



百融云创

Bairong Inc.

(A company controlled through weighted voting rights and
incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立以不同投票權控制的有限責任公司)

Stock Code 股份代號 : 6608



2023

Interim Report
中期報告

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Company Information

Executive Directors

Mr. Zhang Shaofeng (*Chairperson and CEO*)
Mr. Zhao Hongqiang
(*resigned with effect from May 25, 2023*)
Ms. Zhao Jing

Non-executive Directors

Mr. Bai Linsen
Mr. Ren Xuefeng
(*resigned with effect from January 13, 2023*)
Mr. Ou Wenzhi
(*appointed with effect from January 13, 2023*)

Independent non-executive Directors

Professor Chen Zhiwu
Mr. Zhou Hao
Professor Guo Yike (*resigned with effect from August 22, 2023*)
Dr. Li Yao

Audit committee

Mr. Zhou Hao (*Chairperson*)
Mr. Bai Linsen
Professor Chen Zhiwu

Remuneration committee

Professor Chen Zhiwu (*Chairperson*)
Mr. Zhou Hao
Mr. Bai Linsen

Nomination committee

Mr. Zhou Hao (*Chairperson*)
Mr. Zhang Shaofeng
Professor Guo Yike (*resigned with effect from August 22, 2023*)
Dr. Li Yao (*appointed with effect from August 22, 2023*)

Corporate governance committee

Professor Chen Zhiwu (*Chairperson*)
Mr. Zhou Hao
Professor Guo Yike (*resigned with effect from August 22, 2023*)
Dr. Li Yao (*appointed with effect from August 22, 2023*)

Joint company secretaries

Mr. Chen Chunyang
Ms. Leung Shui Bing

Authorised representatives

Ms. Zhao Jing
Ms. Leung Shui Bing

Headquarters

1-3/F, Tower A, No.10 Furong Street
Chaoyang District, Beijing, China

Principal place of business in Hong Kong

31/F, Tower Two, Times Square
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Registered office

PO Box 309, Ugland House
Grand Cayman KY1-1104, Cayman Islands

Auditor

KPMG
Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance Certified Public Accountants
8th Floor, Prince's Building, 10 Chater Road
Central, Hong Kong

Legal advisers

As to Hong Kong and U.S. laws

Skadden, Arps, Slate, Meagher & Flom and affiliates
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15 Queen's Road Central, Hong Kong

As to Cayman Islands law

Maples and Calder (Hong Kong) LLP
26th Floor, Central Plaza, 18 Harbour Road
Wanchai, Hong Kong

Compliance adviser

CMBC International Capital Limited
45/F One Exchange Square
8 Connaught Place, Central, Hong Kong



Company Information (Continued)

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wan Chai, Hong Kong

Principal share registrar and transfer office

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall, Cricket Square
Grand Cayman KY1-1102, Cayman Islands

Principal bank

China Merchants Bank
(Beijing Yuquan Road sub-branch)

Stock code

6608

Company website

www.brgroup.com



Financial Summary

	Six months ended June 30,		
	2023 (unaudited)	2022 (unaudited)	Change (%)
	(RMB in thousands, except percentages)		
Revenue	1,243,032	945,181	32
Model as a service (“ MaaS ”)	431,134	346,991	24
Business as a service (“ BaaS ”)	811,898	598,190	36
BaaS – Financial Scenario	492,095	316,862	55
BaaS – Insurance Scenario	319,803	281,328	14
Gross profit	896,034	677,581	32
Operating profit	211,730	92,013	130
Profit for the period	206,808	93,370	121
<i>Non-IFRS measures</i>			
Non-IFRS profit for the period	226,847	125,912	80
Non-IFRS EBITDA	267,644	168,417	59

For the six months ended June 30, 2023, our revenue reached RMB1,243.03 million, representing an increase of 32% from RMB945.18 million for the six months ended June 30, 2022. The growth sped up compared to the previous year, mainly driven by our BaaS business, the revenue of which rose by 36% period-over-period to RMB811.90 million, empowered mainly by our Generative AI (Artificial Intelligence) technology. Within the BaaS business, our Financial Scenario (金融行業雲) contributed a revenue of RMB492.10 million, representing an increase of 55% period-over-period, while our Insurance Scenario (保險行業雲) contributed a revenue of RMB319.80 million, representing an increase of 14% period-over-period. Our MaaS business, our cornerstone business, grew by 24% period-over-period to RMB431.13 million. Our gross profit reached RMB896.03 million with our gross profit margin remaining at a higher profitability level of 72%, as our business model continued to prove its scalability. Our operating profit surged by 130% period-over-period to RMB211.73 million and our operating profit margin further expanded to 17%. Our profit for the period jumped by 121% period-over-period to RMB206.81 million and our net profit margin further expanded to 17%, mainly as we maximized the synergies brought by our industry-leading position amid a high threshold regulatory environment. Our non-IFRS profit reached RMB226.85 million and our non-IFRS net profit margin was as high as 18%.



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. In the previous year, the Group’s reporting categories included “Smart analytics and operation services”, “Precision marketing services” and “Insurance distribution services”. For the six months ended June 30, 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 break down by category figures for the previous interim period (unaudited) have been restated.



Operations Review

We are a leading cloud-based AI turnkey service provider that has served over 7,000 institutions in China, including but not limited to all six state-owned banks, 12 joint-equity banks, more than a thousand regional banks, as well as major consumer finance companies, insurance companies, wealth management companies, and numerous internet technology companies. Leveraging Generative AI, Discriminant AI, big data, machine learning and cloud computing capabilities, combined with our nine years of industry know-how and user insights, we provide products and solutions covering the entire chain spanning smart user acquisition, smart analytics, smart credit decision-marking, smart asset operations, smart user relationship management, smart credit card user revitalization, smart wealth management marketing, etc.. We focus on the application development of AI, and have successfully monetized our Generative AI scenarios. Our years of accumulating experience in the AI industry and our down-to-earth business philosophy have contributed to our strong double-digit revenue growth and continuous profitability.

As a leader in facilitating the digital and intelligent transformation of Chinese industries, we believe the current digitalization and AI trend will bring a boom to the industry. 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 (數字中國建設整體佈局規劃), which will continue to accelerate the digitization of China on the basis of China's digital economy reaching RMB50 trillion by 2022. According to the latest report of Bloomberg Intelligence, it is expected that the Generative AI market size (in terms of revenue) will expand to US\$1 trillion in 2032, compared with US\$40 billion in 2022, showing a skyrocketing trend, and the CAGR of the Generative AI market will be as high as 42% in this decade. According to the "2023 China AIGC Industry Development Research Report" (2023年中國AIGC行業發展研究報告) released by iMedia Research, the core market size of China's AIGC industry is expected to be RMB7.9 billion in 2023, and will amount to RMB276.7 billion in 2028, with a CAGR of 103%. Moreover, the efforts to boost domestic demand and stimulate consumer spending will bring favorable trends for our clients. 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, and improving financing support policies and systems. 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.



Leading 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. Our MaaS model deeply binds the cloud-native platform with the LLM, enabling the models to be easily deployed across different business scenarios, and realizing fast calls to help institutions complete the closed-loop information flow. Meanwhile, our BaaS model applies the smart voice products developed from the Generative AI technology to smart interaction scenes, which can provide four capabilities of natural-language understanding, multiple rounds of dialogue, language processing, and text generation, namely “listening, speaking, reading and writing”, which are applicable to new user marketing, user revitalization and smart operation. During the Reporting Period, we mainly focused on the research and development of cloud computing, AutoML/deep learning, LLM/Transformer, NLP, privacy computing and other proprietary and cutting-edge technologies, and we have optimised efficient base tools suitable for specific business scenarios, such as automatic machine learning platform ORCA, BR-LLM, AI Chatbot, and privacy computing platform Indra, improving our products performance and enabling efficient upgrade of our businesses. In terms of the integration of large language model and automatic machine learning platform, as well as smart voice, the newly developed ORCA-GPT can use the code generation capability of BR-LLM to consolidate ORCA bottom layer and innovatively realize the automatic transformation and deployment of intelligent analysis models across programming languages and frameworks, greatly reducing the cycle and cost of model product development and deployment. Our trained Chinese language model ranks 25th in the test rankings of C-EVAL, a comprehensive Chinese language model evaluation suite that includes 52 different disciplines and four difficulty levels, released in July 2023. Our model encompasses approximately 100 million high-quality Chinese training data tokens, and has successfully passed the comprehensive tests of C-EVAL by demonstrating excellent performance in STEM, social sciences, and humanities subjects. This achievement provides strong technical support for further exploration of the specific applications of Generative AI technology in the vertical scenario. Our self-developed artificial intelligence voice robot (AI Chatbot) integrates natural language processing (NLP), automatic speech recognition (ASR), text-to-speech (TTS), voice activity detection (VAD) and other technologies, which can accurately recognize human language and provide millisecond-level voice interaction and feedback with extremely high accuracy. In order to explore the landing opportunities of cutting-edge AI technology more quickly, we have established the new X Dynamics department, which will lead the AI Lab and business departments together to promote the continuous progress of our entire group in the era of AI 2.0. As of June 30, 2023, the Company has accumulated 209 patents and software copyrights, covering machine learning, privacy computing, smart voice interaction, etc..



Business Review (Continued)

MaaS (Model as a service)

Our MaaS business, corresponding to the presentation of our “smart analytics” business within our previous “smart analytics and operation services” business category, and its application scenarios including credit, insurance, wealth management, etc. MaaS mainly provides institutions with evaluation products such as anti-fraud evaluation and loan intention evaluation, as well as user profile products such as marketing intention and qualification verification, which are integrated into customized modules, and supplied to clients from institutions on our highly efficient Discriminant AI-powered MaaS cloud platform. Our clients will conduct KYC (know your customers) and KYP (know your products) assessment of users by freely accessing various models in accordance with their specific business requirements. Our self-built MaaS cloud platform is secure and reliable, serving over 100 million daily queries with a system stability rate of 99.998%. We also provide our clients with customized solutions by assigning our expert teams to conduct on-site interviews and research in order to gain down-to-earth understandings of business scenarios. Our MaaS business charges service fees based on call volumes, or consulting fees based on solutions provided.

For the six months ended June 30, 2023, our MaaS business reported revenue growth of 24% period-over-period to approximately RMB431.13 million. During the Reporting Period, the number of Key Clients reached 146, representing an increase of 14 from 132 period-over-period, while average revenue per Key Client grew by 11% period-over-period to RMB2.43 million from RMB2.19 million in the corresponding period of the previous year. The Key Client retention rate of our MaaS business has further increased to 98%.

Key metrics of MaaS

	Six months ended June 30,		
	2023	2022	Change (%)
	(RMB in thousands, except percentages)		
Revenue from MaaS	431,134	346,991	24
Revenue from Key Clients	355,246	288,389	23
Number of Key Clients	146	132	11
Average revenue per Key Client	2,433	2,185	11
Retention rate of Key Clients	98%	96%	+2 pct

Note: “Key Clients” are defined as paying clients that each contributes more than RMB300,000 total revenue to the Company year-to-date.



BaaS (Business as a service)

Our BaaS business aims to improve the efficiency of asset operations using AI technologies, and can achieve large-scale reuse across different segments, such as traditional banking, insurance, wealth management, consumer finance, and inclusive finance, etc. The BaaS business bases on our leading Discriminant AI capabilities to perform predictive analysis over the target customers of institutions and stratify them into groups, automatically match marketing strategies, and leverage the intelligent interaction capabilities of Generative AI for execution of strategies. This business will approach users via a combination of our AI Chatbot, Short Message Service (SMS), operator services, or other mixed methods, during which our models and interaction scripts will automatically upgrade in real time. As a result, various institutions are empowered to reactivate existing users, while acquiring new users to translate into revenue. Currently, the BaaS business mainly serves two scenarios, including Financial Scenario and Insurance Scenario, and charges a technical service fee or commission based on the gross transaction values.

BaaS – Financial Scenario

The BaaS – Financial Scenario includes original smart operation and precision marketing business, covering specific business scenarios, such as retail credit, small and micro credit, wealth management and leasing e-commerce. Based on the cumulative advantages of MaaS 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 the new customer marketing, by building our own brand recognition, Bairong continues 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 combining C-end with B-end, 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 operation of existing customers, with the BaaS – Financial Scenario as the cornerstone, the smart operation platform can be used to 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 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 fee based on the gross transaction values.

For the six months ended June 30, 2023, our BaaS – Financial Scenario business reported revenue growth of 55% period-over-period to RMB492.10 million. As a result of a rapid growing gross transaction values, which grew by 72% period-over-period to RMB21.26 billion for the first half of the year. During the Reporting Period, we deepened our cooperation with clients by jointly developing various marketing activities 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 self-owned users in combination with our technical advantages powered by Generative AI, thereby generating a higher level of ROI.



Business Review (Continued)

Key metrics of BaaS – Financial Scenario

	Six months ended June 30,		
	2023	2022	Change (%)
	(RMB in thousands, except percentages)		
Revenue from BaaS – Financial Scenario	492,095	316,862	55
Gross transaction value	21,262,052	12,367,135	72
Technical service fee rate	2.31%	2.56%	-0.25 pct

BaaS – Insurance Scenario

Our Insurance Scenario corresponds to the original insurance distribution services, namely Liming Insurance Brokerage. We operate over 100 branches in more than 30 cities, and efficiently supported over 5,800 insurance brokers 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. We charge commission fees according to the premium volume that we generated.

In the first half of 2023, the Insurance Scenario reported revenue growth by 14% period-over-period to RMB319.80 million. Total premiums increased by 59% period-over-period to RMB1,597.40 million. In the first half of 2023, first year premiums increased by 76% period-over-period to RMB939.75 million. Renewal premiums increased by 40% period-over-period to RMB657.65 million. The persistency rate of life insurance premiums continued to exceed 90%, ranking among the top in the industry.

