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, 2023
AND
CHANGE OF COMPLIANCE ADVISER

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, 2023 (the "**Reporting Period**"), together with the comparative figures for the corresponding year in 2022. The annual results have been reviewed by the Company's audit committee (the "**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.

Mr. Zhang Shaofeng, our founder, chief executive officer and chairman of the Board, commented: "We have once again achieved an impressive set of annual results, characterized by robust growth and profitability. Throughout the year of 2023, we have made good progress in advancing both the technology capabilities and commercial application and monetization of our Discriminant AI and Generative AI-powered services and solutions. Looking ahead, we will continue to drive the application of our AI services for various vertical industries, to enable digital intelligent transformation and develop a broader industry ecosystem. We are steadfast in our commitment to continuous innovation, which will enrich our AI service offerings and broaden their use cases, thereby solidifying the foundation for our future growth."

HIGHLIGHTS

Financial Summary

	Year ended December 31,		
	2023	2022	Change
	(RMB in thousands, except percentages)		
Revenue	**2,680,915**	2,054,178	31%
Model as a service ("**MaaS**")	**891,248**	759,614	17%
Business as a service ("**BaaS**")	**1,789,667**	1,294,564	38%
BaaS – Financial Scenario	**1,184,728**	746,045	59%
BaaS – Insurance Scenario	**604,939**	548,519	10%
Gross profit	**1,954,532**	1,481,121	32%
Gross profit margin	**73%**	72%	+1pct
Operating profit	**346,767**	234,752	48%
Operating profit margin	**13%**	11%	+2pct
Profit for the year	**335,259**	229,305	46%
Net profit margin	**13%**	11%	+2pct
Non-IFRS measures[(Note)]			
Non-IFRS profit for the year	**375,064**	293,992	28%
Non-IFRS profit margin	**14%**	14%	–
Non-IFRS EBITDA	**463,782**	385,248	20%
Non-IFRS EBITDA margin	**17%**	19%	-2pct

Note: See the section headed "Non-IFRS Measures" for more information about the non-IFRS measures.

Committed to the application and commercialization of AI technology, we have maintained strong revenue growth and sustained profitability. For the year ended December 31, 2023, our revenue reached RMB2,680.92 million, representing an increase of 31% from RMB2,054.18 million for the year ended December 31, 2022.

• The growth was mainly driven by our BaaS business, the revenue of which rose by 38% year-over-year to RMB1,789.67 million, empowered mainly by our deepened cooperation with clients, rapid expansion of gross transaction values, and our enhanced AI technology capabilities.

• Within the BaaS business, our Financial Scenario (金融行業雲) contributed a revenue of RMB1,184.73 million, representing an increase of 59% year-over-year, while our Insurance Scenario (保險行業雲) contributed a revenue of RMB604.94 million, representing an increase of 10% year-over-year.

• Our MaaS business grew by 17% year-over-year to RMB891.25 million, as we continuously expand product portfolio and application scenarios, and deepen the value contribution for clients.

Our gross profit reached RMB1,954.53 million with our gross profit margin remaining at a high level of 73%, as our business model continued to enhance its scalability. Our operating profit surged by 48% year-over-year to RMB346.77 million and our operating profit margin further expanded to 13%. Our net profit for the year jumped by 46% year-over-year to RMB335.26 million and our net profit margin for the year further expanded to 13%, mainly as we maximized the synergies brought by our industry-leading position. Non-IFRS profit for the year reached RMB375.06 million and our non-IFRS net profit margin for the year was 14%.

The Company remains confident on its performance and outlook, and strives to enhance shareholders' return through share repurchases. During the Reporting Period, the Company repurchased a total of 20,732,500 Class B shares from the open market for a total of HK$219.63 million. As a result, the Company's cash flow and cash balance has also been affected by the cash deployed for share repurchase of the Company.

We are a leading cloud-based AI turnkey service provider that has served over 7,000 renowned banks, insurance companies, wealth management companies, and numerous internet technology companies in China. Leveraging Generative AI and Discriminant AI, natural language processing (NLP), privacy computing, machine learning and cloud computing capabilities, combined with our ten years of industry know-how and data labels, we assist our clients to evaluate risk, intention and capability, and to enhance their marketing and operations.

In order to present our business nature and core technologies in a clear and concise way, we reorganized our internal reporting structure which resulted in changes to the composition of our reporting categories. Prior to the Reporting Period, the Group's reporting categories included "Smart analytics and operation services", "Precision marketing services" and "Insurance distribution services". For the year ended December 31, 2023 and going forward, we have re-classified our business operations based on their fee models and technical bases into two categories:

(i)   MaaS (Model as a service), which leverages Discriminant AI to digitalize the KYC (know-your-customer) and KYP (know-your-product) process for institutions, by predicting users' risk, willingness and capability; and

(ii)   BaaS (Business as a service), which utilizes Discriminant AI to accurately match and filter users for layering, and leverages Generative AI to approach users via a combination of our proprietary AI Chatbot, Short Message Service (SMS), operator services or other mixed methods, offers a turnkey service to achieve new user marketing, revitalization of existing users, and smart operation for banks, insurance companies, wealth management companies, internet technology companies, and other institutions.

Accordingly, the revenue breakdown by category figures for the previous year have been restated. Please also refer to our published 2023 interim results announcement and interim report for corresponding interim period financial figures.

