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**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, 2023**

The Board of the Company is pleased to announce the consolidated annual results of the Group for the year ended December 31, 2023, together with the comparative figures for the corresponding period of 2022 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.

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,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue</b>	<b>203,964</b>	113,657
Cost of sales	<b>(78,831)</b>	(57,805)
Gross profit	<b>125,133</b>	55,852
Loss before taxation	<b>(145,859)</b>	(182,740)
Loss for the year	<b>(145,654)</b>	(182,740)
<b>Loss per share</b>		
Basic and diluted ( <i>RMB</i> )	<b>(1.28)</b>	(1.75)
	As of December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Financial Position</b>		
Non-current assets	<b>402,985</b>	64,137
Current assets	<b>1,281,927</b>	1,675,818
Non-current liabilities	<b>16,891</b>	3,928
Current liabilities	<b>110,237</b>	64,665
Net assets	<b>1,557,784</b>	1,671,362
Total equity attributable to equity shareholders of the Company	<b>1,540,383</b>	1,666,125
Non-controlling interests	<b>17,401</b>	5,237

## BUSINESS SUMMARY

- In 2023, through our SaMDs and health risk assessment solutions, we serviced a total of 6.83 million cases and identified 31,459 significant positive cases. The number of active service sites grew to 5,671, representing a year-over-year increase of 139.2%. The number of our customers increased to 673, representing a year-over-year increase of 69.5%.
- In 2023, we witnessed a significant growth in both the number of hospital and primary healthcare institution service sites (to which our Airdoc-AIFUNDUS (1.0) was sold) covered and the number of detections conducted, among which, the number of active hospital service sites we covered reached 276, representing a year-over-year increase of 527.3%, with the number of detections conducted thereon reaching 242.0 thousand, up by 197.5% year-over-year, and the number of active primary healthcare institution service sites we covered reached 1,221, representing a year-over-year increase of 1,271.9%, with the number of detections conducted thereon reaching 635.0 thousand, up by 640.2% year-over-year.
- In order to advance our strategic planning of transitioning from detection to integrated diagnosis and treatment, we expanded our product portfolio to include AI-based myopia prevention and control products and AI-based visual training products during the Reporting Period. Our AI-based myopia prevention and control products recorded 890.3 thousand uses, providing services to 14.0 thousand registered users; our AI-based visual training products recorded 918.4 thousand trainings, providing trainings to 13.0 thousand home-based registered users and 81.0 thousand in-hospital registered users. Moreover, our AI-based visual training products have covered over 800 hospitals nationwide, assisting in the rehabilitation of over 300,000 patients.
- In 2023, our Airdoc-AIFUNDUS (1.0) obtained the certification of the European Union’s Medical Device Regulation (“**CE MDR**”), and has received regulatory approvals or registrations in Indonesia, Vietnam, South Africa, Saudi Arabia, the United Arab Emirates and Malaysia. Additionally, our AI-FUNDUSCAMERA-P has received regulatory approvals or registrations in Indonesia, South Africa, Saudi Arabia, the United Arab Emirates and Thailand.
- In April 2023, our AI-FUNDUSCAMERA-P and myopia treatment product won the “Special Commendation Gold Awards” at the Salon International des Inventions de Genève (International Exhibition of Inventions in Geneva), signifying widespread recognition and affirmation of our products among global inventors and professionals.

- In July 2023, we participated in the development of “Expert Consensus on Assessing Risk of Cardiovascular Disease Using Artificial Intelligence Technology Based on Fundus Images Analysis” 《基於眼底圖像應用人工智能技術評估心血管病發病風險的專家共識》. This expert consensus was jointly formulated by the Professional Committee for Health Risk Assessment and Control of the Chinese Preventive Medicine Association, the Cardiovascular Branch of the Chinese Medical Association, and the Health Examination Branch of the China Health Management Association, with the collaboration of multidisciplinary experts. The expert consensus introduces that, compared to the diagnostic methods for ICVD, using AI-based fundus image analysis to assess risk of cardiovascular disease has several advantages such as real-time assessment, non-invasiveness, ease of operation, and low cost.
- In June 2023, we collaborated with Beijing Tsinghua Changgung Hospital affiliated to Tsinghua University (清華大學附屬北京清華長庚醫院) and jointly developed and validated a novel deep learning-based neovascular segmentation model. This model automatically and accurately identifies choroidal neovascularization (“CNV”) in the macular region from optical coherence tomography angiography (“OCTA”) images with superior performance compared to previous models. This is of crucial importance for quantitative measurement of CNV and analysis of AMD condition in our subsequent studies. The research findings were published on the Journal of Big Data, a top journal in the field of data science.
- In August 2023, we jointly developed and validated a deep learning model with Beijing Tongren Hospital affiliated to the Capital Medical University (首都醫科大學附屬北京同仁醫院), Beijing Friendship Hospital affiliated to the Capital Medical University (首都醫科大學附屬北京友誼醫院), and iKang Healthcare Group, Inc. (“iKang”), which is capable of screening for hyperthyroidism through fundus images. The relevant research results have been published in the Journal of Big Data, a top journal in the field of data science. This study is the first worldwide to diagnose hyperthyroidism using a non-invasive method instead of blood biochemical tests and systemic biomarkers. It is also the first study to use AI to assess the relationship between retinal characteristics and hyperthyroidism, revealing the potential for automated screening for thyroid disease based on fundus images.
- In October 2023, Medical Image Computing and Computer Assisted Interventions (“MICCAI”) 2023, the internationally-recognized most influential academic conference in the field of medical image analysis, was held in Vancouver, Canada. Our eight papers were accepted by MICCAI, one of which was presented as an oral presentation at the conference.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS OVERVIEW

As an industry pioneer, we are focused on leveraging AI technology to provide comprehensive solutions for early detection, diagnosis and health risk assessment of chronic fundus and ophthalmic diseases, while also offering eye health management services such as myopia prevention and visual training. Our proprietary AI-empowered retina-based deep algorithm platform holds a leading position in the industry, making us one of the first to provide AI-empowered retina-based early detection, diagnosis and health risk assessment solutions in China. Our pipeline includes AI-based SaMDs, health risk assessment solutions and compatible AI hardware devices, designed to cater to medical institutions and consumer healthcare environments, based on which we developed an integrated solution that combines both software and hardware components. Additionally, we have launched AI-empowered treatment products targeting myopia, strabismus, and amblyopia in children and adolescents, achieving a one-stop solution that ranging from detection to assessment to treatment. This not only enables us to expand our commercial activities from detection to treatment, but also strengthens our channel management and synergistic effects, which broadens the market coverage of our products, extending beyond the clinical departments of hospitals to serve a wider range of primary healthcare institutions, consumer health environments, and eye health management settings.

Upholding the mission of “Accessible and Affordable to Everyone”, we are steadfast in extending our service sites, enhancing the volume of detections and treatments, and thereby realizing substantial growth in revenue. During the Reporting Period, the number of our active service sites grew from 2,371 to 5,671, representing a year-over-year increase of 139.18%. Through our SaMDs and health risk assessment solutions, we detected 6.83 million cases in 2023, representing a year-over-year increase of 58.1%. Additionally, our revenue increased from RMB113.7 million in 2022 to RMB204.0 million in 2023, representing a year-over-year growth of 79.5%.

Our revenue growth is mainly attributed to the outstanding performance of our three main business pillars: Airdoc Medical (鷹瞳醫療), Airdoc Health (鷹瞳健康) and Airdoc Eye Health (鷹瞳眼健康). Specifically, revenue from Airdoc Medical increased from RMB28.2 million to RMB84.6 million, with a growth rate of 200.0%, which was driven by the expansion of our retinal detection services to more hospitals and primary healthcare institutions. Revenue from Airdoc Health grew from RMB41.8 million to RMB44.4 million, with a growth rate of 6.1%, mainly attributable to the increase in revenues generated from sales to pharmaceutical companies and overseas business. Revenue from Airdoc Eye Health rose from RMB43.6 million to RMB75.0 million, with a growth rate of 71.9% stemming from our enhanced coverage of optical chains and persistent efforts in deepening the integration of diagnosis and treatment, which strategically extended our products and services to post-diagnostic treatment. Among the 6.83 million cases detected within the Reporting Period, we identified 31,459 significant positive cases, thereby making a notable contribution to the early detection of severe illness among our vast user base.

