	—	—	—	—
Pledged deposits					
– Not yet past due	5,042	—	—	—	5,042
Term deposits					
– Not yet past due	—	—	—	—	—
Cash and cash equivalents					
– Not yet past due	421,438	—	—	—	421,438
Total	440,704	—	—	172,131	612,835

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk *(Continued)*

Maximum exposure and year-end staging *(Continued)*

31 December 2023	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*	—	—	—	2,572	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

* 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 19 and 21 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 19 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.

37. 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 2024			
	Less than 1 year RMB'000	**1 to 5 years RMB'000**	**Over 5 years RMB'000**	**Total RMB'000**
Trade payables	**70,344**	**—**	**—**	**70,344**
Other payables	**19,258**	**—**	**—**	**19,258**
Interest-bearing bank and other borrowings	**176,194**	**341,521**	**—**	**517,715**
Derivative financial instruments	**538**	**—**	**—**	**538**
Lease liabilities	**21,952**	**27,450**	**—**	**49,402**
Total	**288,286**	**368,971**	**—**	**657,257**

	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	90,564	—	—	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	657,615	130,934	2,512	791,061

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 2024.

38. EVENTS AFTER THE REPORTING PERIOD

There was no significant event after the reporting period.

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 **RMB'000**	2023 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	**716,055**	783,841
Financial assets at fair value through profit or loss	**—**	2,183
Cash and cash equivalents	**6,425**	1,776
Term deposit	**—**	38,741
Total current assets	**722,480**	826,541
CURRENT LIABILITIES		
Trade payables	**—**	4,628
Other payables due to subsidiaries	**88,603**	313
Total current liabilities	**88,603**	4,941
NET CURRENT ASSETS	**633,877**	821,600
TOTAL ASSETS LESS CURRENT LIABILITIES	**667,733**	855,456
NON-CURRENT LIABILITIES	**—**	—
Total non-current liabilities	**—**	—
Net assets	**667,733**	855,456
EQUITY		
Share capital	**102**	102
Treasury shares	**(11,688)**	—
Other reserves	**679,319**	855,354
Total equity	**667,733**	855,456

39. 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 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

	Share capital RMB'000	**Treasury shares RMB'000**	**Capital reserve RMB'000**	**Accumulated losses RMB'000**	**Total RMB'000**
At 1 January 2024	**102**	**—**	**2,083,482**	**(1,228,128)**	**855,456**
Total comprehensive income for the year	**—**	**—**	**—**	**(26,591)**	**(26,591)**
Final 2023 dividend declared	**—**	**—**	**—**	**(148,555)**	**(148,555)**
Purchase of own shares	**—**	**(11,688)**	**(889)**	**—**	**(12,577)**
As 31 December 2024	**102**	**(11,688)**	**2,082,593**	**(1,403,274)**	**667,733**

40. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 March 2025.

Financial Summary

	For the year ended December 31,				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Operating results					
Revenue	**1,428,397**	1,406,238	1,253,785	1,298,218	962,075
Gross profit	**663,389**	691,600	625,338	609,471	436,177
Profit/(Loss) before tax	**155,287**	247,735	(275,094)	(137,964)	149,155
Profit/(Loss) for the year	**88,523**	172,914	(352,712)	(191,571)	98,538
Adjusted net profit (non-IFRS measure)(1)	**NA**	N/A	157,340	171,319	118,004
Profitability					
Gross profit margin	**46.4%**	49.2%	49.9%	46.9%	45.3%
Net profit/(loss) margin	**6.2%**	12.3%	(28.1)%	(14.8)%	10.2%
Adjusted net profit margin(2)	**NA**	N/A	12.5%	13.2%	12.3%

	As of December 31,				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial Position					
Total current assets	**1,150,777**	1,390,836	1,326,334	1,089,781	749,037
Total current liabilities	**511,814**	891,667	492,623	441,235	1,280,500
Total non-current assets	**1,415,534**	1,452,881	1,391,756	1,336,888	1,486,739
Total non-current liabilities	**466,310**	255,064	738,782	2,618,805	907,466
Net assets/(liabilities)	**1,588,187**	1,696,986	1,486,685	(633,371)	47,810
Cash and cash equivalents	**421,438**	618,695	721,523	608,996	307,490

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"	the annual general meeting of the Company
"Articles of Association"	the 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
"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", "PRC" or "Mainland China"	the 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
"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 modified 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 to it under 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
"Director(s)"	the director(s) of the Company
"Distribution Products"	products of the brand partners which the Group distributes
"electrophysiological equipment"	electrophysiological equipment uses an objective and non-invasive diagnostic technique, which can evaluate visual disorder by measuring electrical signals produced by the visual system
"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 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 Tech"	Gaush Tech Ltd* (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
"Gaush Teleon"	Gaush Teleon Ltd* (高視泰靚醫療科技有限公司), a company with limited liability incorporated under the laws of the PRC on June 22, 2021 and an indirect wholly-owned subsidiary of the Company
"Geuder"	Geuder AG, a company established in Germany
"glaucoma"	a group of eye diseases that are usually characterized by progressive structural and functional changes of the optic nerve, which is caused by fluid building up in the front part of the eye
"Global Offering"	the Hong Kong Public Offering and the International Offering (both as defined in the Prospectus)
"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
"Greater China"	for the purposes of this annual report and for geographical reference only, the Chinese Mainland, Hong Kong, Macau and Taiwan

"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, 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 Transaction by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"NEEQ"	the National Equities Exchange and Quotations, a PRC over-the-counter system for trading shares of public companies

"NMPA"	the National Medical Products Administration (國家藥品監督管理局) and its predecessor, the State 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 non-surgical method to eliminate the refractive error of the eye and improve the naked vision by changing the geometry of the cornea within the pressure of the eyelids during sleep which is placed on the upper surface of the cornea when wearing
"Preferred Shares"	the convertible redeemable preferred shares of the Company, which were converted into Shares and recorded as share capital upon the Listing
"Proprietary Products"	products that the Group develops and manufactures
"Prospectus"	the prospectus of the Company dated November 30, 2022
"refractive error"	eye disorder caused by irregularity in the shape of the eye, which makes it difficult for the eyes to focus images clearly
"R&D"	research and development
"Remuneration Committee"	the remuneration committee of the Company
"Reporting Period"	the period from January 1, 2024 to December 31, 2024
"RMB"	Renminbi, the lawful currency of the PRC
"Roland"	Roland Consult Stasche & Finger GmbH, a company with limited liability (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 holds 80.00% 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$0.0001 each
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"subsidiary(ies)"	has the meaning ascribed thereto under section 15 of the Companies Ordinance
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Suzhou Gaush Clear"	Gaush Clear Ltd* (蘇州高視高清醫療技術有限公司), a company with limited liability incorporated under the laws of the PRC on February 24, 2021 and an indirect subsidiary of the Company which holds 80.00% equity interest
"Teleon"	collectively, Teleon Holding B.V., Teleon Surgical B.V., Teleon IP B.V., Teleon Surgical Vertriebs GmbH and Teleon Surgical GmbH
"United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US dollars", "USD" or "US$"	United States dollars, the lawful currency of the United States
"Vendor Loan"	the secured loan granted by Stichting Administratiekantoor OPM to Gaush Netherlands pursuant to a facility agreement of EUR24.25 million dated December 23, 2020 to partially finance the acquisition of Teleon and which shall mature in 2025
"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*