BUSINESS REVIEW

Operation Review

As a leader in driving the digital and intelligent transformation of corporates and institutions, we believe that we will benefit from the favourable trends of AI and data element industry. China's digital economy scale has been reaching RMB50.2 trillion by 2022, on the basis, in February 2023, the Central Committee of the Communist Party of China and the State Council issued the Overall Layout Plan for the Construction of Digital China (數字中國建設整體布局規劃), which will continue to accelerate the digitization of China. In January 2024, 17 ministries including the National Bureau of Statistics jointly issued the "Data Element ×" Three-Year Action Plan (2024-2026) (《"數據要素×"三年行動計劃（2024-2026年）》) ("**The Plan**"), which proposed to widen and deepen the applications of data elements, reinforce the impact of data elements on economic development, release over 300 application model cases, which are firmly demonstrative, highly illustrative and widely influential, and realize an annual growth rate of over 20% for the digital industry by the end of 2026. The Plan focuses on 12 industries including financial services, technological innovation, and trade and circulation, to explore model cases that leverage and optimize the value of data elements. The Plan mentioned that in 2022, China's data production reached 8.1 zettabytes, representing a year-over-year growth of 22.7% and accounting for 10.5% of the global market. In February 2024, the National Bureau of Statistics announced alongside its five departments including general management department, policy department, data resource department, digital economy department and digital technology and infrastructure department will provide policy support to the digital economy. On March 5, 2024, the 2023 Government Work Report stated to deepen the research, development and application of big data and AI technologies, carry out the "AI+" campaign, and construct digital industrial clusters which could stand out globally.

In addition, the recovery of the domestic consumption will also be conducive to the expansion of our business. According to the National Bureau of Statistics, total domestic consumption in 2023 hit a record high, and the total retail sales of consumer goods reached RMB47.1 trillion, an increase of 7.2% over last year. On July 19, 2023, the Central Committee of the Communist Party of China and the State Council issued the Opinions on Promoting the Development and Growth of the Private Economy (關於促進民營經濟發展壯大的意見), which emphasizes increasing policy support for the private economy, improving financing support policies and systems and perfecting the credit rating and evaluation system for small and medium-sized enterprises and individual industrial and commercial households. On July 31, 2023, the National Development and Reform Commission issued the "Measures for Restoring and Expanding Consumption" (關於恢復和擴大消費的措施), which proposes to promote a reasonable increase in consumer credit in order to deeply implement the strategy of expanding domestic demand, fully leverage the fundamental role of consumption in economic development, and continuously enhance the sustained driving force of high-quality development. The PRC government is expanding fiscal policies support and synthesizing structural and cyclical policies to promote consumption, expand investment, and stimulate domestic demand.

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 2023, we released two large language models, the BR-LLM for the financial services industry and the BR-Coder for automatic code generation, and have completed our full-stack technology buildout covering pre-training, fine-tuning, alignment, and deployment engineering optimization of BR-LLM, which greatly reduces the training, iteration and inference costs of Generative AI models. As an AI-driven enterprise, we have enhanced our industry-leading productivity per capita (represented by revenue per full time employee) from RMB1.49 million in 2022 to RMB1.98 million in 2023. This is on the one hand because BR-Coder assisted completing 10% of our coding work automatically, and ORCA-AutoML, our machine learning platform, shortened our data analysis modelling cycle by 30%. On the other hand, we have applied the Co-Pilot collaboration between employees and machines in program development, data analysis modelling and client services, and are exploring the application of our AI Agent program to our client services, human resources, finance and operations functions. With nearly half of our employees engaged in research and development, we continue to bring in top AI talents, and newly established the X Dynamics department, which will explore the application of next-generation cutting-edge our AI technologies for further applications and commercialization. For instance, our AvatarGPT solution, a digital interactive all-in-one machine that integrates various technologies with our years of experience, can respond lively within a second, representing a novel approach to human-machine interaction. As of December 31, 2023, the Company has obtained 233 patents and software copyrights, covering artificial intelligence, machine learning, privacy computing, human-machine collaboration, multi-modal, etc.

In 2023, the Company received 44 awards, 82% of which were technology-related, including the 2023 Outstanding Artificial Intelligence Enterprise Award from the Internet Weekly of the Chinese Academy of Sciences (中科院《互聯網周刊》的"2023年度卓越人工智能企業獎") and the 2023 Generative AI Innovation Enterprise Award from the Huaxia Times (《華夏時報》的"2023年度生成式AI創新企業大獎"). In October 2023, we jointly hosted the 2023 Future Science Prize Week Technology Forum (2023未來科學大獎周科技論壇) with the Future Science Awards Foundation and the Hong Kong University of Science and Technology, during which we had an in-depth exchange of insights on AI frontier research and technology with renowned professors and scholars from the Hong Kong University of Science and Technology, leaders from the Hong Kong Special Administrative Region Government, and business gurus, assisting to build the "basic research and development – technological innovation – market transformation – re-research and development" bridge between mainland China and Hong Kong.

In 2023, we cumulatively served over 200,000 micro and small enterprises, smoothing their financing process and promoting their healthy growth through our smart product matching and smart marketing technology. Meanwhile, we have undertaken several green finance projects, utilized Discriminant AI to empower various banks to accurately identify green credit, green bonds, green notes and other green projects, designed systems that integrates the identification, evaluation, management of industry-specific environment and social risks with loan management process, and established green finance systems that integrate green credit, green bonds, green investment, green leasing and green wealth management projects while automating the business processes. In addition, we won the "Outstanding Contribution Unit for Rural Revitalization" award in Shijingshan District and other honors, as we continued to carry out social work for consumptions, industries and education, helping local villagers to increase their income, improving their educational conditions, and supporting the development of local featured economies.

MaaS (Model as a Service)

Our MaaS business digitalizes the KYC (know-your-customer) and KYP (know-your-product) processes for enterprises leveraging Discriminant AI. In our MaaS business, we provide Discriminant AI-based evaluation products such as anti-fraud evaluation, financing intention evaluation and qualification verification. We package various products into customized modules, provided through our highly efficient Discriminant AI-powered MaaS cloud platform for institutions to query based on their specific needs. Our self-built MaaS cloud platform is secure and reliable, serving over 300 million daily queries with a system reliability rate of 99.998%. We charge service fees for our MaaS business based on query volumes or on an annual basis.

