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**Bairong Inc.**

**百融雲創**

*(A company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6608)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2022**

The board (the “**Board**”) of directors (the “**Directors**”) of Bairong Inc. (the “**Company**”, together with its subsidiaries and consolidated affiliated entities, the “**Group**”) is pleased to announce the annual audited consolidated results of the Group for the year ended December 31, 2022 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2021. These annual results have been reviewed by the Company’s audit committee.

In this announcement, “we”, “us” and “our” refer to the Company and where the context otherwise requires, the Group. Certain amount and percentage figures included in this announcement have been subject to rounding adjustments, or have been rounded to single digits or two decimal places. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

### **HIGHLIGHTS**

#### **Financial Summary**

	<b>Year ended December 31,</b>		
	<b>2022</b>	<b>2021</b>	<b>Change (%)</b>
	<i>(RMB in thousands, except percentages)</i>		
Revenue	<b>2,054,178</b>	1,623,464	27
Smart analytics and operation services	<b>1,038,560</b>	736,580	41
Precision marketing services	<b>467,099</b>	422,422	11
Insurance distribution services	<b>548,519</b>	464,462	18
Gross profit	<b>1,481,121</b>	1,194,628	24
Operating profit <sup>note 1</sup>	<b>234,752</b>	101,234	132
Profit/(loss) for the year <sup>note 2</sup>	<b>229,305</b>	(3,604,033)	N/A
<i>Non-IFRS measures</i>			
Non-IFRS profit for the year	<b>293,992</b>	141,160	108
Non-IFRS EBITDA	<b>385,248</b>	233,455	65

*Note 1:* To help investors better understand the Group’s financial performance, “other income/(loss), net” included in “operating profit” has been reclassified to conform with the new presentation for the Reporting Period. For further details, please refer to note 4 to the consolidated financial statements.

*Note 2:* Our net loss was RMB3,604.03 million for the year ended December 31, 2021, which was mainly attributable to a loss of RMB3,697.29 million on changes in fair value of redeemable convertible preferred shares. Upon the completion of the listing (the “**Listing**” or the “**Global Offering**”) of our shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on March 31, 2021 (the “**Listing Date**”), our redeemable convertible preferred shares were converted into our ordinary shares, and no further loss or gain on changes in fair value of the redeemable convertible preferred shares will be recorded afterwards.

For the year ended December 31, 2022, our revenue reached RMB2,054.18 million, representing an increase of 27% from RMB1,623.46 million for the year ended December 31, 2021. In particular, our smart analytics and operation business maintained rapid growth, with its revenue increasing by 41% year-on-year to RMB1,038.56 million. Our precision marketing business gradually recovered, with its revenue increasing by 11% year-on-year to RMB467.10 million. Our insurance distribution business managed to buck the trend and grow in a subdued industry environment, with its revenue increasing by 18% year-on-year to RMB548.52 million. Our gross profit reached RMB1,481.12 million and our gross profit margin maintained at a high level of 72%. Our profit for the year reached RMB229.31 million and our net profit margin reached 11%. Our non-IFRS profit reached RMB293.99 million, representing an increase of 108% from RMB141.16 million for the year ended December 31, 2021.

December 31, 2022, we had served more than 7,000 financial institutions in China. Our clients include all of the six state-owned banks, 12 joint-equity banks, more than a thousand regional banks, as well as major consumer finance companies, insurance companies and a variety of other licensed financial service providers (“**FSP**”).

## **BUSINESS REVIEW**

We are a leading AI-powered software-as-a-service (“**SaaS**”) cloud-based platform company that has served over 7,000 banks, consumer finance companies, insurance companies and other financial institutions in China. Leveraging big data, machine learning, cloud computing and artificial intelligence (“**AI**”), combined with our nine years of industry know-how and user insights, we provide a comprehensive product and solution covering the entire financial service process spanning smart user acquisition, smart risk control analytics, smart credit decision-making, smart user relationship management, smart credit card user revitalization and smart wealth management marketing, etc.

As a leader in facilitating the smart digital transformation of Chinese financial institutions, we believe the current digitalization and AI trend will bring a boom to the industry. On December 19, 2020, the Central Committee of the Communist Party of China and the State Council jointly issued the Opinions on Building a Data Base System to Better Utilize Data Elements, which states “to strengthen data-based enterprises” and “to reasonably protect the rights of data processors to exercise autonomous control over data held in compliance with the law”. On February 28, 2023, the same parties issued the Overall Planning for the Construction of Digital China which specifies that by 2035, digital development should be at the forefront of the world and significant achievements should be made in the construction of digital China. Moreover, the establishment of Shanghai and other data exchanges will significantly propel the data circulations of enterprise credit and individual fraud score etc. We are dedicated to leveraging our big data and AI technology in assisting financial institutions establish proprietary risk control systems at a lower cost, make smart data-driven decisions at a faster speed, portray different user groups more accurately, and provide users of various needs with more tailored services. In 2022, we ranked among the “Top Ten Innovation Cases of Digital Economy in 2022” by the Internet Weekly of Chinese Academy of Sciences.

Led by our chief executive officer, Mr. Zhang Shaofeng, a tech-savvy Tsinghua University alumni, we view technology as our key competitive advantage and top priority. In 2022, our productivity per capita, which was already industry-leading, further enhanced from RMB1.25 million to RMB1.49 million, thanks to our cloud-native technology platform which enables us to effectively deliver products and solutions to our clients through standardized application programming interfaces (APIs), and quickly adapt to financial institutions' ever-evolving needs. We further upgraded the stability of our cloud-native platform from 99.994% to 99.996%, completed the construction of our data centres in Beijing and Shanghai with peak daily query volume exceeding 100 million times a day. With nearly 47.8% of our employees functioning as research and development, we continued to bring in top AI talents and big data analytics experts, and established a Technical Commission to lead cutting-edge technology research. In 2022, we have obtained 16 national patents, among which our AI Lab contributed eight, covering smart voice interaction, machine learning, and privacy computing etc.