During the Reporting Period, our Airdoc-AIFUNDUS (1.0) obtained the certification of the CE MDR, allowing our products to officially enter the markets of 27 EU member states, including Belgium, Germany, Italy and France. At the same time, our AI-FUNDUSCAMERA-P and myopia treatment product won the “Special Commendation Gold Awards” at the Salon International des Inventions de Genève (International Exhibition of Inventions in Geneva) in April 2023, signifying widespread recognition and affirmation of our products among global inventors and professionals. Airdoc-AIFUNDUS (1.0) and AI-FUNDUSCAMERA-P have successfully obtained regulatory approvals and registrations from relevant authorities in various international markets, including Southeast Asia, the Middle East and Africa during the past two years. Specifically, Airdoc-AIFUNDUS (1.0) has received regulatory approvals or registrations in Indonesia, Vietnam, South Africa, Saudi Arabia, the United Arab Emirates and Malaysia, and AI-FUNDUSCAMERA-P has received regulatory approvals or registrations in Indonesia, South Africa, Saudi Arabia, the United Arab Emirates and Thailand.

In addition to recognition previously received from authoritative international medical journals such as The Lancet, JAMA and Science Bulletin, we participated in the development and official release of the Expert Consensus on Assessing Risk of Cardiovascular Disease Using Artificial Intelligence Technology Based on Fundus Images Analysis. This expert consensus was jointly formulated by Professional Committee for Health Risk Assessment and Control of the Chinese Preventive Medicine Association, the Cardiovascular Branch of the Chinese Medical Association, and the Health Examination Branch of the China Health Management Association, with the collaboration of over 40 authoritative experts from various disciplines, including cardiology, ophthalmology, health management, public health, and AI. The expert consensus highlights that the technology for assessing cardiovascular disease risk based on AI-based fundus images can be used not only for large-scale population screening and opportunistic screening in clinics, but also for monitoring, evaluating, and providing feedback on the effectiveness of individual cardiovascular disease prevention and intervention measures, as well as for daily monitoring of cardiovascular health. Currently, our fundus cameras can generate various reports according to users’ different needs, the advanced version of which can predict up to 55 types of disease risks.

During the Reporting Period, we took a significant step towards strategic deployment for diagnosis and treatment integration. Specifically, we launched a series of AI-based myopia prevention and control products targeting tessellated fundus, a retinal lesion with highest positive detection rate among the diseases and lesions detected by our products. Targeting the main causes of adolescent myopia and empowered by AGI technology, we developed and launched innovative products and comprehensive solutions in eye distance management and lighting management, encompassing AI-based examination and fitting, AI-based assessment and predictive analysis, and the prevention, correction and control of myopia, and thus effectively achieved the goal of eye health management in terms of myopia prevention and treatment. During the Reporting Period, we also empowered the traditional treatments for strabismus and amblyopia by using our AI technologies and developed AI-based visual training and treatment products for strabismus and amblyopia in children and adolescents, which are increasingly recognized by professional doctors and customers. Furthermore, Airdoc Eye Health is facing strengthened regulatory supervision this year that may lead to a reduction in the number of competitors in a market with tremendous unmet demands, which, in the long run, will be a potential advantage to a company like ours that has more advanced R&D capabilities than the peers.

# 1. Our Portfolio

To address the largely unmet medical needs for early detection and diagnosis of chronic diseases and fundus complications, 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 Retinal AI products, which encompasses SaMDs for detection and diagnosis, health risk assessment solutions, and proprietary AI-empowered hardware devices, forming an integrated solution of AI-based software and hardware. Meanwhile, to achieve our second strategic curve — from detection to integrated diagnosis and treatment, we introduced AI-based myopia prevention and control products and AI-based visual training products during the Reporting Period. The following diagram sets forth key details of our portfolio as of the date of this announcement:

Product Type	Product	Indication	Class of Medical Device	R&D Stage		Registration Stage			Expected timeline for the next milestone	NMPA Registration Certificate Application	
				Early Stage of Development <sup>1</sup>	Late Stage of Development <sup>2</sup>	Registration Trial	NMPA Submission	NMPA Approval			
SaMDs for Detection and Diagnosis	Ver. 1.0	Diabetic retinopathy	Class III	[Progress bar]							Approved in August 2020
		Hypertensive retinopathy		[Progress bar]							
	Ver. 2.0	Retinal vein occlusion	Class III	[Progress bar]							To apply in Q4 2024
		AMD		[Progress bar]							
	Ver. 3.0	Pathological myopia	Class III	[Progress bar]							Q2 2025
		Retinal detachment		[Progress bar]							To apply in H2 2025
	Other individual products	Glaucoma detection	Class II	[Progress bar]							Approved in June 2020
			Class II	[Progress bar]							Approved in January 2022
		Strabismus and amblyopia	Class II	[Progress bar]							Approved in October 2020
			Other products <sup>7</sup>	Class II	[Progress bar]						
Product Type	Indication	R&D Stage		Commercialization Stage							
Health Risk Assessment Solutions <sup>3</sup> (HRS)	55 types of lesions and diseases <sup>4</sup> ICVD (prediction) Retinal vein occlusion (prediction) Dementia Hyperthyroidism Parkinson's disease Atrial fibrillation Diabetic nephropathy Pregnancy-induced hypertension syndrome (eclampsia prediction)	Early Stage of Development <sup>1</sup>		Late Stage of Development <sup>2</sup>			Commercialization				
		[Progress bar]									
		[Progress bar]									
		[Progress bar]									
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Product Type	Product	Class of Medical Device	R&D Stage		Registration Stage			Expected timeline for the next milestone	NMPA Registration Certificate Application		
			Early Stage of Development <sup>5</sup>	Late Stage of Development - Pilot Production <sup>6</sup>	Registration Trial	NMPA Submission	NMPA Approval				
Proprietary Hardware Device	AI-FUNDUSCAMERA-P	Class II	[Progress bar]							Approved in March 2021	
	AI-FUNDUSCAMERA-D	Class II	[Progress bar]							Approved in July 2022	
	AI-FUNDUSCAMERA-M	Class II	[Progress bar]							Have applied in Q4 2023	
	Myopia light therapy device	Class II	[Progress bar]							First approved in July 2018	
	Myopia light therapy device	Class III	[Progress bar]								

Our Core Product  
Source: prospectus

### Notes:

1. Early stage of development denotes the process of data collection, data labelling and model training.
2. Late stage of development denotes the process of data supplementation, algorithm training iteration and algorithm validation.
3. No regulatory approval or registration is required for the sale of our health risk assessment solutions in consumer healthcare and eye health environments.
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. Early stage of development denotes the process of product planning, product definition, engineering verification and design verification.
6. Pilot production denotes the process of production verification.
7. Other individual products include five other SaMDs designed for the detection and auxiliary diagnosis of diseases and lesions, covering ICVD and ASCVD, gestational diabetic retinopathy, gestational hypertensive retinopathy, papilledema intracranial hypertension retinopathy and anemia.

## ***Retinal AI***

### **SaMDs for Detection and Auxiliary Diagnosis**

We have Airdoc-AIFUNDUS, our in-house developed Core Product, and a pipeline of several 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) is 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 91.8% and specificity of 93.1%. 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. 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 are 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, Parkinson's disease, atrial fibrillation, diabetic nephropathy and pregnancy-induced hypertension syndrome (eclampsia prediction), among others.

## **Proprietary AI-empowered 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, computer vision and large models, and can successfully address pain points of existing fundus cameras on the market at a fraction of the cost.

### **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 not only enable it to capture retinal images but also allow for the possibility to obtain other physiological data. The collection of multimodal physiological data serves as the foundation of our AI-based health risk assessment solutions. We completed product development at the end of 2023.

## ***Myopia Prevention and Control AI***

In the field of myopia prevention and control, we have introduced a series of AI-empowered therapeutic products that offer more effective prevention and management measures for myopia in children and adolescents. Our myopia treatment product employs light management technology to safely and quickly prevent and

control myopia by controlling the growth of the eye axis, thereby mitigate the progression of myopia. This device has been registered as a Class II medical device and has received widespread recognition among the medical community and consumers for its significant treatment effects. This innovative product won the “Special Commendation Gold Awards” at the Salon International des Inventions de Genève (International Exhibition of Inventions in Geneva) in 2023.