Key metrics of BaaS – Insurance Scenario

	Six months ended June 30,		
	2023	2022	Change (%)
	(RMB in thousands, except percentages)		
Revenue from BaaS – Insurance Scenario	319,803	281,328	14
Revenue from first year premiums	270,236	230,583	17
First year premiums	939,753	534,499	76
Revenue from renewal premiums	49,567	50,745	-2
Renewal premiums	657,650	470,936	40



In the second half of 2023, we will adhere to our “client-centric” belief and improve client trust to maintain the high Key Client retention rate of our cornerstone business MaaS, as well as our stable profitability and revenue growth. We will also grasp the emerging business opportunities brought by AIGC to vigorously develop the second growth curve. By leveraging our Generative AI and Discriminant AI technological capabilities, as well as our accumulated industry-specific experiences, we will extend application scenarios, develop customized products and solutions, and enhance our business penetration amongst individual clients.

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

Wealth management: According to the “Bank of China Personal Finance Asset Global Allocation White Paper 2022” (2022中國銀行個人金融全球資產配置白皮書), the share of real estate in residents’ asset portfolios has dropped from previously nearly 80% to around 62%, and the share of wealth management products has been increasing year by year. We will leverage our strengths in AI Chatbot, data analytics and precise matching to assist Chinese wealth management products providers with their user insight and operation, user asset planning and allocation, and user investment strategy education. We will provide one-stop solutions covering data, models, strategies, systems, content, channel operations, and information iteration, aiming to deliver improved wealth management performance, and realize joint development of C-end customers, B-end institutions, and technology companies.

Inclusive finance: The “14th Five-Year Plan” calls for the utilization of data and 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. We will leverage Generative AI and Discriminant AI technology capabilities to create a turnkey service system of financial products for small and micro enterprises. This system will serve as a bridge for fund circulation between financial institutions and small and micro enterprises. We aim to provide financing services for small and micro enterprises under industrial finance and enterprise supply chains scenarios. Additionally, we will carry out scientific management that uses digital and intelligent technologies throughout the entire lifecycle of credit business for small and micro enterprises.

AI technology innovations: A new round of technological and industrial revolution triggered by AIGC technology is accelerating. With its high degree of digitalization and rich accumulation of valuable information, the financial sector is expected to become one of the vertical fields where AIGC can be firstly applied. We will continuously invest in LLM, Blockchain, big data, cloud computing, AI underlying algorithms such as transformer, model performance tuning and complex neural networks, and technology tools such as Chatbot, NLP, AutoML, deep learning and privacy computing. The emerging technology brings tremendous opportunities for finance technology applications, and the trend is sweeping through Hong Kong, Singapore and many other global financial centres. We will capture the industry opportunities by leveraging our technological capabilities and service advantages to expand our global presence and enhance relationships with local partners.



Management Discussion and Analysis

	Six months ended June 30,	
	2023	2022
	(Unaudited)	(Unaudited)
	(RMB in thousands)	
REVENUE		
MaaS	431,134	346,991
BaaS	811,898	598,190
BaaS – Financial Scenario	492,095	316,862
BaaS – Insurance Scenario	319,803	281,328
Total revenue	1,243,032	945,181
Cost of sales	(346,998)	(267,600)
Gross profit	896,034	677,581
Other income	105,009	95,355
Research and development expenses	(202,066)	(159,946)
General and administrative expenses	(123,984)	(132,532)
Sales and marketing expenses	(460,684)	(388,436)
Impairment loss	(2,579)	(9)
Profit from operations	211,730	92,013
Finance income	2,842	3,773
Finance costs	(7,579)	(6,270)
Profit before taxation	206,993	89,516
Income tax (expense)/benefit	(185)	3,854
Profit for the period	206,808	93,370
Attributable to:		
Equity shareholders of the Company	205,251	98,925
Non-controlling interests	1,557	(5,555)
Total comprehensive income for the period	206,808	93,370



Management Discussion and Analysis (Continued)

Revenue

Our total revenue increased by 32% from RMB945.18 million for the six months ended June 30, 2022 to RMB1,243.03 million for the six months ended June 30, 2023, primarily attributable to industry growth and our enhanced capabilities of providing products and services.

Our revenue from MaaS increased by 24% from RMB346.99 million for the six months ended June 30, 2022 to RMB431.13 million for the six months ended June 30, 2023, primarily attributable to 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 55% from RMB316.86 million for the six months ended June 30, 2022 to RMB492.10 million for the six months ended June 30, 2023, primarily attributable to the increase in gross transaction values, which is because of economy recovery and the conversion efficiency improved as self-owner users were effective and new users acquired efficiently.

Our revenue from the Insurance Scenario of our BaaS services increased by 14% from RMB281.33 million for the six months ended June 30, 2022 to RMB319.80 million for the six months ended June 30, 2023, primarily attributable to the 59% increase on total insurance premiums we generated, as we invested in technology and professional training to support our brokers' productivity coupled with the recovery of the insurance industry alongside that of the economy.

Cost of sales

The cost of sales increased by 30% from RMB267.60 million for the six months ended June 30, 2022 to RMB347.00 million for the six months ended June 30, 2023, primarily attributable to an increase of RMB11.11 million in analytics service costs, and an increase of RMB49.13 million in insurance brokerage commission costs, in line with the growth of our business scale.

Gross profit and gross margin

As a result of the foregoing, the Group's gross profit increased by 32% from RMB677.58 million for the six months ended June 30, 2022 to RMB896.03 million for the six months ended June 30, 2023. The Group's gross margin was 72% for both the six months ended June 30, 2023 and 2022.

Research and development expenses

The Group's research and development expenses increased by 26% from RMB159.95 million for the six months ended June 30, 2022 to RMB202.07 million for the six months ended June 30, 2023, primarily attributable to the increase in the staff costs of our research and development personnel to support product offerings and technology development about various AI application technology, algorithm-driven machine learning platform and underlying database performance.



Management Discussion and Analysis (Continued)

General and administrative expenses

The Group's general and administrative expenses decreased by 6% from RMB132.53 million for the six months ended June 30, 2022 to RMB123.98 million for the six months ended June 30, 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 19% from RMB388.44 million for the six months ended June 30, 2022 to RMB460.68 million for the six months ended June 30, 2023, primarily due to an increase of RMB82.57 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 promotional efforts to obtain high-quality traffic to improve conversion efficiency.

Other income

Our net other income increased by 10% from RMB95.36 million for the six months ended June 30, 2022 to RMB105.01 million for the six months ended June 30, 2023. This is primarily due to (1) an increase of RMB30.71 million of government grants; (2) an increase of RMB14.18 million in the interest income from time deposits and fair value change and gains from our other investments which were mainly include certain low-risk wealth management products; (3) the foreign exchange loss of RMB1.65 million for the six months ended June 30, 2023 compared with the foreign exchange gains of RMB30.60 million for the six months ended June 30, 2022, which was due to the variance from the appreciation of USD against RMB affected by macro environment.

Profit for the period

As a result of the foregoing, the Group's profit for the period increased from RMB93.37 million for the six months ended June 30, 2022 to RMB206.81 million for the six months ended June 30, 2023.

Non-IFRS Measures

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

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

Management Discussion and Analysis (Continued)



We define non-IFRS profit as profit for the period, 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 our non-IFRS profit for the six months ended June 30, 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 period:

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

	Six months ended June 30,	
	2023	2022
	(unaudited)	(unaudited)
	(RMB in thousands)	
Profit for the period	206,808	93,370
Add		
Share-based compensation ⁽¹⁾	20,039	32,542
Non-IFRS profit for the period	226,847	125,912



Management Discussion and Analysis (Continued)

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

	Six months ended June 30,	
	2023 (unaudited)	2022 (unaudited)
	(RMB in thousands)	
Profit for the period	206,808	93,370
Add		
Finance income	(2,842)	(3,773)
Finance costs	7,579	6,270
Income tax expense/(benefit)	185	(3,854)
Depreciation	31,255	38,984
Amortization	4,620	4,878
EBITDA	247,605	135,875
Add		
Share-based compensation ⁽¹⁾	20,039	32,542
Non-IFRS EBITDA	267,644	168,417

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.

Liquidity and source of funding and borrowing

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

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

As at June 30, 2023, the Group had bank loans of approximately RMB73.00 million, which are all repayable within one year.



Management Discussion and Analysis (Continued)

Cash and cash equivalent and time deposits

The Group had cash and cash equivalents and time deposits of RMB2,756.67 million and RMB3,010.86 million as at June 30, 2023 and December 31, 2022, respectively.

Significant Investments

The Group did not make or hold any significant investments during the six months ended June 30, 2023.

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

Material acquisitions and disposals

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies during the six months ended June 30, 2023.

Pledge of assets

The Group had not pledged any of our assets as at June 30, 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, the Group did not have detailed future plans for material investments or capital assets.

Gearing ratio

As at June 30, 2023, the Group’s gearing ratio (i.e. total liabilities divided by total assets) was 0.16 (as at December 31, 2022: 0.18).

Foreign exchange exposure

During the six months ended June 30, 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 June 30, 2023, except for the bank deposits and investments denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations. The Group 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 June 30, 2023.

Capital commitment

The Group had no material capital commitment as at June 30, 2023.



Management Discussion and Analysis (Continued)

Employees and remuneration

As at June 30, 2023, the Group had a total of 1,364 employees. The following table sets forth the total number of employees by function as of June 30, 2023:

Function	As at June 30, 2023
Sales and marketing	330
Research and marketing	635
Customer service	177
General administration	222
Total	1,364

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 six months ended June 30, 2023 was RMB355.64 million, as compared to RMB334.57 million for the six months ended June 30, 2022.

The Company has adopted the 2021 ESOP and the Share Award Scheme to incentivize employees.

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

Dividends

The Board did not recommend the distribution of an interim dividend for the six months ended June 30, 2023.



Weighted voting rights

The Company is controlled through weighted voting rights. Under this structure, the Shares comprise Class A Shares and Class B Shares. Each Class A Share entitles the holder to exercise 10 votes, and each Class B Share entitles the holder to exercise one vote, on any resolution tabled at the Company's general meetings, except for resolutions with respect to the Reserved Matters, in relation to which each Share is entitled to one vote.

The WVR structure enables the WVR Beneficiary to exercise voting control over the Company notwithstanding that the WVR Beneficiary does not hold a majority economic interest in the share capital of the Company. This will enable the Company to benefit from the continued vision and leadership of the WVR Beneficiary who will control the Company with a view to its long-term prospects and strategy.

Investors are advised to be aware of the potential risks of investing in companies with a WVR structure, in particular that the interests of the WVR Beneficiary may not necessarily always be aligned with those of our Shareholders as a whole, and that the WVR Beneficiary will be in a position to exert significant influence over the affairs of our Company and the outcome of Shareholders' resolutions, irrespective of how other Shareholders vote. Investors should make the decision to invest in the Company only after due and careful consideration.

As at June 30, 2023 Mr. Zhang, the WVR Beneficiary, is interested in 79,914,181 Class A Shares, representing approximately 65.36% of the voting rights in the Company, and entitled to control 19,385,434 Class B Shares representing approximately 1.59% of the voting rights in the Company with respect to shareholder resolutions relating to matters other than the Reserved Matters. The Class A Shares are held by Genisage Tech Inc., which is wholly owned by Genisage Holdings Limited. The entire interest in Genisage Holdings Limited is held through a trust which was established by Mr. Zhang (as settlor) for the benefit of himself and his family.

Class A Shares may be converted into Class B Shares on a one to one ratio. As at June 30, 2023, should all the issued and outstanding Class A Shares be converted into Class B Shares, the Company will issue 79,914,181 Class B Shares, representing approximately 18.86% of the total number of issued and outstanding Class B Shares or 15.87% of the issued Shares.

The weighted voting rights attached to Class A Shares will cease when the WVR Beneficiary has no beneficial ownership of any of the Class A Shares, in accordance with 8A.22 of the Listing Rules. This may occur:

- (i) upon the occurrence of any of the circumstances set out in Rule 8A.17 of the Listing Rule, in particular where the WVR Beneficiary is: (1) deceased; (2) no longer a member of our Board; (3) deemed by the Stock Exchange to be incapacitated for the purpose of performing his duties as a director; or (4) deemed by the Stock Exchange to no longer meet the requirements of a director set out in the Listing Rules;



Corporate Governance (Continued)

- (ii) when Class A Shareholders have transferred to another person the beneficial ownership of, or economic interest in, all of the Class A Shares or the voting rights attached to them, other than in the circumstances permitted by Rule 8A.18 of the Listing Rule;
- (iii) where a vehicle holding Class A Shares on behalf of a WVR Beneficiary no longer complies with Rule 8A.18(2) of the Listing Rule; or
- (iv) when all of the Class A Shares have been converted to Class B Shares.

Compliance with the Corporate Governance Code

Save as disclosed below, the Company had complied with the applicable code provisions set out in the Corporate Governance Code during the Reporting Period.

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 performs both the roles of chairperson of the Board and the chief executive officer of the Company. Mr. Zhang is the founder of the Group and has extensive experience in the business operations and management of the Group. The Board believes that vesting the roles of both chairperson and chief executive officer to Mr. Zhang has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning. This structure will enable our Company to make and implement decisions promptly and effectively.

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

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the latest version of the CG Code.

Compliance with the Model Code for Securities Transactions by Directors

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

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

Board committees

The Board has established four committees, namely, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee, for overseeing particular aspects of the Company's affairs. Each of these committees is established with defined written terms of reference. The terms of reference of the Board committees are available on the websites of the Company and the Stock Exchange.

Audit committee

The Company has established an Audit Committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code.

The primary duties of the Audit Committee are to review and supervise the financial reporting process and the risk management and internal control systems of the Group, review and approve connected transactions and provide advice and comments to the Board.

The Audit Committee comprises one non-executive Director, being Mr. Bai Linsen, and two independent non-executive Directors, being Mr. Zhou Hao and Professor Chen Zhiwu, with Mr. Zhou Hao (being our independent non-executive Director with the appropriate professional qualifications) as the chairperson of the Audit Committee.