We emphasize on the return ratio on investment, and are dedicated to monetize the technology applications of AI. Our self-developed smart AI chatbot (Chatbot) and algorithm-driven smart marketing platform that help banks and other financial institutions complete jobs such as credit card users revitalization, wealth management marketing and user relationship management, effectively enhances service accuracy and operational efficiency of financial institutions. Chatbot technology integrates natural language processing (NLP), automatic speech recognition (ASR), text-to-speech (TTS), voice activity detection (VAD) and other technologies, which can be applied to financial vertical scenarios to accurately recognize human language, provide millisecond-level voice interaction and feedback with extremely high accuracy for automatic speech recognition. Through human-machine collaboration, this technology, combined with our years of experience in working with financial institutions, enables our quick adaptation to serve various financial institution customers.

Committed to our “land and expand” strategy, we consistently introduce new business modules to our existing extensive client network. In 2022, we marched into several new financial service markets. First and foremost, smart operations. Since its commencement in 2021, our smart operations services for the credit card users and consumer finance business has grown rapidly by over 140% in revenue. Leveraging our Chatbot and machine learning technology, the smart operation services is capable of operating daily tens of millions of users. Secondly, wealth management. We started the smart marketing and operations services for the wealth management business last year, and has had several projects completed piloting and generating revenue. Lastly, small and micro enterprises financing. Through our big data technology and comprehensive solutions, we empower financial institutions to upgrade their credit risk identification system, precisely identify qualified users, and provide customized financing products to small and micro enterprises.

## Smart Analytics and Operation Services

In 2022, our smart analytics and operation business reported revenue growth of 41% year-on-year to approximately RMB1.00 billion. For the Reporting Period, the number of Key FSP clients reached 227, representing an increase of 34 from 193 in the previous year, while average revenue per Key FSP client grew by 16% year-on-year to RMB3.69 million from RMB3.19 million in the previous year. Specifically, the revenue from our smart operation business grew by 144% year-on-year. Our Key FSP Client Retention Rate for the smart analytics and operation business has further increased to 97%, and our Key FSP Client Net Dollar Expansion Rate for the segment has further expanded to 123%.

Within the segment, our smart data analytics business provides scoring products such as anti-fraud scoring and loan intention scoring, as well as user profile products such as marketing intention and qualification verification, to FSP. We package various products into customized modules, and through our highly efficient AI-powered and cloud-native SaaS platform, supply them to FSP tailored to their specific query needs. Our self-built SaaS cloud architecture, secured and reliable, could serve over 100 million daily requests, and we also provide customized solutions by assigning expert teams to conduct on-site interviews and research, gain down-to-earth understandings. We charge service fees either based on query volumes or on an annual basis. One of our flagship solutions, the decision-making engine, after passing the Huawei Cloud Ecological Product Certification, officially joined the Huawei Kunpeng Partnership Program this year, which signaled the authoritative recognition for our innovative research and development capabilities, and enabled us to join hands with multiple industry players to collaborate a new cloud-based architecture and explore more opportunities. Another flagship solution, our automatic machine learning platform ORCA, could automatically adjust model parameters or even automatically form models.

Within the segment, our smart operation business saw booming demands as FSP were gradually attaching more importance in refining the management of existing users. We promptly seized the opportunity by providing FSP with a full-cycle operation solution to reactivate their existing user pools, which doesn't charge clients until reactivate any user. During the service cycle, the FSP entrust the operation and management of their existing users to us. We then leverage our professional data analytic capabilities to divide users into groups, and approached different groups via a combination of our proprietary Chatbot, Short Message Service (SMS), manual or other mixed methods. Throughout the operation cycle, we adopt machine learning technology to capture real-time user reactions, which in turn optimizes our NLP capabilities. We also assign expert teams to optimize scripts and strategies to improve user conversion rate, which we charge service fees based on successful conversions. Another flagship solution, our digital operation cloud platform, connects merchants and major payment traffic tools such as WeChat Pay, Alipay and UnionPay QuickPass. Through the platform, we can assist banks and other FSP to activate users by launching customized marketing activities with coupons or benefits from merchants. Moreover, our cloud architecture enables the platform to standardize its services, automate infrastructure deployment, thus expanding its client base rapidly.

### ***Key metrics of smart analytics and operation services***

	<b>Year ended December 31,</b>		
	<b>2022</b>	2021	<b>Change (%)</b>
Revenue from smart analytics and operation (RMB'000)	<b>1,038,560</b>	736,580	41
Revenue from Key clients (RMB'000)	<b>836,859</b>	615,913	36
Number of Key clients	<b>227</b>	193	18
Average revenue per Key client (RMB'000)	<b>3,687</b>	3,191	16
Percentage of revenue from Key client	<b>81%</b>	84%	-3 pct
Retention rate of Key clients	<b>97%</b>	94%	3 pct
Net Dollar Expansion rate of Key clients	<b>123%</b>	114%	9 pct

*Note:* Key clients are defined as licensed financial institutions that each contributes more than RMB300,000 total revenue in a given year.

### **Precision Marketing Services**

In 2022, the revenue of our precision marketing business increased by 11% year-on-year to RMB467.10 million, despite a high base in 2021, pumped by a one-time intensive release of accumulated marketing budget of FSP. We were able to overturn a declining trend post the first half of the year, by actively expanding our loan facilitation volume by 15% year-on-year to RMB16.46 billion.

Our precision marketing business assists consumer finance companies to attract user traffic and filter out the most suitable users to their specific financial products. We converge user traffic from multiple channels, and adopt core technologies such as AI and big data to differentiate users based on multi-dimensional profile, filter out high-quality users, detect their marketing intentions, and match them with appropriate financial products. We charge technical service fees according to the successful loan volume that we facilitate. As more consumer finance policies settle down, the industry is seeing more certainties, and top players will greet a healthy, orderly and sustainable development. Furthermore, as the economy begins to rebound and consumer finance regains prosperity, we are positive in gaining more growth opportunities in the upcoming year.