### ***Visual Training AI***

Our AI-based visual training product has been registered as a Class II medical device and can be widely used in hospitals for the treatment of strabismus and amblyopia. The product includes a comprehensive range of visual training programs, such as stimulation training, precision training, binocular visual training, fusion training and stereoscopic visual training, fully supporting all stages of strabismus and amblyopia treatment, aiming to enhance patients’ visual functions. We provide treatments in both hospital and home settings, achieving seamless integration between the two and significantly enhancing the convenience of patient training.

To date, we have developed a product line that includes various visual function examination and training systems, and launched nearly 500 types of training content. Our products emphasize multimedia digital therapy, which is not only engaging but also continuously updated and upgraded. Based on the latest AI technology, we can tailor personalized training programs for each patient. Long-term training practice has proven that our patients can maintain high treatment compliance, which significantly improves the treatment outcomes.

**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.**

## **2. Our R&D and Technologies**

According to the “China Cardiovascular Health and Disease Report 2022”, cardiovascular disease is the “number one killer” in China, accounting for 48% of fatalities in urban area. On July 1, 2023, the Expert Consensus on Assessing Risk of Cardiovascular Disease Using Artificial Intelligence Technology Based on Fundus Images was officially released. This expert consensus was jointly formulated by the Professional Committee for Health Risk Assessment and Control of the Chinese Preventive Medicine Association, the Cardiovascular Branch of the Chinese Medical Association, and the Health Examination Branch of the China Health Management Association, with the collaboration of multidisciplinary experts. We also participated in the development and official release of this expert consensus. The expert consensus introduces that traditional methods for assessing risk of cardiovascular disease require prior collection of health-related information such as blood pressure and lipids, followed by the application of regression models to calculate the risk of

cardiovascular disease. Compared with ICVD diagnosis methods, the method for assessing the risk of cardiovascular disease using AI-based fundus images has several advantages such as real-time assessment, non-invasiveness, ease of operation, and low cost.

It's proven by research results that the AI algorithm model developed by our Company demonstrated excellent performance. In internal validation (by 20,571 individuals), the algorithm estimated the Receiver Operating Characteristic (ROC) curve and AUC of the populations with a critical/medium-level and above ICVD risk ( $\geq 5\%$ / $\geq 7.5\%$ ) during the 10-year ICVD risk screening to be 0.971 (95% CI: 0.967–0.975) and 0.976 (95% CI: 0.973–0.980), respectively. In external validation conducted among middle-aged and elderly people in the community (aged 45–75), the corresponding correlation coefficient was 0.80, with an AUC of 0.86 (95% CI 0.82~0.90).

In 2023, the National Health Commission released the “Notice on Promoting the Prevention and Treatment of Dementia in the Elderly (2023–2025) 《關於開展老年痴呆防治促進行動(2023–2025年)的通知》”, which emphasized the importance of conducting screenings, referrals and intervention services for cognitive functions in the elderly, based on local realities in areas where conditions allow, to increase the prevention and treatment rate of elderly dementia. This measure aims to reduce or delay the incidence of dementia through early screening, early detection and early intervention. In active response to this policy, we plan to invest more resources in identifying diseases related to aging. We have partnered with Peking University to explore methods for early detection of dementia. Our AI-empowered fundus camera can screen for dementia in a faster, non-invasive, convenient and economical way, boasting broad commercial prospects and the potential to benefit more community residents. Early detection of dementia not only helps reduce medical costs, but also alleviates the social burden.

During the Reporting Period, our technology aided in the early screening and treatment of Alzheimer’s Disease (“AD”). China Life Property & Casualty Insurance launched the first specific disease insurance product in China that can be purchased even by individuals who have been diagnosed with AD. This product includes our AI-based retinal screening service as a value-added service, providing the insured population with an assessment of risk of AD and enabling timely intervention and health management, thereby offering a new health protection solution.

As the aging population increases, the incidence of AMD is rising year by year, posing a significant threat to people’s visual health. In June 2023, we collaborated with Beijing Tsinghua Changgung Hospital affiliated to Tsinghua University (清華大學附屬北京清華長庚醫院) and jointly developed and validated a new deep learning-based neovascular segmentation model. This model automatically and accurately identifies CNV in the macular region from OCTA images with superior performance compared to previous models. This is of crucial importance for

quantitative measurement of CNV and analysis of AMD condition in our subsequent studies. The research findings were published in the Journal of Big Data, a top journal in the field of data science.

In August 2023, we jointly developed and validated a deep learning model with Beijing Tongren Hospital affiliated to the Capital Medical University (首都醫科大學附屬北京同仁醫院), Beijing Friendship Hospital affiliated to the Capital Medical University (首都醫科大學附屬北京友誼醫院), and iKang, capable of screening for hyperthyroidism through fundus images. The relevant research results have been published in the Journal of Big Data, a top journal in the field of data science. This study is the first worldwide to diagnose hyperthyroidism using a non-invasive method instead of blood biochemical tests and systemic biomarkers. It is also the first to use AI to assess the relationship between retinal characteristics and hyperthyroidism, revealing the potential for automated screening for thyroid disease based on fundus images.

In October 2023, MICCAI 2023, the internationally-recognized most influential academic conference in the field of medical image analysis, was held in Vancouver, Canada. Our eight papers were accepted by MICCAI, one of which was presented as an oral presentation at the conference. The eight selected papers, completed by our Airdoc-Monash Research Centre, cover multiple hot research areas in artificial intelligence, including retinal disease identification, skin disease recognition and brain imaging. These achievements have been or will be widely applied in clinical and research projects in hospitals, fully demonstrating our comprehensive and outstanding innovation capability in the field of medical AI.

With technological advancement and the rise of online education, children's screen time on mobile devices has significantly increased, leading to younger ages of myopia onset. This has prompted us to focus on the prevention and control of myopia in children and adolescents. Utilizing our AI-based optical technology, we launched new AI-based myopia prevention and control and visual training products during the Reporting Period, and participated in developing China's first standard for far-vision technology, "Technical Specifications for Desktop Far-vision Electronic Display Devices" 《桌面視遠式電子顯示設備技術規範》(T/ZSA209-2023), which was implemented on December 27, 2023. This standard is crucial for ensuring the effectiveness and safety of far-vision products in protecting vision and has promoted the standardized and healthy development of the far-vision myopia prevention industry. Beijing Nedjia Display Technology Co., Ltd. (北京耐德佳顯示技術有限公司), the China National Institute of Metrology, Jiangxi Provincial Optical Product Quality Supervision and Inspection Center, Wenzhou Medical University Eye Hospital and Beijing Institute of Technology, among others, also participated in the development of this standard.

Our AI-FUNDUSCAMERA-M has completed its development phase and is now applying for registration for its new version, which will enable the inclusion of additional modules for diagnosing different types of potential diseases. This product is expected to be a new breakthrough for our fundus camera lineup, allowing for our detection of a broader range of diseases.

During the Reporting Period, we were granted 87 new patents, including 42 inventions, 29 utility models, and 16 appearance designs. To date, we have 230 patents, including 108 inventions, 56 utility models, and 66 appearance designs. We also possess 82 software copyrights.

### **3. Commercialization Development**

Our portfolio of Retinal AI products, based on AI-empowered retina-based technology, provides early detection, diagnosis and health risk assessment solutions with the potential to cover a wide range of application scenarios and multiple chronic diseases. Our AI-based myopia prevention and control products and AI-based visual training products, combined with Retinal AI, synergistically empower the formation of an integrated AI-empowered diagnostic and therapeutic eye health solution for all age groups throughout their lifetime. This solution ranges from AI-based examination and fitting to AI-based assessment and predictive analysis to the prevention, correction and control of myopia, as well as AI-based strabismic and amblyopic visual training. Given the diverse range of healthcare scenarios in which our products can be applied to, 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, our customer count increased from 397 in 2022 to 673 in 2023, and the number of active service sites using our SaMDs and health risk assessment solutions grew from 2,371 to 5,671, representing a 139.18% increase year-over-year. During 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. For the Reporting Period, we charged an average of RMB22.60 per use, which is calculated by dividing our revenue from the provision of AI-based software solutions by the uses, representing a year-over-year increase of 11.3% from RMB20.30 per use for the same period in 2022. Our gross margin increased from 49.1% in 2022 to 61.4% in 2023, reflecting our continuous efforts in improving performance while striving to enhance profitability.