In 2023, the MaaS business reported revenue growth of 17% year-over-year to approximately RMB891.25 million, as we continuously expand our product portfolio and application scenarios. During the Reporting Period, the number of our Key Clients grew by 14% to 213, representing an increase of 26 from 187 year-over-year. The average revenue per Key Client raised to RMB3.50 million, as we continuously iterated our models and added high-value products. The Key Client retention rate of our MaaS business has further increased to 99%, demonstrating our leading position thanks to ten years of excellence and brand recognition. Our customer satisfaction has further increased by 1.5 points to 97%, and we have received letters of commendation from many customers and business partners.

Key metrics of MaaS

	Year ended December 31,		
	2023	2022	Change
	(RMB in thousands, except percentages)		
Revenue from MaaS	**891,248**	759,614	17%
Revenue from Key Clients[Note]	**744,489**	634,896	17%
Number of Key Clients	**213**	187	14%
Average revenue per Key Client	**3,495**	3,395	3%
Retention rate of Key Clients	**99%**	98%	1pct

Note: "Key Clients" are defined as paying clients that each contributes more than RMB300,000 total revenue to the Company for the past twelve months.

BaaS (Business as a Service)

Our BaaS business improves the efficiency of asset operations for credit, wealth management, insurance and internet technology industries leveraging Discriminant AI and Generative AI technologies. We perform predictive analysis over the target customers of institutional clients and stratify them into groups, automatically match marketing strategies, and approach potential users through a mixture of proprietary AI VoiceGPT or other mixed methods to generate transactions. Through these end-to-end services, we recommend new users or reactivate hibernating users for diversified industries; through this closed-loop services, our models and interaction scripts could automatically upgrade in real time. With the ability to conduct up to 30 million calls per day, each AI Voicebot can engage in multiple rounds of interactive conversations and respond within 500 milliseconds, emulating human-like interactions and comprehend context precisely with over 95% accuracy. We charge technical service fees or commissions for our BaaS business based on the gross transaction values.

BaaS – Financial Scenario

The BaaS – Financial Scenario develops upon MaaS' accumulative advantage to accurately and strategically create profile, stratify and match users, the AIGC is utilized to efficiently reach and operate users, which assists banks, consumer finance, internet finance, securities, and wealth management institutions in revitalizing assets. We empower the financial industry to reduce the operating costs of enterprises and improve the asset operation efficiency with digitalization and intelligent technology. For new consumer marketing, by building our own brand recognition, we continue to accumulate users. By amassing MaaS advantages, we can empower various institutions at a lower cost by creating a multi-channel product structure and multi-dimensional operation system, organically connecting hundreds of millions of C-end users with B-end institutions and building a full-process integrated service for new-customer marketing based on financial scenarios, which can scale up gross transaction values for institutions. For the operations of existing customers, leveraging Discriminant AI and Generative AI, we provide digital and smart services such as accurate stratification, intelligent reach, dynamic monitoring and real-time optimization of customers, from front-end user analysis to intermediate marketing strategy execution and full-cycle marketing effect monitoring in the process, so as to assist institutions in maintaining existing user base and achieve their final business KPIs (Key Performance Indicators). The BaaS – Financial Scenario charges a technical service fees based on the gross loan facilitation volume or gross assets under management we facilitated.

In 2023, our BaaS – Financial Scenario business reported significant revenue growth of 59% year-over-year to RMB1,184.73 million, driven by the rapid-growing gross transaction values, which grew by 93% year-over-year to RMB53.13 billion for the year ended December 31, 2023. During the Reporting Period, we deepened our collaboration with clients that to contribute to the rapid expansion of gross transaction values. In addition, the operational efficiency continued to improve due to the effective role of our accumulated users in combination with our technical advantages powered by Generative AI. Furthermore, we continued to expand our presence in diversified scenarios, and have successfully contracted with banks. In the wealth management scenario using our VoiceGPT solutions, some even for multiple-year long-term contracts, which demonstrates the sustainable development of the wealth management and other scenarios.

Key metrics of BaaS – Financial Scenario

	Year ended December 31,		
	2023	2022	Change
	(RMB in thousands, except percentages)		
Revenue from BaaS – Financial Scenario	**1,184,728**	746,045	59%
Gross transaction value	**53,130,343**	27,480,380	93%
Technical service fee rate	**2.23%**	2.71%	-0.48pct

BaaS – Insurance Scenario

The BaaS – Insurance Scenario efficiently supports over 5,800 insurance brokers in more than 30 cities through Liming Box, a multifunctional app that integrates user management system (CRM), talent management system (TMS) and insurance data solutions (IDS) toolsets. Our Discriminant AI provides comprehensive customer insights, and we precisely recommend insurance products through our Generative AI, in which case, our offline insurance broker teams will accumulate the users of high-value insurance policies. Meanwhile, we are actively exploring more insurance scenarios, combining Generative AI and Discriminant AI to assist and promote the mining of potential insurance users and the completion of transactions. We charge commission fees based on the premium volume that we generated.