### ***Key metrics of precision marketing services***

	<b>Year ended December 31,</b>		
	<b>2022</b>	2021	<b>Change (%)</b>
	<i>(RMB in thousands, except percentages)</i>		
Revenue from precision marketing	<b>467,099</b>	422,422	11
Loan facilitation volume	<b>16,463,499</b>	14,273,527	15
Technical service fee rate	<b>2.8%</b>	3.0%	-0.2 pct

## Insurance Distribution Services

In 2022, our insurance distribution business beat the market trend with revenue increasing by 18% year-on-year to RMB548.52 million, despite a negative influence of COVID-19 and the overall fatigue across the insurance industry. The growth was driven by a approximately 40% year-on-year growth of insurance premiums we generated, as our digitalization tool Liming Box supported our brokers' productivity. During the Reporting Period, the average duration of life insurance policies we sold continued to exceed 10 years, indicating the stability of our cash flow and the strong potential for our future profit. The persistency rate of regular life insurance premiums continued to exceed 90%, ranking among the top in the industry.

Our insurance distribution services, namely Liming Insurance Brokerage, operates over 100 branches in more than 30 cities, and efficiently supported over 5,500 insurance brokers through Liming Box, a multifunctional app that integrates user management system (CRM), talent management system (TMS) and insurance data solutions (IDS) toolsets. We charge premium commission fees according to the successful premium volume that we generate. We are optimistic on the long-term performance of our insurance distribution services.

### *Key metrics of insurance distribution services*

	Year ended December 31,		
	2022	2021	Change (%)
	<i>(RMB in thousands, except percentages)</i>		
Revenue from insurance distribution	<b>548,519</b>	464,462	18
Revenue from the first year premiums	<b>453,434</b>	386,080	17
First year premiums	<b>1,133,099</b>	847,010	34
Revenue from the renewal premiums	<b>95,085</b>	78,382	21
Renewal premiums	<b>1,000,118</b>	672,523	49

## BUSINESS OUTLOOK

In 2023, We will adhere to our “client-centric” belief, expand our client base, improve our client trust, enhance our client loyalty, and maintain our high key client retention rate. We will also follow our “land and expand” business model, extend application scenarios, develop customized products and solutions, explore more growth curves and enhance our business penetration amongst individual clients to further raise average revenue per client.

We will continue to enrich our product matrix and explore more growth opportunities, including but not limited to:

- **Wealth management:** According to the “Bank of China Personal Finance Asset Global Allocation White Paper 2022”, the share of real estate in residents' asset portfolios has dropped from previously nearly 80% to around 62%, and the share of wealth management products has been increasing year by year. We will leverage our strengths in AI Chatbot, data analytics, and precising matching, to assist Chinese wealth management products providers with their user insight and operation, user asset planning, and user investment strategy education.



- Inclusive finance: The “14th Five-Year Plan” calls on financial institutions to leverage data technology to support the development of smart finance services, inclusive financial services, green financial services and rural financial services. We will expand our investments in small and micro enterprise financing, to shoulder our social responsibility in the economy recovery and social stability.
- Technology innovations: We will continuously invest in Blockchain, big data, cloud computing, AI underlying algorithms such as transformer, model performance tuning and complex neural networks, and technology tools such as Chatbot, NLP, AutoML, deep learning and privacy computing. The emerging technology brings tremendous opportunities for finance technology applications, and the trend is sweeping Hong Kong, Singapore and many other global finance centres. We will capture the industry opportunities, advocate our ability of technology and service advantages, expand our global presences and build relationships with local partners.

## MANAGEMENT DISCUSSION AND ANALYSIS

Year ended December 31,  
2022                      2021  
(RMB in thousands)

### Revenues

Smart analytics and operation services	1,038,560	736,580
Precision marketing services	467,099	422,422
Insurance distribution services	548,519	464,462
<b>Total revenues</b>	<b>2,054,178</b>	<b>1,623,464</b>
<b>Cost of sales</b>	<b>(573,057)</b>	<b>(428,836)</b>
<b>Gross profit</b>	<b>1,481,121</b>	<b>1,194,628</b>
Other income/(loss), net	177,981	(2,361)
Research and development expenses	(369,646)	(252,006)
General and administrative expenses	(269,977)	(262,763)
Sales and marketing expenses	(784,644)	(575,988)
Impairment loss	(83)	(276)
<b>Profit from operations</b>	<b>234,752</b>	<b>101,234</b>
Finance income	6,812	8,022
Finance costs	(12,977)	(8,607)
Changes in fair value of redeemable convertible preferred shares	–	(3,697,294)
<b>Profit/(loss) before taxation</b>	<b>228,587</b>	<b>(3,596,645)</b>
Income tax benefit/(expense)	718	(7,388)
<b>Profit/(loss) for the year</b>	<b>229,305</b>	<b>(3,604,033)</b>
<b>Attributable to:</b>		
Equity shareholders of the Company	239,661	(3,603,016)
Non-controlling interests	(10,356)	(1,017)
<b>Total comprehensive income for the year</b>	<b>229,305</b>	<b>(3,604,033)</b>

## **Revenue**

Our total revenue increased by 27% from RMB1,623.46 million for the year ended December 31, 2021 to RMB2,054.18 million for the year ended December 31, 2022, primarily attributable to industry growth and our enhanced capabilities of providing products and services.

Our revenue from smart analytics and operation services increased by 41% from RMB736.58 million for the year ended December 31, 2021 to RMB1,038.56 million for the year ended December 31, 2022, primarily attributable to the steady-stage growth of the revenue from our smart data analytics business and 144% year-on-year growth of that from our smart operation business.

Our revenue from precision marketing services increased by 11% from RMB422.42 million for the year ended December 31, 2021 to RMB467.10 million for the year ended December 31, 2022, primarily attributable to the increase in loan facilitation volume partially offset by the decrease in service fee rate.

Our revenue from insurance distribution services increased by 18% from RMB464.46 million for the year ended December 31, 2021 to RMB548.52 million for the year ended December 31, 2022. The increase was primarily due to the 40% increase in total insurance premiums we generated, as we invested in technology and professionalized training to support our brokers' productivity.

## **Cost of sales**

The cost of sales increased by 34% from RMB428.84 million for the year ended December 31, 2021 to RMB573.06 million for the year ended December 31, 2022, primarily attributable to an increase of RMB106.12 million in data service costs, an increase of RMB20.86 million in staff costs and an increase of RMB19.69 million in insurance brokerage commission costs, in line with the growth of our business scale.

