Beijing Airdoc Technology Co., Ltd.

北京鷹瞳科技發展股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock code: 2251)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2022

The Board of the Company is pleased to announce the audited consolidated annual results of the Group for the year ended December 31, 2022, together with the comparative audited figures for the corresponding period of 2021 as follows. The consolidated financial statements of the Group for the Reporting Period prepared under the International Financial Reporting Standards have been reviewed by the Audit Committee and audited by the Company's auditors, KPMG.

In this announcement, "we", "us" and "our" refer to the Company and where the context otherwise requires, the Group. Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.

FINANCIAL SUMMARY

	For the Year ended December 31,	
	2022	2021
	(Audited)	(Audited)
	RMB'000	*RMB'000*
Revenue	**113,657**	115,181
Cost of sales	**(57,805)**	(44,940)
Gross profit	**55,852**	70,241
Loss from operations	**182,301**	(142,229)
Loss before taxation	**182,740**	(142,527)
Loss for the year	**182,740**	(142,527)
Loss per share		
Basic and diluted *(RMB)*	**(1.75)**	(1.76)

	As of December 31,	
	2022	2021
	(Audited)	(Audited)
	RMB'000	*RMB'000*
Financial Position		
Non-current assets	**64,137**	48,566
Current assets	**1,675,818**	1,845,611
Non-current liabilities	**3,928**	3,420
Current liabilities	**64,665**	70,771
Net assets	**1,671,362**	1,819,986
Total equity attributable to equity shareholders of the Company	**1,666,125**	1,819,986
Non-controlling interests	**5,237**	—

BUSINESS SUMMARY

- In 2022, we had detected 4,329,798 cases via our SaMDs and health risk assessment solutions.
- In 2022, we had approximately 2,371 service sites on a monthly basis where our SaMDs and health risk assessment solutions were used day to day.
- In 2022, the number of our customers increased to 397.
- In 2022, our Airdoc-AIFUNDUS (1.0) was sold to 63 hospitals and 155 primary healthcare institutions.
- In 2022, our AI-based solutions were implemented in over 180 health checkup centers and over 1,200 optometry centers across China.
- In 2022, we completed the clinical trial of Airdoc-AIFUNDUS (2.0) in the third quarter of 2022 with outstanding results and applied to the NMPA for an updated Class III medical device certificate for the new indications in the fourth quarter of 2022.
- In January 2022, we received a Class II medical device registration certificate for our cataracts detection SaMD from the Shanghai branch of the NMPA.
- In May 2022, we jointly published a research paper together with Beijing Tongren Hospital Eye Center (北京同仁醫院眼科中心) in *The JAMA Network Open* regarding the performance of RAIDS in detecting and screening 10 retinal diseases. The results showed that RAIDS achieved a sensitivity of 89.8% to detect any of the 10 retinal diseases and differentiated 10 retinal diseases with accuracies ranging from 95.3% to 99.9%. Compared with human retinal specialists, RAIDS showed a higher sensitivity for detecting retinal abnormality and greater efficiency for assessing retinal images.
- In July 2022, we received a Class II medical device registration certificate for our AI-FUNDUSCAMERA-D, a fully automatic and self-service desktop fundus camera, from the Shanghai branch of the NMPA.
- In July 2022, we received the Wu Wen Jun AI Science & Technology Progress Award (吳文俊人工智能科技進步獎), the highest award for intelligent science and technology in China. This was the second time we received such award since 2019, making us the first medical AI company in China who received this award twice.

- In November 2022, we completed the project "Research and Development of Fundus Image Artificial Intelligence Recognition and its Application in Blinding Eye Disease and Cardiovascular Risk Assessment" in collaboration with Zhongshan Eye Center of Sun Yat-sen University (中山大學中山眼科中心), Beijing Tongren Hospital affiliated with the Capital Medical University (首都醫科大學附屬北京同仁醫院), Peking University (北京大學) and Beijing Tsinghua Changgung Hospital affiliated with the Tsinghua University (清華大學附屬北京清華長庚醫院), which was awarded the second prize of the 2021 Beijing Science and Technology Progress Award (北京市科學技術進步獎).

- In December 2022, we jointly published a paper with Dr. XIE Wuxiang (解武祥), a researcher at the Peking University Clinical Research Institute (北京大學臨床研究所) in the top international journal *Age and Ageing* (IF: 12.782, the journal ranked first in the field of geriatrics, which is the world's first study that combines AI technology with fundus image to identify people at high risk of dementia. We participated in the research and provided strong technical support and guarantee for the smooth development of the research.

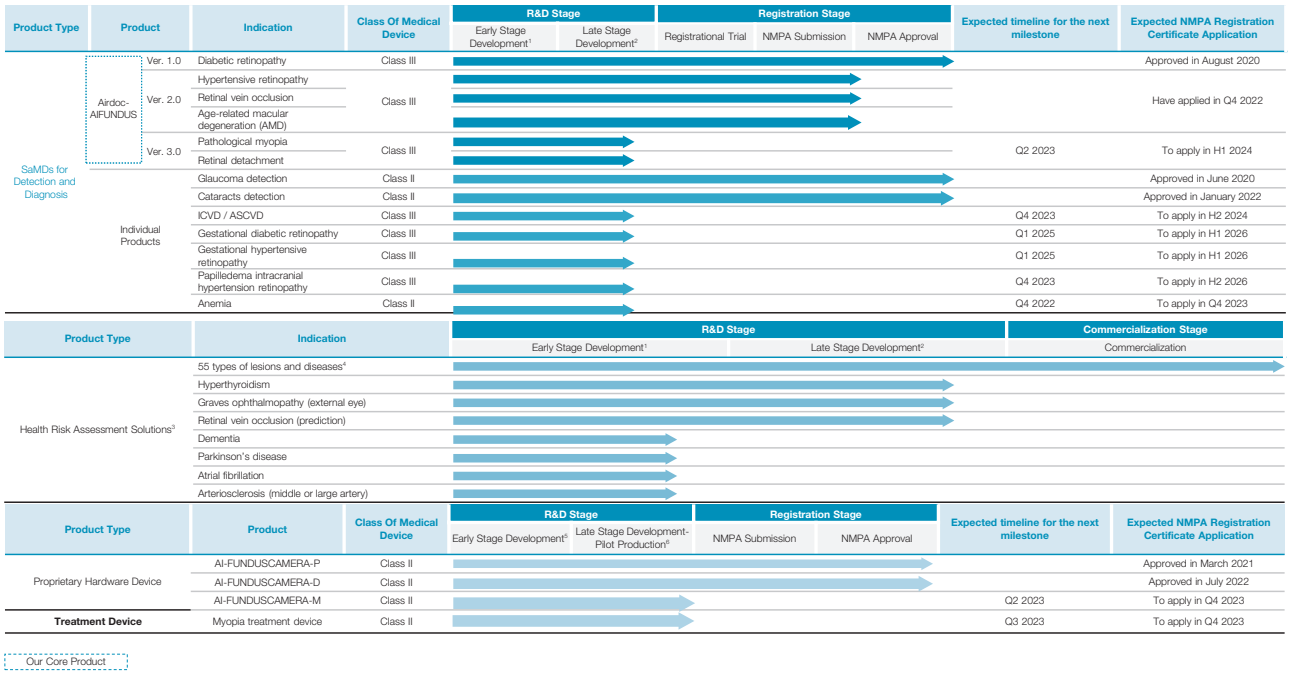
MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

We are an AI-based medical device company with an advanced platform of AI-empowered retina-based deep learning algorithms. Founded in 2015, we are one of the first to provide AI-empowered retina-based early detection, diagnosis and health risk assessment solutions in China. With the feature of integrated software and hardware solutions, we provide our AI-based SaMDs, health risk assessment solutions and hardware devices to a wide range of healthcare environments, enabling us to commercialize and sell not only to clinical departments in hospitals, but also to other types of medical institutions, various consumer healthcare environments and eye health management settings. With an aim to efficiently penetrating our integrated AI-based software and hardware solutions into these healthcare environments, we developed a multi-faceted sales and marketing strategy by establishing three closely connected business units: Airdoc Medical (鷹瞳醫療), Airdoc Health (鷹瞳健康) and Airdoc Eye Health (鷹瞳眼健康). Leveraging retinal imaging, multimodal data analyses and AI deep learning algorithms, our solutions differ from the traditional early detection and diagnosis method by adopting a non-invasive, accurate, fast, effective and scalable detection and diagnosis of chronic diseases. Our Airdoc-AIFUNDUS (1.0), an AI-based SaMD approved for auxiliary diagnosis of diabetic retinopathy in August 2020, was the first of its kind that obtained the Class III medical device certificate from the NMPA. In 2022, we had detected over 4.3 million cases via our SaMDs and health risk assessment solutions.