In 2023, our BaaS – Insurance Scenario business reported revenue growth by 10% year-over-year to RMB604.94 million, despite an overall fatigue across the insurance industry. The slower growth in revenue from premiums versus that in premiums is due to 1) the decline of pay duration due to the slowdown of economy and income, 2) the insurance industry implementing new rules requiring consistency in commissions reported with the level actually actually paid, which may have short-term impact on the industry, while in the long run, this will drive the industry towards more standardized and sustainable high-quality development. However, the growth rate of our insurance premium far exceeded the industry, which offsets the negative impact to a certain extent. Thanks to our Discriminant AI and Generative AI which improves technology advantage and operations efficiency, our gross written premiums increased by 56% year-on-year to RMB3,330.49 million, among which, first year premiums increased by 72% year-on-year to RMB1,952.89 million, and renewal premiums increased by 38% year-on-year to RMB1,377.61 million. The persistency rate of regular life insurance premiums continued to exceed 95%, ranking among the top in the industry, indicating the stability of our cash flow and strong operating capabilities.

Key metrics of BaaS – Insurance Scenario

| | Year ended December 31, | | |
| | **2023** | 2022 | Change |
	(RMB in thousands, except percentages)		
Revenue from BaaS – Insurance Scenario	**604,939**	548,519	10%
Revenue from first year premiums	**508,207**	453,434	12%
First year premiums	**1,952,887**	1,133,099	72%
Revenue from renewal premiums	**96,732**	95,085	2%
Renewal premiums	**1,377,605**	1,000,118	38%

BUSINESS OUTLOOK

We believe that in the long run, digitization and intelligentization are definite long-term growth drivers, we are committed to invest for innovation, research and development, and expand the commercialization of AI application. In the short term, the macro and economic environment for our development in 2024 still presents both opportunities and challenges, as the foundation for sustained economic recovery is being stabilized. Utilising our significant competitive advantages, we will adhere to our "client-centric" and continue to enhance trust with our clients. We will also grasp the emerging business opportunities brought by AIGC, leverage our Discriminant AI and Generative AI capabilities, as well as vertical industry know-how, to extend application scenarios and moderately increase investment in research and development, as well as in business. We will maintain our high key client retention rate of MaaS business, continuously expand the product map and enrich application scenarios, thus locking in profitable growth of our anchor business. We will continue to expand the transaction scale and business volume of BaaS, develop the scale of BaaS in credit, wealth management and insurance scenarios, and penetrate our products and services into every aspect of client's business.

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

• Technology innovations: A new round of technological and industrial revolution triggered by AIGC technology is accelerating, and the financial sector is expected to become one of the vertical fields where AIGC can be firstly applied, with its high degree of digitization and large amount of high-value data storage. 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. We will capture the industry opportunities, advocate our ability of technology and service advantages, and expand our global presences.

- 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. According to the statistics of the People's Bank of China, the outstanding loan balance of domestic financial institutions in the field of inclusive finance reached RMB29.4 trillion in 2023, a year-on-year increase of approximately 23.5%. We will leverage our Generative AI and Discriminant AI technology capabilities to create a turnkey service system of financial product for small and micro enterprises, build a bridge between financial institutions and small and micro enterprises, provide financing services for small and micro enterprises under industrial finance and enterprise supply chains, and carry out full lifecycle scientific management with digital intelligence of credit business for small and micro enterprises.

- Wealth management: According to the "Bank of China Personal Finance Asset Global Allocation White Paper 2024" (《2024中國銀行個人金融全球資產配置白皮書》), China has currently formed six major asset management sectors, including bank wealth management, public funds, insurance, trusts, private funds, and private asset management, with a total asset management scale of RMB149 trillion. In the past decade, the total number and scale of wealth management products have increased by 6.22 times and 2.36 times, respectively. As such, China has grown into the second-largest wealth management market in the world. We will leverage our strengths in AI VoiceGPT, data analytics, and precise matching, to assist Chinese wealth management products providers with their user insight and operation, user asset planning, and user investment strategy education. We will provide one-stop solutions including data, models, strategies, systems, content, channel operations, and closed-loop iteration. We deliver improved wealth management performance, and realize joint development of customers, financial institutions, and tech companies.

MANAGEMENT DISCUSSION AND ANALYSIS

	Year ended December 31,	
	2023	2022
	(RMB in thousands)	
Revenue		
MaaS	**891,248**	759,614
BaaS	**1,789,667**	1,294,564
BaaS – Financial Scenario	**1,184,728**	746,045
BaaS – Insurance Scenario	**604,939**	548,519
Total revenue	**2,680,915**	2,054,178
Cost of sales	**(726,383)**	(573,057)
Gross profit	**1,954,532**	1,481,121
Other income	**182,891**	177,981
Research and development expenses	**(378,785)**	(369,646)
General and administrative expenses	**(259,277)**	(269,977)
Sales and marketing expenses	**(1,072,988)**	(784,644)
Impairment loss	**(79,606)**	(83)
Profit from operations	**346,767**	234,752
Finance income	**5,758**	6,812
Finance costs	**(16,308)**	(12,977)
Profit before taxation	**336,217**	228,587
Income tax (expense)/benefit	**(958)**	718
Profit for the year	**335,259**	229,305
Attributable to:		
Equity shareholders of the Company	**340,459**	239,661
Non-controlling interests	**(5,200)**	(10,356)
Total comprehensive income for the year	**335,259**	229,305

Revenue

Our total revenue increased by 31% from RMB2,054.18 million for the year ended December 31, 2022 to RMB2,680.92 million for the year ended December 31, 2023, primarily attributable to favourable industry environment and our enhanced capabilities of providing products and services.

Our revenue from MaaS increased by 17% from RMB759.61 million for the year ended December 31, 2022 to RMB891.25 million for the year ended December 31, 2023, primarily attributable to the increase of the number of Key Clients and average revenue per Key Client.

Our revenue from the Financial Scenario of our BaaS services increased by 59% from RMB746.05 million for the year ended December 31, 2022 to RMB1,184.73 million for the year ended December 31, 2023, primarily attributable to the increase in gross transaction values, primarily due to macro economy recovery, enhanced operating efficiency and our strengthened capabilities of Generative AI.