## **Gross profit and gross margin**

As a result of the foregoing, the Group's gross profit increased by 24% from RMB1,194.63 million for the year ended December 31, 2021 to RMB1,481.12 million for the year ended December 31, 2022. The Group's gross margin was approximately 72% for the year ended December 31, 2022 and approximately 74% for the year ended December 31, 2021.

## **Research and development expenses**

The Group's research and development expenses increased by 47% from RMB252.01 million for the year ended December 31, 2021 to RMB369.65 million for the year ended December 31, 2022, primarily attributable to increases in the staff costs of our research and development personnel to support product offerings and technology development about various AI application technology, algorithm-driven machine learning platform and underlying database performance.

## **General and administrative expenses**

The Group's general and administrative expenses increased by 3% from RMB262.76 million for the year ended December 31, 2021 to RMB269.98 million for the year ended December 31, 2022, primarily attributable to an increase of daily office expense.



## **Sales and marketing expenses**

Our sales and marketing expenses increased by 36% from RMB575.99 million for the year ended December 31, 2021 to RMB784.64 million for the year ended December 31, 2022, primarily due to an increase of RMB94.24 million of advertising and information technology services expenses, an increase of RMB41.93 million in staff costs and share-based compensation, and an increase of RMB64.75 million in outsourced sales service fees to grow our customer base and to establish a professional sales force. The increase in advertising and information technology services expenses were mainly due to our continuous promotional efforts to obtain high-quality traffic and improve conversion efficiency. The increase of staff costs and share-based compensation was due to expansion of the selling and marketing teams to support our business development.

## **Other income/(loss), net**

Our net other income was RMB177.98 million for the year ended December 31, 2022, compared with net other loss of RMB2.36 million for the year ended December 31, 2021. This is primarily due to an increase of RMB89.26 million in favourable foreign exchange variance and net gains from derivatives as well as an increase of RMB79.73 million in the interest income from time deposits and fair value change and gains from our investments. The increase of foreign exchange was due to the variance from the appreciation of USD against RMB affected by macro environment. We have entered into several foreign exchange forwards and options to manage our foreign exchange exposure risks, realized gains of RMB22.13 million for the year ended December 31, 2022. The financial products that we invested mainly include certain low-risk wealth management products.

## **Changes in fair value of redeemable convertible preferred shares**

Upon the completion of the Listing, our redeemable convertible preferred shares were converted into our ordinary shares. Therefore, no change in fair value of the redeemable convertible preferred shares was recorded for the year ended December 31, 2022.

## **Profit/(loss) for the year**

As a result of the foregoing, the Group's profit for the year ended December 31, 2022 was RMB229.31 million, compared with a loss of RMB3,604.03 million for the year ended December 31, 2021.

## **Non-IFRS Measures**

To supplement our consolidated financial statements, which are presented in accordance with IFRSs, we also use non-IFRS profit and non-IFRS EBITDA as additional financial measures, which are not required by, or presented in accordance with, IFRS. We believe these non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of items which our management considers non-indicative of our operating performance.

We believe these measures provide useful information to investors and others in understanding and evaluating our consolidated statement of profit or loss in the same manner as they help our management. However, our presentation of non-IFRS profit and non-IFRS EBITDA may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitutes for an analysis of, our results of operations or financial condition as reported under IFRSs.

We define non-IFRS profit as profit/(loss) for the year, excluding share-based compensation, fair value changes of redeemable convertible preferred shares and listing expenses. We define non-IFRS EBITDA as EBITDA excluding share-based compensation, fair value changes of redeemable convertible preferred shares, and listing expenses. We exclude these items because they are not expected to result in future cash payments that are recurring in nature and they are not indicative of our core operating results and business outlook.

The following table reconciles our non-IFRS profit for the year ended December 31, 2021 and 2022 and non-IFRS EBITDA presented to the most directly comparable financial measure calculated and presented in accordance with IFRSs, which is profit/(loss) for the year:

*Reconciliation of profit/(loss) to non-IFRS profit for the year:*

	<b>Year ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<i>(RMB in thousands)</i>	
<b>Profit/(loss) for the year</b>	<b>229,305</b>	<b>(3,604,033)</b>
<b>Add</b>		
Share-based compensation <sup>(1)</sup>	<b>64,687</b>	22,787
Changes in fair value of redeemable convertible preferred shares <sup>(2)</sup>	–	3,697,294
Listing expenses <sup>(3)</sup>	–	25,112
<b>Non-IFRS profit for the year</b>	<b>293,992</b>	<b>141,160</b>

*Reconciliation of profit/(loss) to EBITDA and non-IFRS EBITDA for the year:*

	<b>Year ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<i>(RMB in thousands)</i>	
<b>Profit/(loss) for the year</b>	<b>229,305</b>	<b>(3,604,033)</b>
<b>Add</b>		
Finance income	<b>(6,812)</b>	(8,022)
Finance costs	<b>12,977</b>	8,607
Income tax (benefit)/expense	<b>(718)</b>	7,388
Depreciation	<b>76,260</b>	82,121
Amortization	<b>9,549</b>	2,201
<b>EBITDA</b>	<b>320,561</b>	<b>(3,511,738)</b>
<b>Add</b>		
Share-based compensation <sup>(1)</sup>	<b>64,687</b>	22,787
Changes in fair value of redeemable convertible preferred shares <sup>(2)</sup>	–	3,697,294
Listing expenses <sup>(3)</sup>	–	25,112
<b>Non-IFRS EBITDA</b>	<b>385,248</b>	<b>233,455</b>

*Notes:*

- (1) Share-based compensation relates to the share options that we granted under our share incentive plan, which is a non-cash expense that is commonly excluded from similar non-IFRS measures adopted by other companies in our industry.
- (2) Fair value changes of redeemable convertible preferred shares represent the losses arising from change in fair value of our issued redeemable convertible preferred shares, which were recognised as financial liability at fair value through profit or loss. Such changes no longer existed as our redeemable convertible preferred shares converted into equity upon completion of our listing and are non-cash in nature and are not directly related to our operating activities.
- (3) Listing expenses relates to the Global Offering, which is one-off in nature and is not directly related to our operating activities.

