



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

2024

Interim Report

中期報告



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Company Information

Executive Directors

Mr. Zhang Shaofeng (*Chairperson and CEO*)
Mr. Zheng Wei
Ms. Cathryn Xie Jianing
(*resigned with effect from April 15, 2024*)
Ms. Han Kui Fang
(*appointed with effect from July 11, 2024*)

Non-executive Directors

Mr. Bai Linsen
Professor Liao Jianwen

Independent non-executive Directors

Professor Chen Zhiwu
Mr. Zhou Hao
Dr. Li Yao

Audit committee

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

Remuneration committee

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

Nomination committee

Mr. Zhou Hao (*Chairperson*)
Mr. Zhang Shaofeng
Dr. Li Yao

Corporate governance committee

Professor Chen Zhiwu (*Chairperson*)
Mr. Zhou Hao
Dr. Li Yao

Joint company secretaries

Mr. Chen Chunyang
Ms. Leung Shui Bing

Authorised representatives

Mr. Zhang Shaofeng
(*appointed with effect from April 15, 2024*)
Ms. Cathryn Xie Jianing
(*resigned with effect from April 15, 2024*)
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
1 Matheson Street, Causeway Bay, Hong Kong

Registered office

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

Auditor

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
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
42/F, Edinburgh Tower, The Landmark
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



Company Information (Continued)

Compliance adviser

CMBC International Capital Limited
45/F, One Exchange Square
8 Connaught Place, Central, Hong Kong
(until April 22, 2024)

Guotai Junan Capital Limited
27/F, Low Block, Grand Millennium Plaza
181 Queen's Road Central, Hong Kong
(appointed with effect from April 23, 2024)

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

Key Highlights

Financial Summary

	Six months ended June 30,		
	2024	2023	Change
	(unaudited)	(unaudited)	(%)
	(RMB in thousands, except percentages)		
Revenue	1,321,348	1,243,032	6
Model as a service (“ MaaS ”)	421,352	431,134	(2)
Business as a service (“ BaaS ”)	899,996	811,898	11
BaaS – Financial Scenario	589,473	492,095	20
BaaS – Insurance Scenario	310,523	319,803	(3)
Gross profit	967,155	896,034	8
Operating profit	156,832	211,697	(26)
Profit for the period	142,833	206,808	(31)
<i>Non-IFRS measures^(Note)</i>			
Non-IFRS profit for the period	197,479	226,847	(13)
Non-IFRS EBITDA	243,481	267,644	(9)

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

Benefiting from the successful commercialization of artificial intelligence (“**AI**”) applications, we have maintained solid revenue growth and profitability. For the six months ended June 30, 2024, our revenue reached RMB1,321.35 million, representing a period-over-period increase of 6% from RMB1,243.03 million for the six months ended June 30, 2023. During the Reporting Period, our non-IFRS profit for the period was RMB197.48 million and we maintained a healthy non-IFRS profit margin of 15% similar to that of last full year.



Key Highlights (Continued)

Operations Highlights

We are an AI technology company with a proven track record of sustained profitability, having supported over 7,000 institutional clients in China to conduct intelligent decision-making, intelligent marketing and intelligent operations. By leveraging our underlying technologies including Generative AI and Discriminant AI, based on our years of accumulated experience in AI, our deep understanding of industry verticals, and pragmatic approach to operations, we outperformed the sector in the first half of the year, achieving steady growth and sustained profitability despite a challenging industry environment.

During the Reporting Period, we successfully integrated large language model (LLM) into our proprietary voice robot application AI VoiceGPT, while maintaining the LLM-based interaction latency within 500 milliseconds, which is lower than the industry average of over 1 second. At the same time, our self-developed AI VoiceGPT further iterates to support emotion recognition and emotional voice output. Embedded into our long-term plan, our large language model further enriches support to multi-modal, and has launched the first commercial version of AI VoiceGPT that combines with 3D Avatar with potential clients, which could be extensively deployed to various application scenarios including bank reception and shopping mall guide.