Our revenue from the Insurance Scenario of our BaaS services increased by 10% from RMB548.52 million for the year ended December 31, 2022 to RMB604.94 million for the year ended December 31, 2023, primarily attributable to an increase in total insurance premiums we generated, as we invested in technology and professional training to support our brokers' productivity.

Cost of sales

The cost of sales increased by 27% from RMB573.06 million for the year ended December 31, 2022 to RMB726.38 million for the year ended December 31, 2023, primarily attributable to an increase of RMB17.92 million in analytics service costs, and an increase of RMB109.24 million in BaaS-related insurance brokerage commission, operating and marketing expenditures, 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 32% from RMB1,481.12 million for the year ended December 31, 2022 to RMB1,954.53 million for the year ended December 31, 2023. The Group's gross margin increased from approximately 72% for the year ended December 31, 2022 to 73% for the year ended December 31, 2023.

Research and development expenses

The Group's research and development expenses increased by 2% from RMB369.65 million for the year ended December 31, 2022 to RMB378.79 million for the year ended December 31, 2023, primarily attributable to the increase in the staff costs of our research and development personnel to support product offerings and technology development for various AI application technologies, algorithm-driven machine learning platforms and for improving underlying database performance. The slowdown in the growth rate of R&D expenses is mainly due to efforts to improve R&D efficiency by prioritizing AI-related personnel while shifting certain software personnel to outsourcing, and the adoption of our Generative AI BR-coder, which improves programming efficiency.

General and administrative expenses

The Group's general and administrative expenses decreased by 4% from RMB269.98 million for the year ended December 31, 2022 to RMB259.28 million for the year ended December 31, 2023, primarily attributable to the effective management and control of the general and administrative expenses.

Sales and marketing expenses

Our sales and marketing expenses increased by 37% from RMB784.64 million for the year ended December 31, 2022 to RMB1,072.99 million for the year ended December 31, 2023, primarily due to an increase of RMB270.45 million of promotion, advertising, information technology services and other related expenses, which was mainly due to the increased branding and business promotion to enhance our brand recognition and our continuous efforts to obtain high-quality traffic to improve conversion efficiency.

Other income

Our other income increased by 3% from RMB177.98 million for the year ended December 31, 2022 to RMB182.89 million for the year ended December 31, 2023. This is primarily due to (i) an increase of RMB44.16 million of government grants; and (ii) the foreign exchange loss of RMB3.74 million for the year of 2023 compared with the foreign exchange gains of RMB24.50 million for the year 2022, which was due to the variance from the appreciation of USD against RMB affected by macro environment.

Impairment of goodwill

We recorded an RMB60.55 million impairment of goodwill for the year ended December 31, 2023 (2022: nil), which represents the amount by which the carrying amount of the cash generation unit (CGU) related to the acquisition of "All Union" in 2021 exceeded its recoverable amount based on an annual goodwill impairment assessment conducted by the management, taking into consideration market uncertainties and the overall economic and operating environment at the end of the current financial year. The recoverable amount of goodwill and intangible assets is determined on the value-in-use calculations using the discounted cash flow method. The Group forecasted an average annual revenue growth rate of 7.30% (2022: 17.77%) for the next six-year period, and the cash flows beyond the six-year period were extrapolated using an estimated annual growth rate of 3.00% (2022: 3.00%). Pre-tax discount rate of 18.30% (2022: 18.30%) was used to reflect market assessment of time value and the specific risks relating to the CGU. The Group believes that it is appropriate to cover six years in the cash flow projection, because it captures the development stage of the Group's business during which the Group expects to experience a high growth rate.

Profit for the year

As a result of the foregoing, the Group's profit for the year increased by 46% from RMB229.31 million for the year ended December 31, 2022 to RMB335.26 million for the year ended December 31, 2023.

Non-IFRS Measures

To supplement our consolidated financial statements, which are presented in accordance with IFRS, 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 IFRS.

We define non-IFRS profit as profit for the year, excluding share-based compensation. We define non-IFRS EBITDA as EBITDA excluding share-based compensation. 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 non-IFRS profit for the year ended December 31, 2022 and 2023 and non-IFRS EBITDA presented to the most directly comparable financial measure calculated and presented in accordance with IFRSs, which is profit for the year:

Reconciliation of profit to non-IFRS profit for the year:

	Year ended December 31,	
	2023	2022
	(RMB in thousands)	
Profit for the year	**335,259**	229,305
Add		
Share-based compensation[1]	**39,805**	64,687
Non-IFRS profit for the year	**375,064**	293,992
Non-IFRS profit margin for the year[2]	**14%**	14%

Reconciliation of profit to EBITDA and non-IFRS EBITDA for the year:

	Year ended December 31,	
	2023	2022
	(RMB in thousands)	
Profit for the year	**335,259**	229,305
Add		
Finance income	**(5,758)**	(6,812)
Finance costs	**16,308**	12,977
Income tax expense/(benefit)	**958**	(718)
Depreciation	**67,764**	76,260
Amortization	**9,446**	9,549
EBITDA	**423,977**	320,561
Add		
Share-based compensation[1]	**39,805**	64,687
Non-IFRS EBITDA	**463,782**	385,248
Non-IFRS EBITDA margin[3]	**17%**	19%

Note:

(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)   Represents non-IFRS profit divided by revenue for the years presented.

(3)   Represents non-IFRS EBITDA divided by revenue for the years presented.

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 monitor 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, 2023, the Group had bank loans of approximately RMB91.36 million, which are all repayable within one year.

Cash, cash equivalents and time deposits

The Group had cash and cash equivalents and time deposits of RMB3,301.84 million and RMB3,010.86 million as at December 31, 2023 and December 31, 2022, respectively. During the Reporting Period, we repurchased Class B Shares from the open market for a total of HK$219.63 million including expenses.

