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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, 2021

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 audited consolidated results of the Group for the year ended December 31, 2021 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2020. These annual results have been reviewed by the Company’s audit committee.

### HIGHLIGHTS

	Year ended December 31,		
	2021	2020	Change (%)
	(RMB in thousands, except percentages)		
Revenue	1,623,464	1,136,532	43
Smart analytics and operation services	736,580	533,384	38
Precision marketing services	422,422	264,505	60
Insurance distribution services	464,462	338,643	37
Gross profit	1,194,628	838,137	43
Operating profit	80,037	31,825	151
Loss for the year <sup>note</sup>	(3,604,033)	(109,061)	3,205
<i>Non-IFRS measures</i>			
Non-IFRS profit for the year	141,160	80,044	76
Non-IFRS EBITDA	233,455	166,511	40

*Note:* 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 (“**Listing**”) of our shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), 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.

## BUSINESS REVIEW AND OUTLOOK

### Business review for the Reporting Period

We are a leading independent artificial intelligence (“AI”) AI-powered technology platform in China serving the financial services industry. As of December 31, 2021, we had served more than 5,700 financial services provider (“FSP”) clients, our clients include substantially all of China’s national banks, more than 900 regional banks, substantially all of China’s consumer finance companies and major insurance companies, and a variety of other FSPs. We provide cloud-based services through our big data and AI technologies to support the needs of FSPs in decision making, smart analytics, smart operation management, precision marketing and wealth management, enabling them to reduce exposure to fraud and improve their underwriting, risk management and consumer operation efficiency and effectiveness. Our cloud-based software as a service (“SaaS”) platform allows us to deploy individual product modules for our FSP clients’ process via application programming interfaces (API) integrations to their IT infrastructure and workflows. We are also able to package various modules and bespoke models into customized end-to-end solutions. Cloud-based nature of our platform enables us to quickly adapt and deliver products and services to satisfy ever-evolving needs from FSPs, which, in turn, generate an enormous amount of data insights and industry know-how that enables us to continuously improve our smart analytics and operation capabilities.

In 2021, due to the strong demand for precision marketing and digital transformation from FSPs, we have experienced significant growth, highlighted by the following key metrics:

- As of December 31, 2021, among more than 5,700 FSP clients we served, we cumulatively had 3,318 paying FSP clients that subscribe our products and services, representing an increase of 27.5% as compared with 2,602 paying FSP clients as of December 31, 2020.
- We define “Key FSP clients” as licenced financial institutions that individually contributes more than RMB300,000 total revenue in a given calendar year. We had 237 Key FSP clients in 2020, 217 of which were still our paying FSP clients as of December 31, 2021, representing a retention rate of 91.6%.
- As of December 31, 2021, 257 of our paying FSP clients were Key FSP clients, representing an increase of 20 new Key FSP clients as compared with 237 as of December 31, 2020, and the average revenue per user (“ARPU”) increased by 24.8% to RMB5.12 million in 2021.
- We achieved a net dollar expansion rate of 118.1% in 2021 for our Key FSP clients in 2020. Net dollar expansion rate is an indicator for our long-term business relationship with our Key FSP clients and our ability to retain and grow revenue from Key FSP clients.

### *Smart Analytics and Operation Services*

In 2021, we continued to build a comprehensive product ecosystem to satisfy the growing demand of our FSP clients in digital operation and online transformation, including AI-enabled smart servicing voicebot, cloud-based operation SaaS platform, wealth management solutions and customer experience management software. For the year ended December 31, 2021, our revenue from smart analytics and operation services continued to grow significantly to RMB736.58 million, representing an increase of 38.1% from RMB533.38 million for the year ended December 31, 2020.

In terms of smart user operation, we successfully developed a smart servicing voicebot based on our own patented technology of “voice interruption method and device”, which has been used in many financial scenarios. The voicebot integrates several intelligent interactive technologies such as speech recognition, semantic understanding, dialogue management and speech synthesis, and is characterized by reading comprehension, multi-round dialogue and intelligent interruption, and the accuracy rate of its customer intention recognition can reach more than 95.0%. We also integrate model-customized Automatic Speech Recognition (ASR), Natural Language Understanding (NLU) and Text-to-Speech (TTS) into the softswitch system, which can significantly reduce the network data transmission loss, bring interruption and delay to millisecond level, provide millisecond-level voice interaction and feedback, and improve the user experience with smart voice interaction. With machine learning and AI technologies build-in, the voicebot can automatically optimize the model based on user interaction performance in real time. Under various financial scenarios, such as user analytics, smart strategy deployment, existing user activation and user interaction, our smart servicing voicebot can reduce operational costs and provide superior customer service experience to our FSP clients. Because of the high efficiency of our smart user operation services, we can earn service fees from our FSP clients based on successful conversions, and better support their digital transformation process.