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended June 30, 2023 and has met the independent auditor of the Company, 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.

Other Board Committees

In addition to the Audit Committee, the Company has also established the Nomination Committee, the Remuneration Committee and the Corporate Governance Committee.

Corporate Governance Committee

The Company has established the Corporate Governance Committee in compliance with Rule 8A.30 of the Listing Rules and the Corporate Governance Code.

The primary duties of the Corporate Governance Committee are to ensure that the Company is operated and managed for the benefit of all Shareholders and to ensure the Company's compliance with the Listing Rules and safeguards relating to the WVR structure of the Company.

The Corporate Governance Committee comprises of three independent non-executive Directors, namely Professor Chen Zhiwu, Professor Guo Yike (who subsequently resigned with effect from August 22, 2023 and was replaced by Dr. Li Yao) and Mr. Zhou Hao. Professor Chen Zhiwu is the chairperson of the Corporate Governance Committee.



Corporate Governance (Continued)

The following is a summary of work performed by the Corporate Governance Committee during the six months ended June 30, 2023:

- Reviewed the policies and practices of the Company on corporate governance and on compliance with legal and regulatory requirements. The policies reviewed include Code for Securities Transactions by Directors and Relevant Employees, board diversity policy, shareholders' communication policy, procedures for nomination of director by shareholders, disclosure of information policy, connected transactions policy and whistle-blowing policy, dividend policy and other corporate governance policies.
- Reviewed the Company's compliance with the Corporate Governance Code and the deviation(s) from code provision C.2.1 of the Corporate Governance Code and the Company's disclosure for compliance with Chapter 8A of the Listing Rules.
- Reviewed the remuneration, the terms of engagement and the re-appointment of the Compliance Advisor.
- Reviewed and monitored the management of conflicts of interests between the Group/the Shareholders on one hand and the WVR Beneficiary on the other.
- Reviewed and monitored all risks related to the weighted voting rights structure, including connected transactions between the Group/the Shareholders on one hand and the WVR Beneficiary on the other.
- Reviewed the arrangements for the training and continuous professional development of Directors and senior management (in particular, Chapter 8A of the Listing Rules and knowledge in relation to risks relating to the weighted voting rights structure).
- Reviewed and confirmed that the WVR Beneficiary has been member of the Board throughout the six months ended June 30, 2023 and no matters under Rule 8A.17 of the Listing Rules have occurred during the six months ended June 30, 2023, and has complied with Rules 8A.14, 8A.15, 8A.18 and 8A.24 of the Listing Rules throughout the six months ended June 30, 2023.
- Sought to ensure effective and on-going communication between the Company and its Shareholders, particularly with regards to the requirements of Rule 8A.35 of the Listing Rules.
- Reported on the work of the Corporate Governance Committee covering all areas of its terms of reference.

The graphic features two 3D isometric illustrations on a light blue background. The left illustration shows a person standing next to a large screen displaying data, with a globe above it. The right illustration shows a person sitting at a desk with a laptop, surrounded by various icons representing business and technology. The text "Corporate Governance (Continued)" is written in a bold, blue font across the middle of the graphic.

Corporate Governance (Continued)

The Corporate Governance Committee has confirmed to the Board it is of the view that the Company has adopted sufficient corporate governance measures to manage potential conflicts of interest between the Group and the WVR Beneficiary in order to ensure that the operations and management of the Company are in the interests of the Shareholders as a whole indiscriminately. These measures include the Corporate Governance Committee (a) reviewing and monitoring each transaction contemplated to be entered into by the Group and making a recommendation to the Board on any matter should there be/where there is a potential conflict of interest between the Group and/or the Shareholders and the WVR Beneficiary, and (b) ensuring that (i) any connected transactions are disclosed and dealt with in accordance with the requirements of the Listing Rules, (ii) their terms are fair and reasonable and in the interest of the Company and its Shareholders as a whole, (iii) any directors who have a conflict of interest should abstain from voting on the relevant board resolution, and (iv) the Compliance Adviser is consulted on any matters relating to transactions involving the WVR Beneficiary or a potential conflict of interest between the Group and/or the Shareholders and the WVR Beneficiary. The Corporate Governance Committee recommended the Board to continue the implementation of these measures and to periodically review their efficacy towards these objectives.

The Corporate Governance Committee has confirmed that (i) the WVR beneficiaries have been members of the Board throughout the Reporting Period; (ii) no matter under Rule 8A.17 has occurred during the Reporting Period; and (iii) the WVR Beneficiaries have complied with Rules 8A.14, 8A.15, 8A.18 and 8A.24 of the Listing Rules during the Reporting Period.

The Corporate Governance Committee has reviewed the remuneration and terms of engagement of the Compliance Adviser, and confirmed to the Board that it is not aware of any factors that would require it to consider either the removal of the current Compliance Adviser or the appointment of a new compliance adviser. As a result, the Corporate Governance Committee recommended that the Board retain the services of the Compliance Adviser.



Other Information

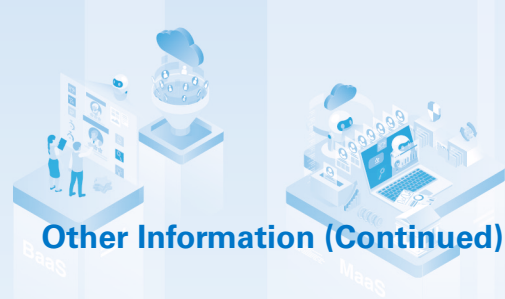
Directors' and chief executives' interests and short positions in shares and underlying shares and debentures of the Company or any of its associated corporations

As at June 30, 2023, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code, to be notified to our Company and the Stock Exchange are set out below:

Name	Nature of interest	Number of Shares	Approximate % of interest in each class of share ⁽¹⁾
Mr. Zhang ⁽²⁾	Founder of a trust	79,914,181 Class A Shares	100.00%
	Interest in a controlled corporation	15,000,000 Class B Shares	3.54%
	Founder of a trust	4,385,434 Class B Shares	1.04%
	Beneficial owner	1,746,000 Class B Shares	0.41%
Ms. Zhao Jing ⁽³⁾	Beneficial owner	1,670,880 Class B Shares	0.39%
Mr. Bai Linsen	Interest in a controlled corporation	5,907,745 Class B Shares	1.39%

Notes:

- (1) The calculation is based on the total number of 79,914,181 Class A Shares and 423,610,908 Class B Shares in issue as at June 30, 2023.
- (2) This includes 79,914,181 Class A Shares held by Genisage Tech Inc., and 15,000,000 Class B Shares held by GeniAI Tech Ltd., 4,385,434 Class B Shares held by Genisage Tech Inc. and 1,746,000 underlying shares. Genisage Tech Inc. is wholly owned by Genisage Holdings Limited. The entire interest in Genisage Holdings Limited is held through a trust which was established by Mr. Zhang (as settlor) for the benefit of himself and his family. GeniAI Tech Ltd. is wholly owned by RongXing Trust, which is managed by Mr. Zhang and two employees. Mr. Zhang is deemed to be interested in the Class B Shares held by GeniAI Tech Ltd.. Such underlying shares are the relevant shares that may be allotted and issued Class B Shares to him upon fully exercise of all the options granted to him under the 2021 ESOP.
- (3) This includes 341,880 Class B Shares and 1,329,000 underlying shares. Such underlying shares including (i) 678,000 options which are the relevant shares that may be allotted and issued Class B Shares to her upon fully exercise of all the options granted to her under the 2021 ESOP, and (ii) 651,000 award shares which are the relevant shares that may be allotted and issued Class B Shares to her upon fully exercise of all the right granted to her under the Share Award Scheme.



Other Information (Continued)

Substantial shareholders' interests and short positions in shares and underlying shares

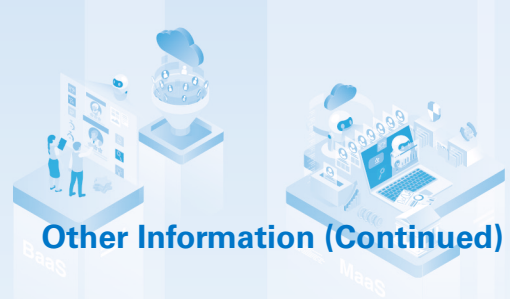
As at June 30, 2023, the following persons (other than the Directors and chief executives whose interests have been disclosed in this interim report) had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company, pursuant to section 336 of the SFO:

Name	Capacity/Nature of interest	Number of Shares	Approximate
			% of interest in each class of share ⁽¹⁾
Class A Shares			
Genisage Tech Inc. ⁽²⁾	Beneficial owner	79,914,181 (L)	100.00%
Genisage Holdings Limited ⁽²⁾	Interest in controlled corporations	79,914,181 (L)	100.00%
TMF (Cayman) Ltd. ⁽²⁾	Trustee	79,914,181 (L)	100.00%
Mr. Zhang ⁽²⁾	Founder of a trust	79,914,181 (L)	100.00%
Class B Shares			
HH BR-I Holdings Limited ⁽³⁾	Beneficial owner	38,333,860 (L)	9.05%
Tianjin GLTC Enterprise Management Consultation, L.P. ⁽³⁾	Interest in controlled corporations	38,333,860 (L)	9.05%
Zhuhai Gaoling Tiancheng Investment Management Co., Ltd. ⁽³⁾	Interest in controlled corporations	38,333,860 (L)	9.05%
CRF Summit Investment Limited ⁽⁴⁾	Interest in controlled corporations	28,170,780 (L)	6.65%
Tianjin Shenghuatianxi Enterprise Management Partnership L.P. ⁽⁴⁾	Interest in controlled corporations	28,170,780 (L)	6.65%
Xinjiang Guoxin Equity Investment Management Co., Ltd. ⁽⁴⁾	Interest in controlled corporations	44,571,580 (L)	10.52%
China Reform Fund Management (Group) Co., Ltd. ⁽⁴⁾	Interest in controlled corporations	44,571,580 (L)	10.52%
China Reform Fund Management Co., Ltd. ⁽⁴⁾	Interest in controlled corporations	44,571,580 (L)	10.52%
China Reform Holdings Co., Ltd. ⁽⁴⁾	Interest in controlled corporations	44,571,580 (L)	10.52%
Max Elegant Limited ⁽⁵⁾	Beneficial owner	25,597,545 (L)	6.04%
Tianjin Sequoia Huanrong Enterprise Management Consulting Center L.P. ⁽⁵⁾	Interest in controlled corporations	25,597,545 (L)	6.04%
Beijing Sequoia Xinyuan Equity Investment Partnership (L.P.) ⁽⁵⁾	Interest in controlled corporations	25,597,545 (L)	6.04%



Other Information (Continued)

Name	Capacity/Nature of interest	Approximate	
		Number of Shares	% of interest in each class of share ⁽¹⁾
Hangzhou Sequoia Heyuan Equity Investment Partnership (L.P.) ⁽⁵⁾	Interest in controlled corporations	25,597,545 (L)	6.04%
Shanghai Zhexuan Investment Partnership (L.P.) ⁽⁵⁾	Interest in controlled corporations	25,597,545 (L)	6.04%
Shanghai Zheyou Investment Partnership (L.P.) ⁽⁵⁾	Interest in controlled corporations	25,597,545 (L)	6.04%
Sequoia Capital Equity Investment Management (Tianjin) Limited ⁽⁵⁾	Interest in controlled corporations	25,597,545 (L)	6.04%
Mr. Zhou Kui ⁽⁵⁾	Interest in controlled corporations	25,597,545 (L)	6.04%
Qianhai Golden Bridge IV LP ⁽⁶⁾	Beneficial owner	23,770,335 (L)	5.61%
Qianhai Golden Bridge Management Ltd. ⁽⁷⁾	Interest in controlled corporations	23,770,335 (L)	5.61%
Qianhai Golden Bridge Co., Ltd. ⁽⁶⁾	Interest in controlled corporations	23,770,335 (L)	5.61%
Mr. Wang Haipeng ⁽⁶⁾	Interest in controlled corporations	23,770,335 (L)	5.61%
深圳中金前海伯樂四號基金中心(有限合伙) ⁽⁶⁾	Interest in controlled corporations	23,770,335 (L)	5.61%
CICC Qianhai Development (Shenzhen) Fund Management Co., Ltd ⁽⁶⁾	Interest in controlled corporations	23,770,335 (L)	5.61%
CICC Capital Management Co., Ltd. ⁽⁶⁾	Interest in controlled corporations	23,770,335 (L)	5.61%
China International Capital Corporation Limited ⁽⁶⁾	Interest in controlled corporations	28,061,835 (L) 4,311,000 (S)	6.62% 1.02%
Wu Capital Limited ⁽⁷⁾	Beneficial owner	24,314,910 (L)	5.74%
Zodiac Elements Limited ⁽⁷⁾	Interest in controlled corporations	24,314,910 (L)	5.74%
Aureate Kirin Limited ⁽⁷⁾	Interest in controlled corporations	24,314,910 (L)	5.74%
TMF (Cayman) Ltd. ⁽⁷⁾	Trustee	27,622,635 (L)	6.52%
Ms. Cai Xinyi ⁽⁷⁾	Founder of a trust	24,314,910 (L)	5.74%



Notes:

- (1) The calculation is based on the total number of 79,914,181 Class A Shares and 423,610,908 Class B Shares in issue as at June 30, 2023. The letter "L" stand for long position, while the letter "S" for short position.
- (2) Genisage Tech Inc. is wholly-owned by Genisage Holdings Limited. The entire interest in Genisage Holdings Limited is indirectly held through TMF (Cayman) Ltd., which is the trustee of a trust which was established by Mr. Zhang (as settlor) for the benefit of himself and his family. Therefore Mr. Zhang is deemed to hold interests in Genisage Tech Inc..
- (3) HH BR-I Holdings Limited is wholly-owned by Tianjin GLTC Enterprise Management Consultation, L.P.. The general partner of Tianjin GLTC Enterprise Management Consultation, L.P. is Zhuhai Gaoling Tiancheng Investment Management Co., Ltd..
- (4) CRF Summit Investment Limited is wholly-owned by Tianjin Shenghuatianxi Enterprise Management Partnership L.P. and Waterdrop Investment Limited is indirect wholly-owned by Tianjin Zhonghetianxi Enterprise Management Partnership L.P., with Xinjiang Guoxin Equity Investment Management Co., Ltd. being their sole management company. Xinjiang Guoxin Equity Investment Management Co., Ltd. is wholly-owned by China Reform Fund Management Co., Ltd., with China Reform Fund Management (Group) Co., Ltd. being its largest single shareholder. China Reform Fund Management (Group) Co., Ltd. is wholly-owned by China Reform Holdings Co., Ltd..
- (5) Max Elegant Limited is controlled by Tianjin Sequoia Huanrong Enterprise Management Consulting Center L.P., whose general partner is Sequoia Capital Equity Investment Management (Tianjin) Limited, which is owned by Mr. Zhou Kui (周逵) as to 70%. Tianjin Sequoia Huanrong Enterprise Management Consulting Center L.P. which is indirect owned by Beijing Sequoia Xinyuan Equity Investment Partnership (L.P.) as to 99.99%. Beijing Sequoia Xinyuan Equity Investment Partnership (L.P.) is owned by Hangzhou Sequoia Heyuan Equity Investment Partnership (L.P.) as to 33.85% and indirectly wholly-owned by Shanghai Zheyou Investment Partnership (L.P.) as a general partner. Hangzhou Sequoia Heyuan Equity Investment Partnership (L.P.) is indirectly wholly-owned by Shanghai Zhexuan Investment Partnership (L.P.) as a general partner. Shanghai Zheyou Investment Partnership (L.P.) and Shanghai Zhexuan Investment Partnership (L.P.) are indirectly wholly-owned by Sequoia Capital Equity Investment Management (Tianjin) Limited as general partner.
- (6) Qianhai Golden Bridge IV LP is a limited partnership established in the Cayman Islands controlled by Qianhai Golden Bridge Management Ltd., which is indirect wholly-owned by Qianhai Golden Bridge Co., Ltd.. Qianhai Golden Bridge Co., Ltd. is indirect wholly-owned by CICC Qianhai Development (Shenzhen) Fund Management Co., Ltd.. CICC Qianhai Development (Shenzhen) Fund Management Co., Ltd. is indirectly owned by CICC Capital Management Co., Ltd. as to 55%, which is indirect wholly-owned by China International Capital Corporation Limited. Mr. Wang Haipeng is the limited partner of Qianhai Golden Bridge IV LP contributing more than one third of the capital to Qianhai Golden Bridge IV LP. Mr. Wang Haipeng holds the above interest on behalf of 深圳中金前海伯樂四號基金中心(有限合夥).
- (7) Wu Capital Limited is wholly-owned by Zodiac Elements Limited, which is indirect wholly-owned by Aureate Kirin Limited. Aureate Kirin Limited is indirect wholly-owned by TMF (Cayman) Ltd., which is the trustee of a family trust set up by Ms. Cai Xinyi. The increase of TMF (Cayman) Ltd.'s shareholding in the Company is due to an allotment of 3,307,725 shares to Kai Hong Holdings Limited which is wholly owned by TMF (Cayman) Ltd..

Other Information (Continued)

Share Schemes

The Company has three existing share schemes, namely the 2019 ESOP, the 2021 ESOP and the Share Award Scheme, which were all adopted before the effective date of the new Chapter 17 of the Listing Rules on January 1, 2023. The Company will comply with the new Chapter 17 to the extent required by the transitional arrangements for the existing share schemes.

As all awards granted during the Reporting Period will be satisfied by existing Shares, no new Shares may be issued in respect of all options and awards granted during the Reporting Period to eligible participants pursuant to the 2021 ESOP and the Share Award Scheme.

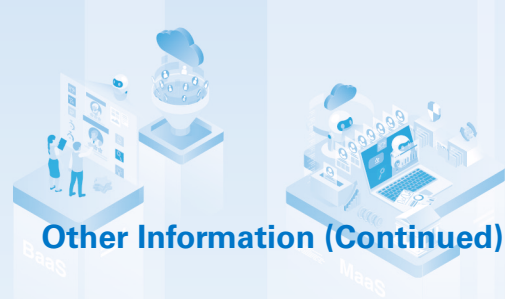
Further, details and relevant breakdowns of each of the share schemes of the Company are set out below:

1. 2019 ESOP

The 2019 ESOP does not involve the grant of any share options after Listing and is not subject to Chapter 17 of the Listing Rules. Further details of the 2019 ESOP are set out in the Prospectus and the 2022 Annual Report.

Details of the outstanding options granted under the 2019 ESOP are as follows:

Name	Role	Date of Grant	Vesting Period ⁽¹⁾	Exercise Price (per Share)	Outstanding as of January 1, 2023	Exercised during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Outstanding as of June 30, 2023	Weighted average closing price of Shares immediately before the date of exercise during the Reporting Period
Directors, chief executive or substantial shareholder										
Zhao Hongqiang ⁽²⁾	Executive Director; Chief Financial Officer	April 1, 2018; August 1, 2019	4 years	RMB0.2	100,000	-	100,000	-	-	-
Zhao Jing	Executive Director; Finance Vice President	November 21, 2018; November 1, 2019	4 years	RMB0.2	85,470	-	-	-	85,470	-



Name	Role	Date of Grant	Vesting Period ⁽¹⁾	Exercise Price (per Share)	Outstanding	Exercised	Lapsed	Cancelled	Outstanding	Weighted average closing price of Shares immediately before the date of exercise during the Reporting Period
					as of January 1, 2023	during the Reporting Period	during the Reporting Period	during the Reporting Period	as of June 30, 2023	
Other grantees in category										
103 Employee Participants in aggregate		January 1, 2016 – March 9, 2021	4 years	RMB0.2	9,610,622	2,612,527	43,750	-	6,954,345	HK\$11.27
18 Service Providers in aggregate		January 1, 2016 – March 9, 2021	4 years	RMB0.2	2,537,845	361,920	-	-	2,175,925	HK\$11.27
Total					12,333,937	2,974,447	143,750	-	9,215,740	

Notes:

- The Committee shall determine the time or times for exercise, including exercise prior to vesting; provided that the term shall not exceed ten years, subject to the terms of the 2019 ESOP and the award agreement signed by the grantee.
- Mr. Zhao Hongqiang has resigned from his position as executive Director and chief financial officer of the Company with effect from May 25, 2023. Accordingly, all his outstanding options under the 2019 ESOP have lapsed immediately upon his resignation taking effect.

2. 2021 ESOP

Maximum number of Shares available for grant

The overall limit on the number of Class B Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2021 ESOP and any other share option schemes of our Company at any time (and to which the provisions of Chapter 17 of the Listing Rules are applicable) must not exceed 30% of the Shares in issue from time to time (the “**Option Scheme Limit**”).

As of January 1, 2023, 28,403,471 options were available for grant under the 2021 ESOP. During the Reporting Period, nil options were granted to eligible participants pursuant to the 2021 ESOP. It follows that, as of June 30, 2023, 30,443,471 options were available for grant under the 2021 ESOP (taking into account options which have lapsed in accordance with the terms of the rules of the 2021 ESOP).

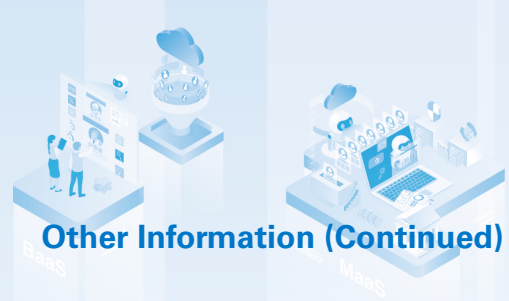
Other Information (Continued)

Details of movements of options granted under the 2021 ESOP during the Reporting Period are as follows:

Name or category of grantees	Date of Grant	Vesting Period ⁽¹⁾	Exercise price	Closing price		Number of our shares underlying options as at January 1, 2023	Number of options granted during the Reporting Period	Number of options exercised during the Reporting Period	Weighted average closing price of the Shares			Number of our shares underlying options as at June 30, 2023
				immediately before the date on which the options were granted	Fair value of options at the date of grant (per option) ⁽²⁾				before the date of exercise	Number of options lapsed during the Reporting Period	Number of options cancelled during the Reporting Period	
Directors, chief executive or substantial shareholder												
Mr. Zhang Shaofeng	December 29, 2021	4 years	HK\$9.602	HK\$9.70	HK\$3.53	1,746,000	-	-	-	-	-	1,746,000
Mr. Zhao Hongqiang ⁽³⁾	December 29, 2021	4 years	HK\$9.602	HK\$9.70	HK\$3.53	2,000,000	-	-	-	2,000,000	-	-
Ms. Zhao Jing	December 29, 2021	4 years	HK\$9.602	HK\$9.70	HK\$3.53	678,000	-	-	-	-	-	678,000
Other grantees in category												
78 Employee Participants in aggregate	December 29, 2021	4 years	HK\$9.602	HK\$9.70	HK\$3.26, HK\$3.53	8,271,500	-	-	-	40,000	-	8,231,500
Total						12,695,500	-	-	-	2,040,000	-	10,655,500

Notes:

- The period within which an option may be exercised is to be determined and notified by the Board to each grantee at the time of making an offer, and shall not expire later than ten years from the date of grant.
- The fair value of options are calculated in accordance with the accounting standards and policies adopted for preparing the Company's financial statements. The methodology and assumptions used was the fair value is measured at grant date using the binomial model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.
- Mr. Zhao Hongqiang has resigned from his position as executive Director and chief financial officer of the Company with effect from May 25, 2023. Accordingly, all his outstanding options under the 2021 ESOP have lapsed immediately upon his resignation taking effect.



Other Information (Continued)

The options granted shall be valid for a period of ten years from the date of grant. The options shall be vested in accordance with the timetable below:

Vesting Date	Percentage of options to vest
December 29, 2023	50% of the total number of options granted
December 29, 2024	25% of the total number of options granted
December 29, 2025	25% of the total number of options granted

Further details of the 2021 ESOP are set out in the 2022 Annual Report and in Note 22 to the unaudited interim financial report.

3. Share Award Scheme

Maximum number of award shares (which can be satisfied by new Shares or existing Shares) available for grant. The maximum aggregate number of Class B Shares underlying all grants made pursuant to the Share Award Scheme shall be 24,764,500 Class B Shares subject to an annual limit of 3% of the total number of issued Shares at the relevant time (the **"Share Award Scheme Limit"**).

As of January 1, 2023, 8,693,000 award shares were available for grant under the Share Award Scheme. During the Reporting Period, 909,500 award shares were granted to eligible participants pursuant to the Share Award Scheme and 1,463,500 award shares were lapsed in accordance with the rules of the Share Award Scheme. As of June 30, 2023, 9,247,000 award shares were available for grant under the Share Award Scheme.

Unvested awards granted. As of June 30, 2023, the Company had awarded a total of 15,517,500 award shares to 136 Selected Participants under the Share Award Scheme.

Details of the unvested award shares granted under the Share Award Scheme for the Reporting Period are as follows:

Name	Date of grant	Vesting period ⁽¹⁾	Purchase price	Unvested award shares as of January 1, 2023 ⁽³⁾	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled/ forfeited during the Reporting Period	Lapsed during the Reporting Period	Unvested award shares as of June 30, 2023 ⁽³⁾	Closing price of Shares immediately before the date of grant during the Reporting Period	Fair value of award shares at the date of grant (per award share) ⁽²⁾	Weighted average closing price of the Share immediately before the date of vesting during the Reporting Period
										(HKD)	(HKD)	(HKD)
Directors, chief executive or substantial shareholder												
Mr. Zhao Hongqiang	December 29, 2021	1.5-4 years	Nil	1,300,000	-	-	-	1,300,000	-	9.70	9.48	-
Ms. Zhao Jing	December 29, 2021	1.5-4 years	Nil	651,000	-	-	-	651,000	-	9.70	9.48	-

Other Information (Continued)

Name	Date of grant	Vesting period ⁽¹⁾	Purchase price	Unvested award shares as of January 1, 2023 ⁽³⁾	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled/ forfeited during the Reporting Period	Lapsed during the Reporting Period	Unvested award shares as of June 30, 2023 ⁽³⁾	Closing price of Shares immediately before the date of grant during the Reporting Period (HKD)	Fair value of award shares at the date of grant (per award share) ⁽²⁾ (HKD)	Weighted average closing price of the Share immediately before the date of vesting during the Reporting Period (HKD)
Other grantees in category												
Top 5 paid individuals in aggregate ⁽³⁾	December 29, 2021 – October 8, 2022	1.5-4 years	Nil	150,000	-	-	-	-	150,000	8.58 to 10.40	8.58 to 10.42	-
125 Employee Participants in aggregate	December 29, 2021 – April 1, 2023	1.5-4 years	Nil	13,792,500	841,000	96,500	-	163,500	14,373,500	8.58 to 12.42	8.58 to 12.42	10.36
6 Service Providers in aggregate	December 29, 2021 – April 1, 2023	1.5-4 years	Nil	178,000	68,500	-	-	-	246,500	8.58 to 12.42	8.58 to 12.42	-
Total				16,071,500	909,500	96,500	-	1,463,500	15,421,000			

Notes:

- Exercise price is not applicable for award shares. The award shares shall be valid for a period of ten years from the date of grant.
- The fair value of award shares are calculated in accordance with the accounting standards and policies adopted for preparing the Company's financial statements. The methodology and assumptions used was the fair value of each RSU at the grant date were determined by reference to the fair value of the ordinary shares of the Group that issued to its shareholders.
- Except for the 9,889,000 award shares granted on December 29, 2021, the remaining award shares will be satisfied by existing shares acquired by trustee(s) of the Company. For further details, please refer to the announcement publish by the Company on December 29, 2021.