Our Portfolio

To address the largely unmet medical needs of early detection and diagnosis of chronic diseases, we developed our AI-empowered retina-based early detection, diagnosis and health risk assessment solutions potentially capable of covering a wide range of diseases and lesions. Our portfolio includes SaMDs for detection and diagnosis, health risk assessment solutions and hardware devices, forming an integrated solution of AI-based software and hardware. The following diagram sets forth key details of our portfolio as of the date of this announcement:



1. Denotes the process of data collection, data labelling and model training.

2. Denotes the process of data supplementation, algorithm training iteration and algorithm validation.

3. No regulatory approval or registration is required for the sales of our health risk assessment solutions in consumer healthcare environments and eye health management settings.

4. During the Reporting Period, we offer health risk assessment solutions with the ability to detect risk indicators, including risk assessments of retinal abnormalities, retinal vascular diseases, vitreous abnormalities, retinal tumors, optic nerve pathologies, macular diseases, congenital anomalies of the retina, cardiovascular disease and anemia.

5. Denotes the process of product planning, product definition, engineering verification and design verification.

6. Denotes the process of production verification.

SaMDs for Detection and Diagnosis

We have Airdoc-AIFUNDUS, our in-house developed Core Product, and a pipeline of seven other in-house developed individual SaMDs in our SaMD portfolio.

Airdoc-AIFUNDUS — Our Core Product

Our Airdoc-AIFUNDUS is an AI-based SaMD that uses sophisticated deep learning algorithms to accurately detect and diagnose chronic diseases from retinal images. We developed Airdoc-AIFUNDUS based on our proprietary AI-empowered retina-based early detection, diagnosis and health risk assessment technology platform, which is driven by deep learning technologies and fully validated in terms of scientific theory, clinical trial data and clinical pathway.

We have three versions of Airdoc-AIFUNDUS. Our Airdoc-AIFUNDUS (1.0) was the first AI-empowered retina-based auxiliary diagnosis product that obtained the Class III medical device certificate from the NMPA for assisting physicians in medical institutions with detecting and diagnosing diabetic retinopathy. In our multi-center clinical trial with 1,000 enrolled patients, our Airdoc-AIFUNDUS (1.0) demonstrated an industry-leading sensitivity of 91.75% and specificity of 93.10%. Moreover, our Airdoc-AIFUNDUS (1.0) is widely compatible with most fundus cameras on the market, which enables us to be well-positioned to capture the significant market opportunity. With diabetic retinopathy being the most common diabetes complication, we have marketed our Airdoc-AIFUNDUS (1.0) to the departments of endocrinology, ophthalmology and physical examination in hospitals.

Airdoc-AIFUNDUS (2.0) is designed for the auxiliary diagnosis of hypertensive retinopathy, retinal vein occlusion and AMD. Upon completion of the entire process of clinical trial in the third quarter of 2022, we have applied to the NMPA for registration approval for the new indications in the fourth quarter of 2022. Our Airdoc-AIFUNDUS (2.0) has the potential to become the first AI-based auxiliary diagnosis SaMD in China that is expended with multiple indications approved. After obtaining the registration approval of new indications, we plan to market our Airdoc-AIFUNDUS (2.0) to the departments of cardiology and neurology in addition to the departments in hospitals mentioned above and promote it to patients with high blood pressure or at high risk of retinal vein occlusion.

Airdoc-AIFUNDUS (3.0) is designed for the auxiliary diagnosis of pathological myopia and retinal detachment to address the increasing myopia and vision problems in China, especially in younger generations.

Glaucoma Detection SaMD

Our glaucoma detection SaMD is used to process and analyze fundus images to detect glaucoma by measuring the CDR of the optic disc. Featuring high accuracy, objectivity and efficiency, our glaucoma detection SaMD allows an editable and traceable analysis process while enabling physicians to rely less on experience and training to generate the CDR in early detection of glaucoma. We received a Class II medical device registration certificate for our glaucoma detection SaMD from the Shanghai branch of the NMPA in June 2020.

Cataracts Detection SaMD

Our cataracts detection SaMD is designed to detect cataracts by measuring the color value of the eye lens. Our cataracts detection SaMD can help ophthalmologists conveniently detect cataracts in a more standardized and scalable way and facilitate the process of grading cataracts in an accurate and objective fashion. We received a Class II medical device registration certificate for our cataracts detection SaMD from the Shanghai branch of the NMPA in January 2022.

Other SaMDs for Detection and Diagnosis

We are developing five other SaMDs designed for the detection and auxiliary diagnosis, covering ICVD and ASCVD, gestational diabetic retinopathy, gestational hypertensive retinopathy, papilledema intracranial hypertension retinopathy and anemia based on our AI-empowered retina-based early detection, diagnosis and health risk assessment technology platform.

Health Risk Assessment Solutions

As chronic disease prevalence in China continues to rise, people's health awareness as well as the need for health risk assessment is also rapidly growing. To capture this massive market opportunity, we develop our AI-empowered retina-based health risk assessment solutions that provide end users with basic health assessment and detect risk indicators, including retinal abnormalities, retinal vascular diseases, vitreous abnormalities, retinal tumors, optic nerve pathologies, macular diseases, congenital anomalies of the retina, cardiovascular diseases and anemia. Targeting a wide range of business settings that act as entry points of daily health monitoring and eye health management, we customize our health risk assessment solutions to cater to their unique needs raised in different healthcare environments. With our health risk assessment solutions currently covering 55 types of lesions and diseases, we market it to various types of healthcare providers, which primarily include health checkup centers, insurance companies, optometry centers and pharmacies. We also plan to expand the coverage of diseases and lesions of our health risk assessment solutions to include hyperthyroidism, graves ophthalmopathy, retinal vein occlusion, dementia, Parkinson's disease, atrial fibrillation and arteriosclerosis, among others.

Proprietary Hardware Devices

We have three in-house developed fundus cameras that are compatible with our auxiliary diagnosis SaMDs and health risk assessment solutions, enabling us to provide integrated healthcare solutions that combine hardware and software. Together with our software products, our hardware devices are powered by on-device AI technologies such as speech recognition, speech synthesis and computer vision and can successfully address pain points of existing fundus cameras on the market at a fraction of the cost. In addition, we also launched a myopia treatment device loaded with our AI algorithm for dynamic real-time tracking. The device irradiates the fundus with repeated low-intensity light at 650nm, increases the thickness of the choroid, and inhibits the excessive growth of the eye axis, thereby controlling the progression of myopia.

AI-FUNDUSCAMERA-P

Our AI-FUNDUSCAMERA-P is a portable, automatic and self-service fundus camera that can easily apply to any healthcare environments, which is a breakthrough innovation from existing fundus cameras. Our products are operator-free and can complete the retinal image capture automatically while traditional fundus cameras require professionals to operate. We received a Class II medical device certificate from the Shanghai branch of the NMPA for our AI-FUNDUSCAMERA-P in March 2021 and had commenced commercialization since then.

AI-FUNDUSCAMERA-D

Our AI-FUNDUSCAMERA-D is a fully automatic and fully self-service desktop fundus camera with comparable image quality but significantly lower costs than traditional high-end desktop fundus cameras. Its infrared imaging and low-light enhancement technologies facilitate the capture of high-quality images. We received the Class II medical device registration certificate for our AI-FUNDUSCAMERA-D from the Shanghai branch of the NMPA in July 2022. We kick-started the commercialization of our desktop version in various healthcare environments to meet the customer's needs for large-sized fundus cameras.