In 2021, we acquired approximately 52.0% of the equity interest in Beijing All Union Technology Corp. (“**All Union**”), which is a leading comprehensive solution service provider in China that assists banks in carrying out smart user operations. It has developed a smart routing distribution platform that connects banks, users, scenarios, merchants, and a one-stop cloud operation SaaS platform. Since its establishment, All Union has established strategic partnerships with major state-owned and large joint-stock commercial banks to cater for various payment scenarios in China, such as China UnionPay, WeChat Pay, Alipay, Meituan Pay and Kuaishou Pay. By the end of 2021, All Union had served more than 10 national banks in China as its paying clients. By leveraging the leading one-stop cloud operation SaaS platform of All Union, we can further expand smart operations and better support our FSP clients in maintaining their users’ loyalty and attracting new users to achieve more robust growth.

We started providing wealth management solutions to major state-owned banks and securities companies in the second half of 2021, and have already started a pilot scheme with one Key FSP client. We have developed a total solution and certain system tools to support the client’s core needs in expanding new users, increasing activity of existing users and asset under management (AUM). We help develop accurate marketing strategies based on the combination of customer insights and banks’ operational needs. We believe our wealth management solutions will help enrich our product offerings in serving banks and securities companies.

Data security and privacy protection are one of our top priorities. We pay more attention to strengthening the protection of privacy information through the development and utilization of AI technologies, such as federated learning, secured multi-party computation, privacy-preserving computation, to serve our FSP clients in a more secure and stable way. In 2021, we were granted two national invention patents for federated learning technologies. With the two patented technologies, we can improve the efficiency and accuracy of anomaly detection through an unsupervised algorithm, enrich joint AI modeling with different financial institutions, and push anti-fraud ability to a new level. We also officially launched Indra, a groundbreaking secure multi-party computing platform that meets key privacy protection needs in the process of data development. Indra offers a safe and efficient data cooperation model for partners and financial institutions, enabling them to tap into the value of data whilst ensuring compliance with data usage policies and preventing data leakage. In 2021, Indra has successfully passed the fifth batch of trusted privacy computing evaluation by China Academy of Information and Communications Technology (CAICT).

The table below sets forth the key operating and financial data for our smart analytics and operation services in 2020 and 2021.

	2021	2020	Change (%)
Revenue (RMB'000)	<b>736,580</b>	533,384	38
Number of paying FSP clients	<b>1,551</b>	1,257	23
Average revenue of paying FSP clients (RMB in million)	<b>0.48</b>	0.42	14
Revenue from Key FSP clients (RMB'000)	<b>615,913</b>	468,925	31
Number of Key FSP clients	<b>193</b>	176	10
Average revenue per Key FSP clients (RMB in million)	<b>3.19</b>	2.66	20
Percentage of revenue contribution by Key FSP clients	<b>84.0 %</b>	88.0%	-4
Revenue from recurring Key FSP clients (RMB'000)	<b>534,598</b>	371,423	44

### ***Precision Marketing Services***

Our precision marketing services experienced very strong growth in the first half of 2021 due to stronger than expected market rebound and the improving operational efficiency. In the second half of 2021, with the gradual release of accumulated marketing budget of financial institutions and the market fluctuations caused by Covid-19 epidemic, the growth rate gradually returned to the normal level. For the year ended December 31, 2021, our revenue from precision marketing services increased by 59.7% to RMB422.42 million from RMB264.51 million for the year ended December 31, 2020.

In 2021, based on our proprietary financial products recommendation platform, our precision marketing business constantly seek new traffic channels and customer groups by expanding new scenes to obtain high-quality traffic and improve conversion efficiency. Relying on our comprehensive capabilities of financial products integration and user analytics, we have plugged in a lot of scene resources, such as e-commerce, travel, payment, short video, education, and other scene channels to absorb different types of high-quality customers. In addition, we also carry out in-depth cooperation modes such as joint modelling with some channels. Our models and strategy engines can be optimized based on the update of scenes and successful recommendations. With flexible product process and access mode, our precision marketing services can realize AI matching and smart routing distribution by one-stop access to multiple channels, which can significantly reduce the scenario-based marketing cost of FSP clients and further improve the conversion rate and user value.

The table below sets forth the key operating and financial data for our precision marketing services in 2020 and 2021.

	2021	2020	Change (%)
Revenue (RMB'000)	<b>422,422</b>	264,505	60
Number of paying FSP clients	<b>95</b>	132	-28
Average revenue of paying FSP clients (RMB in million)	<b>4.45</b>	2.00	123
Revenue from Key FSP clients (RMB'000)	<b>237,481</b>	168,856	41
Number of Key FSP clients	<b>27</b>	29	-7
Average revenue per Key FSP clients (RMB in million)	<b>8.80</b>	5.82	51
Percentage of revenue contribution by Key FSP clients	<b>56.0 %</b>	64.0%	-8
Revenue from recurring Key FSP clients (RMB'000)	<b>191,889</b>	128,997	49

### ***Insurance Distribution Services***

Our insurance distribution platform empowers brokers with data-driven tools and analytics to facilitate efficient and effective insurance sales and customer relationship management. Although China's insurance industry, especially the scale of life insurance premiums, showed an obvious downward trend in 2021 compared with 2020, our insurance distribution services maintained a strong growth. For the year ended December 31, 2021, our revenue from insurance distribution services increased by 37.2% to RMB464.46 million from RMB338.64 million for the year ended December 31, 2020.