During the Reporting Period, we launched AI-empowered Airdoc Eye Health business, relevant products of which can detect over 30+ eye health risks, including vascular, neural, hemorrhages, plaques and other abnormal manifestations. Through GenAI (Artificial Intelligence Generated Content) technology, such products are able to predict retinal changes and refractive progression. Through monitoring progression parameters, we achieve precise and personalized eye health management,

producing visual reports suitable for eyewear fitting and eye health management settings. This not only enhances the sense of value, but also significantly reduces professional reliance, helping optometry institutions achieve improvements in both professional eye health capabilities and business performance. Moreover, we make full use of AI technological advantages to achieve an all-around process from AI recognition and analysis to digital management and to on-the-ground support, providing efficient and intelligent solutions for Airdoc Eye Health business. As of the end of the Reporting Period, our Airdoc Eye Health business covered 1,986 service sites, representing a 113.5% increase year-over-year; among which, our myopia AI-based prevention and control products recorded 890.3 thousand uses, providing services to 14.2 thousand registered users, and our visual training AI products recorded 918.4 thousand trainings, providing trainings to 13.0 thousand home-based registered users and 81.0 thousand in-hospital registered users. Moreover, our AI-based visual training products have covered over 800 hospitals nationwide, assisting in the rehabilitation of over 300,000 patients.

As of December 31, 2023, our marketing team consists of 138 members, providing customers with a full life cycle of customized supports. Our sales and marketing team, which comprises functions of sales, marketing, product solutions and customer success, covers different geographical regions and commercialization channels. We provide our sales and marketing personnel with comprehensive trainings covering corporate culture, product knowledge, medical theories and marketing strategies to further enhance their professional capabilities.

### **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 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 our sales to hospitals, we seek to include our AirdocAIFUNDUS (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 related to our products had been issued by local governmental authorities in Beijing, Hebei, Shandong, Shanxi, Anhui and Jiangsu, pursuant to which our AirdocAIFUNDUS can be utilized as a new charging item. For primary healthcare institutions and health checkup centers, we also market our health risk assessment solutions as we see strong opportunities there.

We are dedicated to increasing the penetration of our products in both hospitals and primary healthcare institutions. During the Reporting Period, we sold our Airdoc-AIFUNDUS (1.0) to hospitals and primary healthcare institutions, witnessing a significant growth in the number of service sites covered and detections conducted. The number of active hospital service sites we covered reached 276, representing a year-over-year increase of 527.3%, with the number of detections conducted reaching 242.0 thousand, up by 197.5% year-over-year. The number of active primary healthcare institution service sites we covered reached 1,221, representing a year-over-year increase of 1,271.9%, with the number of detections conducted reaching 635.0 thousand, up by 640.2% year-over-year. In addition, we also implemented our AI-based solutions in over 320 health checkup centers across China. Among them, some health checkup centers have achieved a repurchase rate of over 50% for our SaMD products. Based on general artificial intelligence large language model technology, we have also supported iKang launching an AI digital human “ikkie”, iKang’s first AI-based health butler, offering interactive medical knowledge Q&A on physical examination knowledge, disease consultation, report result interpretation and intelligent answering, covering all stages before, during and after examinations, thereby providing users with a real-time, intelligent, precise and connected new experience. During the Reporting Period, we recorded revenue of RMB84.6 million from Airdoc Medical through the sales of our Airdoc-AIFUNDUS (1.0), representing a 200.0% increase year-over-year.

Our rapid business growth in the Airdoc Medical business is attributable to the social benefits and values generated from our empowerment of industry upgrades with AI technology and the new trends in industry development lead by us. We also introduced our products to the physical examination, endocrinology, ophthalmology, obstetrics and gynecology, and cardiology departments of several hospitals, for example, the Chinese People’s Liberation Army General Hospital (301 Hospital) (解放軍總醫院(301醫院)), Peking University First Hospital (北京大學第一醫院), Beijing Anzhen Hospital (北京安貞醫院), Sichuan Provincial People’s Hospital (四川省人民醫院), Shanghai First Maternity and Infant Hospital (上海第一婦嬰保健院) and Zhongshan Hospital and Fudan University (復旦大學附屬中山醫院). Moreover, during the Reporting Period, we secured a project in relation to the technology application scenarios in Beijing Zhongguancun Science City, and successfully developed and deployed our diabetes retinopathy auxiliary diagnosis SaMD, namely Airdoc-AIFUNDUS (1.0), and follow-up algorithms on the Beijing Haidian District Government Cloud (北京市海澱區政務雲). It is the first time to match our fundus AI algorithm with the China-made Cambricon Technologies’ GPU chip, and at the same time, it has also established a new model of AI-based regional primary healthcare screening, follow-up and referral, linking 29 community health service centers in Haidian District, Beijing.

## **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. 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. During the Reporting Period, we provided our solutions to top commercial insurance companies, including Taikang Life Insurance Company Limited, Ping An Insurance (Group) Company of China, Ltd., China Life Insurance Company Limited, New China Life Insurance Co., Ltd. and Ping An Health Insurance Co., Ltd. ("**Ping An Health Insurance**"). Among them, our Retinal AI — AI health risk assessment solutions was first included as a health management service into the multiple innovative and high-quality value-added services in a million coverage medical insurance launched by Ping An Health Insurance. This service helps the insured individuals screen and assess various retinal diseases and chronic disease risks, enabling better management of their health conditions. During the Reporting Period, we recorded revenue of RMB44.4 million from Airdoc Health.

With the progress of our overseas CE mark registration activities, we actively explored the overseas market during the Reporting Period, making business progress in Chile, Spain, the Czech Republic, Thailand, the Philippines, Indonesia, South Africa and Malaysia. During the Reporting Period, our overseas revenue reached RMB9.2 million, accounting for 4.5% of our total revenue for the Reporting Period.

## **Airdoc Eye Health**

Airdoc Eye Health covers various eye health management settings, such as optometry centers and government sponsored vision screening projects, to which we offer our health risk assessment solutions that focus on retinal conditions. Particularly, myopia prevention and control has not only become a nationwide activity advocated by the government but also a priority issue that parents shall solve when their children face increased screen time due to the extensive use of mobile devices. Through our Airdoc Eye Health solutions, we are keen to address the needs for eye health evaluation as well as myopia control and prevention for the younger generation. 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 were deployed in optometry chain institutions through our effective distributors, the number of service sites covered reached 1,986, representing a year-over-year increase of 113.5%. During the Reporting Period, we recorded revenue of RMB75.0 million from the Airdoc Eye Health. Our myopia prevention and control and visual training businesses not only enable us to achieve the integration of diagnosis and treatment but also bring synergies and additional value to the business of Airdoc Eye Health, which is expected to benefit our overall business operations in the long run.

#### **4. Production Capability**

Cost control and quality assurance have always been crucial to us. We have two manufacture bases located in Changping District, Beijing and the High-tech Development Zone in Changsha, Hunan, respectively. In particular, the Hunan manufacturing base had a site area of nearly 5,000 square meters with complete testing and production equipment, started production after obtaining the Medical Device Production License in October 2022 and received ISO13485 medical device quality management system certification in 2023. Our factories strictly implement the 6S lean management system and ERP production management system to ensure manufacture efficiency and compliance with all required safety measures and laws and regulations. Currently, our Changsha manufacture base has a management team of nearly 30 members, all of which possess professional medical device production experience. Our Changsha manufacture base currently operates four production lines and a cleanroom, capable of producing various types of devices and product R&D, with a capacity of approximately 100,000 fundus cameras per year.

During the Reporting Period, we invested in establishing a reliability laboratory in the Changsha factory. This laboratory currently possesses 15 types of equipment, including high- and low-temperature impact testing machines, salt mist testing machines, ultraviolet (UV) testing machines, and sand and dust testing chambers, and is capable of undertaking over 20 experimental projects, fully meeting various experimental needs for R&D and production. By establishing the Changsha factory, we can strengthen cost and quality control and are therefore confident that we will keep maintaining competitive advantages in the future.