### **Liquidity and source of funding and borrowing**

Other than the proceeds from the Listing, we have historically funded our cash requirements principally from cash generated from our operations and shareholder equity contributions.

To manage the liquidity risk, we monitor and maintain a level of cash and cash equivalents as deemed adequate by our senior management to finance our operations.

As at December 31, 2022, the Group had bank loans of approximately RMB45.00 million, which are all repayable within one year.

### **Cash and cash equivalents and time deposits**

The Group had cash and cash equivalents and time deposits of approximately RMB3,010.86 million and approximately RMB3,546.49 million as at December 31, 2022 and December 31, 2021, respectively.

### **Significant Investments**

The Group did not make or hold any significant investments during the year ended December 31, 2022.

The Board confirmed that the transactions in these financial assets for the Reporting Period, on a standalone basis and aggregate basis, did not constitute notifiable transactions under Chapter 14 of the Listing Rules.

### **Material acquisitions and disposals**

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies during the year ended December 31, 2022.

### **Pledge of assets**

The Group had not pledged any of our assets as at December 31, 2022.

### **Future plans for material investments or capital asset**

Save for the expansion plan as disclosed in the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated March 19, 2021 (the “**Prospectus**”), the Group did not have detailed future plans for material investments or capital assets.

### **Gearing ratio**

As at December 31, 2022, the Group’s gearing ratio (i.e. total liabilities divided by total assets) was 0.18 (as at December 31, 2021: 0.15).

## Foreign exchange exposure

During the year ended December 31, 2022, the Group mainly operated in China and the majority of the transactions were settled in RMB, the Company's consolidated affiliated entities' functional currency. As at December 31, 2022, except for the bank deposits and investments denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations. The Group had entered into several foreign exchange forwards and options to manage its foreign exchange exposure risks.

## Contingent liabilities

The Group had no material contingent liabilities as at December 31, 2022.

## Capital commitment

The Group had no material capital commitment as at December 31, 2022.

## Employees and remuneration

As at December 31, 2022, the Group had a total of 1,378 employees. The following table sets forth the total number of employees by function as at December 31, 2022:

<b>Function</b>	<b>As at December 31, 2022</b>
Sales and marketing	299
Research and development	658
Operation support	185
General administration	236
<b>Total</b>	<b>1,378</b>

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our human resources strategy, we offer employees competitive compensation packages, including competitive salaries, performance-based cash bonuses, and other incentives. The total remuneration cost incurred by the Group for the year ended December 31, 2022 was RMB682.19 million, as compared to RMB494.99 million for the year ended December 31, 2021.

The Company has also adopted a post-IPO share option scheme and a share award scheme to incentivize its employees.

To maintain the quality, knowledge and skill levels of our employees, we regularly organize training activities for our employees.

## CORPORATE GOVERNANCE

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a reference benchmark for the Group to safeguard the interests of shareholders and to enhance corporate value and accountability.

### Compliance with the Code on Corporate Governance Practices

Save as disclosed below, the Company had complied with the applicable code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Part 2 of Appendix 14 to the Listing Rules during the year ended December 31, 2022.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company deviates from this provision because Mr. Zhang Shaofeng (“**Mr. Zhang**”) performs both the roles of chairperson of the Board and the chief executive officer of the Company. Mr. Zhang is the founder of the Group and has extensive experience in the business operations and management of the Group. The Board believes that vesting the roles of both chairperson and chief executive officer to Mr. Zhang has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning. This structure will enable our Company to make and implement decisions promptly and effectively.

Our Board considers that the balance of power and authority will not be impaired due to this arrangement. In addition, all major decisions are made in consultation with members of the Board, including the relevant Board committees, and with our four independent non-executive Directors. The Board will reassess the division of the roles of chairperson and chief executive officer from time to time, and may recommend dividing the two roles between different people in the future, taking into account the circumstances of the Group as a whole.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the latest version of the CG Code, and maintain a high standard of corporate governance benchmark of the Company. The Company will report compliance of the latest version of the CG Code in the corporate governance report of the Company for the year ending December 31, 2022.

### Compliance with the Model Code for Securities Transactions by Directors

The class B ordinary shares (“**Class B Shares**”) were only listed on the Stock Exchange on March 31, 2021, since which time the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (“**Model Code**”) has been applicable to the Company.

The Company has adopted the Management Trading of Securities Policy (the “**Code**”), with terms no less exacting than the Model Code, as its own securities dealing code to regulate all dealings by Directors and relevant employees of securities in the Company and other matters covered by the Code.

Specific enquiry has been made of all the Directors and the relevant employees and they have confirmed that they have complied with the Code during the Reporting Period and up to the date of this announcement.

## Audit committee

The Group has established an audit committee comprising of three members, being Mr. Zhou Hao, Mr. Bai Linsen and Professor Chen Zhiwu, with Mr. Zhou Hao (being the Group's independent non-executive Director with the appropriate professional qualifications) as chair of the audit committee.

The audit committee has reviewed the audited consolidated financial statements of the Group for the year ended December 31, 2022 and has met with the independent auditor, KPMG. The audit committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control and financial reporting matters with senior management members of the Company.

## Scope of work of the Company's auditor

The financial figures in respect of the Group's consolidated statement of financial position as at December 31, 2022, the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of cash flows and the related notes thereto for the year ended December 31, 2022 as set out in the preliminary announcement have been compared by the Group's auditor (the "Auditor"), to the amounts set out in the Group's audited consolidated financial statements for the year ended December 31, 2022 and the amounts were found to be in agreement. The work performed by the Auditor in this respect did not constitute an audit, review or other 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 the Auditor.