We provide innovative integrated insurance distribution services through Liming Insurance Brokers Co., Ltd. ("**Liming**"). The core of Liming's one-stop insurance distribution service is our mobile app Liming Box, a mobile based data-driven customer relationship management (CRM) platform for our insurance brokers only. By leveraging analytics of massive data insights and AI technologies, Liming Box can empower our brokers with accurate customer portraits and preferences for insurance products, thereby improving brokers efficiency. In addition, we have a flat broker organization structure with only two layers, which enables us to better motivate our brokers, achieve better incentives and increase communication and operational efficiency. As of December 31, 2021, we had 5,472 insurance brokers with extensive experience in the insurance industry. We will keep expanding our insurance broker team and improving their productivity.

In 2021, Liming cooperated with 119 paying insurance companies, and the total premium collected from the insurance products distributed through Liming was RMB1,519.53 million, of which the premium collected on the life and health insurance products was RMB1,165.95 million. Our revenue comes primarily from commissions on the first-year premium, as well as recurring commissions from renewals. Currently, the life insurance policies placed through our platform are long term policies with an average term of over 10 years, and the policy holder renewal rate is over 95.0% as of December 31, 2021.

### **Business outlook**

As a leading independent AI-powered technology platform in China serving the financial services industry, we will accomplish our mission with persistence. In 2022, we plan to implement the following strategies, which we believe, will further strengthen our core competitive strengths and enable us to capture rising business opportunities:



*Solidify leadership in technology.* We will continue to invest in cutting-edge underlying technologies and improve our existing technology infrastructure, such as AI algorithm and automatic real-time analytics, with a goal to provide a more secure, stable, and scalable services to our FSP clients. Specifically, we will further develop our AutoML technology to train more unique models in the financial industry field to strengthen our ability of basic structural standardization. We will also enhance our distributed relationship mapping capabilities, which differ from traditional knowledge graphs, and are a set of concepts and technologies accumulated from our years of work in financial application scenarios. We will continue investing resources to develop privacy-preserving computation for privacy protection. Furthermore, we aim to strengthen our cloud infrastructure by adding more processing power and simultaneous data backup facilities, as well as optimizing cloud operating system to improve our service capability and reliability. In addition, we plan to continue to invest in talent recruitment and training in the fields of AI, big data and cloud computing to strengthen our technological advantage.

*Enhance and expand our products and services.* In the context of digital transformation of financial institutions, we are dedicated to continually improving the capability and innovation of our products and services to cater to their evolving needs. We plan to offer cloud-based AI solutions with digital transformation consulting services for FSPs to help them speed up digitalization. In addition, because of the increasing demand for existing consumer operating, we will continue to expand our product offerings accordingly. We will further enlarge our cloud-based smart analytics and operation services to offer enhanced decision-making support engines, smart marketing strategies with smart servicing voicebot for FSP clients to activate their users and manage their users' experience, thereby improving their operating efficiency. We will improve the revenue percentage of our smart operation services and keep investing in product innovation to expand our service offerings and explore new use cases.

*Further expand our client base and deepen client relationship.* We will continue following our "Land and Expand" model to acquire FSP clients and grow our client relationships over time. We will further enhance our business development capabilities, further expand our footprint in the financial services industry, and continue to deepen our client relationship by offering more comprehensive products and services covering the entire transaction life cycle. We are planning to expand our client base to securities companies, and now we are in dialogue with a number of securities companies to develop data analytics products and services to improve efficiency of their marketing and operation processes. We will continue focusing on converting FSPs to our paying FSP clients and Key FSP clients, and increasing both the ARPU of Key FSP clients and the retention rate.

*Pursue strategic acquisitions that complement our leadership position.* We will continue to expand our analytics and operation capabilities across the whole financial industry. While we expect this will occur primarily through organic growth, we have acquired and will continue to acquire assets and businesses that strengthen our value proposition to our FSP clients. We primarily focus on acquisitions of differentiated cloud-based SaaS platforms that are complementary to our own, analytical applications or models that can leverage our proprietary data insights and businesses that address new market opportunities. For example, our acquisition of All Union enhanced our smart operation services offerings. We will continue to maintain a disciplined approach to pursuing acquisitions.

## MANAGEMENT DISCUSSION AND ANALYSIS

Year ended December 31,  
2021                      2020  
(RMB in thousands)

### Revenues

Smart analytics and operation services	736,580	533,384
Precision marketing services	422,422	264,505
Insurance distribution services	464,462	338,643
<b>Total revenues</b>	<b>1,623,464</b>	<b>1,136,532</b>
<b>Cost of sales</b>	<b>(428,836)</b>	<b>(298,395)</b>
<b>Gross profit</b>	<b>1,194,628</b>	<b>838,137</b>
Other (loss)/income, net	(23,558)	34,642
Research and development expenses	(252,006)	(201,025)
General and administrative expenses	(262,763)	(199,857)
Sales and marketing expenses	(575,988)	(439,555)
Impairment loss	(276)	(517)
<b>Profit from operations</b>	<b>80,037</b>	<b>31,825</b>
Net finance costs	(585)	(10,161)
Changes in fair value of financial assets measured at fair value through profit or loss	470	(775)
Changes in fair value of derivative instruments	20,727	—
Changes in fair value of redeemable convertible preferred shares	(3,697,294)	(131,486)
<b>Loss before taxation</b>	<b>(3,596,645)</b>	<b>(110,597)</b>
Income tax (expense)/benefit	(7,388)	1,536
<b>Loss for the year</b>	<b>(3,604,033)</b>	<b>(109,061)</b>
<b>Attributable to:</b>		
Equity shareholders of the Company	(3,603,016)	(110,555)
Non-controlling interests	(1,017)	1,494
<b>Total comprehensive income for the year</b>	<b>(3,604,033)</b>	<b>(109,061)</b>