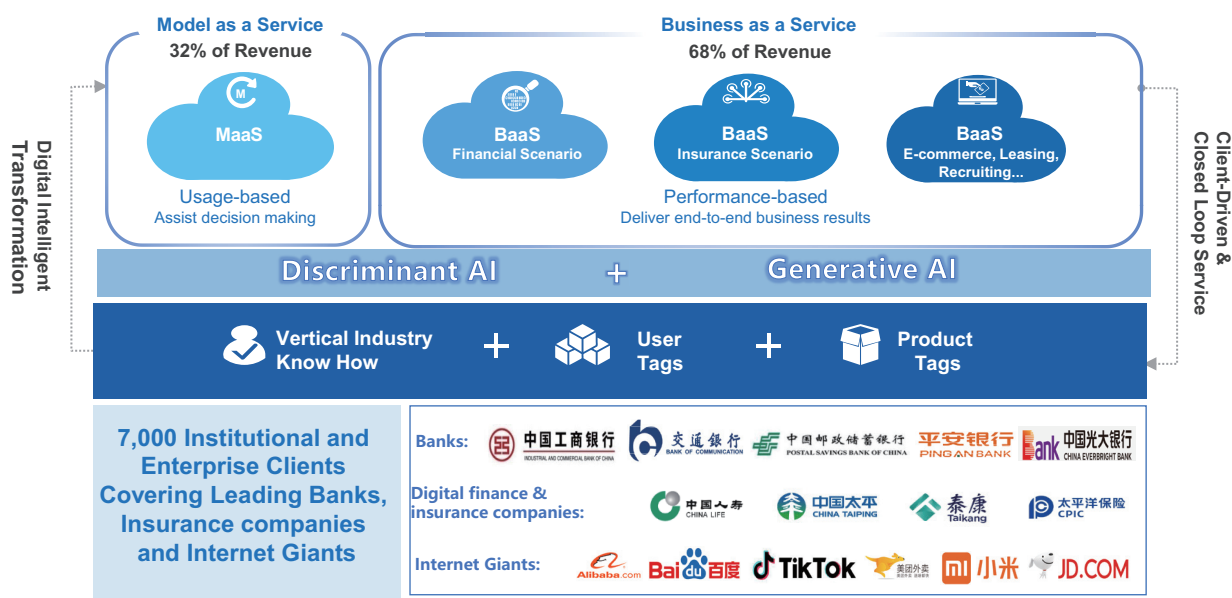
In the first half of the year, our MaaS business has experienced a gradual recovery, especially in June wherein a significant period-over-period and sequential growth in revenue was achieved. In addition, built upon the already leading position in the current sector, we further expanded our services cross sector to diversified non-financial fields, including e-commerce and human resource etc, to hedge risks and scale up competitive advantage.

In the first half of the year, our BaaS business has demonstrated its strong potential and broad application prospects across various segments: for intelligent operations, we have landed our BaaS business in the banking sector at a rapid pace of expansion, with a significant growth in the number of banking clients as compared to last year. For small and micro enterprises operations, our BaaS services have also developed rapidly, with a period-over-period revenue growth of approximately 47%. For wealth management, we have achieved growth in both revenue and number of clients in the first half of the year. Furthermore, built upon the first-mover advantage in the current sector, we are also actively exploring the application of the BaaS business in non-financial scenarios to accumulate more AI training corpora, such as the pharmaceutical industry, in which we can apply our AI VoiceGPT to customer satisfactory callbacks, an innovative attempt that will further expand our service boundaries and showcase the flexibility and adaptability of our BaaS business across various industries.

Business Review

Operations Review

We are a consistently profitable cloud-based AI service provider that has served over 7,000 institutional clients in China to conduct intelligent decision-making, intelligent marketing and intelligent operations. Our client base is comprised of, including but not limited to, most of the state-owned banks, 12 joint-stock banks, over a thousand regional banks, as well as major internet tech companies, insurance companies, and wealth management companies. By delivering models and self-developed AI VoiceGPT services through underlying technologies of Generative AI and Discriminant AI, big data, machine learning, and cloud computing, we provide a comprehensive product and solution mix to the entire industry service chain, covering intelligent user acquisition, intelligent risk control analytics, intelligent decision-marking, intelligent asset operations, intelligent user relationship management, intelligent credit card revitalization of existing users, intelligent wealth management marketing, etc. We prioritize the application development over infrastructure construction of AI technologies, and have successfully monetized our AI-generated content ("AIGC") scenarios. Based on our years of accumulated experience in the AI industry, our deep understanding of industry verticals, and pragmatic approach to operations, we outperformed the sector in the first half of the year, achieving steady growth and sustained profitability despite a challenging industry environment.