## 5. Future and Outlook

In 2024, we target to continue the expansion of our sales channels, aiming for a significant boost in sales growth across Airdoc Medical, Airdoc Health and Airdoc Eye Health. We aim to continue increasing our sales by integrating large language model (LLM) technologies into our main service process. Furthermore, we plan to introduce new business initiatives by combining diagnosis and treatment services for myopia, strabismus and amblyopia, outlining our future strategy. We have fully prepared for a comprehensive entry into the overseas market. We believe our products will be well accepted by overseas markets because of our continued efforts in expanding our business footprints in overseas markets, such as Malaysia, Singapore, Thailand, the United Arab Emirates and South Africa. We expect that sales from these new markets will gradually increase in 2024.

AGI is the trend of the moment, with its applications becoming increasingly integrated into everyday life. We continue to invest in the R&D of AGI-related technologies by further incorporating it into our products and services. We are actively formulating strategies to introduce AGI in our auxiliary diagnosis, disease detection and personalized medical advices, bridging doctors and patients conveniently and efficiently without constraints of time and space.

With the perfection of our laboratory in Changsha manufacture base, we will have more competitive edges in terms of our three main products, namely Retinal AI, myopia prevention and control AI, and visual training AI. At the same time, we will continue reducing costs and improving gross profit margins. Looking ahead, we will continue investing in R&D, integrating comprehensive AI-based therapy solutions into our existing diagnostic technologies. We will also remain committed to increasing production capacity, expanding global coverage, and launching the next-generation products that are “accessible and affordable to everyone”.

## **FINANCIAL REVIEW**

### **Revenue**

During the Reporting Period, we primarily generated revenue from provision of AI-based software solutions, which represented the provision of SaMDs and health risk assessment solutions to medical institutions and healthcare providers, including hospitals, community clinics, health checkup centers, insurance companies, optometry centers and pharmacies. We also generated revenue from the sales of hardware devices, representing the fundus cameras we sold together with software, as well as the sales of AI-based myopia prevention and control products and visual training products. Depending on customer needs, we may sell our software as a standalone product or as a bundle with hardware developed by us or third parties.

Our revenue increased by 79.5% from RMB113.7 million for the year ended December 31, 2022 to RMB204.0 million for the year ended December 31, 2023. This increase was primarily attributable to (i) a 200.0% year-over-year increase in the business of Airdoc Medical, resulting from a growth in coverage of hospitals and primary healthcare institutions; and (ii) a 71.9% year-over-year growth in the business of Airdoc Eye Health, driven by sales of our myopia treatment products.

### **Cost of Sales**

Our cost of sales primarily consists of (i) employee benefits expenses; (ii) hardware devices costs, representing the costs of sales of fundus camera and myopia treatment products, both integrated with our AI software, and the purchase costs of fundus cameras from third parties; (iii) depreciation expenses primarily relate to the depreciation of hardware devices; and (iv) cloud service fees, representing the service fees we paid to cloud service suppliers to support our AI-based software solutions.

Our cost of sales increased by 36.4% from RMB57.8 million for the year ended December 31, 2022 to RMB78.8 million for the year ended December 31, 2023, primarily due to (i) increase in sales of our hardware devices and related accessories as we commence mass production for our in-house fundus cameras and myopia treatment products; (ii) increase in operating expenses as a result of the increase in number of our service sites; and (iii) increase in the cost of cloud services for the higher volume of services we provided during the Reporting Period.

### **Gross Profit and Gross Profit Margin**

Based on the factors described above, the gross profit of the Group increased from RMB55.9 million for the year ended December 31, 2022 to RMB125.1 million for the year ended December 31, 2023. Gross profit margin is calculated as gross profit divided by revenue. The overall gross profit margin of the Group increased from 49.1% for the

year ended December 31, 2022 to 61.4% for the year ended December 31, 2023, primarily attributable to a lower cost of production of our in-house fundus cameras compared to the cost of fundus cameras purchased from third parties.

### Other Income and Gains

Our other income and gains decreased from RMB68.8 million for the year ended December 31, 2022 to RMB58.1 million for the year ended December 31, 2023, primarily due to the reduction in foreign exchange gains as a result of the relatively stable exchange rate of United States dollars against Renminbi Yuan in 2023.

### Other Loss

Other loss increased from RMB1.3 million for the year ended December 31, 2022 to RMB9.6 million for the year ended December 31, 2023, primarily due to losses arising from the disposal of property, plant and equipment items and charitable donations made in 2023.

### R&D Expenses

Our R&D expenses decreased by 11.1% from RMB125.6 million for the year ended December 31, 2022 to RMB111.6 million for the year ended December 31, 2023, primarily due to the decrease in share-based payments to our employees involved in R&D. The following table summarizes a breakdown of our R&D expenses for the periods indicated.

	<b>For the Year ended</b>	
	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Employee benefits expenses (salaries, wages and other benefits)	<b>80,212</b>	81,825
Employee benefits expenses (share-based payments)	<b>(2,100)</b>	10,479
Product development expenses	<b>9,863</b>	10,446
Product registration expenses	<b>5,826</b>	9,214
IP registration expenses	<b>902</b>	3,230
Depreciation expenses	<b>8,316</b>	4,364
Others	<b>8,623</b>	6,036
	<hr/>	<hr/>
Total	<b>111,642</b>	125,594
	<hr/> <hr/>	<hr/> <hr/>

## **Selling and Distribution Expenses**

Our selling and distribution expenses primarily consist of employee benefits expenses (including salaries, wages, share-based payments and other benefits) for our in-house sales and marketing team and marketing expenses.

Our selling and distribution expenses increased by 0.7% from RMB100.0 million for the year ended December 31, 2022 to RMB100.6 million for the year ended December 31, 2023, primarily due to the increase in marketing expenses as a result of our business growth, partially offset by the decrease in share-based payments to 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.

Our administrative expenses increased by 38.2% from RMB71.6 million for the year ended December 31, 2022 to RMB99.0 million for the year ended December 31, 2023, primarily due to the adoption of a new employee equity incentive plan and the share-based payments thereunder.

## **Finance Costs**

Our finance costs mainly consist of interest on leasing liabilities relating to our lease of office premises. We recorded finance costs of RMB0.5 million for the year ended December 31, 2023 (2022: RMB0.4 million).

## **Income Tax**

We incurred income tax credit of RMB0.2 million for the year ended December 31, 2023 (2022: nil).

## **Loss for the Year**

We recorded a loss of RMB145.7 million for the year ended December 31, 2023, as compared to a loss of RMB182.7 million for the year ended December 31, 2022. Our loss for the year significantly narrowed by 20.3%, which is mainly attributable to (i) the significant increase in our revenue; (ii) the continuous improvement in our operational efficiency; and (iii) the improvement in the gross profit margin due to enhanced cost control.

## **Property, Plant and Equipment**

Our property, plant and equipment primarily consist 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; and (iii) leasehold improvement.

Our property, plant and equipment decreased from RMB24.2 million as of December 31, 2022 to RMB18.0 million as of December 31, 2023 primarily due to the disposal of certain depreciated hardware devices.

## **Inventories**

Our inventories primarily consist of raw materials and finished goods for manufacturing our in-house fundus cameras and myopia treatment products. 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 RMB29.6 million as of December 31, 2022 to RMB40.1 million as of December 31, 2023, primarily due to the stockpiling for raw material inventory to support the manufacture and sales of our inhouse fundus cameras and myopia treatment products.

## **Trade Receivables**

Our trade receivables increased from RMB63.9 million as of December 31, 2022 to RMB79.6 million as of December 31, 2023, as we achieved a relatively quicker payment collection from our customers.

## **Prepayments, Other Receivables and Other Assets**

Our prepayments, other receivables and other assets decreased from RMB19.4 million as of December 31, 2022 to RMB17.4 million as of December 31, 2023, primarily due to a decrease in prepayments to suppliers as a result of our improved credit standing and the shift in our procurement policy from prepayment to payment on credit, benefiting from the expansion of our business scale.

## **Financial Assets at Fair Value Through Profit or Loss**

Our financial assets at fair value through profit or loss mainly represented fund investments subscribed from certain financial institutions to improve cash utilization efficiency. Our financial assets at fair value through profit or loss increased from RMB126.2 million as of December 31, 2022 to RMB266.9 million as of December 31, 2023, primarily due to subscription of interests in certain funds as a supplemental means to improve utilization of our idle cash on a short-term basis.