## **Revenue**

Our total revenue increased by 42.8% from RMB1,136.53 million for the year ended December 31, 2020 to RMB1,623.46 million for the year ended December 31, 2021, primarily attributable to industry growth and our enhanced capabilities of providing products and services.

Our revenue from smart analytics and operation services increased by 38.1% from RMB533.38 million for the year ended December 31, 2020 to RMB736.58 million for the year ended December 31, 2021, primarily attributable to improvement of our comprehensive product ecosystem and growing demand from our FSP clients.

Our revenue from precision marketing services increased by 59.7% from RMB264.51 million for the year ended December 31, 2020 to RMB422.42 million for the year ended December 31, 2021, primarily attributable to stronger than expected demand for customer acquisition from our FSP clients, as well as our enhanced efficiency and precision in user acquisition and accuracy in matching and recommendation.

Our revenue from insurance distribution services increased by 37.2% from RMB338.64 million for the year ended December 31, 2020 to RMB464.46 million for the year ended December 31, 2021, primarily attributable to market recovery and our broker team's improved productivity.

## **Cost of sales**

The cost of sales increased by 43.7% from RMB298.40 million for the year ended December 31, 2020 to RMB428.84 million for the year ended December 31, 2021, primarily attributable to an increase of RMB72.18 million in insurance brokerage commission costs, an increase of RMB27.71 million in data service costs, an increase of RMB23.00 million in staff costs and share-based compensation. The increase in insurance brokerage commission costs and data service costs were primarily driven by significant increase in revenues. The increase in staff costs was mainly due to the increase in our operation personnel for smart analytics and operation services.

## **Gross profit and gross margin**

As a result of the foregoing, the Group's gross profit increased by 42.5% from RMB838.14 million for the year ended December 31, 2020 to RMB1,194.63 million for the year ended December 31, 2021. The Group's gross margin remained consistent at approximately 73.7% for both of the year ended December 31, 2020 and 2021.

## **Research and development expenses**

The Group's research and development expenses increased by 25.4% from RMB201.03 million for the year ended December 31, 2020 to RMB252.01 million for the year ended December 31, 2021, primarily attributable to increases in the headcount of our research and development personnel and the expansion of our research project.



## **General and administrative expenses**

The Group's general and administrative expenses increased by 31.5% from RMB199.86 million for the year ended December 31, 2020 to RMB262.76 million for the year ended December 31, 2021, primarily attributable to an increase of RMB29.18 million in professional services fee, an increase of RMB22.86 million in staff costs and share-based compensation. The increase of professional services fee was mainly related to the completion of global offering in 2021. The increase of staff costs was mainly due to the increase in our administrative personnel from the Group expansion.

## **Sales and marketing expenses**

Our sales and marketing expenses increased by 31.0% from RMB439.56 million for the year ended December 31, 2020 to RMB575.99 million for the year ended December 31, 2021, primarily due to an increase of RMB87.63 million in advertising and information technology services expenses as a result of increased demand from precision marketing services and an increase of RMB39.05 million in staff costs due to our expansion of the selling and marketing teams to support the expansion of data analytics, insurance distribution services and new initiatives.

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

Our net other loss was RMB23.56 million for the year ended December 31, 2021, compared with net other income of RMB34.64 million for the year ended December 31, 2020. This is primarily due to a foreign currency exchange loss of RMB97.71 million from the depreciation of USD against RMB. We have entered into several foreign exchange forwards and options to manage our foreign exchange exposure risks, realized a gain of RMB34.36 million. A gain of RMB20.73 million was recorded as changes of fair value of derivative instruments for the year ended December 31, 2021, which was subsequently fully realised.

## **Net finance costs**

Net finance cost primarily consists of interest expenses on bank loans and lease liabilities and interest income from bank deposits. Our net finance costs decreased by 94.2% from RMB10.16 million for the year ended December 31, 2020 to RMB0.59 million for the year ended December 31, 2021, primarily as a result of an increase of RMB7.33 million in interest income from bank deposits.

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

Changes in fair value of redeemable convertible preferred shares increased to a loss of RMB3,697.29 million for the year ended December 31, 2021 from a loss of RMB131.49 million for the year ended December 31, 2020, resulting from significant increase in the valuation of our Company, which was determined by the offering price of the Company's shares in our global offering on March 31, 2021.