AI-FUNDUSCAMERA-M

Our AI-FUNDUSCAMERA-M is a multimodal health scanner integrated with more biosensors that enable it not only to capture retinal images but also other physiological data, such as electrocardiograms, blood oxygen and blood pressure. The collection of multimodal physiological data serves as the foundation of our AI-based health risk assessment solutions.

WARNING UNDER RULE 18A.08(3) OF THE LISTING RULES: WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR CORE PRODUCT, AIRDOC-AIFUNDUS.

R&D

We continue developing AI-empowered retina-based technology to enhance our existing pipeline and to provide comprehensive and multi-faceted high-quality AI-based solutions for chronic disease early detection and diagnosis. We have primarily focused our efforts on developing deep learning algorithms, processing and labeling medical data, developing engineering infrastructures for algorithm training and data analysis, and developing technologies for our hardware devices. As of the date of this announcement, we have developed over 90 deep learning algorithms to cover a comprehensive range of diseases, lesions and health risks.

We are one of the few in the industry that offer solutions that integrate software, algorithms, hardware and services together as one product. While our AI-based SaMDs are compatible with various fundus cameras on the market, we believe that our in-house developed hardware devices powered by on-device AI technologies provide an improved user experience, better algorithm optimization with our software, seamless end-to-end performance and greater cost effectiveness that make us the solution-of-choice to customers. During the Reporting Period, we continued developing new algorithms and optimizing existing ones so as to increase screening efficiency, improve diagnosis accuracy and cover more health risks while reducing cloud computing costs. We streamlined, consolidated and upgraded our AI-based product solutions to better cater to our three business pillars: Airdoc Medical, Airdoc Health and Airdoc Eye Health. In addition, we also upgraded our hardware devices in a comprehensive manner that integrates enhancements from hardware itself, algorithms, software and product solutions. We continue reducing hardware costs while enhancing its performance by optimizing the on-device AI-empowered algorithms rather than purely using high-end sophisticated optical components.

As of the date of this announcement, we had quite a few R&D achievements that will reinforce the foundation for our future growth. For example, in May 2022, we jointly published a research paper together with Beijing Tongren Hospital Eye Center (北京同仁醫院眼科中心) in The JAMA Network Open regarding the performance of RAIDS in detecting and screening 10 retinal diseases. The results showed that RAIDS achieved a sensitivity of 89.8% to detect any of 10 retinal diseases and differentiated 10 retinal diseases with accuracies ranging from 95.3% to 99.9%. Compared with human retinal specialists, RAIDS showed a higher sensitivity for detecting retinal abnormality and greater efficiency for assessing retinal images. As a result, the AI-empowered retinal imaging technology not only may help overcome the lack of experienced ophthalmologists in underdeveloped areas, but also is better positioned to serve the needs for large-scale screening.

In terms of our product pipeline, we received the Class II medical device registration certificate for our desktop fundus camera AI-FUNDUSCAMERA-D from the Shanghai branch of the NMPA in July 2022.

Also in July 2022, we received the Wu Wen Jun AI Science & Technology Progress Award (吳文俊人工智能科技進步獎), the highest award for intelligent science and technology in China, for the second time since 2019. This makes us the first medical AI company in China who received this award twice.

In October 2022, we jointly published an essay about the researchers' innovative research and development and verification of an AI algorithm model to distinguish the fundus photos of retinal vein occlusion patients from normal people in *Eye*, a sub-journal of *Nature*, with West China Hospital of Sichuan University (四川大學華西醫院) and Chengdu iKang Guobin Physical Examination Center Co., Ltd. (成都愛康國賓健康體檢中心有限公司), which may become a powerful tool for predicting the risk of retinal vein occlusion and other cardiovascular and cerebrovascular diseases in the future.

In November 2022, we completed the project "Research and Development of Fundus Image Artificial Intelligence Recognition and its Application in Blinding Eye Disease and Cardiovascular Risk Assessment" in collaboration with Zhongshan Eye Center of Sun Yat-sen University (中山大學中山眼科中心), Beijing Tongren Hospital affiliated with the Capital Medical University (首都醫科大學附屬北京同仁醫院), Peking University (北京大學) and Beijing Tsinghua Changgung Hospital affiliated with the Tsinghua University (清華大學附屬北京清華長庚醫院), which was awarded the second prize of the 2021 Beijing Science and Technology Progress Award (北京市科學技術進步獎).

In December 2022, we jointly published a paper with Dr. XIE Wuxiang (解武祥), a researcher at the Peking University Clinical Research Institute (北京大學臨床研究所) in the top international journal *Age and Ageing* (IF: 12.782, the journal ranked first in the field of geriatrics), which is the world's first study that combines AI technology with fundus image to identify people at high risk of dementia. We participated in the research and provided strong technical support and guarantee for the smooth development of the research.

With our continuous efforts and achievements in R&D, taking retinal images as an entry point of detection, we use AI-empowered algorithms to explore multiple diseases with medical evidence of medicine algorithms on retinal nerve cells and vein.

Our R&D team has accumulated substantial industry experience and is the foundation of our success. As of the date of this announcement, our R&D team consisted of 114 members, all of whom hold bachelor's or higher degrees.

Our R&D team has deep experience in AI-technologies and medicine with a full spectrum of expertise across deep learning, medicine, computer vision, data analytics, internet service, medical devices, biology and other disciplines. Our R&D team is led by our chief technology officer, Dr. HE Chao, and our chief medical officer, Dr. CHEN Yuzhong.

Manufacturing

To better meet our customers' increasing demands for different types of fundus cameras, we have built up our own manufacturing capabilities, which allow us to manufacture our hardware devices in house. During the Reporting Period, we purchased raw materials for the production of our self-developed fundus cameras, such as plastic molds, metal components and printed circuit board assembly. Our fundus cameras are manufactured in our production facility located in Hunan Province. We have adopted a series of procedures to ensure that our production qualifications, facilities and processes comply with the relevant regulatory requirements and our internal guidelines. We recruit our factory staff with reference to their qualification, expertise and familiarity with technologies and equipment. We started pilot production of our AI-FUNDUSCAMERA-P in March 2020 for quality and durability testing. During the Reporting Period, we produced our AI-FUNDUSCAMERA-P for commercialization

independently in our Hunan manufacture site. With the Class II medical device registration certificate for our AI-FUNDUSCAMERA-D now in place, we are ready to commence large-scale production of our desktop fundus camera.

Our Commercialization Progress

Our portfolio of AI-empowered retina-based early detection, diagnosis and health risk assessment solutions has potentially broad applications and coverage of a wide range of chronic diseases. Given the wide range of healthcare environments that can use our products, we have developed a flexible and multi-channel sales and marketing strategy to cover various commercialization pathways in medical institutions, consumer healthcare environments and eye health management settings.

During the Reporting Period, the number of our customers increased from 244 in 2021 to 397 in 2022. We continued expanding our service network to cover a growing number of service sites operated by our customers. During the Reporting Period, excluding the seasonal factor, we had approximately 2,371 service sites on a monthly basis where day-to-day diagnosing activities via SaMDs and assessing activities via health risk assessment solutions were conducted. For the Reporting Period, we had detected 4.3 million cases ("**Uses**") via our SaMDs and health risk assessment solutions, representing a year-over-year decrease of 12%, mainly due to limited on-site activities in the relevant business settings where our products and solutions are applied. For our provision of SaMDs or health risk assessment solutions, we charge our customers on a pay-per-use basis based on the actual amount of testing services we provided, or charge our customers a preset fee for a predetermined or unlimited amount of testing services during the subscription period pursuant to the service agreements with our customers. For the Reporting Period, we charged an average of RMB20.3 per Use, calculated by dividing our revenue from provision of AI-based software solutions by the users, representing a year-over-year increase of 4.5% as compared to RMB19.9 in 2021, primarily due to the capability improvement of our AI-based solutions.