Further details of the Share Award Scheme are set out in the 2022 Annual Report and Note 22 to the unaudited interim financial report.

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

During the six months ended June 30, 2023, the Company repurchased a total of 11,928,500 Class B Shares (the "Shares Repurchased") on the Stock Exchange at an aggregate consideration of approximately HK\$124.7 million including expenses. Due to administrative reasons, the outstanding Shares Repurchased of a total of 8,195,500 Class B Shares (after taking into account the portion of Shares Repurchased that were cancelled on March 10, 2023 as disclosed in the 2022 annual results announcement of the Company) are in the process but have not been cancelled as at June 30, 2023. Subsequently, the Company has repurchased a total of 524,500 Class B Shares on the Stock Exchange at an aggregate consideration of approximately HK\$4.8 million including expenses in July 2023. Particulars of the Shares Repurchased during the six months ended June 30, 2023 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
Total	11,928,500			124,729,785

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

In addition, 3,389,000 Class B Shares were purchased by trustees of the Company's share award schemes on market during the six months ended June 30, 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 six months ended June 30, 2023.



Other Information (Continued)

Changes in Information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors since the 2022 Annual Report are set out below:

- Mr. Zhao Hongqiang (趙宏強) resigned as an executive Director with effect from May 25, 2023;
- Professor Guo Yike (郭毅可) resigned as an independent non-executive Director with effect from August 22, 2023; and
- Dr. Li Yao (李耀) has been appointed as independent non-executive director of Yinsheng Digifavor Company Limited (formerly known as NNK Group Limited) (HKEX: 3773) with effect from June 30, 2023. Dr. Li has been appointed as a member of the Nomination Committee and the Corporate Governance Committee of the Company with effect from August 22, 2023.

Save as disclosed above, there were no changes in the information of the Directors that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the 2022 Annual Report.

Interim dividend

The Board does not recommend the distribution of an interim dividend for the six months ended June 30, 2023.

Use of proceeds from the Global Offering

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



Other Information (Continued)

Since the Listing Date and up to June 30, 2023, 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:

	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 June 30, 2023 (RMB million)
Fund business expansion, expand FSP client base and penetrate into existing FSP client base	1,426.68	45%	814.94	253.10	561.84
Enhance efforts in research and development	951.12	30%	697.79	97.34	600.45
Pursue strategic investments and acquisitions 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	–	184.85
Working capital and general corporate purposes	317.03	10%	317.03	–	317.03
Total	3,170.39	100%	2,014.61	350.44	1,664.17

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.



Other Information (Continued)

Contractual Arrangements Qualification requirements

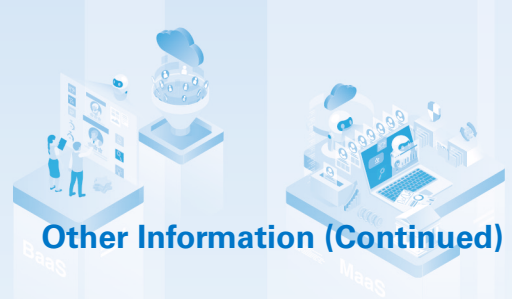
We currently conduct our smart analytics and operation services, precision marketing services and insurance distribution services (the “**Relevant Businesses**”) through our Consolidated Affiliated Entities in the PRC as PRC Laws, or their implementation by relevant government authorities, generally prohibit or restrict foreign ownership in the Relevant Businesses. Currently, PRC Laws restrict foreign ownership of value-added telecommunication services providers (in addition imposing a qualification requirement on the foreign owners).

As a result of the restriction imposed by PRC Laws, we are unable to own or hold any direct equity interest in our Consolidated Affiliated Entities. Accordingly, the term ‘ownership’ or the relevant concept, as applied to our Company in this document, refers to an economic interest in the assets or businesses through the Contractual Arrangements without holding any equity interest in our Consolidated Affiliated Entities. The Contractual Arrangements, through which we are able to exercise control over and derive the economic benefits from our Consolidated Affiliated Entities, are narrowly tailored to achieve our business purpose and minimise the potential for conflict with relevant PRC Laws.

Article 10 of the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises provides that a major foreign investor which invests in a value-added telecommunications business in the PRC must possess prior experience in, and a proven track record of good performance of, operating value-added telecommunications businesses overseas (the “**Qualification Requirements**”). Foreign investors that meet these requirements must obtain approvals from the MIIT which retain discretion in granting such approvals.

The MIIT issued a Guidance Memorandum on the Application Requirements for Establishing Foreign-invested Value-added Telecommunications Enterprises in the PRC (“**Guidance Memorandum**”). According to this Guidance Memorandum, a foreign investor applicant is required to provide, as proof of the satisfaction of the Qualification Requirements, a description of the value-added telecommunications services previously provided by itself or its direct shareholder, supported by, among other things, screenshots of licence and filings previously obtained and websites and apps previously operated, as well as previous telecommunication business licences issued by the relevant local authorities (unless where no licence is required in the relevant jurisdiction). The Guidance Memorandum, however, does not provide any further guidance on the proof, records or documents required to support the proof satisfying the Qualification Requirements.

Notwithstanding the above, we have adopted a specific plan and will continue to expend genuine efforts and financial resources towards meeting the Qualification Requirements. We will remain abreast of any regulatory developments and continuously assess whether we meet the Qualification Requirements, with a view to unwinding the Contractual Arrangements wholly or partially as and when practicable and permissible under the prevailing PRC Laws.



Other Information (Continued)

We are implementing a business plan with a view to building up a track record of overseas telecommunication business operations. We believe that such business plan represents our commitment and a meaningful endeavour to demonstrate compliance with the Qualification Requirements. The Company is in the process of expanding its overseas value-added telecommunications business through its offshore subsidiaries. In particular, we have taken the following concrete steps to ensure compliance with the Qualification Requirements:

- We have registered a number of global top-level domain names (including “brgroup.com”) outside of the PRC, and have constructed an English website that will help potential overseas users to better understand the Company’s services and businesses;
- We have registered a trademark outside of the PRC (namely “百融雲創”) and are in the process of registering a number of overseas trademarks for the promotion of the Company’s services and businesses overseas;
- We have established a subsidiary in Hong Kong (namely Bairong HK Limited) for the purpose of registering and holding overseas intellectual properties, promoting the Company’s services and businesses, and entering into business contracts with offshore counterparties; and
- Through our aforementioned offshore subsidiaries, we have been exploring business opportunities for the Relevant Businesses in overseas markets

The officer from the MIIT also confirmed that the above steps are generally deemed helpful to prove that the Qualification Requirements have been fulfilled. Based on the above, and subject to the discretion of competent authority, our PRC Legal Adviser is of the view that the above steps are generally regarded as relevant and reasonable factors to prove that the Qualification Requirements have been fulfilled.

Further details of the Contractual Arrangements, the risks relating to the Contractual Arrangements, the relevant PRC laws and regulations and the material terms of the Contractual Arrangements are set out in the Prospectus and the 2022 Annual Report.

Material litigation

The Company was not involved in any material litigation or arbitration during the six months ended June 30, 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 Latest Practicable Date.

Important Events after the Reporting Period

Save as disclosed in this interim report, there was no other significant events that might affect the Group after June 30, 2023 and up to the date of publication of this interim report.



Review Report to the Board of Directors

Review report to the Board of Directors of Bairong Inc.

(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 39 to 79 which comprises the consolidated statement of financial position of Bairong Inc. (the “Company”) and its subsidiaries (together the “Group”) as of June 30, 2023 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at June 30, 2023 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

Certified Public Accountants
8th Floor, Prince’s Building
10 Chater Road
Central, Hong Kong
August 22, 2023



Consolidated Statement of Profit or Loss

For the six months ended June 30, 2023 (unaudited)

Expressed in Renminbi ("RMB")

	Note	Six months ended June 30,	
		2023 RMB'000	2022 RMB'000
Revenue	4	1,243,032	945,181
Cost of sales		(346,998)	(267,600)
Gross profit		896,034	677,581
Other income	5	105,009	95,355
Research and development expenses		(202,066)	(159,946)
General and administrative expenses		(123,984)	(132,532)
Sales and marketing expenses		(460,684)	(388,436)
Impairment loss	6(c)	(2,579)	(9)
Profit from operations		211,730	92,013
Finance income	6(a)	2,842	3,773
Finance costs	6(a)	(7,579)	(6,270)
Profit before taxation	6	206,993	89,516
Income tax (expense)/benefit	7	(185)	3,854
Profit for the period		206,808	93,370
Attributable to:			
Equity shareholders of the Company		205,251	98,925
Non-controlling interests		1,557	(5,555)
Profit for the period		206,808	93,370
Earnings per share			
Basic (RMB)	9	0.43	0.21
Diluted (RMB)	9	0.41	0.19

The notes on pages 47 to 79 form part of this interim financial report.



Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2023 (unaudited)

Expressed in RMB

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Profit for the period	206,808	93,370
Other comprehensive income for the period	-	-
Total comprehensive income for the period	206,808	93,370
Attributable to:		
Equity shareholders of the Company	205,251	98,925
Non-controlling interests	1,557	(5,555)
Total comprehensive income for the period	206,808	93,370

The notes on pages 47 to 79 form part of this interim financial report.

Consolidated Statement of Financial Position

At June 30, 2023 (unaudited)

Expressed in RMB

	Note	As at June 30, 2023 RMB'000	As at December 31, 2022 RMB'000
Non-current assets			
Property, plant and equipment		50,399	45,287
Intangible assets		51,022	54,209
Right-of-use assets	10	68,146	69,447
Goodwill	11	180,013	180,013
Financial assets at fair value through profit or loss	13	450,801	242,461
Interests in associates	12	9,797	9,764
Deferred tax assets		3,744	4,559
Time deposits		2,312,350	2,122,350
Restricted cash		7,803	7,740
		3,134,075	2,735,830
Current assets			
Prepaid expenses and other current assets	16	472,755	413,594
Financial assets at fair value through profit or loss	13	682,466	848,738
Loans receivable		3,538	1,954
Trade receivables	15	515,036	361,663
Restricted cash	14	5,901	16,986
Cash and cash equivalents		444,318	888,508
		2,124,014	2,531,443

The notes on pages 47 to 79 form part of this interim financial report.

Consolidated Statement of Financial Position (Continued)

At June 30, 2023 (unaudited)

Expressed in RMB

	Note	As at June 30, 2023 RMB'000	As at December 31, 2022 RMB'000
Current liabilities			
Bank loans	17	73,000	45,000
Trade payables	18	192,300	165,338
Contract liabilities		54,447	60,731
Lease liabilities	20	55,213	50,646
Accrued expenses and other current liabilities	19	452,077	589,668
Derivative financial liabilities	14	1,104	–
		828,141	911,383
Net current assets		1,295,873	1,620,060
Total assets less current liabilities		4,429,948	4,355,890
Non-current liabilities			
Lease liabilities	20	24,122	35,873
Deferred tax liabilities		8,980	9,613
		33,102	45,486
NET ASSETS		4,396,846	4,310,404

The notes on pages 47 to 79 form part of this interim financial report.

Consolidated Statement of Financial Position (Continued)

At June 30, 2023 (unaudited)

Expressed in RMB

	Note	As at June 30, 2023 RMB'000	As at December 31, 2022 RMB'000
Equity			
Share capital	21(a)	64	66
Treasury shares	21(a)	(136,764)	(148,843)
Reserves	21(b)	4,517,065	4,444,257
Total equity attributable to equity shareholders of the Company		4,380,365	4,295,480
Non-controlling interests		16,481	14,924
TOTAL EQUITY		4,396,846	4,310,404

Approved and authorized for issue by the Board of Directors on August 22, 2023.

Zhang Shaofeng

Director

Zhao Jing

Director

The notes on pages 47 to 79 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended June 30, 2023 (unaudited)

Expressed in RMB

		Total equity attributable to equity shareholders of the Company								
		Ordinary shares		Treasury shares		Reserves				
						Other	Retained		Non-	Total
						reserves	Profits/	Total	controlling	Equity
						reserves	(accumulated	RMB'000	interests	RMB'000
						RMB'000	deficit)	RMB'000	RMB'000	RMB'000
Note	Shares	Amount	Shares	Amount	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		RMB'000		RMB'000						
	Balance as of December 31,									
	2022 and January 1, 2023	518,716,642	66	(33,811,500)	(148,843)	9,265,507	(4,821,250)	4,295,480	14,924	4,310,404
	Net profit	-	-	-	-	-	205,251	205,251	1,557	206,808
	Exercise of share options	22	2,974,447	-	96,500	823	(202)	-	621	-
	Share-based compensation	22	-	-	-	-	20,039	-	20,039	-
	Transfers	21	-	-	-	-	(4,848,082)	4,848,082	-	-
	Cancellation of shares	21	(18,166,000)	(2)	18,166,000	152,282	(152,280)	-	-	-
	Shares held for share									
	award scheme	21	-	-	(3,389,000)	(30,417)	-	-	(30,417)	-
	Repurchase of ordinary shares	21	-	-	(11,928,500)	(110,609)	-	-	(110,609)	-
	Balance as of June 30, 2023	503,525,089	64	(30,866,500)	(136,764)	4,284,982	232,083	4,380,365	16,481	4,396,846

The notes on pages 47 to 79 form part of this interim financial report.