## OTHER INFORMATION

### Purchase, sale or redemption of the Company's listed securities

During the Reporting Period, the Company repurchased a total of 14,433,000 Class B Shares (the "Shares Repurchased") of the Company on the Stock Exchange at an aggregate consideration (including transaction cost) of approximately HK\$129.75 million including expenses. As at December 31, 2022, the outstanding Shares Repurchased of a total of 14,433,000 Class B Shares not yet cancelled. Subsequently, the Company has repurchased a total of 3,733,000 Class B Shares on the Stock Exchange at an aggregate consideration of approximately HK\$43.63 million including expenses in January and February 2023. Particulars of the Shares Repurchased are as follows:

Month of Repurchase	No. of Class B Shares Repurchased	Price paid per Class B Share		Aggregate Consideration (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
June	4,761,500	10.02	9.00	47,269,600
July	1,436,500	9.65	8.79	13,222,545
November	6,059,500	8.34	7.19	47,516,510
December	2,175,500	10.74	9.50	21,740,160
<b>Total</b>	<b>14,433,000</b>			<b>129,748,815</b>



The number of Class B Shares in issue was reduced by 18,166,000 shares as a result of the cancellation accordingly. Upon cancellation of the Shares Repurchased, the weighted voting rights (“**WVR**”) beneficiary of the Company, simultaneously reduced their WVR in the Company proportionately by way of converting their class A ordinary shares (“**Class A Shares**”) into Class B Shares on a one-to-one ratio pursuant to Rule 8A.21 of the Listing Rules, such that the proportion of shares carrying WVR of the Company shall not be increased, pursuant to the requirements under Rules 8A.13 and 8A.15 of the Listing Rules.

The Shares Repurchased from June 2022 to February 2023 of a total of 18,166,000 Class B Shares were cancelled on March 10, 2023. A total of 2,891,948 Class A Shares were converted into Class B Shares on a one-to-one ratio on March 10, 2023.

In addition, 3,638,000 Class B Shares were purchased by trustees of the Company’s share award schemes on market during the year ended December 31, 2022 to satisfy share awards to be vested in subsequent periods.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s securities listed on the Stock Exchange during the year ended December 31, 2022 and up to the date of this announcement.

### **Material litigation**

The Company was not involved in any material litigation or arbitration during the year ended December 31, 2022. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the Reporting Period and up to the date of this announcement.

### **Dividends**

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

### **Use of proceeds from the Global Offering**

On March 31, 2021, the shares of the Company were listed on the Main Board of the Stock Exchange. The net proceeds from the Global Offering were approximately RMB3,170.39 million (the “**IPO Proceeds**”), after deducting of underwriting commissions and total expenses paid by the Company in connection with the Global Offering.

Since the Listing Date and up to December 31, 2022, the Group has gradually utilised the IPO Proceeds in accordance with the intended purposes stated in the Prospectus. The balance of the IPO Proceeds will continue to be utilised according to the manner and proportions as disclosed in the Prospectus. For details, please refer to the following table:

	Net proceeds from the Global Offering (RMB million)	Proportion	Unutilized amount as at January 1, 2022 (RMB million)	Utilized during the Reporting Period (RMB million)	Unutilized amount as at December 31, 2022 (RMB million)
Fund business expansion, expand FSP client base and penetrate into existing FSP client base	1,426.68	45%	1,210.01	395.07	814.94
Enhance efforts in research and development	951.12	30%	871.58	173.79	697.79
Pursue strategic investments and acquisitions to expand existing products and services offerings, improve technology capabilities, and enhance value proposition to FSP clients	475.56	15%	303.53	118.68	184.85
Working capital and general corporate purposes	317.03	10%	317.03	–	317.03
<b>Total</b>	<b>3,170.39</b>	<b>100%</b>	<b>2,702.15</b>	<b>687.54</b>	<b>2,014.61</b>

The Group expects to fully utilise the unutilised net amount by end of 2024, which is based on the Company's best estimation of the future market conditions and thus subject to change.

### Events after the Reporting Period

Save as disclosed in this announcement, there were no other significant events that might affect the Group after the Reporting Period.

## FINANCIAL INFORMATION

### Consolidated Statement of Profit or Loss

for the year ended December 31, 2022

Expressed in Renminbi (“RMB”)

		Year ended December 31,	
		2022	2021
	Note	RMB'000	RMB'000
<b>Revenue</b>	3	<b>2,054,178</b>	1,623,464
Cost of sales		<u>(573,057)</u>	<u>(428,836)</u>
<b>Gross profit</b>		<b>1,481,121</b>	1,194,628
Other income/(loss), net	4	<b>177,981</b>	(2,361)
Research and development expenses		<b>(369,646)</b>	(252,006)
General and administrative expenses		<b>(269,977)</b>	(262,763)
Sales and marketing expenses		<b>(784,644)</b>	(575,988)
Impairment loss	5(c)	<u><b>(83)</b></u>	<u>(276)</u>
<b>Profit from operations</b>		<b>234,752</b>	101,234
Finance income	5(a)	<b>6,812</b>	8,022
Finance costs	5(a)	<b>(12,977)</b>	(8,607)
Changes in fair value of redeemable convertible preferred shares		<u>–</u>	<u>(3,697,294)</u>
<b>Profit/(loss) before taxation</b>	5	<b>228,587</b>	(3,596,645)
Income tax benefit/(expense)	6	<u><b>718</b></u>	<u>(7,388)</u>
<b>Profit/(loss) for the year</b>		<u><b>229,305</b></u>	<u>(3,604,033)</u>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>239,661</b>	(3,603,016)
Non-controlling interests		<u><b>(10,356)</b></u>	<u>(1,017)</u>
<b>Profit/(loss) for the year</b>		<u><b>229,305</b></u>	<u>(3,604,033)</u>
<b>Earnings/(loss) per share</b>			
Basic (RMB)	7	<b>0.50</b>	(9.16)
Diluted (RMB)	7	<u><b>0.47</b></u>	<u>(9.16)</u>

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
*for the year ended December 31, 2022*  
*Expressed in RMB*

	<b>Year ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
<i>Note</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Profit/(loss) for the year</b>	<b>229,305</b>	<b>(3,604,033)</b>
<b>Other comprehensive income for the year</b>	<b>—</b>	<b>—</b>
<b>Total comprehensive income for the year</b>	<b><u>229,305</u></b>	<b><u>(3,604,033)</u></b>
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>239,661</b>	<b>(3,603,016)</b>
Non-controlling interests	<b><u>(10,356)</u></b>	<b><u>(1,017)</u></b>
<b>Total comprehensive income for the year</b>	<b><u>229,305</u></b>	<b><u>(3,604,033)</u></b>