We had established an in-house sales and marketing team of 64 members as of the date of this announcement to provide our customers with a full life cycle of customized supports. Our sales and marketing team which comprises functions of sales, product solution and customer success covers different geographic regions and different commercialization channels. We provide our sales and marketing personnel with comprehensive training covering our corporate culture, product knowledge, medical theories and marketing system, etc.

Airdoc Medical

Airdoc Medical covers medical institutions which include hospitals, primary healthcare institutions (such as community clinics) and health checkup centers. Aiming to be of great help to eye doctors and address the issue of lack of experienced retinal specialists in underserved regions, our solution for Airdoc Medical primarily serves the clinical needs for detection and auxiliary diagnosis of certain indications with quantitative measurements, such as the total size and number of hemorrhages and exudates. For example, we promote our Airdoc-AIFUNDUS to medical institutions to assist physicians with medical diagnoses and target patients with chronic diseases covered by our Airdoc-AIFUNDUS. In August 2020, we received the Class III medical device registration certificate from the NMPA for our Airdoc-AIFUNDUS (1.0), the SaMD approved for the auxiliary diagnosis of diabetic retinopathy. We have started the commercialization of our Airdoc-AIFUNDUS (1.0) since early 2021.

For our sales to hospitals, we will seek to include our Airdoc-AIFUNDUS (1.0) in the pricing guidance in most provinces in China, upon which hospitals can charge patients separately for such medical service. As of the date of this announcement, the pricing guidance of fundus image analysis in large populations had been issued by local governmental authorities in Beijing, Hebei, Shandong, Shanxi, Anhui and Jiangsu, pursuant to which our Airdoc-AIFUNDUS can be utilized as a new charging item. We are currently working on assisting several hospitals across multiple provinces to obtain the pricing guidance. Depending on the evolving healthcare-related policies and regulations adopted by various local governments, we may adjust from time to time the strategy in term of in which province we apply for the pricing guidance in order to obtain it as soon as possible. Although our expected applying progress has been adversely affected by the limited on-site activities in the medical institutions, we have managed to assist hospitals in Jilin, Hubei, Hunan and Jiangxi with the applying during the Reporting Period. For primary healthcare institutions and health checkup centers, we also market our health risk assessment solutions.

We are dedicated to increasing our penetration in hospitals across the country while expanding our coverage of primary healthcare institutions which represent the majority of medical institutions in China. For the Reporting Period, we had sold our Airdoc-AIFUNDUS (1.0) to 63 hospitals and 155 primary healthcare institutions, with the monthly average number of service sites related to hospitals and primary healthcare institutions increased year over year by over 200%. In addition, we also implemented our AI-based solutions in over 180 health checkup centers across China. For the Reporting Period, we recorded revenue of RMB28.2 million from Airdoc Medical, and generated revenue of RMB25.1 million from the sales of our Airdoc-AIFUNDUS (1.0).

Airdoc Health

Airdoc Health covers a wide range of consumer healthcare environments, such as insurance companies and pharmacies, to which we offer our health risk assessment solutions that focus on chronic diseases. As the concept of health management is on the rise, more types of business settings have emerged as the entry point of daily health management for specific populations, and they are keen to better serve their end users' specific healthcare needs. This is where we can perfectly fit in. With our solution for Airdoc Health, we empower consumer healthcare environments to provide the AI-enabled assessment of risk factors for chronic diseases and continuous health monitoring, allowing high-quality healthcare accessible in a much wider range of business settings and to a much larger base of end users.

In the business setting of insurance, we assist insurance companies in evaluating the health conditions of their insurance applicants and insured members in an accurate, efficient and continuous manner. For example, we helped one of our insurance customers build health stations at its branch offices where its end customers can take regular health checkups. To explore additional business opportunities in the insurance industry, we are expanding our cooperation with insurance companies from life insurance to more types of insurance, such as health insurance and group insurance. As of the date of this announcement, we had provided our solutions to nearly 94 insurance companies, among which many were top commercial insurance companies. In the business setting of pharmacy, we enable pharmacy chains and pharmaceutical companies to utilize pharmacies as a landing point for various healthcare services and managing chronic diseases in the healthcare ecosystem. During the Reporting Period, our health risk assessment solutions were used by over 780 pharmacies across the country with the monthly average number of service sites increased year over year by over 200%. In addition, we continue exploring business opportunities in government well-being projects where we assist local governments with the large-scale screening of chronic diseases. For the Reporting Period, we recorded revenue of RMB41.8 million from Airdoc Health.

In overseas markets, we have obtained approvals and completed registrations for our fundus cameras in the European Union and the United States. We have completed the registration of Airdoc-AIFUNDUS (1.0) software in Malaysia and Indonesia, and further expanded into Singapore.

Airdoc Eye Health

Airdoc Eye Health covers various eye health management settings, such as optometry centers and government-backed vision screening projects, to which we offer our health risk assessment solutions that focus on retinal conditions and eye diseases. People's eye health awareness in general is being raised along with the development of eye care infrastructure. Myopia control and prevention in particular has become not only a national campaign promoted by the government, but also an activity that parents would prioritize to conduct as their children are facing with more schoolwork. According to the data provided by the National Health Commission, in 2020, the overall myopia rate of children and adolescents in China was 52.7%, including 14.3% for children aged 6, 35.6% for primary school students, 71.1% for junior high school students and 80.5% for senior high school students. The risk of eye complications caused by high myopia, such as myopic macular degeneration, retinal detachment, glaucoma and cataract, increased exponentially, making the number of patients with high myopia related eye diseases and vision loss significantly increase. With our solution for Airdoc Eye Health, we address the needs for eye health evaluation as well as myopia control and prevention. For optometry centers, we provide our customers with a comprehensive analysis of their end customers' retinal conditions, enabling them not only to identify risk factors that may lead to impaired vision, but also provide customized professional eyeglasses prescriptions. During the Reporting Period, our solutions had been deployed in over 1,200 optometry centers across China. During the Reporting Period, we launched a myopia treatment device loaded with our AI Technologies for dynamic real-time tracking, which irradiates the fundus with repeated low-intensity light at 650nm, increases the thickness of the choroid of the eye, and inhibits the excessive growth of the eye axis, thereby controlling the progression of myopia. It is an effective choice for the prevention and control of myopia in children and young people. We will start the commercialization of our myopia treatment device in various medical and health scenarios to meet the needs of customers for myopia prevention and control. For the Reporting Period, we recorded revenue of RMB43.6 million from Airdoc Eye Health.

Impact of Limited On-site Activities

Limited On-site activities in the relevant business settings where our products and solutions are applied caused a significant adverse impact on our business operations during the Reporting Period, especially in the second quarter of 2022. Although we managed to further expand our customer base as compared with that of last year, the temporary closure of service sites experienced by some of our customers and people's reluctance to meet face-to-face under such circumstances still materially reduced the usage of our products and services at offline service sites. However, based on our expanded customer base and continued efforts in acquiring new ones, we have seen a rebound in our Uses after the Reporting Period. We expect to pick up the pace in this year as the on-site activities resume.

Future Development and Outlook

To realize "more intelligence, better care" and capture market opportunities in various healthcare service settings, we will further execute our business strategy of multi-faceted commercialization and better cater to different types of customers across Airdoc Medical, Airdoc Health and Airdoc Eye Health. In addition to these three key business pillars that support our business expansion domestically, we will also continue to explore growth opportunities in overseas markets supported by our dedicated sales and marketing team. With initial results achieved in a few countries such as the Singapore, Indonesia, Thailand, Malaysia and South Africa, we also gained market access in the United States and European Union for our own fundus cameras in late June 2022. Besides the aforementioned developments to our principal business, we also launched a myopia treatment device in 2022, which is able to bring significant synergetic effects to our existing business. In order to address the needs for eye health evaluation as well as myopia control and prevention, the product was developed to treat pseudomyopia, assist in the treatment of mixed myopia and refractive myopia, and prevent true myopia through the joint action of repeated low-intensity light at 650nm and eye muscle training. Based on the full suite of integrated AI-based software and hardware solution that has established commercialization pathways in China, we aim to increase our global coverage as well in more countries in the years to come.