Consolidated Statement of Changes in Equity (Continued)

For the six months ended June 30, 2023 (unaudited)

Expressed in RMB

Total equity attributable to equity shareholders of the Company									
Note	Ordinary shares		Treasury shares		Reserves		Total	Non-controlling interests	Total Equity
	Shares	Amount	Shares	Amount	Other reserves	Accumulated deficit			
		RMB'000		RMB'000	RMB'000	RMB'000			
Balance as of December 31, 2021 and January 1, 2022	500,351,411	64	(29,687,081)	(60,739)	9,250,583	(5,060,911)	4,128,997	25,537	4,154,534
Net profit	-	-	-	-	-	98,925	98,925	(5,555)	93,370
Non-controlling interests from acquisition of subsidiaries	-	-	-	-	-	-	-	(257)	(257)
Exercise of share options	22	16,119,946	2	5,161,306	-	3,610	3,612	-	3,612
Share-based compensation	22	-	-	-	32,542	-	32,542	-	32,542
Cancellation of shares	21	(5,109,500)	(1)	5,109,500	54,765	(54,764)	-	-	-
Shares held for share award scheme	21	-	-	(3,638,000)	(28,386)	-	(28,386)	-	(28,386)
Repurchase of ordinary shares	21	-	-	(4,761,500)	(40,405)	-	(40,405)	-	(40,405)
Balance as of June 30, 2022	511,361,857	65	(27,815,775)	(74,765)	9,231,971	(4,961,986)	4,195,285	19,725	4,215,010

The notes on pages 47 to 79 form part of this interim financial report.

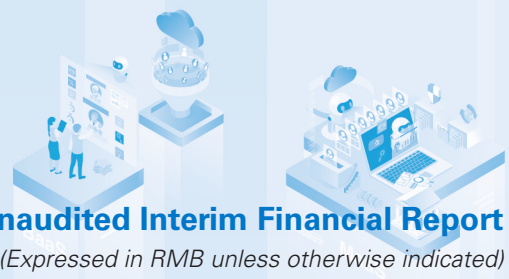
Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2023 (unaudited)

Expressed in RMB

	Note	Six months ended June 30,	
		2023 RMB'000	2022 RMB'000
OPERATING ACTIVITIES			
Cash used in operations		(99,027)	(102,429)
Income tax paid		–	–
NET CASH USED IN OPERATING ACTIVITIES		(99,027)	(102,429)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(12,118)	(15,094)
Placement of long-term bank deposits		(360,000)	(1,503,692)
Proceeds from maturity of bank deposits		170,000	10,124
Purchase of intangible assets		(1,433)	(263)
Purchase of investments		(1,394,100)	(1,585,678)
Proceeds from sale of investments		1,383,875	1,084,580
Payments to acquire a subsidiary, net of cash acquired		–	(29,992)
Interest received from time deposits and coupon notes		1,368	–
Decrease in restricted cash	14	11,115	66,777
NET CASH USED IN INVESTING ACTIVITIES		(201,293)	(1,973,238)
FINANCING ACTIVITIES			
Listing expenses paid as financing activities		–	(9,255)
Payments for repurchase of shares		(110,808)	(40,483)
Shares withheld for share award schemes		(30,492)	(28,308)
Proceeds from bank loans		45,000	10,000
Repayment of bank loans		(17,000)	(36,000)
Proceeds from exercise of share options		6,859	3,612
Interest paid		(5,060)	(3,520)
Payment of lease liabilities	20	(30,717)	(28,640)
NET CASH USED IN FINANCING ACTIVITIES		(142,218)	(132,594)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(442,538)	(2,208,261)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		888,508	3,346,487
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(1,652)	30,597
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		444,318	1,168,823

The notes on pages 47 to 79 form part of this interim financial report.



Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

1 Principal Activities and Organisation

Bairong Inc. (the “Company”), was incorporated on June 21, 2018 in the Cayman Islands as an exempted company with limited liability under the Companies Act, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Island.

The Company is an investment holding company. The Company and its subsidiaries, Bairong Yunchuang Technology Co., Ltd. (“Beijing Bairong”) and Beijing Bairong’s subsidiaries (collectively referred to as the “Group”), operates a leading independent AI-powered technology platform in China serving the financial services industry and is principally engaged in MaaS (Model as a Service) and BaaS (Business as a Service) services. (the “Business”). The Group’s operations and geographic markets are in the People’s Republic of China (the “PRC”).

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (“the Stock Exchange”) since March 31, 2021 by way of its initial public offering.

2 Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, Interim financial reporting, issued by the International Accounting Standards Board (“IASB”). It was approved and authorized for issue by the Board of Directors on August 22, 2023.

The interim 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 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim 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. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

2 Basis of preparation (Continued)

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on page 38.

3 Changes in accounting policies

The Group has applied the following amendments to IFRSs issued by the IASB to the interim financial report for the current accounting period:

- IFRS 17 *Insurance contracts*
- Amendments to IAS 1 and IFRS Practice Statement 2 – *Disclosure of Accounting Policies*
- Amendments to IAS 8 – *Definition of Accounting Estimate*
- Amendments to IAS 12 – *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to IAS 12 – *International Tax Reform – Pillar Two Model Rules*

None of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in the interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

4 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:

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
MaaS	431,134	346,991
BaaS		
BaaS – financial scenario	492,095	316,862
BaaS – insurance scenario	319,803	281,328
	1,243,032	945,181

Note:

For the six months ended June 30, 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 previous interim period (unaudited) have been restated.



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

4 Revenue (Continued)

During the periods ended June 30, 2023 and 2022, 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:

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Point-in-time	659,806	501,659
Over-time	583,226	443,522
	1,243,032	945,181

Remaining Performance Obligation

The Group has elected the practical expedient not to disclose the information about remaining performance obligations which are part of contracts that have an original expected duration of one year or less and do not disclose the value of remaining performance obligations for contracts in which the Group recognises revenue at the amount to which the Group has the right to invoice.

All of the Group's operating assets are located in the PRC and all of the Group's revenue and operating profits are derived from the PRC during the periods ended June 30, 2023 and 2022. Accordingly, no segment analysis based on geographical locations is provided.



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

5 Other income

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Net gains on financial investments measured at fair value through profit or loss	32,489	20,029
Net (loss)/gains on derivatives	(1,750)	7,332
Gains from fixed coupon note	44	3,072
Interest income from time deposits	38,344	24,511
Government grants and others	33,420	2,707
Extra deduction of input VAT	4,114	7,107
Foreign currency exchange (loss)/gains, net	(1,652)	30,597
	105,009	95,355

6 Profit before taxation

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

(a) Finance income and costs

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Finance income		
Interest income from bank deposits	2,842	3,773
Total	2,842	3,773



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

6 Profit before taxation (Continued)

(a) Finance income and costs (Continued)

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Finance costs		
Interest expense on bank loans	5,103	3,264
Interest expense on lease liabilities	2,476	3,006
Total	7,579	6,270

(b) Staff cost

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Salaries, wages and other benefits	308,780	277,725
Contributions to defined contribution retirement plan	24,501	23,134
Equity-settled share-based compensation expenses	20,039	32,542
Termination benefits	2,322	1,169
Total	355,642	334,570



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

6 Profit before taxation (Continued)

(c) Other items

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Analytics service costs	59,063	47,953
BaaS-related insurance brokerage commission, operating and marketing expenditures	505,213	354,630
Depreciation of property, plant and equipment	8,897	9,810
Amortisation of intangible assets	4,620	4,878
Depreciation of right-of-use assets	22,358	29,174
Impairment loss		
– Trade receivables and others	2,459	9
– Loans	120	–
Auditors' remuneration	1,400	1,400

7 Income tax expense/(benefit)

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

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Current tax		
– PRC Enterprise Income Tax ("EIT") provision for the period	3	–
Deferred tax		
– Changes in deferred tax assets/liabilities	182	(3,854)
	185	(3,854)

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

7 Income tax expense/(benefit) (Continued)

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

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Profit before taxation	206,993	89,516
Notional tax on profit before taxation, calculated at the rates applicable in the jurisdictions concerned	51,748	22,379
Tax effect of different tax rates and preferential tax rates	(56,425)	(17,789)
Super-deduction of research and development expense	(8,259)	(13,907)
Tax effect of non-deductible expenses	9,237	9,231
Tax effect of tax losses and temporary differences not recognised	3,884	(3,768)
Actual income tax expense/(benefit)	185	(3,854)

Notes:

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on either income or capital gain, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

PRC

Mainland

Except for Beijing Bairong, Bairong Zhixin (Beijing) Credit Information Co., Ltd. ("Bairong Zhixin") and Beijing All Union Technology Corp. ("All Union") who enjoy a preferential income tax rate, all the other subsidiaries established in the PRC are subject to an income tax rate of 25%, according to the PRC Enterprise Income Tax Law (the "EIT Law") in the periods ended June 30, 2023 and 2022.



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

7 Income tax expense/(benefit) (Continued)

(b) Reconciliation between tax benefit and accounting loss at applicable tax rates: (Continued)

Notes: (Continued)

A “high and new technology enterprise” (“HNTE”) is entitled to a favorable statutory tax rate of 15% and such qualification is reassessed by relevant governmental authorities every three years. In December 2016, Beijing Bairong was qualified as a “high and new technology enterprise” and therefore enjoyed the preferential statutory tax rate of 15% for the period ended November 30, 2019. In December 2019, Beijing Bairong received approval from the tax authority on the renewal of its HNTE status which entitled it to the preferential income tax rate of 15% from December 2, 2019 to December 2, 2022. In December 2022, Beijing Bairong received approval from the tax authority on the renewal of its HNTE status. In December 2020, Bairong Zhixin was qualified as a “high and new technology enterprise” (“HNTE”), which entitled it to the preferential income tax rate of 15% from December 2, 2020 to December 2, 2023. In December 2020, All Union was qualified as an HNTE, which entitled to the preferential income tax rate of 15% from December 2, 2020 to December 2, 2023.

According to Income Tax Policies for Promoting the High Quality Development of the Integrated Circuit Industry and Software Industry (“the Policy”), all eligible software enterprises that were profit-making were to be entitled to two-year EIT exemptions followed by three years’ 50% EIT reduction of the statutory EIT rates, starting from their first profit making year. Beijing Bairong was qualified as a software enterprise by Beijing Software and Information Service Industry Association on December 27, 2022. The management estimated that Beijing Bairong will be profit-making up to the year ending 2023 and will continue to be qualified as a software enterprise up to the year ending 2023. The business operations will meet the criteria of eligible software enterprise in the Policy. Therefore, Beijing Bairong has applied the preferential tax rate of 0% during the period ended June 30, 2023. The application of the preferential tax rate of Beijing Bairong is subject to critical estimates of the management of the Group.

Hong Kong

The Company’s Hong Kong subsidiaries, incorporated in July 2018, are subject to a profits tax rate of 8.25% for the first HK\$2,000,000 of assessable profit and 16.5% for profit exceeding HK\$2,000,000. No provision for Hong Kong profits tax was made as the Group had no estimated assessable profit that was subject to Hong Kong profits tax for the periods ended June 30, 2023 and 2022.

8 Dividends

During the periods ended June 30, 2023 and 2022, no dividends were declared by the entities comprising the Group to its owners.



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

9 Basic and diluted earnings per share

On March 16, 2021, pursuant to the shareholders' resolution, each existing issued and unissued share of US\$0.0001 each in the share capital of the Company were subdivided into 5 shares of US\$0.00002 each ("Share Subdivision"). Following the Share Subdivision, the weighted average number of ordinary shares for the purpose of basic and diluted earnings per share for the six months periods ended June 30, 2021 has been retrospectively adjusted.

Basic earnings per share were 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 periods ended June 30, 2023 and 2022.

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

	Six months ended June 30,	
	2023	2022
Net profit attributable to equity shareholders of the Company (RMB'000)	205,251	98,925
Weighted average number of ordinary shares	481,025,907	478,072,531
Basic earnings per share attributable to equity shareholders of the Company (in RMB)	0.43	0.21

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 periods ended June 30, 2023 and June 30, 2022, the Company has share options and share award schemes as potential ordinary shares.



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

9 Basic and diluted earnings per share (Continued)

	Six months ended June 30,	
	2023	2022
Net profit attributable to equity shareholders of the Company (RMB'000)	205,251	98,925
Weighted average number of ordinary shares	481,025,907	478,072,531
Adjustments for share options and share award schemes	22,511,686	36,706,275
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	503,537,593	514,778,806
Diluted earnings attributable to equity shareholders of the Company (in RMB)	0.41	0.19

10 Right-of-use assets

	Six months ended June 30,	
	2023 RMB'000	2022 RMB'000
Cost:		
At January 1	208,173	214,893
Inception of leases	21,057	5,615
Termination of leases	(26,342)	(13,933)
At June 30	202,888	206,575
Accumulated depreciation:		
At January 1	(138,726)	(122,307)
Charge for period	(22,358)	(29,174)
Termination of leases	26,342	13,933
At June 30	(134,742)	(137,548)
Net book value:		
At June 30	68,146	69,027

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

11 Goodwill

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Balance as of January 1	180,013	180,013
Acquired during the period	–	–
Balance as of June 30	180,013	180,013
	As at	As at
	June 30,	December 31,
	2023	2022
	RMB'000	RMB'000
Liming Insurance Brokerage Co., Ltd.	34,054	34,054
All Union	145,959	145,959
Total	180,013	180,013

The Group normally performs goodwill impairment test annually, and there is no indicator for impairment of goodwill as of June 30, 2023. For details of goodwill impairment assessment for the year ended December 31, 2022, please refer to the 2022 annual financial statements.

12 Interests in associates

	As at	As at
	June 30,	December 31,
	2023	2022
	RMB'000	RMB'000
Unlisted entities	9,797	9,764

The Group has interests in a number of immaterial associates that are invested through All Union and are accounted for using the equity method.

There were no material contingent liabilities relating to the Group's interests in the associates.