Significant Investments

The Group did not make or hold any significant investments during the year ended December 31, 2023.

The Board confirmed that the Group's transactions in financial assets during the Reporting Period, on a standalone basis and aggregate basis, did not constitute notifiable transactions under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (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, 2023.

Pledge of assets

The Group had not pledged any assets as at December 31, 2023.

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, 2023, the Group's gearing ratio (i.e. total liabilities divided by total assets) was 0.19 (as at December 31, 2022: 0.18).

Foreign exchange exposure

During the year ended December 31, 2023, 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, 2023, except for bank deposits and investments denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations. The Group has 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, 2023.

Capital commitment

The Group had no material capital commitment as at December 31, 2023.

Employees and remuneration

As at December 31, 2023, the Group had a total of 1,354 employees. The following table sets forth the total number of employees by function as at December 31, 2023:

Function	As at December 31, 2023	As % of Total Employees
Sales and marketing	331	25%
Research and development	627	46%
Customer service	179	13%
General administration	217	16%
Total	1,354	100%

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our human resources strategy, we offer our employees with 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, 2023 was RMB718.01 million, as compared to RMB682.19 million for the year ended December 31, 2022.

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 Company is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework 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 C1 to the Listing Rules (as amended from time to time) during the year ended December 31, 2023.

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 the Company to make and implement decisions promptly and effectively.

The 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 our three 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.

Compliance with the Model Code for Securities Transactions by Directors

Class B Shares were listed on the Stock Exchange on March 31, 2021 (the "**Listing Date**"), since which time the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules ("**Model Code**") (as amended from time to time) has been applicable to the Company.

The Company has adopted the Management Trading of Securities Policy (the "**Code**"), with terms no less exacting that 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 the Audit Committee comprising 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 the chairperson of the Audit Committee.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended December 31, 2023 and has met with KPMG, the Group's independent auditor (the "**Auditor**"). 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 Auditor

The financial figures in respect of the Group's consolidated statement of financial position as at December 31, 2023, 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, 2023 as set out in the preliminary announcement have been compared by the Auditor, to the amounts set out in the Group's audited consolidated financial statements for the year ended December 31, 2023 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 Board committees

In addition to the Audit Committee, the Company has also established a nomination committee, a remuneration committee and a corporate governance committee.

OTHER INFORMATION

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

During the Reporting Period, the Company repurchased a total of 20,732,500 Class B Shares (the "**Shares Repurchased**") on the Stock Exchange at an aggregate consideration (including transaction cost) of approximately HK$219.63 million including expenses. As at December 31, 2023, an outstanding number of 16,999,500 Class B Shares that were repurchased had not been cancelled yet. Subsequent to the Reporting Period up to the date of this announcement, the Company repurchased an additional 177,000 Class B Shares on the Stock Exchange at an aggregate consideration of approximately HK$2.07 million including expenses. Particulars of the Shares Repurchased during the Reporting Period are as follows:

Month of Repurchase	No. of Class B Shares repurchased	Highest price paid per Class B Share (HK$)	Lowest price paid per Class B Share (HK$)	Aggregate Consideration (HK$)
January	1,917,000	10.90	10.26	20,148,190
February	1,816,000	14.20	11.72	23,480,820
April	181,500	10.74	10.52	1,927,340
May	6,265,500	10.72	9.21	61,973,540
June	1,748,500	10.06	9.46	17,199,895
July	524,500	9.40	8.97	4,846,245
August	610,500	9.80	9.59	5,917,650
September	2,493,500	10.04	9.51	24,381,925
October	1,890,500	10.48	9.84	18,982,295
November	1,505,000	12.98	9.71	17,861,145
December	1,780,000	13.50	12.52	22,906,820
Total	**20,732,500**			**219,625,865**

The total of 17,176,500 Class B Shares repurchased from April 2023 to February 2024 were cancelled on March 11, 2024. A total of 2,706,069 class A ordinary shares were converted into Class B Shares on a one-to-one ratio on March 11, 2024.

In addition, 4,538,500 Class B Shares were purchased by trustees of the Company's share award schemes on the market during the year ended December 31, 2023 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, 2023.

Material litigation

The Company was not involved in any material litigation or arbitration during the year ended December 31, 2023. 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, 2023.

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 "**Global Offering**").

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.

During the year ended December 31, 2023, 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	Unutilised net amount as at January 1, 2023 (RMB million)	Amount utilised during the Reporting Period (RMB million)	Unutilised amount as at December 31, 2023 (RMB million)
Fund business expansion with a goal to expand FSP client base and penetrate into existing FSP client base	1,426.68	45%	814.94	490.26	324.68
Enhance efforts in research and development	951.12	30%	697.79	187.70	510.09
Pursue strategic investment and acquisition to expand our existing product and service offerings improve our technology capabilities, and enhance our value proposition to FSP clients	475.56	15%	184.85	30.93	153.92
Working capital and general corporate purposes	317.03	10%	317.03	–	317.03
Total	3,170.39	100%	2,014.61	708.89	1,305.72

The Group expects to fully utilise the unutilised net amount by the end of 2024, which is based on the Company's best estimation of 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, 2023
Expressed in Renminbi ("RMB")