FINANCIAL REVIEW

Revenue

During the Reporting Period, we primarily generated revenue from three business pillars, namely Airdoc Medical, Airdoc Health and Airdoc Eye Health, by providing customers with our integrated AI-based software and hardware solutions. We offer AI-based software solutions by providing SaMDs to medical institutions and providing health risk assessment solutions to various healthcare providers. Depending on customer needs, we may sell our software as a standalone product, or as a bundle with our proprietary or third-party hardware if those customers who want to buy our software do not own any fundus camera in the first place. We also provided our customers with other services which primarily include procurement services we provided to some of our customers for the third-party hardware devices and software development services we provided to our customers according to their customization requirements.

Our revenue decreased by 1.3% from RMB115.2 million for the year ended December 31, 2021 to RMB113.7 million for the year ended December 31, 2022. This decrease was primarily due to the decrease in revenue generated from the business of Airdoc Health, as a result of limited on-site activities at relevant service sites partially offset by the increase in revenue generated form the business of Airdoc Eye Health.

Cost of Sales

Our cost of sales primarily consists of (i) depreciation expenses which primarily relate to the depreciation of hardware devices; (ii) hardware devices costs which represent the purchase costs of fundus cameras and myopia treatment device from third parties that were used with our software; (iii) employee benefits expenses; and (iv) cloud service fees which represent the service fees we paid to cloud service suppliers to support our AI-based software solutions.

Our cost of sales increased by 28.6% from RMB44.9 million for the year ended December 31, 2021 to RMB57.8 million for the year ended December 31, 2022, primarily due to an increase in the purchase costs of myopia treatment device.

Gross Profit and Gross Profit Margin

As a result of the aforementioned factors, the gross profit of the Group decreased from RMB70.2 million for the year ended December 31, 2021 to RMB55.9 million for the year ended December 31, 2022. Gross profit margin is calculated as gross profit divided by revenue. The overall gross profit margin of the Group decreased from 61.0% for the year ended December 31, 2021 to 49.1% for the year ended December 31, 2022, primarily due to the disproportion between increases in revenue and cost of sales as we expanded our Airdoc Eye Health business by launching the myopia treatment device. For the Reporting Period, the gross profit margin of our AI-based software solutions was 64.0%.

Other Income

Other income primarily consists of (i) investment income from wealth management products, representing fair value changes incurred in our investment in wealth management products; (ii) interest income from bank deposits; (iii) investment income from debt instruments; (iv) government grants, which primarily represent one-off government grants we received from local governmental authorities to support our R&D; and (v) exchange gain or loss.

Our other income increased from RMB1.4 million for the year ended December 31, 2021 to RMB67.5 million for the year ended December 31, 2022, primarily attributable to a net foreign exchange gain of RMB58.6 million.

R&D Expenses

Our R&D expenses primarily consist of (i) employee benefits expenses for our employees involved in R&D; (ii) product development expenses, representing expenses incurred for AI studies, R&D activities, technical services, medical equipment and testing services; (iii) product registration expenses; (iv) depreciation expenses in relation to our R&D equipment and facilities; and (v) others, which primarily include leasing expenses for our R&D facilities, travel expenses, utilities expenses and other general office expenses for R&D activities. The following table sets forth a breakdown of our R&D expenses for the periods indicated.

	For the Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Employee benefits expenses	**92,304**	44,266
Product development expenses	**10,446**	6,343
Product registration expenses	**9,214**	2,650
IP registration expenses	**3,230**	5,706
Depreciation expenses	**4,364**	2,376
Others	**6,036**	2,924
Total	**125,594**	64,265

Our R&D expenses increased by 95.4% from RMB64.3 million for the year ended December 31, 2021 to RMB125.6 million for the year ended December 31, 2022, primarily due to an increase in employee benefits expenses as a result of the expansion of our R&D team, as well as our continuing investment in the fast-growing product pipeline of AI-based software solutions and hardware devices.

Selling Expenses

Our selling expenses primarily consist of employee benefits expenses for our in-house sales and marketing team as well as marketing expenses.

Our selling expenses increased by 37.8% from RMB72.6 million for the year ended December 31, 2021 to RMB100.0 million for the year ended December 31, 2022, primarily because an increase in employee benefits expense along with the expansion of our sales and marketing team.

Administrative Expenses

Our administrative expenses mainly consist of employee benefits expenses for our employees involved in administrative and supportive functions and professional service expenses.

We recorded administrative expenses of RMB80.1 million for the year ended December 31, 2022 (2021: RMB77.1 million).

Finance Costs

Our finance costs mainly consisted of interest on leasing liabilities relating to our lease of office premises. We recorded finance costs of RMB0.4 million for the year ended December 31, 2022 (2021: RMB0.3 million).

Income Tax

We did not incur any income tax for the year ended December 31, 2022 (2021: nil).

Loss for the Year

We recorded a loss of RMB182.7 million for the year ended December 31, 2022, as compared to a loss of RMB142.5 million for the year ended December 31, 2021.

Property, Plant and Equipment

Our property, plant and equipment primarily consists of (i) hardware devices, representing fundus cameras which have been deployed or will be deployed at our customers' service site to be used together with our software; (ii) furniture and others; (iii) right-of-use assets, representing the leasing of our offices; and (iv) leasehold improvement.

Our property, plant and equipment decreased from RMB45.0 million as of December 31, 2021 to RMB33.1 million as of December 31, 2022 primarily due to an increase in depreciation of our hardware devices.

Other Financial Assets

Our other financial assets increased from RMB 3.6 million as of December 31, 2021 to RMB165.1 million as of December 31, 2022, primarily due to the purchase of investment products and the investment in an industry fund in 2022.

Inventories

Our inventories primarily consist of raw materials for manufacturing our self-developed fundus cameras and the third-party fundus cameras we purchased for the bundled sales together with our software. We assign specific personnel to regularly monitor our inventories and endeavor to keep an optimal inventory level in line with the expected usages in the near term.

Our inventories increased from RMB7.7 million as of December 31, 2021 to RMB29.6 million as of December 31, 2022, primarily due to the procurement and stockpiling for raw material inventory to support the manufacture and sales of our self-developed fundus cameras.

Trade Receivables

Our trade receivables increased from RMB34.0 million as of December 31, 2021 to RMB63.9 million as of December 31, 2022, which was generally in line with the growth of our business. During the Reporting Period, we granted credit terms to our customers on a case-by-case basis based on our assessment. Our average trade receivables turnover days increased from 87 days in 2021 to 169 days in 2022, primarily due to a relatively longer payment collection from our customers, which were also affected by the limited on-site activities in the relevant business settings where our products and solutions are applied.

Deposits, Prepayments and Other Receivables

Our deposits, prepayments and other receivables slightly increased from RMB19.2 million as of December 31, 2021 to RMB19.4 million as of December 31, 2022, primarily due to an increase in value added tax generated by purchasing raw materials, fundus cameras, and myopia treatment device.

Cash and Cash Equivalents

Our cash and cash equivalents decreased from RMB1,784.6 million as of December 31, 2021 to RMB1,268.3 million as of December 31, 2022, primarily due to purchase of financial assets, investment in an industry fund made and the use of cash in the ordinary course of business during the Reporting Period.

Trade and Other Payables

Our trade and other payables decreased from RMB48.5 million as of December 31, 2021 to RMB42.0 million as of December 31, 2022, primarily attributable to a decrease in payables relating to the listing expenses, partially offset by the increase of trade payables to our suppliers as a result of our business expansion. During the Reporting Period, we were typically granted credit terms of one month by our suppliers. Our average trade payables turnover days decreased from 45 days in 2021 to 40 days in 2022, primarily due to the prepayment for purchase of raw materials at the end of 2022 in the preparation for producing our self-developed fundus cameras.