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

We had income tax benefit of RMB1.54 million for the year ended December 31, 2020, while we had income tax expense of RMB7.39 million for the year ended December 31, 2021, primarily attributable to the decrease of deferred tax asset from utilizing accumulated losses carried forward.

## **Loss for the year**

As a result of the foregoing, the Group's loss for the year increased from RMB109.06 million for the year ended December 31, 2020 to RMB3,604.03 million for the year ended December 31, 2021, primarily due to an increase of RMB3,697.29 million in fair value of redeemable convertible preferred shares upon the Listing. Upon the completion of our Listing, our redeemable convertible preferred shares were converted into our ordinary shares and consequently were reclassified from liabilities to equity. Afterwards, no further loss or gain on changes in fair value of the redeemable convertible preferred shares will be recorded.

## **Non-IFRS Measures**

To supplement our consolidated financial statements, which are presented in accordance with IFRSs, we also use non-IFRS (loss)/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 (loss)/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 (loss)/profit as 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, 2020 and 2021 and non-IFRS EBITDA presented to the most directly comparable financial measure calculated and presented in accordance with IFRSs, which is loss for the year:

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

	<b>Year ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
	<i>(RMB in thousands)</i>	
<b>Loss for the year</b>	<b>(3,604,033)</b>	<b>(109,061)</b>
<b>Add</b>		
Share-based compensation <sup>(1)</sup>	<b>22,787</b>	<b>36,718</b>
Changes in fair value of redeemable convertible preferred shares <sup>(2)</sup>	<b>3,697,294</b>	<b>131,486</b>
Listing expenses <sup>(3)</sup>	<b>25,112</b>	<b>20,901</b>
<b>Non-IFRS profit for the period</b>	<b>141,160</b>	<b>80,044</b>

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

	<b>Year ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
	<i>(RMB in thousands)</i>	
<b>Loss for the year</b>	<b>(3,604,033)</b>	<b>(109,061)</b>
<b>Add</b>		
Net finance costs	<b>585</b>	<b>10,161</b>
Income tax expense/(benefit)	<b>7,388</b>	<b>(1,536)</b>
Depreciation	<b>82,121</b>	<b>76,537</b>
Amortisation	<b>2,201</b>	<b>1,305</b>
<b>EBITDA</b>	<b>(3,511,738)</b>	<b>(22,594)</b>
<b>Add</b>		
Share-based compensation <sup>(1)</sup>	<b>22,787</b>	<b>36,718</b>
Changes in fair value of redeemable convertible preferred shares <sup>(2)</sup>	<b>3,697,294</b>	<b>131,486</b>
Listing expenses <sup>(3)</sup>	<b>25,112</b>	<b>20,901</b>
<b>Non-IFRS EBITDA</b>	<b>233,455</b>	<b>166,511</b>

*Notes:*

- (1) Share-based compensation relates to the share options and restricted share awards that we granted under our share incentive plans, which is a non-cash expense that is commonly excluded from similar non-IFRS measures adopted by other companies in our industry.
- (2) Changes in fair value 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 of the Company, which is one-off in nature and is not directly related to our operating activities.

## Liquidity and source of funding and borrowing

During the twelve months ended December 31, 2021, other than the proceeds from the Listing, we funded our cash requirements principally from cash generated from our operations. The Group had cash and cash equivalents of RMB3,346.49 million and RMB41.95 million as of December 31, 2021 and December 31, 2020, respectively.

As of December 31, 2021, the Group had bank loans of approximately RMB51.00 million. The table below sets forth our short-term bank loans:

Short term loans	Loan Balance (RMB'000)	Loan Period	Interest Rate (per annum unless otherwise stated)
Bank of Beijing	5,000.00	1 year	4.05%
Bank of Communications	5,000.00	1 year	3.85%
Zhongguancun Bank	5,000.00	1 year	6.50%
China Minsheng Banking Corp., Ltd	10,000.00	1 year	4.00%
Bank of Jiangsu	3,000.00	1 year	5.25%
China Guangfa Bank	4,000.00	1 year	4.00%
Beijing Zhongguancun Micro-lending Co., Ltd	19,000.00	4 months	12.00%

## Significant Investments

The Group did not make or hold any significant investments for the year ended December 31, 2021.

The financial products that we invested include certain low-risk wealth management products and trust plans issued by financial institutions in the PRC. 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

On October 8, 2021, the Group's indirect wholly-owned subsidiary, Bairong Ruicheng Information Technology Co., Ltd. entered into an Equity Transfer Agreement, along with a series of affiliated agreements to acquire an approximately 52.0% of the entire issued share capital of All Union. The total consideration for the acquisition was approximately RMB155.99 million, all of which was agreed to settle in cash.

Further details of the acquisition can be found in the announcement of the Company published on October 10, 2021.

Save as disclosed above, during the Reporting Period, we did not conduct any material acquisitions or disposals of subsidiaries and affiliated companies.

### **Pledge of assets**

The Group had not pledged any of our assets as at December 31, 2021.

### **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, 2021, the Group’s gearing ratio (i.e. total liabilities divided by total assets) was 0.15 (as at December 31, 2020: 1.95).