	Note	Year ended December 31, 2023 RMB'000	2022 RMB'000
Revenue	3	**2,680,915**	2,054,178
Cost of sales		**(726,383)**	(573,057)
Gross profit		**1,954,532**	1,481,121
Other income	4	**182,891**	177,981
Research and development expenses		**(378,785)**	(369,646)
General and administrative expenses		**(259,277)**	(269,977)
Sales and marketing expenses		**(1,072,988)**	(784,644)
Impairment loss	5(c)	**(79,606)**	(83)
Profit from operations		**346,767**	234,752
Finance income	5(a)	**5,758**	6,812
Finance costs	5(a)	**(16,308)**	(12,977)
Profit before taxation	5	**336,217**	228,587
Income tax (expense)/benefit	6	**(958)**	718
Profit for the year		**335,259**	229,305
Attributable to:			
Equity shareholders of the Company		**340,459**	239,661
Non-controlling interests		**(5,200)**	(10,356)
Profit for the year		**335,259**	229,305
Earnings per share			
Basic (RMB)	7	**0.72**	0.50
Diluted (RMB)	7	**0.68**	0.47

Consolidated Statement of Profit or Loss and other Comprehensive Income
for the year ended December 31, 2023
Expressed in RMB

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Profit for the year	**335,259**	229,305
Other comprehensive income for the year	**–**	–
Total comprehensive income for the year	**335,259**	229,305
Attributable to:		
Equity shareholders of the Company	**340,459**	239,661
Non-controlling interests	**(5,200)**	(10,356)
Total comprehensive income for the year	**335,259**	229,305

Consolidated Statement of Financial Position

as at December 31, 2023
Expressed in RMB

	Note	As at December 31, 2023 RMB'000	As at December 31, 2022 RMB'000
Non-current assets			
Property, plant and equipment		**52,872**	45,287
Intangible assets		**47,431**	54,209
Right-of-use assets		**48,192**	69,447
Goodwill		**119,466**	180,013
Financial assets at fair value through profit or loss		**149,750**	242,461
Interests in associates		**9,645**	9,764
Deferred tax assets		**3,457**	4,559
Time deposits		**1,982,833**	2,122,350
Restricted cash		**8,305**	7,740
		2,421,951	2,735,830
Current assets			
Prepaid expenses and other current assets		**447,445**	413,594
Time deposits		**405,015**	–
Financial assets at fair value through profit or loss		**724,231**	848,738
Loans receivable		**68,172**	1,954
Trade receivables	9	**519,247**	361,663
Restricted cash		**5,721**	16,986
Cash and cash equivalents		**913,987**	888,508
		3,083,818	2,531,443
Current liabilities			
Bank loans		**91,360**	45,000
Trade payables	10	**301,856**	165,338
Contract liabilities		**81,576**	60,731
Lease liabilities		**39,065**	50,646
Accrued expenses and other current liabilities		**519,935**	589,668
		1,033,792	911,383

Consolidated Statement of Financial Position (continued)
as at December 31, 2023
Expressed in RMB

	Note	As at December 31, 2023 RMB'000	As at December 31, 2022 RMB'000
Net current assets		**2,050,026**	1,620,060
Total assets less current liabilities		**4,471,977**	4,355,890
Non-current liabilities			
Lease liabilities		**14,085**	35,873
Deferred tax liabilities		**8,968**	9,613
		23,053	45,486
NET ASSETS		**4,448,924**	4,310,404
Equity			
Share capital		**64**	66
Treasury shares		**(185,584)**	(148,843)
Reserves		**4,624,720**	4,444,257
Total equity attributable to equity shareholders of the Company		**4,439,200**	4,295,480
Non-controlling interests		**9,724**	14,924
TOTAL EQUITY		**4,448,924**	4,310,404

Condensed Consolidated Statement of Cash Flows
for the year ended December 31, 2023
Expressed in RMB

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Net cash generated from operating activities	**339,159**	302,450
Net cash used in investing activities	**(39,266)**	(2,563,341)
Net cash used in financing activities	**(270,679)**	(221,587)
Net increase/(decrease) in cash and cash equivalents	**29,214**	(2,482,478)
Cash and cash equivalents at the beginning of the year	**888,508**	3,346,487
Effect of foreign exchange rate changes	**(3,735)**	24,499
Cash and cash equivalents at the end of the year	**913,987**	888,508

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. **Basis of preparation and presentation of the financial statements**

   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 Listing Rules.

   The financial report has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 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 2022 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 January 1, 2023. Adopting these accounting policies does not have a material effect on the Group's financial statements.

   • IFRS 17 Insurance Contracts

   • Definition of Accounting Estimates – Amendments to IAS 8

   • Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

   • Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

   • International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12

   The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. **Revenue**

The principal activities of the Group are providing MaaS and BaaS services in the PRC.

The amount of each significant category of revenue is as follows:

	2023	2022
	RMB'000	RMB'000
MaaS	**891,248**	759,614
BaaS		
BaaS – financial scenario	**1,184,728**	746,045
BaaS – insurance scenario	**604,939**	548,519
	2,680,915	2,054,178

Note:

During the year ended December 31, 2023 and going forward, the Group grouped the business, based on the charge modes and technical bases, into two categories: MaaS and BaaS, instead of the previous way of disaggregation which categorised the services into "smart analytics and operation services", "precision marketing services" and "insurance distribution services". MaaS business corresponds to the previous data analytics business. BaaS service is further divided into financial scenario and insurance scenario. Financial scenario includes original smart operation and precision marketing business. Insurance scenario includes the original insurance distribution services. Accordingly, the revenue break down by category figures for the comparative year have been restated.