Liquidity and Source of Funding

Our policy is to regularly monitor our liquidity requirements and our compliance with lending covenants, to ensure that we maintain sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet our liquidity requirements in the short and longer term.

As of December 31, 2022, our current assets were RMB1,675.8 million, including inventories of RMB29.6 million, trade receivables of RMB63.9 million, deposits, prepayments and other receivables of RMB19.4 million, restricted bank deposits of RMB150.0 million, cash and cash equivalents of RMB1,268.3 million and other financial assets of RMB144.7 million. As of December 31, 2022, our current liabilities were RMB64.7 million, including trade and other payables of RMB42.0 million, contract liabilities of RMB18.2 million, lease liabilities of RMB4.1 million and current taxation of RMB0.4 million.

Borrowings

As of December 31, 2022, we did not have any bank loans or other borrowings (2021: nil).

Contract Liabilities

Our contract liabilities represent our obligations to transfer services to our customers as we entered into services agreements with our customers for AI-based software solutions and sales of hardware devices for which we have received advanced payments from such customers under the relevant customer service agreements or work orders.

Our contract liabilities increased from RMB17.1 million as of December 31, 2021 to RMB18.2 million as of December 31, 2022, which was primarily due to the increase in the advances received from customers for new contracts signed in the second half of 2022.

Lease Liabilities

Our lease liabilities decreased from RMB8.2 million as of December 31, 2021 to RMB8.0 million as of December 31, 2022, which was primarily because of scheduled rent payments partially offset by new lease contracts.

Net Current Assets

The decrease in our net current assets from RMB1,774.8 million as of December 31, 2021 to RMB1,611.2 million as of December 31, 2022.

Gearing Ratio

Gearing ratio is calculated by using interest-bearing borrowings and lease liabilities less cash and cash equivalents, divided by total equity and multiplied by 100%. As of December 31, 2022, the Company was in a net cash position and thus, gearing ratio is not applicable.

Treasury Policy

We adopt a prudent financial management approach for our treasury policy to ensure that our liquidity structure comprising assets, liabilities and other commitments is able to always meet our capital requirements.

OTHER INFORMATION

Corporate Governance

The Company is committed to maintaining high standard of corporate governance to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the code provisions of the Corporate Governance Code as its own code of corporate governance. During the Reporting Period, save as disclosed herein, the Board is of the view that the Company has complied with all applicable code provisions of the Corporate Governance Code and adopted most of the recommended best practices.

Under the code provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Under the current organization structure of the Company, Mr. Zhang is the chairman of the Board, chief executive officer and founder of the Company. With extensive experience in the medical devices industry and having served in the Company since its establishment, Mr. Zhang is in charge of overall management, business and strategic development of the Group. The Board considers that vesting the roles of the chairman of the Board and the chief executive officer in the same person is beneficial to the business operations and management of the Group. The balance of power and authority is ensured by the operation of the Board, which comprises experienced and diverse individuals. The Board, as of the date of this announcement, comprises three executive Directors (including Mr. Zhang), one non-executive Director and three independent non-executive Directors, and therefore has a strong independent element in its composition.

The Board will continue to review and monitor the practices of the Company with an aim of maintaining a high standard of corporate governance and assess whether separation of the roles of chairman of the Board and chief executive officer is necessary.

Directors' and Supervisors' Securities Transactions

The Company has adopted the Model Code as its own code of conduct regarding dealings in the securities of the Company by the Directors, Supervisors and the Company's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company's securities.

Upon specific enquiry, all Directors and Supervisors confirmed that they have complied with the Model Code during the Reporting Period. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the Reporting Period.

Compliance with Relevant Laws and Regulations

The Group's operations are carried out in the PRC, while its Shares are listed on the Stock Exchange. The businesses operated by the Group are subject to the laws of relevant jurisdiction in the PRC and Hong Kong. During the year ended December 31, 2022 and as of the date of this announcement, the Group has complied with relevant laws and regulations that have a significant impact on it in the applicable jurisdictions in all material respects.

Significant Investments, Material Acquisitions and Disposals

During the year ended December 31, 2022, we did not make any significant investments or material acquisitions or disposals of subsidiaries, associates and joint ventures (2021: nil).

Future Plans for Material Investments or Capital Assets

As of the date of this announcement, we were strategically pursuing investment and/or acquisition opportunities to drive our long-term growth, and will make further announcement in accordance with the Listing Rules, where applicable, if any investments and acquisition opportunities materialize.

Capital Expenditures

The Company's capital expenditures primarily consist of purchase and manufacturing of fundus camera, furniture and others and leasehold improvement. For the year ended December 31, 2022, the Company's capital expenditure was RMB9.0 million (2021: RMB28.0 million).

Capital Commitments

As of December 31, 2022, we did not have any capital commitments (December 31, 2021: nil).

Contingent Liabilities

As of December 31, 2022, we did not have any contingent liabilities (December 31, 2021: nil).

Charge on Assets

As of December 31, 2022, we charged a deposit of RMB150.0 million in the margin account to secure a potential loan, which was not further substantiated and accordingly the pledge was subsequently released after the Reporting Period (December 31, 2021: nil). Other than that, we did not have any charge on assets.

Foreign Exchange Exposure

Our financial statements are expressed in RMB, but certain of its cash and cash equivalents are denominated in foreign currencies, and are exposed to foreign currency risk. We have established a foreign exchange exposure monitoring policy and will consider hedging against significant foreign exchange exposure of the Group should the need arise.

Employees and Remuneration

As of December 31, 2022, the Group had 297 employees. The total remuneration cost (including share-based compensation) incurred by the Group for the year ended December 31, 2022 was RMB216.0 million (2021: RMB129.5 million).

The remuneration package of our employees includes salary, bonus and equity incentives, which are generally determined by their qualifications, industry experience, position and performance. We make contributions to social insurance and housing provident funds as required by the PRC laws and regulations. For the 12 months ended December 31, 2022, we did not experience any material labor disputes or strikes that may have a material and adverse effect on our business, financial condition or results of operations, or any difficulty in recruiting employees.

Use of Net Proceeds from Global Offering

The Company's Shares were listed on the Stock Exchange on November 5, 2021. After finalization and the settlement of the listing expenses, including the relevant expenses incurred by work done by professional parties, the finalized net proceeds from the Global Offering amounted to HK$1,550.7 million. Accordingly, the planned applications of the net proceeds as disclosed in the section headed "Future Plans and Use of Proceeds" are adjusted pro rata as set forth in the table below. The planned applications and allocation percentage remained unchanged. As of December 31, 2022, approximately HK$304.7 million of the net proceeds of the Global Offering had been utilized as follows:

Use of proceeds	**Planned applications** *(HK$ million)*	**Percentage of total net proceeds** *(%)*	**Actual usage for the Reporting Period** *(HK$ million)*	**Actual usage up to December 31, 2022** *(HK$ million)*	**Unutilized net proceeds as of December 31, 2022** *(HK$ million)*	**Expected time of full utilization of remaining balance**
Optimization, development and commercialization of our Core Product	775.4	50%	144.1	144.2	631.2	2026
Research and development and manufacturing of our hardware devices	294.6	19%	57.3	57.3	237.3	2026
Ongoing and future research and development of our health risk assessment solutions	155.1	10%	36.3	36.3	118.8	2026
Development of our portfolio to diversify our AI-empowered retina-based early detection, diagnosis and health risk assessment solutions	93.0	6%	15.1	15.1	77.9	2024
Collaborations with academic and research institutions on joint research projects	77.5	5%	5.5	5.5	72.0	2024
Working capital and other general corporate purposes	155.1	10%	40.3	46.3	108.8	2024
Total	**1,550.7**	**100%**	**298.6**	**304.7**	**1,246.0**	

Events After the Reporting Period

Investment in Industry Fund

On January 24, 2023, Airdoc Technology (HK) Limited ("**Airdoc HK**"), a wholly-owned subsidiary of the Company, entered into the subscription agreement dated January 24, 2023 with IndexCap Med&Tech I L.P. (the "**Partnership**") and IndexCap Med&Tech I GP Limited (in its capacity as the general partner of the Partnership), pursuant to which Airdoc HK agreed to (i) subscribe for limited partnership interests in the Partnership for a capital commitment in the amount of US$14.5 million; and (ii) become a limited partner of the Partnership pursuant to the terms and conditions of the limited partnership agreement dated January 24, 2023. Further details of the subscription of interests in the Partnership are set out in the announcement of the Company dated January 24, 2023.