**Consolidated Statement of Financial Position**  
*as at December 31, 2022*  
*Expressed in RMB*

		As at December 31, 2022 <i>RMB'000</i>	As at December 31, 2021 <i>RMB'000</i>
	<i>Note</i>		
<b>Non-current assets</b>			
Property, plant and equipment		45,287	39,727
Intangible assets		54,209	62,925
Right-of-use assets		69,447	92,586
Goodwill		180,013	180,013
Financial assets at fair value through profit or loss		242,461	46,268
Interests in associates		9,764	9,863
Deferred tax assets		4,559	5,386
Time deposits		2,122,350	200,000
Restricted cash		7,740	5,722
		<u>2,735,830</u>	<u>642,490</u>
<b>Current assets</b>			
Prepaid expenses and other current assets		413,594	229,610
Financial assets at fair value through profit or loss		848,738	300,334
Loans receivable		1,954	—
Trade receivables	10	361,663	250,558
Restricted cash		16,986	82,884
Cash and cash equivalents		888,508	3,346,487
Derivative financial assets	9	—	20,727
		<u>2,531,443</u>	<u>4,230,600</u>
<b>Current liabilities</b>			
Bank loans		45,000	51,000
Trade payables	11	165,338	94,624
Contract liabilities		60,731	48,347
Lease liabilities		50,646	35,302
Accrued expenses and other current liabilities		589,668	406,216
		<u>911,383</u>	<u>635,489</u>
<b>Net current assets</b>		<u>1,620,060</u>	<u>3,595,111</u>
<b>Total assets less current liabilities</b>		<u>4,355,890</u>	<u>4,237,601</u>

**Consolidated Statement of Financial Position (Continued)***as at December 31, 2022**Expressed in RMB*

	As at December 31, 2022 <i>RMB'000</i>	As at December 31, 2021 <i>RMB'000</i>
<i>Note</i>		
<b>Non-current liabilities</b>		
Lease liabilities	35,873	71,862
Deferred tax liabilities	9,613	11,205
	<u>45,486</u>	<u>83,067</u>
<b>NET ASSETS</b>	<u><b>4,310,404</b></u>	<u><b>4,154,534</b></u>
<b>Equity</b>		
Share capital	66	64
Treasury shares	(148,843)	(60,739)
Reserves	4,444,257	4,189,672
<b>Total equity attributable to equity shareholders of the Company</b>	<u><b>4,295,480</b></u>	<u><b>4,128,997</b></u>
<b>Non-controlling interests</b>	<u><b>14,924</b></u>	<u><b>25,537</b></u>
<b>TOTAL EQUITY</b>	<u><b>4,310,404</b></u>	<u><b>4,154,534</b></u>



**Condensed Consolidated Statement of Cash Flows**  
*for the year ended December 31, 2022*  
*Expressed in RMB*

	<b>Year ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Net cash generated from operating activities	<b>302,450</b>	265,139
Net cash (used in)/generated from investing activities	<b>(2,563,341)</b>	141,096
Net cash (used in)/generated from financing activities	<b>(221,587)</b>	2,996,012
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b><u>(2,482,478)</u></b>	<b><u>3,402,247</u></b>
Cash and cash equivalents at the beginning of the year	<b>3,346,487</b>	41,949
Effect of foreign exchange rate changes	<b>24,499</b>	(97,709)
<b>Cash and cash equivalents at the end of the year</b>	<b><u>888,508</u></b>	<b><u>3,346,487</u></b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 Basis of preparation

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”) which collective term includes all applicable individual 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. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The financial report has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 annual financial statements.

## 2 Changes in accounting policies

The Group has initially adopted the following accounting policies for annual financial statements covering periods beginning on or after 1 January 2022. Adopting these accounting policies does not have a material effect on the Group’s financial statements.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)

## 3 Revenue

The principal activities of the Group are providing smart analytics and operation services, precision marketing services and insurance distribution services in the PRC. The amount of each significant category of revenue is as follows:

	2022 RMB’000	2021 RMB’000
Smart analytics and operation services	1,038,560	736,580
Precision marketing services	467,099	422,422
Insurance distribution services	548,519	464,462
	<u>2,054,178</u>	<u>1,623,464</u>

During the year, no customer individually accounted for more than 10% of the Group’s total revenue.

Disaggregation of the Group's revenue from contracts with customers by the timing of revenue recognition is set out below:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Point-in-time	1,015,618	886,884
Over-time	1,038,560	736,580
	<u>2,054,178</u>	<u>1,623,464</u>

#### 4 Other income/(loss), net

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Net gains on financial investments measured at fair value through profit or loss <sup>(i)</sup>	41,332	24,740
Net gains on derivatives <sup>(i)</sup>	22,131	55,082
Gains from fixed coupon note	7,706	2,101
Interest income from time deposits	57,534	—
Government grants and others	8,604	6,472
Extra deduction of input VAT	16,175	6,953
Foreign currency exchange gains/(loss), net <sup>(i)</sup>	24,499	(97,709)
	<u>177,981</u>	<u>(2,361)</u>

*Note:*

- (i) To help investors better understand the Group's financial performance, "foreign currency exchange gains/(loss), net" is grouped into "other income/(loss), net" rather than in "finance income and costs". "Changes in fair value of derivatives" is grouped into "net gains on derivatives" and "changes in fair value of financial assets measured at fair value through profit or loss" is grouped into "net gains on financial investments measured at fair value through profit or loss" within "other income/(loss), net" rather than presented as separate financial statement line items. The comparative figures have been restated to conform with the new presentation.