## **Cash and Cash Equivalents**

Our cash and cash equivalents decreased from RMB1,268.3 million as of December 31, 2022 to RMB891.5 million as of December 31, 2023, primarily due to the purchase of financial assets, and the use of cash in the ordinary course of business during the Reporting Period.

## **Trade Payables**

Our trade payables increased from RMB6.6 million as of December 31, 2022 to RMB17.5 million as of December 31, 2023, which was primarily due to an increase in raw material purchases that is generally in line with the expansion of our business.

## **Liquidity and Source of Funding**

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

As of December 31, 2023, our current assets were RMB1,281.9 million which mainly include cash and cash equivalents of RMB891.5 million, time deposits over three months of RMB37.5 million and other financial assets of RMB163.8 million. As of December 31, 2023, our current liabilities were RMB110.2 million which mainly includes trade payables of RMB17.5 million, other payables and accruals of RMB60.0 million and contract liabilities of RMB23.7 million.

## **Borrowings**

As of December 31, 2023, we did not have any bank loans or other borrowings (2022: 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 RMB18.2 million as of December 31, 2022 to RMB23.7 million as of December 31, 2023, which was primarily due to the increase in the advances received from customers for new contracts signed in 2023.

## **Net Current Assets**

Our net current assets decreased to RMB1,171.7 million as of December 31, 2023 from 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, 2023, 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. The Board is of the view that the Company has complied with all applicable code provisions of the Corporate Governance Code for the Reporting Period, except for the following:

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 Dalei is the chairman of the Board, chief executive officer and founder of the Company. With extensive experience in the industry and having served in the Company since its establishment, Mr. ZHANG Dalei 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 currently comprises four executive Directors (including Mr. ZHANG Dalei) 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**

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

During the Reporting Period and up to the date of the announcement, none of the Group and the Directors, Supervisors and senior management of the Company were subject to any investigation initiated or administrative penalties imposed by the CSRC, banned from entering the market, identified as inappropriate candidates, publicly condemned by stock exchanges, subject to mandatory measures, transferred to judicial organs or held criminally responsible, and none were involved in any other litigation, arbitration or administrative proceedings which would have a material adverse impact on our business, financial condition or results of operations.

### **Significant Investments, Material Acquisitions and Disposals**

On January 11, 2023, the Company subscribed for the wealth management product offered by CMB Wing Lung Asset Management Limited (招商永隆資產管理有限公司) in the principal amount of US\$10 million. For further details, please refer to the Company's announcement dated October 19, 2023.

On January 24, 2023, Airdoc HK, a wholly-owned subsidiary of the Company, entered into a subscription agreement 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 aforesaid limited partnership agreement. Further details of the subscription of interests in the Partnership are set out in the announcement of the Company dated January 24, 2023.

On May 19, 2023, the Company entered into an equity transfer agreement to acquire the 70% equity interest in Beijing Zhitong Technology Co., Ltd. (北京智瞳科技有限公司) for a cash consideration of RMB182 million (the “**Acquisition**”). Beijing Zhitong Technology Co., Ltd. is primarily engaged in the R&D, manufacture and sales of ophthalmic medical device and SaMDs. For further details, please refer to the Company’s announcements dated May 19, 2023 and June 6, 2023.

Save as disclosed above, we did not make any other significant investments or material acquisitions or disposals of subsidiaries, associates and joint ventures for the Reporting Period.

### **Future Plans for Material Investments and Capital Assets**

As of the date of this announcement, we did not have any existing plan for material investments or acquisition of capital assets.

### **Capital Expenditures**

The Company’s capital expenditures primarily consist of the Acquisition, purchase and manufacturing of fundus camera, furniture and others and leasehold improvement. For the year ended December 31, 2023, the Company’s capital expenditure was RMB192.2 million (2022: RMB9.3 million).

### **Capital Commitment**

As of December 31, 2023, we recorded capital commitments of RMB49.2 million for the purchase of other financial assets and capital contributions (December 31, 2022: nil).

### **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.

### **Employee and Remuneration Policies**

As of December 31, 2023, the Group had 339 full-time employees (2022: 275).

The number of employees employed by the Group varies from time to time depending on need. The remuneration package of our employees includes salary and bonus, which are generally determined by their qualifications, industry experience, position and performance. The Company makes contributions to social insurance and housing provident funds as required by the PRC laws and regulations.

The Remuneration and Appraisal Committee of the Company was set up for reviewing the Company's emolument policy and structure for all remuneration of the Directors, Supervisors and senior management of the Company, having regard to the Company's operating results, individual performance of the Directors, Supervisors and senior management and comparable market practices.

The total remuneration cost incurred by the Group for the year ended December 31, 2023 was RMB214.1 million (2022: RMB216.0 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.

The Group provided formal and comprehensive company-level and department-level trainings to the new employees, followed by on-the-job training. The Group also provided training and development programs to the employees from time to time to ensure their awareness and compliance with our various policies and procedures.

For the year ended December 31, 2023, the Group 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.

### **Contingent Liabilities**

During the Reporting Period, a plaintiff (the "**Plaintiff**") initiated a civil lawsuit against a former shareholder (the "**Former Shareholder**") of a subsidiary acquired by the Company in May 2023 (the "**Acquired Subsidiary**") and the Acquired Subsidiary. The Plaintiff alleged that the Acquired Subsidiary is liable for repaying a personal loan extending from the Plaintiff to the Former Shareholder prior to the Company's acquisition of the Acquired Subsidiary. Both the Plaintiff and the Former Shareholder are Independent Third Parties of the Company.

Based on advice from the Company's PRC legal counsel to this civil lawsuit, the Company believes the Acquired Subsidiary can defense against the Plaintiff's allegations. As the selling shareholders of the Acquired Subsidiary have agreed to indemnify and hold the Company harmless against any losses or liabilities arising from any litigation, disputes or claims related to events occurring before the Company's acquisition of the Acquired Subsidiary, any liabilities arising from this civil lawsuit will be indemnified by the selling shareholders of the Acquired Subsidiary. Therefore, the Company did not make any provision for this civil lawsuit.

### **Charge on Assets**

As of December 31, 2023, we did not have any charge on assets.

## 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, 2023, approximately HK\$576.6 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, 2023 (HK\$ million)	Unutilized net proceeds as of December 31, 2023 (HK\$ million)	Expected time of full utilization of remaining balance
Optimization, development and commercialization of our Core Product	775.4	50%	109.3	253.6	521.8	2026
Research and development and manufacturing of our hardware devices	294.6	19%	86.0	143.3	151.3	2026
Ongoing and future research and development of our health risk assessment solutions	155.1	10%	10.9	47.1	108.0	2026
Development of our portfolio to diversify our AI-empowered retina-based early detection, diagnosis and health risk assessment solutions	93.0	6%	10.9	26.0	67.0	2024
Collaborations with academic and research institutions on joint research projects	77.5	5%	10.7	16.2	61.3	2024
Working capital and other general corporate purposes	155.1	10%	44.1	90.4	64.7	2024
<b>Total</b>	<b>1,550.7</b>	<b>100%</b>	<b>271.9</b>	<b>576.6</b>	<b>974.1</b>	

## Events after the Reporting Period

On 5 January 2024, the Company paid in the capital contribution of RMB35,000,000 according to a partnership agreement signed in November 2023. The entering into the partnership agreement and the capital contribution did not constitute a disclosable transaction under Chapter 14 of the Listing Rules as all the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transaction contemplated thereunder were less than 5% as of the date of the partnership agreement.

Save as disclosed above, no material events affecting the Group occurred since the Reporting Period and up to the date of this announcement.

## **Dividends**

The Board did not recommend the distribution of a final dividend for the year ended December 31, 2023 (2022: nil).