Saved as disclosed herein, there was no event which has occurred after the year ended December 31, 2022 and up to the date of this announcement that would cause material impact on the Group.

2022 Equity Incentive Scheme

On January 13, 2023, the Board resolved to propose the adoption of the 2022 Equity Incentive Scheme. The scheme is subject to consideration and approval by the Shareholders at the extraordinary general meeting of the Company to be held at March 30, 2023. Further details of the 2022 Equity Incentive Scheme are set out in the announcement of the Company dated January 13, 2023.

Dividends

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

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company since the Reporting Period and up to December 31, 2022.

Application for the H Share Full Circulation

On November 10, 2022, the Company approved an application in relation to H share full circulation to the CSRC in order to convert 27,482,883 Unlisted Shares into H Shares.

As of December 31, 2022, the Company applied to the CSRC for the H Share Full Circulation. The details of the implementation plan of the H Share Full Circulation and the Conversion and Listing have not been finalized. The Company will make further announcement(s) on the progress of the H Share Full Circulation and the Conversion and Listing in accordance with the Inside Information Provision under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and/or the requirements of the Listing Rules.

For further details, please refer to the Company's circular and announcement published on the websites of the Stock Exchange and the Company dated October 25, 2022 and November 4, 2022, respectively.

Annual General Meeting and Closure of the Register of Members

The date of the annual general meeting of the Company and the closure of the register of members of the Company will be announced in due course.

Review of Financial Statements

The Audit Committee comprises three independent non-executive Directors, namely Mr. NG Kong Ping Albert, Mr. HUANG Yanlin and Mr. WU Yangfeng. Mr. NG Kong Ping Albert, being the chairman of the committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Company and overseeing the audit process. The Audit Committee has reviewed the annual results of the Group for the year ended December 31, 2022 and has recommended for the Board's approval thereof. The Audit Committee has reviewed together with the management the accounting principles and policies adopted by the Company and the audited consolidated financial statements for the year ended December 31, 2022. The Audit Committee reviewed and considered that the annual results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

Scope of Work of the Auditor

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2022 as set out herein have been agreed by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no assurance conclusion has been expressed by the auditor on this announcement.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2022
(Expressed in RMB)

	Note	**2022** ***RMB'000***	2021 *RMB'000*
Revenue	*3*	**113,657**	115,181
Cost of sales		**(57,805)**	(44,940)
Gross profit		**55,852**	70,241
Other net income	*4*	**67,520**	1,448
Research and development expenses		**(125,594)**	(64,265)
Selling expenses		**(99,999)**	(72,586)
Administrative expenses		**(80,080)**	(77,067)
Loss from operations		**(182,301)**	(142,229)
Finance costs		**(439)**	(298)
Loss before taxation		**(182,740)**	(142,527)
Income tax	*5*	**—**	—
Loss for the year		**(182,740)**	(142,527)
Attributable to:			
Equity shareholders of the Company		**(180,003)**	(142,634)
Non-controlling interests		**(2,737)**	107
Loss for the year		**(182,740)**	(142,527)
Loss per share	*6*		
Basic and diluted (RMB)		**(1.75)**	(1.76)

The notes on pages 33 to 37 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2022
(Expressed in RMB)

	Note	**2022** ***RMB'000***	2021 *RMB'000*
Loss for the year		**(182,740)**	(142,527)
Other comprehensive income for the year, net of nil tax			
Item that will not be reclassified to profit or loss:			
Equity investments at FVOCI — net movement in fair value reserves (non-recycling)		**(333)**	—
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign subsidiaries		**343**	55
Other comprehensive income for the year		**10**	55
Total comprehensive income for the year		**(182,730)**	(142,472)
Attributable to:			
Equity shareholders of the Company		**(179,993)**	(142,579)
Non-controlling interests		**(2,737)**	107
Total comprehensive income for the year		**(182,730)**	(142,472)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in RMB)

	Note	**31 December 2022** ***RMB'000***	31 December 2021 *RMB'000*
Non-current assets			
Property, plant and equipment		**33,076**	44,959
Intangible assets		**6,828**	—
Other non-current assets		**3,914**	—
Other financial assets		**20,319**	3,607
		64,137	48,566
Current assets			
Inventories		**29,571**	7,683
Trade receivables	*8*	**63,877**	34,043
Deposits, prepayments and other receivables		**19,386**	19,237
Other financial assets		**144,734**	—
Restricted bank deposits		**150,000**	—
Cash and cash equivalents		**1,268,250**	1,784,648
		1,675,818	1,845,611
Current liabilities			
Trade and other payables	*9*	**42,029**	48,538
Contract liabilities		**18,197**	17,078
Lease liabilities		**4,085**	4,775
Current taxation		**354**	380
		64,665	70,771
Net current assets		**1,611,153**	1,774,840
Total assets less current liabilities		**1,675,290**	1,823,406

	Note	**31 December 2022** ***RMB'000***	31 December 2021 *RMB'000*
Non-current liabilities			
Lease liabilities		**3,928**	3,420
		3,928	3,420
Net assets		**1,671,362**	1,819,986
Capital and reserves			
Share capital		**103,568**	101,248
Reserves		**1,562,557**	1,718,738
Total equity attributable to equity shareholders of the Company		**1,666,125**	1,819,986
Non-controlling interests		**5,237**	—
Total equity		**1,671,362**	1,819,986

1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB").

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group. The Group has adopted these amendments consistently for the periods presented. None of these developments have had a material impact to the financial statements of the Group. The Group has not applied any new amendments that are not yet effective for the current accounting period.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Company derives revenue principally from the provision of AI-based software solutions, sales of hardware devices and other services.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers within the scope of IFRS 15 by customer type, product type, geographical location of customers and timing of recognition is as follows:

	2022	2021
	RMB'000	*RMB'000*
Disaggregated by customer type		
Medical institutions (Airdoc Medical)	**28,190**	27,882
Consumer healthcare environments (Airdoc Health)	**41,844**	62,324
Eye health management settings (Airdoc Eye Health)	**43,623**	24,975
	113,657	115,181
Disaggregated by geographical location of customers		
Mainland China	**112,104**	114,299
Others	**1,553**	882
	113,657	115,181
Disaggregated by timing of revenue recognition		
— Point in time	**77,510**	55,881
— Over time	**36,147**	59,300
	113,657	115,181

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the year is set out below:

	2022	2021
	RMB'000	*RMB'000*
Customer A	**20,306**	27,798
Customer B	**36,549**	17,995
Customer C	*	14,231

* Less than 10% of the Group's revenue in the respective year.

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

The aggregate amount of the transaction price allocated to performance obligations that are unsatisfied was RMB19,774,000 as at 31 December 2022 (31 December 2021: RMB26,213,000). Management of the Group expects the majority of the transaction price allocated to the unsatisfied contracts will be recognised within 3 years from the end of year.

(b) Segment reporting

IFRS 8, Operating Segments, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group's chief operating decision maker for the purpose of resources allocation and performance assessment. On this basis, the Group has determined that it only has one operating segment during the years ended 31 December 2022 and 2021.