Business Review (Continued)

As a leader in facilitating the digital and intelligent transformation of Chinese institutions, we continue to benefit from the current development in the digital economy and AI industry. On April 29, 2024, the National Development and Reform Commission (NDRC) and the National Data Administration (NDA) issued the “Key Points for the Work of the Digital Economy in 2024” (《數字經濟2024年工作要點》), proposing to accelerate the construction of a basic data system, promote the implementation of the “20 Data Articles”, enhance the development and accessibility of public data, and unlock the value of data elements. On July 2, 2024, four government departments including the Ministry of Industry and Information Technology issued the “Guidelines for the Construction of a Comprehensive Standardization System for the National Artificial Intelligence Industry (2024 Edition)” (《國家人工智能產業綜合標準化體系建設指南(2024版)》). The guideline call for tighter alignment between industry standards and technological innovation by 2026, alongside the formulation of over 50 additional standards at national and industrial levels, as well as the acceleration of a standard system that leads the high-quality development of the artificial intelligence industry. 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\$1.3 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. Moreover, the efforts to boost domestic demand and stimulate consumer spending will also be conducive to expanding our client base. On June 13, 2024, the NDRC and other government departments issued the “Measures on Creating New Consumption Scenarios and Cultivating New Growth Points of Consumption” (《關於打造消費新場景培育消費新增長點的措施》), which clearly proposes to promote the consumption upgrading, propel the accelerated application of scientific and technological achievements in the field of consumption, and further cultivate and expand new growth points of consumption in the fields of catering, cultural tourism, sports, and shopping etc.

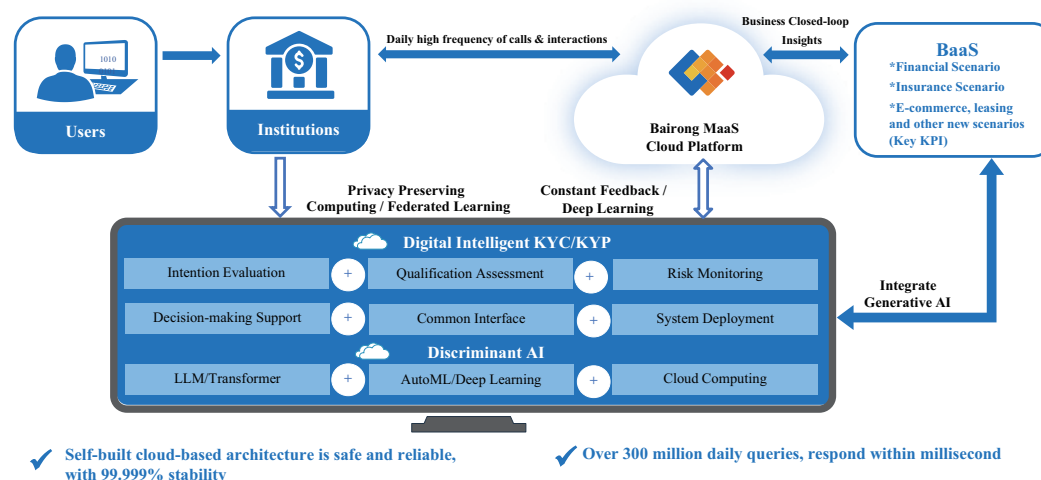
Led by our chief executive officer, Mr. Zhang Shaofeng, a tech-savvy Tsinghua University alumni, we view technology as our key competitive advantage and top priority. Based on the deep learning Transformer framework, we have developed an automatic machine learning modeling platform that relies on deep neural networks and attention mechanisms that integrates diversified AI technologies algorithms, including the AIGC, Discriminant AI and AI intelligent interaction technologies, to create AI application products targeting vertical scenarios. Our MaaS (Model as a Service) business extensively integrates the cloud-native platform with the large language model, enabling its easy deployment across different business scenarios, and realizing fast query responses while completing data loop for institutional clients, and boosting the stability of our cloud platform to 99.999%. Meanwhile, our BaaS model applies the AI VoiceGPT developed from the Generative AI technology to intelligent interaction scenarios, which can provide capabilities of natural-language understanding, multi-turn conversations, language processing, and text generation, namely “listening, speaking, reading and writing”, which are applicable to new user marketing, hibernating user revitalization and intelligent operation. During the

Business Review (Continued)

Reporting Period, we successfully integrated large language model into our voice robot application AI VoiceGPT, while maintaining the LLM-based interaction latency within 500 milliseconds, which is faster than the industry average of over 1 second. At the same time, our self-developed AI VoiceGPT further iterates to support emotion recognition and emotional voice output. Embedded into the long-term plan, our large language model further enriches support to multiple modals, and has landed the first commercial version of AI VoiceGPT that combines with 3D Avatar with potential clients, which will be extensively deployed to various application scenarios including bank reception and shopping mall guide. As of June 30, 2024, the Company has obtained 262 patents and software copyrights, covering areas of artificial intelligence, machine learning, privacy computing, human-machine collaboration, multimodal AI, etc.