## **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 during the Reporting Period.

## **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, Dr. HUANG Yanlin and Dr. 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, 2023 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 consolidated financial statements for the year ended December 31, 2023. 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 Ernst & Young**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS***Year ended 31 December 2023**(Expressed in RMB)*

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
REVENUE	4	<b>203,964</b>	113,657
Cost of sales		<u><b>(78,831)</b></u>	<u>(57,805)</u>
Gross profit		<b>125,133</b>	55,852
Other income and gains	4	<b>58,104</b>	68,810
Selling and distribution expenses		<b>(100,649)</b>	(99,999)
Administrative expenses		<b>(98,981)</b>	(71,639)
Impairment losses on financial assets		<b>(7,663)</b>	(8,441)
Research and development expenses		<b>(111,642)</b>	(125,594)
Other losses	4	<b>(9,616)</b>	(1,290)
Finance costs	6	<u><b>(545)</b></u>	<u>(439)</u>
LOSS BEFORE TAX	5	<b>(145,859)</b>	(182,740)
Income tax credit	7	<u><b>205</b></u>	<u>—</u>
LOSS FOR THE YEAR		<u><b>(145,654)</b></u>	<u>(182,740)</u>
Attributable to:			
Owners of the parent		<b>(132,533)</b>	(180,003)
Non-controlling interests		<u><b>(13,121)</b></u>	<u>(2,737)</u>
		<u><b>(145,654)</b></u>	<u>(182,740)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic and diluted ( <i>expressed in RMB</i> )		<u><b>(1.28)</b></u>	<u>(1.75)</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

(Expressed in RMB)

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
LOSS FOR THE YEAR	<u>(145,654)</u>	<u>(182,740)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the financial statements of a subsidiary	104	343
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	<u>(1,274)</u>	<u>(333)</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	<u>(1,170)</u>	<u>10</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(146,824)</u>	<u>(182,730)</u>
Attributable to:		
Owners of the parent	(133,749)	(179,993)
Non-controlling interests	<u>(13,075)</u>	<u>(2,737)</u>
	<u>(146,824)</u>	<u>(182,730)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in RMB)

		31 December 2023	31 December 2022
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		17,994	24,158
Right-of-use assets		10,451	8,918
Goodwill	10	127,213	970
Other intangible assets		93,934	5,858
Other financial assets	12	148,413	20,319
Other non-current assets		4,980	3,914
		<u>402,985</u>	<u>64,137</u>
<b>CURRENT ASSETS</b>			
Inventories		40,134	29,571
Trade receivables	11	79,640	63,877
Prepayments, other receivables and other assets		17,439	19,386
Other financial assets	12	163,837	144,734
Cash in transit for investment		49,579	—
Time deposits over three months	13	37,519	—
Restricted bank deposits	13	2,289	150,000
Cash and cash equivalents	13	891,490	1,268,250
		<u>1,281,927</u>	<u>1,675,818</u>
<b>CURRENT LIABILITIES</b>			
Trade payables	14	17,529	6,625
Other payables and accruals		60,016	35,404
Contract liabilities		23,726	18,197
Lease liabilities		8,622	4,085
Tax payable		344	354
		<u>110,237</u>	<u>64,665</u>
Total current liabilities		<u>110,237</u>	<u>64,665</u>
<b>NET CURRENT ASSETS</b>		<u>1,171,690</u>	<u>1,611,153</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,574,675</u>	<u>1,675,290</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)***(Expressed in RMB)*

	<b>31 December 2023 RMB'000</b>	31 December 2022 RMB'000
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	<b>11,939</b>	—
Lease liabilities	<b>752</b>	3,928
Deferred income	<b>4,200</b>	—
	<hr/>	<hr/>
Total non-current liabilities	<b>16,891</b>	3,928
	<hr/>	<hr/>
Net assets	<b>1,557,784</b>	1,671,362
	<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	<b>103,568</b>	103,568
Treasury shares	<b>(10,442)</b>	—
Reserves	<b>1,447,257</b>	1,562,557
	<hr/>	<hr/>
	<b>1,540,383</b>	1,666,125
	<hr/>	<hr/>
Non-controlling interests	<b>17,401</b>	5,237
	<hr/>	<hr/>
Total equity	<b>1,557,784</b>	1,671,362
	<hr/> <hr/>	<hr/> <hr/>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*(Expressed in RMB unless otherwise indicated)*

### 1. CORPORATE AND GROUP INFORMATION

Beijing Airdoc Technology Co., Ltd. (the “Company”) was established as a limited liability company in the People’s Republic of China (the “PRC”) on 9 September 2015. The Company was converted from a limited liability company into a joint stock limited liability company on 28 December 2020. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 5 November 2021.

The Company and its subsidiaries (together, the “Group”) are primarily focusing on providing AI-empowered retina-based early detection, diagnosis and health risk assessment solutions.

### 2.1 ACCOUNTING POLICIES

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) (which include all International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations) issued by the International Accounting Standards Board (“IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments and certain financial assets which have been measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

#### **Basis of consolidation**

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

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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

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

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

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange 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 IFRSs for the first time for the current year's financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12	<i>International Tax Reform — Pillar Two Model Rules</i>

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

- (a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.
- (b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

- (c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases that occurred on or after 1 January 2022, if any.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available) and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets as at 1 January 2022.

The adoption of amendments to IAS 12 did not have any impact on the Group's financial statements.

The adoption of amendments to IAS 12 did not have any impact on the basic and diluted loss per share attributable to ordinary equity holders of the parent, other comprehensive income, and the consolidated statements of cash flows for the years ended 31 December 2023 and 2022.

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

### 3. OPERATING SEGMENT INFORMATION

Since the Group's revenue and operating losses were mainly from the activities related to the development, production, marketing, and sale of integrated solutions of AI-based software and hardware in Chinese Mainland, and most of the Group's identifiable operating assets and liabilities are in Chinese Mainland, the Group only has one reportable operating segment.

#### Geographical information

##### (a) Revenue from external customers

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Chinese Mainland	194,728	112,104
Other countries/regions	9,236	1,553
Total revenue	<u>203,964</u>	<u>113,657</u>

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

##### (b) Non-current assets

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Chinese Mainland	254,572	43,818
Total non-current assets	<u>254,572</u>	<u>43,818</u>

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

#### Information about a major customer

##### (a) Disaggregated revenue information

Revenue from each of the major customers (aggregated if under common control) which accounted for 10% or more of the Group's revenue during the year is set out below:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Customer A	30,702	20,306
Customer B	*	36,549
	<u>30,702</u>	<u>56,855</u>

\* The corresponding revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue for the year ended 31 December 2023.

#### 4. REVENUE, OTHER INCOME AND GAINS/(LOSSES)

An analysis of revenue is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue from contracts with customers	<u>203,964</u>	<u>113,657</u>

##### (a) Disaggregated revenue information

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Types of customers</b>		
Medical institutions (Airdoc Medical)	84,579	28,190
Consumer healthcare environments (Airdoc Health)	44,401	41,844
Eye health management settings (Airdoc Eye Health)	<u>74,984</u>	<u>43,623</u>
Total	<u>203,964</u>	<u>113,657</u>
<b>Geographical markets</b>		
Chinese Mainland	194,728	112,104
Other countries/regions	<u>9,236</u>	<u>1,553</u>
Total	<u>203,964</u>	<u>113,657</u>
<b>Timing of revenue recognition</b>		
Goods or services transferred at a point in time	180,941	77,510
Services transferred over time	<u>23,023</u>	<u>36,147</u>
Total	<u>203,964</u>	<u>113,657</u>

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Revenue from contracts with customers	<u><b>14,005</b></u>	<u>13,963</u>

All the amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year or less, the Group need not to disclose the information about its remaining performance obligations.