4 OTHER NET INCOME

	2022	2021
	RMB'000	*RMB'000*
Interest income from bank deposits	**9,142**	2,023
Government grants	**7,047**	2,903
Change in fair value of other financial assets	**16,248**	5,994
Net foreign exchange difference	**58,561**	(9,416)
Losses from forward exchange contracts	**(22,188)**	—
Net loss on disposal of property and equipment	**(1,290)**	(56)
	67,520	1,448

5 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represent:

	2022	2021
	RMB'000	*RMB'000*
Current tax — PRC Enterprise Income Tax ("EIT")		
Provision for the year	**—**	—

(b) Reconciliation between income tax expense and accounting loss at applicable tax rates:

	2022	2021
	RMB'000	*RMB'000*
Loss before taxation	**(182,740)**	(142,527)
Notional tax on loss before taxation, calculated at the applicable rates in the tax jurisdications concerned (i)(iv)	**(45,685)**	(35,633)
Effect of preferential tax rate (ii)	**21,122**	17,024
Effect of additional deduction on research and development expenses (iii)	**(16,297)**	(7,490)
Tax effect of non-deductible expenses	**7,345**	2,085
Tax effect of unused tax losses not recognised	**29,500**	24,342
Tax effect of temporary differences not recognised	**4,015**	(328)
Actual tax expenses	**—**	—

(i) The PRC statutory income tax rate is 25% under the PRC Enterprise Income Tax Law. The group entities in the PRC are subject to PRC income tax at 25% unless otherwise specified.

(ii) According to the PRC Income Tax Law and its relevant regulations, entities that qualified as high-technology enterprise are entitled to a preferential income tax rate of 15%. The Company and Shanghai Airdoc Medical Technology Co.,Ltd. were recognised as high-technology enterprises and are subject to income tax at 15% during the years ended 31 December 2022 and 2021.

According to the PRC income tax law and its relevant regulations, entities that qualified as small and low profit enterprise are entitled to a preferential income tax rate of 5% (for taxable income less than RMB1,000,000) or 10% (for taxable income range from RMB1,000,000 to RMB3,000,000). Certain subsidiaries of the Group were qualified as small and low profit enterprise and entitled preferential income tax rate for the years ended 31 December 2022 and 2021.

(iii) Effective from 1 January 2018 to 31 December 2023, an additional 75% of qualified research and development expenses incurred is allowed to be deducted from taxable income under the PRC Income Tax Law and its relevant regulations.

(iv) Taxation for subsidiaries in other tax jurisdictions is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

6 LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the year attributable to ordinary equity shareholders of the Company of RMB180,003,000 (2021: loss of RMB142,634,000) and the weighted average of 103,002,000 ordinary shares in issue during the year (2021: 80,932,000 shares), calculated as follows:

	2022	2021
	'000	*'000*
Issued ordinary shares at 1 January	**101,248**	75,000
Effect of new ordinary shares issued	**1,754**	5,932
Weighted average number of ordinary shares at 31 December	**103,002**	80,932

Unvested restricted share units were not included in the calculation of diluted loss per share because their effect would have been anti-dilutive. Accordingly, diluted loss per share for the years ended 31 December 2022 and 2021 was the same as basic loss per share.

7 DIVIDENDS

The directors of the Company did not propose the payment of any dividend for the year (2021: nil).

8 TRADE RECEIVABLES

	31 December 2022	31 December 2021
	RMB'000	*RMB'000*
Receivables from third parties	**70,294**	34,693
Receivables from related parties	**113**	440
Less: loss allowance	**(6,530)**	(1,090)
Trade receivables, net	**63,877**	34,043

All of the trade receivables are expected to be recovered within one year.

(a) Ageing analysis of trade receivables

As of the end of the reporting period, the ageing analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

	31 December 2022	31 December 2021
	RMB'000	*RMB'000*
Within 6 months	**55,842**	33,174
6 to 12 months	**6,875**	869
Over 12 months	**1,160**	—
	63,877	34,043

9 TRADE AND OTHER PAYABLES

	31 December 2022	31 December 2021
	RMB'000	*RMB'000*
Trade payables	**6,625**	5,711
Accrued payroll	**10,891**	14,843
Other payables and accrued charges:		
— receipt in advance as an agent	**274**	648
— listing expenses payable	**1,381**	14,798
— other taxes payable	**7,036**	4,850
— accrued expenses	**9,654**	7,683
— others	**6,168**	5
	42,029	48,538

All of the above balances classified as current liabilities are expected to be settled within one year.

At the end of the reporting period, the ageing analysis of trade payables presented based on the invoice date is as follows:

	31 December 2022	31 December 2021
	RMB'000	*RMB'000*
Within 6 months	**6,625**	5,711

PUBLICATION OF THE 2022 CONSOLIDATED ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (**www.hkexnews.hk**) and the company's website (**www.airdoc.com**). The annual report for the year ended December 31, 2022 containing all the information in accordance with the requirements under the Listing Rules will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, management, employees, business partners and customers of the Group for their support and contribution to the Group.

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"2022 Equity Incentive Scheme"	the 2022 H Share equity incentive scheme to be adopted by the Company
"AI"	artificial intelligence
"AMD"	Age-related macular degeneration
"ASCVD"	atherosclerotic cardiovascular disease
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board"	the board of directors of our Company
"CDR"	cup to disc ratio, a measurement used in ophthalmology and optometry to assess the progression of glaucoma
"China" or the "PRC"	the People's Republic of China, but for the purpose of this announcement and for geographical reference only and except where the context requires, references in this announcement to "China" and the "PRC" do not include Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

"Class III medical device"	medical devices with relatively high risks, which shall be strictly controlled and administered through special measures to ensure their safety and effectiveness under the Regulation on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》)
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Companies Ordinance"	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Company", "our Company" or "the Company"	Beijing Airdoc Technology Co., Ltd. (北京鷹瞳科技發展股份有限公司), a joint stock company incorporated in the PRC with limited liability on September 9, 2015
"Core Product(s)"	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for the purpose of this announcement, our Core Product refers to our Airdoc-AIFUNDUS
"CSDC"	China Securities Depository and Clearing Co., Ltd. (中國證券登記結算有限責任公司)
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the PRC national securities markets
"Director(s)"	the director(s) of our Company, including all executive, non-executive and independent non-executive directors
"Domestic Share(s)"	ordinary shares in the share capital of our Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB by domestic investors
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Airdoc", "Group", "we" or "us"	our Company and all of our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)

"Guowei Jian'an"	Beijing Guowei Jian'an Technology Co., Ltd.* (北京國衛健安科技有限公司), a company established in the PRC with limited liability on January 23, 2018 and a subsidiary of our Company
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"H Share(s)"	overseas listed foreign share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are to be listed on the Stock Exchange and traded in Hong Kong dollars
"ICVD"	ischemic cardiovascular disease, including myocardial infarction and cerebral infarction
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
"Mr. Zhang"	Mr. Zhang Dalei (張大磊), our founder, the chairman of the Board, an executive Director and a member of the single largest group of Shareholders
"NMPA"	the National Medical Products Administration of China (國家藥品監督管理局) or, where the context so requires, its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局), or CFDA
"pricing guidance"	a guidance issued by governmental authorities, which is a pre-requisite for the public hospitals to set specific charging items for medical service and charge patients accordingly
"RAIDS"	Retinal Artificial Intelligence Diagnosis System
"Reporting Period"	the year ended December 31, 2022
"RMB"	Renminbi Yuan, the lawful currency of China
"R&D"	Research and Development

"SaMD(s)"	Software as a Medical Device, a class of medical software designed to carry out one or more medical functions without the need for actual hardware
"Share(s)"	shares in the share capital of our Company, with a nominal value of RMB1.00 each, comprising Domestic Shares and H Shares
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"Supervisor(s)"	supervisor(s) of our Company
"United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"Unlisted Share(s)"	domestic share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is(are) subscribed for and paid up in RMB by domestic investors and currently not listed on any stock exchange
"US$"	United States dollars, the lawful currency of the United States

By order of the Board
Beijing Airdoc Technology Co., Ltd.
Mr. ZHANG Dalei
Chairman of the Board

Hong Kong, March 23, 2023

As of the date of this announcement, the Board comprises Mr. ZHANG Dalei, Dr. CHEN Yuzhong and Mr. CHEN Hailong as executive Directors; Mr. CHEN Xin as a non-executive Director; and Mr. NG Kong Ping Albert, Mr. WU Yangfeng and Mr. HUANG Yanlin as independent non-executive Directors.