### **Foreign exchange exposure**

During the year ended December 31, 2021, 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, 2021, except for the proceeds from issuance of ordinary shares relating to the global offering which is exposed to foreign currency risk with respect to the Company’s monetary assets 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, 2021.

### **Capital commitment**

The Group had no material capital commitment as at December 31, 2021.

## Employees and remuneration policy

As at December 31, 2021, the Group had a total of 1,296 employees. The following table sets forth the total number of employees by function as of December 31, 2021:

Function	As of December 31, 2021
Sales and marketing	310
Research and development	654
Customer service	102
General administration	230
<b>Total</b>	<b>1,296</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, 2021 was RMB494.99 million, as compared to RMB383.16 million for the year ended December 31, 2020.

The Company also has 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 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

After the Listing, we have complied with all the code provisions set forth in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) (the “**Corporate Governance Code**”), save for the following.

Code provision C.2.1 of the Corporate Governance Code, recommends, but does not require, that the roles of chairperson and chief executive should be separate and should not be performed by the same person. The Company deviates from this provision because Mr. Zhang Shaofeng (“**Mr. Zhang**”) performs both the roles of the 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 our Group. Our 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 three independent non-executive Directors. Our Board will reassess the division of the roles of chairperson and the 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 our Group as a whole.

### **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 (the “**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 since March 31, 2021 (the “**Listing Date**”) up to the date of this announcement.

### **Audit committee**

The Group has established an audit committee comprising of 3 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 chairperson of the audit committee.

The audit committee has reviewed the audited consolidated financial statements of the Group for the year ended December 31, 2021 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, 2021, the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2021 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, 2021 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 8,894,500 Class B Shares (the “**Shares Repurchased**”) of the Company on the Stock Exchange at an aggregate consideration (including transaction cost) of approximately HK\$143,744,421.35. 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	2,559,000	22.60	19.10	53,803,177.87
July	1,226,000	20.65	17.72	23,268,124.98
August	159,000	12.34	11.58	1,905,749.51
September	1,846,000	15.48	11.76	25,389,206.57
October	2,190,000	13.78	12.08	28,496,468.45
November	914,500	12.60	10.90	10,881,693.97
<b>Total</b>	<b>8,894,500</b>			<b>143,744,421.35</b>

As of December 31, 2021, the number of Class B Shares in issue was reduced by 3,785,000 shares as a result of the cancellation of the Shares Repurchased. Upon cancellation of the Shares Repurchased, the weighted voting rights (“**WVR**”) beneficiary of the Company, simultaneously reduced his WVR in the Company proportionately by way of converting his Class A ordinary shares (“**Class A Shares**”) into Class B Shares on a one-to-one ratio pursuant to Rules 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 in June and July 2021 were subsequently cancelled on August 10, 2021. A total of 644,218 Class A Shares were converted into Class B Shares on a one-to-one ratio on August 10, 2021.

The Shares Repurchased from August to November 2021 were subsequently cancelled on February 21, 2022. A total of 849,268 Class A Shares were converted into Class B Shares on a one-to-one ratio on February 21, 2022.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange since the Listing Date 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, 2021. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group since the Listing Date and up to the date of this announcement.

## Use of proceeds from 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, after deducting of underwriting commissions and total expenses paid by the Company in connection with the Global Offering. There has been no change in the intended use of net proceeds as previously disclosed in the Prospectus.

Since the Listing Date and up to December 31, 2021, the Group has gradually utilised the IPO Proceeds in accordance with the intended purposes stated in the Prospectus. The balance of 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:

	<b>Net amount available upon listing (RMB million)</b>	<b>Actual net amount utilised at December 31, 2021 (RMB million)</b>	<b>Unutilised net amount at December 31, 2021 (RMB million)</b>
Fund business expansion, expand FSP client base and penetrate into existing FSP client base	1,426.68	216.67	1,210.01
Enhancements in research and developments	951.12	79.54	871.58
Pursue strategic investments and acquisitions to expand existing products and services offerings, improve technology capabilities, and enhance value proposition to FSP clients	475.56	172.03	303.53
Working capital and general corporate purposes	317.03	—	317.03
<b>Total</b>	<b>3,170.39</b>	<b>468.24</b>	<b>2,702.15</b>

The Group will expect to fully utilise the unutilised net amount by end of 2024.

## Dividends/Declaration of final dividend

The Board does not recommend the distribution of a final dividend for the year ended December 31, 2021.

## 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, 2021

Expressed in Renminbi (“RMB”)