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Other income</b>		
Interest income from bank deposits	<b>13,024</b>	9,142
Investment income/(loss) from financial assets	<u><b>33,218</b></u>	<u>(22,188)</u>
Total other income	<u><b>46,242</b></u>	<u>(13,046)</u>
<b>Gains</b>		
Fair value gains on financial assets at fair value through profit or loss	<b>6,691</b>	16,248
Foreign exchange gains, net	<b>3,437</b>	58,561
Government grants	<u><b>1,734</b></u>	<u>7,047</u>
Total gains	<u><b>11,862</b></u>	<u>81,856</u>
Total other income and gains	<u><b>58,104</b></u>	<u>68,810</u>
<b>Other losses</b>		
Loss on disposal of items of property, plant and equipment	<b>(4,372)</b>	(1,290)
Loss on termination of the leases contracts	<b>(116)</b>	—
Donation expenses	<b>(2,568)</b>	—
Others	<u><b>(2,560)</b></u>	<u>—</u>
Total other losses	<u><b>(9,616)</b></u>	<u>(1,290)</u>

## 5. LOSS BEFORE TAX

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

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Cost of inventories sold	<b>46,278</b>	27,719
Cost of AI-based software solutions provided	<b>32,553</b>	30,086
	<hr/>	<hr/>
Total	<b>78,831</b>	57,805
Depreciation of property, plant and equipment	<b>17,140</b>	15,774
Depreciation of right-of-use assets	<b>8,388</b>	6,760
Amortisation of other intangible assets	<b>6,424</b>	131
Lease payments not included in the measurement of lease liabilities	<b>1,638</b>	2,419
Auditor's remuneration	<b>2,880</b>	3,200
Employee benefit expense (including directors', supervisors' and chief executive's remuneration):		
Salaries, wages and other benefits	<b>182,454</b>	177,856
Share-based payments	<b>18,449</b>	25,086
Pension scheme contributions*	<b>13,184</b>	13,021
	<hr/>	<hr/>
Total	<b>214,087</b>	215,963
Impairment of financial assets, net:		
Impairment of trade receivables, net	<b>9,682</b>	5,440
Impairment of other receivables, net	<b>971</b>	11
(Reversal of impairment)/impairment of a guarantee contract	<b>(2,990)</b>	2,990
	<hr/>	<hr/>
Total	<b>7,663</b>	8,441
Foreign exchange gains, net	<b>(3,437)</b>	(58,561)
Fair value gains on financial assets at fair value through profit or loss, net	<b>(6,691)</b>	(16,248)
Interest income	<b>(13,024)</b>	(9,142)
Loss on disposal of items of property, plant and equipment	<b>4,372</b>	1,290

\* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

## 6. FINANCE COSTS

An analysis of finance costs is as follows:

	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
Interest on lease liabilities	<u>545</u>	<u>439</u>

## 7. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the relevant rules and regulations of the Cayman Islands, a subsidiary of the Group incorporated therein are not subject to any income tax in the Cayman Islands.

Hong Kong profits tax has been provided at the rate of 8.25% (2022: 8.25%) on the estimated assessable profits arising in Hong Kong during the year of one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime.

Under the relevant PRC income tax law, entities qualified as high-technology enterprises are entitled to a preferential income tax rate of 15%. The Company and three subsidiaries were recognised as high-technology enterprises and are subject to income tax at 15%.

Under the relevant PRC income tax law, the PRC subsidiaries of the Group are subject to income tax at a rate of 25% on their respective taxable income except for the Company and the three subsidiaries.

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

	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
Current — Hong Kong	49	—
Deferred	<u>(254)</u>	<u>—</u>
Total tax credit for the year	<u>(205)</u>	<u>—</u>

A reconciliation of the tax credit applicable to loss before tax at the statutory tax rate for Chinese Mainland to the tax credit at the effective tax rate is as follows:

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Loss before tax	<u>(145,859)</u>	<u>(182,740)</u>
Tax at the statutory tax rate of 25%	(36,465)	(45,685)
Preferential tax rates applicable to certain subsidiaries	6,857	21,122
Additional deductible allowance for qualified research and development expenses	(15,264)	(16,297)
Expenses not deductible for tax	5,317	7,345
Tax losses not recognised	35,296	29,500
Temporary differences not recognised	4,214	4,015
Others	<u>(160)</u>	<u>—</u>
Tax credit at the Group's effective rate	<u>(205)</u>	<u>—</u>

## 8. DIVIDENDS

No dividends have been declared and paid by the Company for the year ended 31 December 2023 (2022: Nil).

## 9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 103,504,772 (2022: 103,002,000) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2023 and 2022.

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

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Loss</b>		
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculations	<u>132,533</u>	<u>180,003</u>
	<b>Number of shares</b>	
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculations	<u>103,504,772</u>	<u>103,002,000</u>

## 10. GOODWILL

	<i>RMB'000</i>
Cost at 1 January 2022	—
Acquisition of subsidiaries	970
	<hr/>
Cost and net carrying amount at 31 December 2022	970
	<hr/> <hr/>
At 31 December 2022:	
Cost	970
Accumulated impairment	—
	<hr/>
Net carrying amount	970
	<hr/> <hr/>
Cost at 1 January 2023, net of accumulated impairment	970
Acquisition of subsidiaries	126,243
	<hr/>
Cost and net carrying amount at 31 December 2023	127,213
	<hr/> <hr/>
At 31 December 2023:	
Cost	127,213
Accumulated impairment	—
	<hr/>
Net carrying amount	127,213
	<hr/> <hr/>

## 11. TRADE RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade receivables	95,852	70,407
Impairment	(16,212)	(6,530)
	<hr/>	<hr/>
Net carrying amount	79,640	63,877
	<hr/> <hr/>	<hr/> <hr/>

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 6 months	48,019	55,842
6 to 12 months	21,340	6,875
Over 12 months	10,281	1,160
	<hr/>	<hr/>
Total	79,640	63,877
	<hr/> <hr/>	<hr/> <hr/>

## 12. OTHER FINANCIAL ASSETS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Financial assets measured at amortised cost	43,355	35,593
Financial assets at fair value through profit or loss	266,895	126,186
Equity investments designated at fair value through other comprehensive income	2,000	3,274
	<u>312,250</u>	<u>165,053</u>
Total	<u>312,250</u>	<u>165,053</u>
Classified as:		
Current assets	163,837	144,734
Non-current assets	148,413	20,319
	<u>163,837</u>	<u>144,734</u>
	<u>148,413</u>	<u>20,319</u>

## 13. CASH AND CASH EQUIVALENTS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Cash and bank balances	931,298	1,418,250
Less:		
Time deposits over three months ( <i>note 1</i> )	37,519	—
Restricted bank deposits ( <i>notes 2 and 3</i> )	2,289	150,000
	<u>891,490</u>	<u>1,268,250</u>
Cash and cash equivalents	<u>891,490</u>	<u>1,268,250</u>

*Note 1* The original maturity of the time deposits was more than three months but less than one year.

*Note 2* Restricted bank deposits of RMB150,000,000 were pledged in 2022, which have been recovered in 2023.

*Note 3* Restricted bank deposits of RMB2,289,000 were frozen due to litigation.

## 14. TRADE PAYABLES

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 6 months	11,443	6,625
6 months to 1 year	4,483	—
Over 1 year	1,603	—
	<u>17,529</u>	<u>6,625</u>
Total	<u>17,529</u>	<u>6,625</u>

The trade payables are non-interest-bearing and are normally settled within one year.

## **PUBLICATION OF THE 2023 CONSOLIDATED ANNUAL RESULTS AND ANNUAL REPORT**

This announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.airdoc.com](http://www.airdoc.com)). This announcement for the year ended December 31, 2023 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**

“active service site(s)”	service site(s) that consistently uses the Company's products on a monthly basis
“AGI”	artificial general intelligence
“AI”	artificial intelligence
“Airdoc HK”	Airdoc Technology (HK) Limited, a company incorporated in Hong Kong with limited liability on February 26, 2020 and a wholly owned subsidiary of our Company
“AMD”	age-related macular degeneration
“ASCVD”	atherosclerotic cardiovascular disease
“AUC”	the area under the curve, a measure of serum drug concentration over a given time period
“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 C1 to the Listing Rules
“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
“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
“Group”	our Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“ICVD”	ischemic cardiovascular disease, including myocardial infarction and cerebral infarction

“Independent Third Party(ies)”	an individual or a company which, to the best of our Directors’ knowledge, information, and belief, having made all reasonable enquiries, is not a connected person of our Company within the meaning of the Listing Rules
“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 C3 of the Listing Rules
“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
“Retinal AI”	the application of AI technologies in the field of retinal imaging and analysis. It involves using AI algorithms and machine learning models to analyze retinal images and detect various abnormalities, lesions, or diseases affecting the retina
“R&D”	Research and Development
“RMB”	Renminbi Yuan, the lawful currency of China
“Reporting Period”	the year ended December 31, 2023
“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 unlisted 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 (Chapter 622 of the Laws of Hong Kong)

“Supervisor(s)” supervisor(s) of our Company

“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 27, 2024

*As of the date of this announcement, the Board comprises Mr. ZHANG Dalei, Ms. WANG Lin, Dr. HE Chao and Mr. QIN Yong as executive Directors; and Mr. NG Kong Ping Albert, Dr. WU Yangfeng and Dr. HUANG Yanlin as independent non-executive Directors.*