MaaS (Model as a Service)

MaaS: Standardized Modeling Products & Solutions to Enhance Digital Decisions



Our MaaS (Model as a Service) business assists institutional clients in making intelligent decisions by delivering models and evaluation results, allowing enterprises on the B-end to have a deeper understanding of user portraits on one hand, and enabling more efficient matching of users and products on the other hand. The core advantage of the MaaS business lies in more than 10 years of the user portrait assets accumulated by Bairong, as well as the moat built by serving more than 7,000 clients. Based on Discriminant AI technology, we provide evaluation products such as anti-fraud evaluation, financing intention evaluation, marketing objective evaluation, and qualification verification, which are packaged into customized modules, and are provided through APIs (Application Programming Interface) of our highly efficient MaaS cloud platform for institutional clients to query based on their specific needs. Our self-built MaaS cloud platform is secure and reliable, serving over 300 million daily queries with a system reliability rate further improving to 99.999%. We charge service fees for our MaaS business based on query volumes or on an annual basis. The business model enjoys this advantage where the cost is rapidly diluted as the scale increases, and can generate significant profits steadily and consistently.



Business Review (Continued)

In the first half of the year, our MaaS business has experienced a gradual recovery, especially in June wherein a significant period-over-period and sequential growth in revenue was achieved. In addition, our services have expanded to diversified non-financial fields, including e-commerce and human resource. For example, Alibaba's Taobao and Tmall use Bairong's MaaS models to evaluate customer qualifications and purchasing power to promote e-commerce business development. In line with the continuous technological advancement and the growing market demand, we believe that the MaaS business will continue to upgrade its digital and intelligent capability across various industries, paving the way for a new chapter of growth. Looking ahead, we are confident that we will continue to grow steadily over the long term, as data empowerment plays a key role in attracting new users and maintaining existing users, both in terms of risk control and marketing operations, and especially in terms of stock operations, where we see great potential.

For the six months ended June 30, 2024, our MaaS business reported revenue of RMB421.35 million. During the Reporting Period, the number of Key Clients reached 165, representing an increase of 19 from 146 period-over-period, while average revenue per Key Client was RMB2.00 million. Our Key Client retention rate was 96%.

Key metrics of MaaS

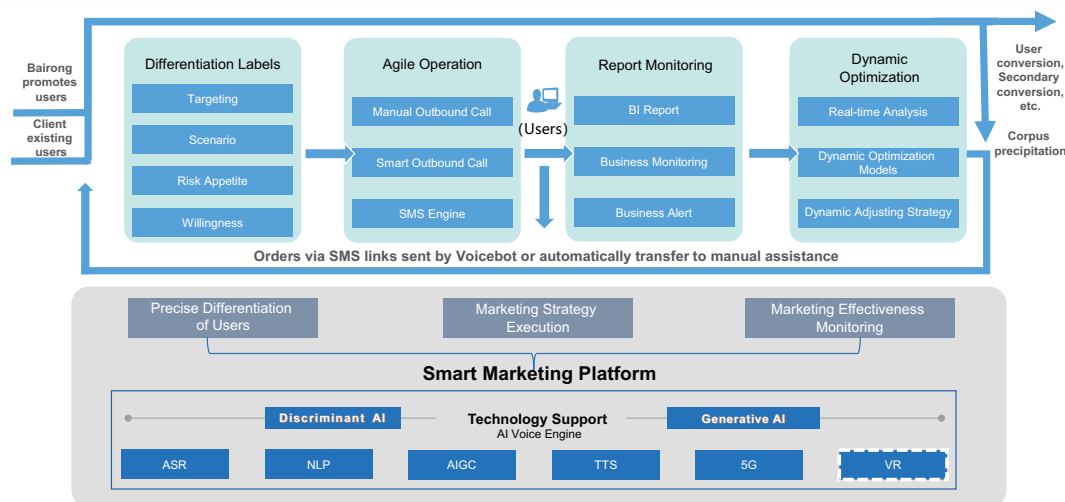
	Six months ended June 30,		
	2024	2023	Change (%)
	(unaudited)	(unaudited)	
	(RMB in thousands, except percentages)		
Revenue from MaaS	421,352	431,134	(2)
Revenue from Key Clients ^(Note)	329,398	355,246	(7)
Number of Key Clients	165	146	13
Average revenue per Key Client	1,996	2,433	(18)
Retention rate of Key Clients	96%	98%	-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.