	Note	2021 RMB'000	2020 RMB'000
<b>Revenue</b>	3	<b>1,623,464</b>	1,136,532
Cost of sales		<u>(428,836)</u>	<u>(298,395)</u>
<b>Gross profit</b>		<b>1,194,628</b>	838,137
Other (loss)/income, net		(23,558)	34,642
Research and development expenses		(252,006)	(201,025)
General and administrative expenses		(262,763)	(199,857)
Sales and marketing expenses		(575,988)	(439,555)
Impairment loss	4(c)	<u>(276)</u>	<u>(517)</u>
<b>Profit from operations</b>		<b>80,037</b>	31,825
Net finance costs	4(a)	(585)	(10,161)
Changes in fair value of financial assets measured at fair value through profit or loss		470	(775)
Changes in fair value of derivative instruments		20,727	—
Changes in fair value of redeemable convertible preferred shares		<u>(3,697,294)</u>	<u>(131,486)</u>
<b>Loss before taxation</b>	4	<b>(3,596,645)</b>	(110,597)
Income tax (expense)/benefit	5	<u>(7,388)</u>	<u>1,536</u>
<b>Loss for the year</b>		<b><u>(3,604,033)</u></b>	<b><u>(109,061)</u></b>
<b>Attributable to:</b>			
Equity shareholders of the Company		(3,603,016)	(110,555)
Non-controlling interests		<u>(1,017)</u>	<u>1,494</u>
<b>Loss for the year</b>		<b><u>(3,604,033)</u></b>	<b><u>(109,061)</u></b>
<b>Loss per share</b>			
Basic and diluted (RMB)	6	<u>(9.16)</u>	<u>(0.81)</u>

**Consolidated Statement of Profit or Loss and other Comprehensive Income**  
*for the year ended December 31, 2021*  
*Expressed in RMB*

	<b>2021</b> <b><i>RMB'000</i></b>	2020 <i>RMB'000</i>
<b>Loss for the year</b>	<b>(3,604,033)</b>	(109,061)
<b>Other comprehensive income for the year</b>	<u>—</u>	<u>—</u>
<b>Total comprehensive income for the year</b>	<b><u>(3,604,033)</u></b>	<b><u>(109,061)</u></b>
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>(3,603,016)</b>	(110,555)
Non-controlling interests	<u><b>(1,017)</b></u>	<u>1,494</u>
<b>Total comprehensive income for the year</b>	<b><u>(3,604,033)</u></b>	<b><u>(109,061)</u></b>

**Consolidated Statement of Financial Position**  
*as at December 31, 2021*  
*Expressed in RMB*

	<i>Note</i>	<b>December 31, 2021 RMB'000</b>	<b>December 31, 2020 RMB'000</b>
<b>Non-current assets</b>			
Property, plant and equipment		39,727	36,947
Intangible assets		62,925	30,091
Right-of-use assets		92,586	129,367
Goodwill		180,013	34,054
Financial assets at fair value through profit or loss		46,268	3,542
Interests in associates		9,863	—
Deferred tax assets		5,386	12,575
Restricted cash		5,722	5,722
		<u>442,490</u>	<u>252,298</u>
<b>Current assets</b>			
Prepaid expenses and other current assets		229,610	41,166
Financial assets at fair value through profit or loss		300,334	806,101
Loans receivable		—	6,351
Trade receivables	9	250,558	179,913
Restricted cash	8	82,884	—
Time deposit		200,000	—
Cash and cash equivalents		3,346,487	41,949
Derivative financial assets	8	20,727	—
		<u>4,430,600</u>	<u>1,075,480</u>
<b>Current liabilities</b>			
Bank loans		51,000	—
Trade payables	10	94,624	53,136
Contract liabilities		48,347	39,868
Lease liabilities		35,302	44,896
Accrued expenses and other current liabilities		406,216	142,033
		<u>635,489</u>	<u>279,933</u>
<b>Net current assets</b>		<u>3,795,111</u>	<u>795,547</u>
<b>Total assets less current liabilities</b>		<u>4,237,601</u>	<u>1,047,845</u>



**Consolidated Statement of Financial Position (Continued)**  
*as at December 31, 2021*  
*Expressed in RMB*

	<b>December 31, 2021 RMB'000</b>	<b>December 31, 2020 RMB'000</b>
<b>Non-current liabilities</b>		
Redeemable convertible preferred shares	–	2,212,631
Lease liabilities	<b>71,862</b>	86,439
Deferred tax liabilities	<b>11,205</b>	5,847
	<u><b>83,067</b></u>	<u>2,304,917</u>
<b>NET ASSETS/(LIABILITIES)</b>	<u><b>4,154,534</b></u>	<u>(1,257,072)</u>
<b>Equity</b>		
Share capital	<b>64</b>	19
Treasury shares	<b>(60,739)</b>	–
Reserves	<b>4,189,672</b>	(1,274,837)
<b>Total equity attributable to equity shareholders of the Company</b>	<b>4,128,997</b>	(1,274,818)
<b>Non-controlling interests</b>	<b>25,537</b>	17,746
<b>TOTAL EQUITY/(DEFICIT)</b>	<u><b>4,154,534</b></u>	<u>(1,257,072)</u>

**Consolidated Statement of Cash Flows**  
*for the year ended December 31, 2021*  
*Expressed in RMB*

	<b>2021</b> <b><i>RMB'000</i></b>	2020 <i>RMB'000</i>
Net cash generated from operating activities	<b>265,139</b>	208,759
Net cash generated from/(used in) investing activities	<b>141,096</b>	(251,775)
Net cash generated from/(used in) financing activities	<u><b>2,996,012</b></u>	<u>(65,170)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u><b>3,402,247</b></u>	<u>(108,186)</u>
Cash and cash equivalents at the beginning of the year	<b>41,949</b>	150,917
Effect of foreign exchange rate changes	<u>(97,709)</u>	<u>(782)</u>
<b>Cash and cash equivalents at the end of the year</b>	<u><b>3,346,487</b></u>	<u>41,949</u>

# 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 of Hong Kong Limited.

The financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 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 2020 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 2021. Adopting these accounting policies does not have a material effect on the Group’s financial statements.