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

12 Interests in associates (Continued)

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
At the beginning of the period	9,764	9,863
The Group's share of profit/(loss)	33	(75)
At the end of the period	9,797	9,788

13 Financial assets at fair value through profit or loss

	Note	As at	As at
		June 30,	December 31,
		2023	2022
		RMB'000	RMB'000
Non-current			
– Unlisted equity investments	(i)	144,771	140,931
– Wealth management products	(ii)	306,030	101,530
Current			
– Wealth management products	(ii)	366,215	544,108
– Fund investments	(iii)	316,251	304,630
Total		1,133,267	1,091,199

Notes:

- (i) The Group's investments in unlisted equity securities included in financial assets measured at fair value through profit or loss represent the investments in certain privately owned companies.
- (ii) Wealth management products were mainly issued by commercial banks in the PRC.
- (iii) Fund investments were administered by licensed financial institutions in Hong Kong.



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

14 Derivatives

	As at June 30, 2023 RMB'000	As at December 31, 2022 RMB'000
Derivative financial liabilities	1,104	–

The Group entered into several foreign exchange forwards and options to manage the Group's foreign exchange exposure in relation to USD against RMB. These derivatives are not designated for hedge accounting and are measured at fair value through profit or loss. To secure such contracts, the Group deposited an amount of RMB5.60 million and recognised it in restricted cash as of June 30, 2023.

15 Trade receivables

	As at June 30, 2023 RMB'000	As at December 31, 2022 RMB'000
Trade receivables	518,130	364,529
Less: loss allowance	(3,094)	(2,866)
Trade receivables, net	515,036	361,663



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

15 Trade receivables (Continued)

Ageing analysis

As of June 30, 2023 and December 31, 2022, the ageing analysis of trade receivables, based on the transaction date and net of loss allowance, is as follows:

	As at June 30, 2023 RMB'000	As at December 31, 2022 RMB'000
Within 3 months (inclusive)	375,868	290,804
3 months to 6 months (inclusive)	89,692	51,891
6 months to 1 year (inclusive)	45,193	17,896
Over 1 year	7,377	3,938
Less: loss allowance	(3,094)	(2,866)
Trade receivables, net	515,036	361,663

16 Prepaid expenses and other current assets

	Note	As at June 30, 2023 RMB'000	As at December 31, 2022 RMB'000
Prepayments to digital goods providers	(i)	286,462	247,936
Interest receivable		91,784	54,763
Advances to suppliers		21,311	33,504
Deposits		26,106	24,443
Prepaid expenses		7,977	7,641
Others		39,115	45,307
Total		472,755	413,594

Note:

- (i) Prepayments to digital goods providers mainly represent prepayments and deposits to online platform operators and digital goods providers under the BaaS services.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

17 Bank loans

	As at June 30, 2023 RMB'000	As at December 31, 2022 RMB'000
Short-term bank loans, guaranteed	73,000	45,000

As at June 30, 2023, all of the Group's bank loans are repayable within 1 year and denominated in RMB, and bear average interest rate of 4.13% per annum (2022: 4.62%).

18 Trade payables

	As at June 30, 2023 RMB'000	As at December 31, 2022 RMB'000
Amounts due to third parties	192,300	165,338

As at June 30, 2023 and December 31, 2022, the ageing analysis of trade payables, based on the invoice date, is as follows:

	As at June 30, 2023 RMB'000	As at December 31, 2022 RMB'000
Within 6 months	169,790	153,671
6 months to 1 year	20,446	2,791
1 year to 2 years	2,064	8,876
	192,300	165,338

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



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

19 Accrued expenses and other current liabilities

	Note	As at June 30, 2023 RMB'000	As at December 31, 2022 RMB'000
Receipts in advance	(i)	90,867	226,041
Accrued payroll and welfare		133,756	150,728
Accrued expenses		76,986	51,634
Value Added Tax and surcharges payable		74,487	63,661
Deposit received		2,040	2,040
Others		73,941	95,564
Total		452,077	589,668

All of the accrued expenses and other current liabilities are expected to be settled and expensed within one year or are repayable on demand.

Note:

- (i) Receipts in advance mainly represent advances from customers for purchasing digital goods under the BaaS services.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

20 Lease liabilities

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the reporting periods:

	As at June 30, 2023 RMB'000	As at December 31, 2022 RMB'000
Maturity analysis-contractual undiscounted cash flows		
Within 1 year or on demand	58,031	54,321
More than 1 year but less than 2 years	17,256	30,817
More than 2 years	8,000	6,382
Total undiscounted lease liabilities	83,287	91,520
Less: total future interest expenses	(3,952)	(5,001)
Present value of lease liabilities	79,335	86,519
Lease liabilities included in the consolidated statement of financial position		
Current	55,213	50,646
Non-current	24,122	35,873
Present value of lease liabilities	79,335	86,519
	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Amounts recognised in profit or loss		
Interest on lease liabilities	2,476	3,006
Amounts recognised in the consolidated cash flow statements		
Total cash flow for leases	30,717	28,640



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

21 Capital and reserves

(a) Share capital

(i) Authorized and issued share capital by the Company

The Company was incorporated in the Cayman Islands in June 2018 with an authorised share capital of US\$50,000 divided into 500,000,000 shares with a par value of US\$0.0001 each. Upon incorporation, the Company issued 18,776,522 ordinary shares to the co-founders with a consideration of RMB13,000.

Pursuant to share subscription agreements with the investors on June 27, 2019, the Company issued 22,237,437 ordinary shares to third party investors. In addition, the Company approved surrender of 735,050 ordinary shares by one of the co-founders.

On August 26, 2019, the Company repurchased 9,963,556 shares with a par value of US\$0.0001 each from GeniAI Tech Ltd. for nil consideration and then promptly cancelled such shares.

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.

Upon completion of the IPO, the Company issued 123,822,500 new ordinary shares at par value of US\$0.00002 each for cash consideration of HK\$31.80 each, and raised gross proceeds of approximately HK\$3,937,555,500. The respective share capital amount was approximately RMB16,000 and share premium arising from the issuance was approximately RMB3,198,349,000, net of the share issuance costs.

Upon completion of the IPO, all the redeemable convertible preferred shares were redesignated and reclassified as ordinary shares on a five for one basis. As a result, the redeemable convertible preferred shares were derecognized and recorded as share capital and capital reserve.

As at June 30, 2023, the Company had 2,500,000,000 shares authorised, which consisted of 500,000,000 Class A shares and 2,000,000,000 Class B shares, and the Company had 503,525,089 shares issued, which consisted of 79,914,181 Class A shares and 423,610,908 Class B shares.



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

21 Capital and reserves (Continued)

(a) Share capital (Continued)

(ii) Repurchase and cancellation of ordinary shares by the Company

During the year ended December 31, 2021, the Company repurchased a total of 8,894,500 ordinary shares that had been listed on the Stock Exchange. The total amount to repurchase these ordinary shares was approximately equivalent to RMB118,272,000. As at December 31, 2021, a total of 3,785,000 repurchased ordinary shares have been cancelled. The remaining repurchased shares were recorded as “treasury shares” as at December 31, 2021 at the amount of RMB54,765,000.

During the year ended December 31, 2022, all the ordinary shares repurchased during the year 2021 were cancelled and deducted from the share capital and share premium within shareholders’ equity. The share capital amount of these cancelled shares was approximately RMB1,000 and the corresponding share premium was approximately RMB54,764,000. The Company further repurchased a total of 14,433,000 ordinary shares that had been listed on the Stock Exchange. The total amount to repurchase these ordinary shares was approximately equivalent to RMB114,483,000. The repurchased shares were recorded as “treasury shares” as at December 31, 2022.

During the period ended June 30, 2023, all the ordinary shares repurchased during the year 2022 were cancelled and deducted from the share capital and share premium within shareholders’ equity. The share capital amount of these cancelled shares was approximately RMB2,000 and the corresponding share premium was approximately RMB152,280,000. The Company further repurchased a total of 11,928,500 ordinary shares that had been listed on the Stock Exchange. The total amount to repurchase these ordinary shares was approximately equivalent to RMB110,609,000. The repurchased shares were recorded as “treasury shares” as at June 30, 2023.



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

21 Capital and reserves (Continued)

(a) Share capital (Continued)

(iii) Shares issued and held for share award schemes

As at September 29, 2021, the Company issued a total of 8,847,081 ordinary shares on the Stock Exchange to Rongtuo Holdings Limited for the settlement of 2019 ESOP share options. As at December 30, 2021 and December 31, 2021, GeniAI Tech II Ltd. purchased a total of 730,500 ordinary shares of the Company on the Stock Exchange for the settlement of 2019 ESOP share options.

During the year ended December 31, 2022, GeniAI Tech II Ltd. and GeniAI Tech III Ltd. purchased a total of 3,638,000 ordinary shares of the Company on the Stock Exchange for the settlement of 2019 ESOP share options.

During the year ended December 31, 2022, the Company issued a total of 23,474,731 ordinary shares on the Stock Exchange to employees for the exercise of 2019 ESOP share options. In addition, 8,837,081 shares were transferred from Rongtuo Holdings Limited to employees for the exercise of 2019 ESOP share options.

During the period ended June 30, 2023, GeniAI Tech II Ltd. purchased a total of 3,389,000 ordinary shares of the Company on the Stock Exchange for the settlement of 2019 ESOP share options and Share Award Scheme.

During the period ended June 30, 2023, the Company issued a total of 2,974,447 ordinary shares on the Stock Exchange to employees for the exercise of 2019 ESOP share options.

In addition, 96,500 shares were transferred from GeniAI Tech II Ltd. to employees for the exercise of Share Award Scheme.

As Rongtuo Holdings Limited, GeniAI Tech II Ltd. and GeniAI Tech III Ltd. are consolidated entities of the Group as disclosed in note 16 of the 2022 annual financial statements, these shares were therefore recorded as "treasury shares" as at December 31, 2022.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

21 Capital and reserves (Continued)

(b) Reserves

	Note	Share premium RMB'000	Share-based compensation reserve RMB'000	Others RMB'000	Total RMB'000
Balance at December 31, 2021 and January 1, 2022		9,044,738	169,498	36,347	9,250,583
Exercise of share options		76,386	(72,776)	–	3,610
Share-based compensation expenses	(i)	–	32,542	–	32,542
Cancellation of shares		(54,764)	–	–	(54,764)
Balance at June 30, 2022		9,066,360	129,264	36,347	9,231,971
Balance at December 31, 2022 and January 1, 2023		9,092,736	136,424	36,347	9,265,507
Exercise of share options		12,205	(12,407)	–	(202)
Transfers	(ii)	(4,848,082)	–	–	(4,848,082)
Share-based compensation expenses	(i)	–	20,039	–	20,039
Cancellation of shares		(152,280)	–	–	(152,280)
Balance at June 30, 2023		4,104,579	144,056	36,347	4,284,982

Notes:

- (i) Share-based compensation reserve arises from share-based payments granted to employees of the Company, see Note 22 for detail.
- (ii) On March 22, 2023, the Board approved the transfer of capital reserve of RMB4,848 million to offset the same amount included in the accumulated loss which was arising from the accumulated changes of the fair value of redeemable convertible preferred shares before conversion.

(c) Dividends

During the periods ended June 30, 2023 and 2022, no dividends were declared by the entities comprising the Group to its owners.



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

22 Share-based compensation

2019 ESOP

As part of the Group's re-organization prior to its IPO, the Group adopted a share incentive plan (the "2019 ESOP") in August 2019. Under the 2019 ESOP, the Group was entitled to grant a total of 12,963,556 share options to its employees, officers, directors and individuals.

Share options granted to an employee under the 2019 ESOP will be exercisable upon the employee renders service to the Group in accordance with a stipulated service schedule starting from the employee's date of employment. Employees are generally subject to a four-year service schedule commencing from the employees' date of employment, under which an employee is entitled to vest in 50% of his option grants for the first two years of completed service and entitled to vest in 25% of his option grants annually thereafter of completed service.

Upon the Share Subdivision becoming effective, pro-rata adjustments have been made to the number of outstanding awarded shares, so as to give the participants the same proportion of the equity capital that were before the offer of the Share Subdivision to which they were entitled to. The exercise price of all the options granted under the 2019 ESOP is RMB1.0 which was adjusted to RMB0.2 per share after the subdivision on March 16, 2021.

The Group granted nil and nil share options to employees, all with an exercise price of RMB1, for the six months ended June 30, 2023 and 2022, respectively. The following table sets forth the share options activities under the 2019 Plan for the six months ended June 30, 2023 and 2022. The Group will not grant further options under the 2019 Plan after the initial public offering.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

22 Share-based compensation (Continued) 2019 ESOP (Continued)

	Options outstanding	Weighted average exercise price RMB
Outstanding at January 1, 2023	12,333,937	0.2
Granted	–	Not applicable
Exercised	(2,974,447)	0.2
Forfeited	(143,750)	0.2
Outstanding at June 30, 2023	9,215,740	0.2
Exercisable as of June 30, 2023	6,995,184	0.2
Outstanding at January 1, 2022	45,359,985	0.2
Granted	–	Not applicable
Exercised	(21,281,252)	0.2
Forfeited	(553,441)	0.2
Outstanding at June 30, 2022	23,525,292	0.2
Exercisable as of June 30, 2022	18,418,920	0.2

The weighted-average remaining contract life for outstanding share options was 4.12 years and 4.64 years as of June 30, 2023 and December 31, 2022 respectively.



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

22 Share-based compensation (Continued)

2019 ESOP (Continued)

Options granted to employees were measured at fair value on the dates of grant based on the Binomial Option Pricing Model with the following assumptions:

	2020
Expected volatility	33% – 36%
Risk-free interest rate	2.85% – 3.28%
Exercise multiple	2
Expected dividend yield	–
Expected term (in years)	10
Fair value of the underlying shares on the date of option grants (per share)	RMB27.00 – 27.13

2021 ESOP

The Group adopted the post-IPO share option scheme (the “2021 ESOP”) on March 16, 2021 with effect from the initial public offering. Under the 2021 ESOP, the Group was entitled to grant a total of 41,098,971 share options to its employees, officers, directors and individuals.