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:

	2023	2022
	RMB'000	RMB'000
Point-in-time	**1,497,078**	1,015,618
Over-time	**1,183,837**	1,038,560
	2,680,915	2,054,178

4. **Other income**

	2023 **RMB'000**	2022 RMB'000
Net gains on financial investments measured at fair value through profit or loss	**47,238**	41,332
Net (loss)/gains on derivatives	**(1,596)**	22,131
Gains from fixed coupon note	**44**	7,706
Interest income from time deposits	**78,293**	57,534
Government grants and others	**52,759**	8,604
Extra deduction of input VAT	**9,888**	16,175
Foreign currency exchange (loss)/gains, net	**(3,735)**	24,499
	182,891	177,981

5. **Profit before taxation**

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

(a) *Finance income and costs*

	2023 **RMB'000**	2022 RMB'000
Finance income		
Interest income from bank deposits	**(5,758)**	(6,812)
	(5,758)	(6,812)

	2023 **RMB'000**	2022 RMB'000
Finance costs		
Interest expense on bank loans	**11,981**	8,120
Interest expense on lease liabilities	**4,327**	4,857
Total	**16,308**	12,977

(b)   Staff costs

	2023 **RMB'000**	2022 RMB'000
Salaries, wages and other benefits	**622,405**	566,499
Contributions to defined contribution retirement plan	**49,946**	46,879
Equity-settled share-based compensation expenses	**39,805**	64,687
Termination benefits	**5,849**	4,123
Total	**718,005**	682,188

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

	2023 **RMB'000**	2022 RMB'000
Analytics service costs	**123,708**	105,784
BaaS-related insurance brokerage commission, operating and marketing expenditures	**1,158,300**	778,900
Depreciation of property, plant and equipment	**18,481**	19,203
Amortisation of intangible assets	**9,446**	9,549
Depreciation of right-of-use assets	**49,283**	57,057
Impairment losses		
– Trade receivables and others	**12,765**	9
– Loans	**6,294**	74
– Goodwill	**60,547**	–
Auditors' remuneration	**4,280**	4,000

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

	2023 **RMB'000**	2022 RMB'000
Current tax		
– PRC Enterprise Income Tax ("**EIT**") Provision for the year	**501**	47
Deferred tax		
– Changes in deferred tax assets/liabilities	**457**	(765)
	958	(718)

7. **Basic and diluted earnings per share**

Basic earnings per share is calculated by dividing the net profit attributable to equity shareholders of the Company by the weighted average number of ordinary shares in issue during the year 2023 and 2022.

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

	2023	2022
Net profit attributable to equity shareholders of the Company (RMB'000)	**340,459**	239,661
Weighted average number of ordinary shares	**475,610,772**	481,573,848
Basic earnings per share attributable to equity shareholders of the Company (in RMB)	**0.72**	0.50

Diluted earnings 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 2023 and 2022 the Company has share options and share award scheme as potential ordinary shares.

	2023	2022
Net profit attributable to equity shareholders of the Company (RMB'000)	**340,459**	239,661
Weighted average number of ordinary shares	**475,610,772**	481,573,848
Adjustments for share options and share award scheme	**23,556,541**	32,538,984
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	**499,167,313**	514,112,832
Diluted earnings per share attributable to equity shareholders of the Company (in RMB)	**0.68**	0.47

8. Dividends

During the years of 2023 and 2022, no dividends were declared by the entities comprising the Group to its owners.

9. Trade receivables

	As at December 31, 2023 RMB'000	As at December 31, 2022 RMB'000
Trade receivables	**522,062**	364,529
Less: loss allowance	**(2,815)**	(2,866)
Trade receivables, net	**519,247**	361,663

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, 2023 RMB'000	As at December 31, 2022 RMB'000
Within 3 months (inclusive)	**387,966**	290,804
3 months to 6 months (inclusive)	**97,502**	51,891
6 months to 1 year (inclusive)	**34,967**	17,896
Over 1 year	**1,627**	3,938
Less: loss allowance	**(2,815)**	(2,866)
Trade receivables, net	**519,247**	361,663

10. Trade payables

	As at December 31, 2023 RMB'000	As at December 31, 2022 RMB'000
Amounts due to third parties	**301,856**	165,338

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, 2023 RMB'000	As at December 31, 2022 RMB'000
Within 6 months	**285,509**	153,671
6 months to 1 year	**13,236**	2,791
1 to 2 years	**3,111**	8,876
	301,856	165,338

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

11. Events after the reporting period

There were no material subsequent events during the period from December 31, 2023 to the approval date of the annual financial report by the Board on March 25, 2024.

12. Comparatives

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

CHANGE OF COMPLIANCE ADVISER

The Board hereby announces that the Company and CMBC International Capital Limited ("**CMBC**") have mutually agreed to terminate the compliance adviser's agreement entered into between the Company and CMBC with effect from the day on the publication of the 2023 annual report due to commercial reasons (the "**Termination**").

Each of the Board and CMBC confirms that, as at the date of this announcement, there are no other matters relating to the Termination that need to be bought to the attention of the Shareholders and the Stock Exchange.

The Board further announces that Guotai Junan Capital Limited ("**GTJA**") has been appointed as the new compliance adviser to the Company as required under Rule 8A.33 of the Listing Rules with effect from the day after the publication of the 2023 annual report, until the date on which the Company publishes its financial results for the financial year ended December 31, 2024, or until the agreement with GTJA is terminated in accordance with its terms, which ever is earlier. Pursuant to Rule 8A.33 of the Listing Rules, the Company is required to engage a compliance adviser on a permanent basis. The Company will, as required under the Listing Rules, negotiate whether to extend the compliance adviser agreement with GTJA or appoint a replacement compliance adviser before the expiration of GTJA's appointment.

GTJA is a permitted corporation to carry out Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

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) and the Company (www.brgroup.com). The annual report for the year ended December 31, 2023 will be dispatched to the 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 25, 2024

As at the date of this announcement, the Board comprises Mr. Zhang Shaofeng, Mr. Zheng Wei and Ms. Cathryn Xie Jianing as executive Directors, Mr. Bai Linsen and Professor Liao Jianwen as non-executive Directors, and Professor Chen Zhiwu, Mr. Zhou Hao and Dr. Li Yao as independent non-executive Directors.