	Effective Date
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16, Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendment to IFRS 16, Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021

## 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:

	2021 RMB’000	2020 RMB’000
Smart analytics and operation services	736,580	533,384
Precision marketing services	422,422	264,505
Insurance distribution services	464,462	338,643
	<u>1,623,464</u>	<u>1,136,532</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:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Point-in-time	886,884	603,148
Over-time	736,580	533,384
	<u>1,623,464</u>	<u>1,136,532</u>

#### 4 Loss before taxation

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

##### (a) *Net finance costs*

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest expense on bank loans	1,428	—
Interest expense on lease liabilities	7,179	10,851
Interest income from bank deposits	(8,022)	(690)
Subtotal	<u>585</u>	<u>10,161</u>

##### (b) *Staff cost*

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Salaries, wages and other benefits	432,783	338,799
Contributions to defined contribution retirement plan <sup>(i)</sup>	36,600	3,634
Equity-settled share-based compensation expenses	22,787	36,718
Termination benefits	2,817	4,013
Subtotal	<u>494,987</u>	<u>383,164</u>

*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**

	2021 RMB'000	2020 RMB'000
Data service costs	121,823	94,114
Distribution and marketing expenditures	315,897	221,057
Insurance brokerage commission costs	237,272	165,094
Depreciation of property, plant and equipment	18,009	17,990
Amortization of intangible assets	2,201	1,305
Depreciation of right-of-use assets	64,112	58,547
Impairment losses		
– Trade receivables and others	264	326
– Loans	12	191
Listing expenses	25,112	20,901
Auditors' remuneration	3,960	300

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

	2021 RMB'000	2020 RMB'000
<b>Current tax</b>		
– PRC Enterprise Income Tax (“EIT”) Provision for the year	–	–
<b>Deferred tax</b>		
– Reversal/(origination) of temporary differences	7,388	(1,536)
	<u>7,388</u>	<u>(1,536)</u>

**6 Basic and diluted 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 loss per share for the year 2021 and 2020 have been retrospectively adjusted.

Basic loss per share is calculated by dividing the net loss attributable to equity shareholders of the Company by the weighted average number of ordinary shares in issue during the year 2021 and 2020.

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

	2021	2020
Net loss attributable to equity shareholders of the Company (RMB'000)	(3,603,016)	(110,555)
Weighted average number of ordinary shares	<u>393,297,173</u>	<u>136,576,765</u>
Basic loss per share attributable to equity shareholders of the Company (in RMB per share)	<u>(9.16)</u>	<u>(0.81)</u>

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. In 2021 and 2020, the Company had two categories of potential ordinary shares: preferred shares and share options. As the Group incurred losses for the years ended December 31, 2021 and 2020, 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 years ended December 31, 2021 and 2020 were the same as basic loss per share of the respective periods.

## 7 Dividends

During the years 2021 and 2020, no dividends were declared by the entities comprising the Group to its owners.

## 8 Derivative financial instruments

	As at December 31, 2021 RMB'000	As at December 31, 2020 RMB'000
Derivative financial assets	<u>20,727</u>	<u>—</u>

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. To secure such contracts, the Company had deposited an amount of USD\$13.00 million (RMB82.88 million) and recognised it in restricted cash as of December 31, 2021.

## 9 Trade receivables

	As at December 31, 2021 RMB'000	As at December 31, 2020 RMB'000
Trade receivables	253,415	182,746
Less: loss allowance	<u>(2,857)</u>	<u>(2,833)</u>
Trade receivables, net	<u>250,558</u>	<u>179,913</u>



### *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 2021 <i>RMB'000</i>	As at December 31 2020 <i>RMB'000</i>
Within 3 months (inclusive)	239,474	167,478
3 months to 6 months (inclusive)	9,942	10,831
6 months to 1 year (inclusive)	3,288	2,931
Over 1 year	711	1,506
Less: loss allowance	(2,857)	(2,833)
Trade receivables, net	<u>250,558</u>	<u>179,913</u>

## **10 Trade payables**

	As at December 31 2021 <i>RMB'000</i>	As at December 31 2020 <i>RMB'000</i>
Amounts due to third parties	<u>94,624</u>	<u>53,136</u>

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 2021 <i>RMB'000</i>	As at December 31 2020 <i>RMB'000</i>
Within 6 months	88,365	48,797
6 months to 1 year	5,778	2,837
1 to 2 years	481	1,502
	<u>94,624</u>	<u>53,136</u>

All of the trade payables are expected to be settled within one year or are repayable on demand.

## 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.baironginc.com](http://www.baironginc.com)). The annual report for the year ended December 31, 2021 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 23, 2022

*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. Ren Xuefeng as non-executive Directors, and Professor Chen Zhiwu, Mr. Zhou Hao, Professor Guo Yike and Dr. Li Yao as independent non-executive Directors.*