Share options granted to an employee under the 2021 ESOP will be exercisable when the employee renders service to the Group in accordance with a stipulated service schedule which starts from the relevant performance period. Employees are generally subject to a four-year service schedule, under which an employee is entitled to vest in 50% of his option grants for the first two years of completed service and entitled to vest in 25% of his option grants annually thereafter of completed service.



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

22 Share-based compensation (Continued)

2021 ESOP (Continued)

Movements in the number of share options granted to employees and their related weighted average exercise prices are as follow:

	Options outstanding	Weighted average exercise price RMB
Outstanding at January 1, 2023	12,695,500	7.75
Granted	–	Not applicable
Exercised	–	Not applicable
Forfeited	(2,040,000)	7.75
Outstanding at June 30, 2023	10,655,500	7.75
Outstanding at January 1, 2022	13,522,500	7.75
Granted	–	Not applicable
Exercised	–	Not applicable
Forfeited	(732,000)	7.75
Outstanding at June 30, 2022	12,790,500	7.75

The weighted-average remaining contract life for outstanding share options was 8.50 years and 9.00 years as of June 30, 2023 and December 31, 2022 respectively.



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

22 Share-based compensation (Continued)

2021 ESOP (Continued)

Options granted to employees were measured at fair value on the dates of grant based on the Binomial Option Pricing Model with the following assumptions:

	2021
Expected volatility	33.00%
Risk-free interest rate	1.58%
Exercise multiple	2 – 2.8
Expected dividend yield	–
Expected term (in years)	10
Fair value of the underlying shares on the date of option grants (per share)	RMB7.75

Share Award Scheme

The Group adopted a share award scheme (the “Share Award Scheme”) on May 28, 2021. Under the Share Award Scheme, the Group granted 14,257,500 and 2,776,500 of restricted share units (the “RSUs”) to its employees, consultants, and directors during the year 2021 and 2022 respectively. In addition, the Group granted 909,500 of the RSUs to its employees for the six months ended June 30, 2023. The RSUs awarded vest in tranches from the grant date over a certain service period, on condition that employees remain in service without any performance requirements. Once the vesting conditions underlying the respective RSUs are met, the RSUs are considered duly and validly issued to the holder, and free of restrictions on transfer.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

22 Share-based compensation (Continued) Share Award Scheme (Continued)

The fair value of each RSU at the grant date were determined by reference to the fair value of the ordinary shares of the Group that issued to its shareholders. Movements in the number of RSUs and the respective weighted average grant date fair value are as below:

	Number of RSUs	Weighted average grant date fair value per RSU RMB
Outstanding at January 1, 2023	16,071,500	7.77
Granted	909,500	10.58
Exercised	(96,500)	8.52
Forfeited	(1,463,500)	7.86
Outstanding at June 30, 2023	15,421,000	7.91
Outstanding at January 1, 2022	14,227,500	7.75
Granted	533,500	8.52
Exercised	–	Not applicable
Forfeited	(368,500)	7.75
Outstanding at June 30, 2022	14,392,500	7.78



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

22 Share-based compensation (Continued)

Share Award Scheme (Continued)

The total share-based compensation expenses recognised in the consolidated statement of profit or loss are RMB20.04 million and RMB32.54 million for the periods ended June 30, 2023 and 2022, respectively. The following table sets forth a breakdown of share-based compensation by nature:

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
2019 ESOP	476	6,522
2021 ESOP	3,000	6,163
Share Award Scheme	16,563	19,857
Total	20,039	32,542

23 Fair value measurement of financial instruments

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of each reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair Value Measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

23 Fair value measurement of financial instruments (Continued)

Fair value hierarchy (Continued)

	Note	As at June 30, 2023 RMB'000	As at December 31, 2022 RMB'000
Level 2			
Assets			
– Funds		207,254	199,790
		207,254	199,790
Liabilities			
– Derivative financial liabilities		1,104	–
Level 3			
Assets			
– Wealth management products	(i)	672,245	645,638
– Funds	(i)	108,997	104,840
– Unlisted equity securities	(ii)	144,771	140,931
		926,013	891,409

During the six months ended June 30, 2023 and 2022, there were no transfers between Level 1, Level 2 and Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

23 Fair value measurement of financial instruments (Continued)

Valuation techniques and inputs used in Level 2 fair value measurement:

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required for evaluating the fair value of a financial instrument are observable, the instrument is included in Level 2.

Valuation techniques and inputs used in Level 3 fair value measurement:

- (i) Funds and wealth management products

The carrying amount of funds and wealth management products are measured at fair values in the consolidated statements of financial position as of June 30, 2023 and December 31, 2022. The Group determines the fair value of funds and wealth management products by using discounted cash flow models. The unobservable inputs are expected annual return rate fixed in the investment contracts. These expected annual return rates ranged from 2.25% to 4.05% and 3.25% to 4.50% as of December 31, 2022 and June 30, 2023, respectively.

As of June 30, 2023 and December 31, 2022, it is estimated that with all other variables held constant, an increase/decrease of expected annual return rate by 1% would have increased/decreased the Group's profit before taxation by RMB7.81 million and RMB7.50 million, respectively.

The movements of funds and wealth management products during the periods in the balance of these Level 3 fair value measurements are as follows:

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
At the beginning of the period	750,478	300,334
Addition	1,381,128	1,126,127
Disposal	(1,363,040)	(1,047,499)
Change in fair value	12,676	6,700
At the end of the period	781,242	385,662



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

23 Fair value measurement of financial instruments (Continued)

Valuation techniques and inputs used in Level 3 fair value measurement: (Continued)

(ii) Equity securities

The carrying amount of equity securities are measured at fair value in the consolidated statements of financial position as of June 30, 2023 and December 31, 2022. The Group's equity securities are investments in unlisted companies. The Group determines the fair value by reference to the recent transaction pricing for the entities or similar transactions in similar entities in same industry.

As of June 30, 2023 and December 31, 2022, it is estimated that with all other variables held constant, an increase/decrease in the fair values of equity securities by 1% would have increased/decreased the Group's profit before taxation by RMB1.45 million and RMB1.41 million respectively.

The movements of unlisted equity securities during the periods in the balance of these Level 3 fair value measurements are as follows:

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
At the beginning of the period	140,931	46,268
Addition	–	68,520
Change in fair value	3,840	2,421
At the end of the period	144,771	117,209
Net unrealised gains for the period	3,840	2,421

The carrying amounts of the Group's financial assets and financial liabilities measured at amortised cost are approximate to their fair values.



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

24 Material related party transactions

Key management personnel remuneration

Remuneration for key management personnel of the Group during the periods is as follows:

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	2,774	2,924
Discretionary bonuses	–	–
Retirement scheme contributions	53	47
Share-based payments	4,940	5,101
Key management personnel remuneration	7,767	8,072

25 Contingencies

The Group did not have any material contingent liabilities as of June 30, 2023.

26 Events after the reporting period

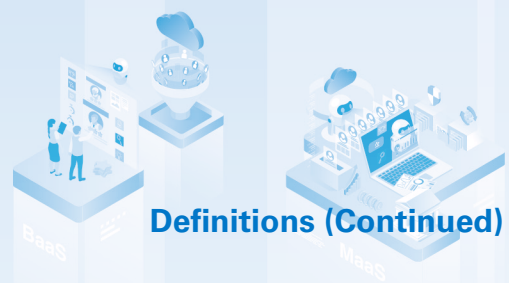
There were no material subsequent events during the period from June 30, 2023 to the approval date of the Interim Financial Report by the Board on August 22, 2023.

27 Comparative amounts

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



"2019 ESOP"	the share incentive plan approved and adopted in August 2019, the principal terms of which are set out in "Statutory and general information-Share Schemes" in Appendix V in the Prospectus
"2021 ESOP"	the post-IPO share option scheme conditionally approved and adopted by our Company on March 16, 2021, the principal terms of which are set out in "Statutory and general information-Share Schemes" in Appendix V in the Prospectus
"2022 Annual Report"	annual report of the Company for the financial year ended December 31, 2022 published on April 20, 2023
"AI"	artificial intelligence
"Articles of Association"	the articles of association of the Company, as amended from time to time
"Audit Committee"	the audit committee of the Company
"Beijing Bairong" or "Onshore Holdco"	Bairong Yunchuang Technology Co., Ltd. (百融雲創科技股份有限公司), a company established in China with limited liability on March 19, 2014, and a Consolidated Affiliated Entity of our Company
"Board"	the board of Directors
"China" or "PRC"	the People's Republic of China and for the purposes of this document only, except where the context requires otherwise, references to China or the PRC exclude Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan
"Class A Share(s)"	class A ordinary share(s) in the share capital of our Company with a par value of US\$0.00002 each, conferring weighted voting rights in our Company such that a holder of a Class A Share is entitled to ten votes per share on any resolution tabled at the Company's general meetings, save for resolutions with respect to any Reserved Matters, in which case they shall be entitled to one vote per share
"Class B Share(s)"	class B ordinary share(s) in the share capital of our Company with a par value of US\$0.00002 each, conferring a holder of a Class B Share one vote per share on any resolution tabled at the Company's general meetings

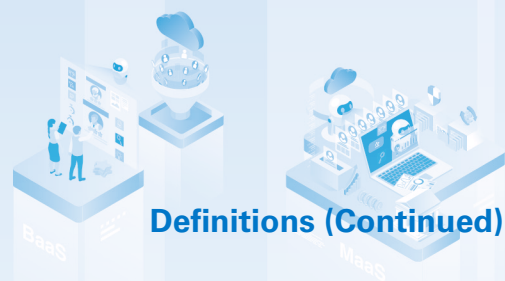


“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company”, or “the Company”	Bairong Inc., a company with limited liability incorporated in the Cayman Islands on June 21, 2018
“Consolidated Affiliated Entity(ies)”	Onshore Holdco and its subsidiaries and affiliated entities, the financial accounts of which have been consolidated and accounted for as if they were subsidiaries of our Company by virtue of the Contractual Arrangements
“Contractual Arrangement(s)”	the series of contractual arrangements entered into between, among others, the WFOE, the Onshore Holdco and the then Registered Shareholders, as detailed in “Contractual Arrangements” in the Prospectus and as amended, restated, renewed, reproduced or joined from time to time
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Zhang and the direct and indirect companies through which Mr. Zhang has an interest in the Company, namely Genisage Tech Inc., Genisage Holdings Limited, GeniAI Tech Ltd. and RongXing Trust
“Corporate Governance Code” or “CG Code”	the Corporate Governance Code set out in Appendix 14 of the Listing Rules, as amended from time to time
“Corporate Governance Committee”	the corporate governance committee of the Company
“Director(s)”	the director(s) of our Company
“FSP”	financial service provider
“FSP Clients”	FSPs to which we provide our products and services, including paying FSPs whom we charge fees and non-paying FSPs who use our basic services free of charge as part of our promotional efforts
“Global Offering”	the public offering of the Company’s Class B Shares as defined and described in the Prospectus



Definitions (Continued)

“Group”, “we” or “us”	the Company, its subsidiaries, and the Consolidated Affiliated Entities (the financial results of which have been consolidated and accounted for as subsidiaries of our Company by virtue of the Contractual Arrangements) from time to time, and in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IFRS”	International Financial Reporting Standards, as issued by the International Accounting Standards Board
“Key Clients”	paying clients that each contributes more than RMB300,000 total revenue to the Company year-to-date
“Key Client retention rate”	the percentage of the Key clients we have in a given year that we continue to retain during the next twelve months
“Latest Practicable Date”	September 13, 2023
“Liming”	Liming Insurance Brokers Co., Ltd. (黎明保險經紀有限公司), a company established in China with limited liability on April 21, 2014, and a Consolidated Affiliated Entity of our Company
“Listing”	the listing of the Class B Shares on the Main Board
“Listing Date”	March 31, 2021, the date on which the Shares were listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
“MIIT”	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) (formerly known as the Ministry of Information Industry of the PRC (中華人民共和國信息產業部))



Definitions (Continued)

“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
“Mr. Zhang” or “WVR Beneficiary”	Mr. Zhang Shaofeng, our founder, executive Director, chairperson, chief executive officer and Controlling Shareholder, as well as the holder of the Class A Shares entitling him to weighted voting rights
“Nomination Committee”	the nomination committee of the Company
“paid subscription”	In the context of our business, paid subscription by FSP client in the context of our business means (i) a subscription based on usage, without an initial or recurring fee or (ii) an annual subscription that offers a standardised package with a pre-determined number or unlimited number of requests such FSP client may use during the term of the related service agreement
“paying clients”	FSP clients that had a paid subscription of our products and services and contributed to our revenue since our founding
“PRC Legal Adviser”	Commerce & Finance Law Offices
“Prospectus”	the prospectus of the Company dated March 19, 2021
“Registered Shareholders”	the registered shareholders of the Onshore Holdco from time to time
“Remuneration Committee”	the remuneration committee of the Company
“Reporting Period”	the six-month period ended June 30, 2023
“Reserved Matters”	those matters resolutions with respect to which each Share is entitled to one vote at general meetings of the Company pursuant to the Articles of Association, being: (i) any amendment to the Memorandum or Articles of Association, including the variation of the rights attached to any class of shares; (ii) the appointment, election or removal of any independent non-executive Director; (iii) the appointment or removal of the Company’s auditors; and (iv) the voluntary liquidation or winding-up of the Company
“RMB”	Renminbi yuan, the lawful currency of China



Definitions (Continued)

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	the Class A Shares and Class B Shares in the share capital of our Company
“Share Schemes”	the 2019 ESOP, the 2021 ESOP and the Share Award Scheme
“Share Award Scheme”	the share award scheme adopted by the Board on May 28, 2021 as amended from time to time
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed thereto in section 15 of the Companies Ordinance
“United States” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”	United States dollars, the lawful currency of the United States
“weighted voting rights” or “WVR”	has the meaning ascribed to it under the Listing Rules
“WFOE”	Tianjin Bairong Technology Co., Ltd. (天津百融科技有限公司), a company established in China on August 14, 2018, and a wholly owned subsidiary of our Company
“%”	per cent