#### 5 Profit/(loss) before taxation

Profit/(loss) before taxation is arrived at after charging/(crediting):

##### (a) *Finance income and costs*

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Finance income		
Interest income from bank deposits	6,812	8,022
Total	<u>6,812</u>	<u>8,022</u>
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Finance costs		
Interest expense on bank loans	8,120	1,428
Interest expense on lease liabilities	4,857	7,179
Total	<u>12,977</u>	<u>8,607</u>

**(b) Staff costs**

	2022 RMB'000	2021 RMB'000
Salaries, wages and other benefits	566,499	432,783
Contributions to defined contribution retirement plan <sup>(i)</sup>	46,879	36,600
Equity-settled share-based compensation expenses	64,687	22,787
Termination benefits	4,123	2,817
Total	682,188	494,987

*Note:*

- (i) Employees of the Group's subsidiaries in the PRC are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group's subsidiaries in the PRC contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

**(c) Other items**

	2022 RMB'000	2021 RMB'000
Data service costs	227,942	121,823
Distribution and marketing expenditures	399,782	315,897
Insurance brokerage commission costs	256,961	237,272
Depreciation of property, plant and equipment	19,203	18,009
Amortisation of intangible assets	9,549	2,201
Depreciation of right-of-use assets	57,057	64,112
Impairment losses		
– Trade receivables and others	9	264
– Loans	74	12
Listing expenses	–	25,112
Auditors' remuneration	4,000	3,960

**6 Income tax (benefit)/expense**

	2022 RMB'000	2021 RMB'000
<b>Current tax</b>		
– PRC Enterprise Income Tax (“EIT”) Provision for the year	47	–
<b>Deferred tax</b>		
– Changes in deferred tax assets/liabilities	(765)	7,388
	(718)	7,388

## 7 Basic and diluted earnings/(loss) per share

On March 16, 2021, pursuant to the shareholders' resolution, each existing issued and unissued share of US\$0.0001 each in the share capital of the Company were subdivided into 5 shares of US\$0.00002 each ("Share Subdivision"). Following the Share Subdivision, the weighted average number of ordinary shares for the purpose of basic and diluted earnings per share for the year ended 2021 has been retrospectively adjusted.

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) attributable to equity shareholders of the Company by the weighted average number of ordinary shares in issue during the year 2022 and 2021.

The following table sets forth the basic earnings/(loss) per share computation and the numerator and denominator for the years presented:

	2022	2021
Net profit/(loss) attributable to equity shareholders of the Company (RMB'000)	239,661	(3,603,016)
Weighted average number of ordinary shares	<u>481,573,848</u>	<u>393,297,173</u>
Basic earnings/(loss) per share attributable to equity shareholders of the Company (in RMB)	<u>0.50</u>	<u>(9.16)</u>

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the years ended 2022 and 2021, the Company has share options and share award scheme as potential ordinary shares. As the Group incurred losses for the year ended 2021, the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would result in anti-dilution. Accordingly, diluted loss per share for the year ended 2021 was the same as basic loss per share of the respective period.

	2022	2021
Net profit/(loss) attributable to equity shareholders of the Company (RMB'000)	239,661	(3,603,016)
Weighted average number of ordinary shares	481,573,848	393,297,173
Adjustments for share options and share award scheme	<u>32,538,984</u>	<u>—</u>
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings/(loss) per share	<u>514,112,832</u>	<u>393,297,173</u>
Diluted earnings/(loss) per share attributable to equity shareholders of the Company (in RMB)	<u>0.47</u>	<u>(9.16)</u>

## 8 Dividends

During the years of 2022 and 2021, no dividends were declared by the entities comprising the Group to its owners.

## 9 Derivative financial assets

	As at December 31, 2022 <i>RMB'000</i>	As at December 31, 2021 <i>RMB'000</i>
Derivative financial assets	–	20,727

The Company entered into several foreign exchange forwards and options to manage the Company's foreign exchange exposure in relation to USD\$ against RMB. These derivative instruments are not designated for hedge purposes and are measured at fair value through profit or loss. The derivative financial assets have been settled as of December 31, 2022.

## 10 Trade receivables

	As at December 31, 2022 <i>RMB'000</i>	As at December 31, 2021 <i>RMB'000</i>
Trade receivables	364,529	253,415
Less: loss allowance	(2,866)	(2,857)
Trade receivables, net	361,663	250,558

### *Ageing analysis*

As of the end of each of the year, the ageing analysis of trade receivables, based on the transaction date and net of loss allowance, is as follows:

	As at December 31, 2022 <i>RMB'000</i>	As at December 31, 2021 <i>RMB'000</i>
Within 3 months (inclusive)	290,804	197,548
3 months to 6 months (inclusive)	51,891	29,715
6 months to 1 year (inclusive)	17,896	21,733
Over 1 year	3,938	4,419
Less: loss allowance	(2,866)	(2,857)
Trade receivables, net	361,663	250,558



## 11 Trade payables

	As at December 31, 2022 RMB'000	As at December 31, 2021 RMB'000
Amounts due to third parties	<b>165,338</b>	94,624

As of the end of each of the year, the ageing analysis of trade payables, based on the invoice date, is as follows:

	As at December 31, 2022 RMB'000	As at December 31, 2021 RMB'000
Within 6 months	<b>153,671</b>	88,365
6 months to 1 year	<b>2,791</b>	5,778
1 to 2 years	<b>8,876</b>	481
	<b>165,338</b>	94,624

Trade payables are primarily expected to be settled within one year or are repayable on demand.

## 12 Events after the Reporting Period

On March 22, 2023, the Board approved the transfer of capital reserve of RMB4,848 million to offset the same amount included in the accumulated loss which was arising from the accumulated changes of the fair value of redeemable convertible preferred shares before conversion.

## 13 Comparatives

Certain comparative amounts have been reclassified to conform with the current year's presentation.

## **PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.brgroup.com](http://www.brgroup.com)). The annual report for the year ended December 31, 2022 will be dispatched to the Company's shareholders and made available for review on the same websites in due course.

By order of the Board  
**Bairong Inc.**  
**Zhang Shaofeng**  
*Chairman*

Hong Kong, March 22, 2023

*As at the date of this announcement, the Board comprises Mr. Zhang Shaofeng, Mr. Zhao Hongqiang and Ms. Zhao Jing as executive Directors, Mr. Bai Linsen and Mr. Ou Wenzhi as non-executive Directors, and Professor Chen Zhiwu, Mr. Zhou Hao, Professor Guo Yike and Dr. Li Yao as independent non-executive Directors.*