Business Review (Continued)

BaaS (Business as a Service)

BaaS-Financial Scenario: AIGC Facilitates Transactions with Closed-loop Service



Our BaaS (Business as a Service) business improves the efficiency of asset operations for internet technology, banking, wealth management, insurance industries leveraging self-developed AI VoiceGPT, which assists the intelligent marketing and intelligent operation of the institutional clients based on Generative AI technologies. We first perform predictive analysis over the target users of institutional clients and stratify them into groups, automatically match marketing strategies, and approach potential users through our AI VoiceGPT or other mixed methods to generate transactions. Through these end-to-end services, we reactivate hibernating users for diversified industries, and acquire incremental users for conversion; through this closed-loop services, we can accumulate corpus feedback model training, optimize iterative speech and enrich massive user portraits in real time during the process of operation. With the ability to conduct up to 50 million calls per day, each AI VoiceGPT can engage in multiple rounds of interactive conversations and respond within 500 milliseconds, emulating human-like interactions and comprehend context precisely with over 97% accuracy. We charge technical service fees or commissions for our BaaS business based on the gross transaction values. This business model enjoys an advantage that we do not charge any fees before assisting institutional clients generating any revenue, but are truly responsible for the final performance KPIs (Key Performance Indicators) of the institutional client, and can attract clients to try it out, so as to quickly scale up the business.



Business Review (Continued)

In the first half of the year, our BaaS business has demonstrated its strong potential and broad application prospects across various segments: for intelligent operations, we have landed our BaaS business in the banking sector at a rapid pace of expansion, with a significant growth in the number of banking clients as compared to last year. Such achievement not only proves the compelling attraction of our BaaS model in the banking sector, but also serves as a testimony to the efficiency and reliability of our AI VoiceGPT. For small and micro enterprises operations, our BaaS services have also developed rapidly, with a period-over-period revenue growth of approximately 47%. Such conspicuous growth highlights the enormous potential of our BaaS model to support the financing requirements of small and micro enterprises. For wealth management, we have achieved growth in both revenue and number of clients in the first half of the year. Such success vindicates the supreme capability and promising landscape of our BaaS model in satisfying users' requirements for wealth management. Furthermore, we are also actively exploring the application of the BaaS business in non-financial scenarios, such as the pharmaceutical industry, in which we can apply our AI VoiceGPT to user satisfactory callbacks, an innovative attempt that will further expand our service boundaries and showcase the flexibility and adaptability of our BaaS business across various industries. Looking ahead, we expect to expand gross transaction volume to more than RMB200 billion. Benefiting from the corpus accumulation and the expansion of user portraits, we will further increase our voice and bargaining power, which is conducive to the release of profitability in the future. This goal demonstrates not only our confidence in the BaaS business model, but also the strong potential and broad prospects of AI technology in financial and non-financial fields.

BaaS – Financial Scenario

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

Business Review (Continued)

For the six months ended June 30, 2024, our BaaS – Financial Scenario business reported revenue growth of 20% period-over-period to RMB589.47 million. As a result of a rapid growing gross value of transactions we facilitate, of which grew by 23% period-over-period to RMB26,150.46 million 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 the gross value of transactions. In addition, as we see more existing users contributing revenue, which combined with our user acquisition advantage via Generative AI, continue to improve user acquisition efficiency and bring higher ROI.

Key metrics of BaaS – Financial Scenario

	Six months ended June 30,		
	2024 (unaudited)	2023 (unaudited)	Change (%)
(RMB in thousands, except percentages)			
Revenue from BaaS – Financial Scenario	589,473	492,095	20
Gross transaction value	26,150,459	21,262,052	23
Technical service fee rate	2.3%	2.3%	0 pct

BaaS – Insurance Scenario

The BaaS – Insurance Scenario efficiently supports 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 user insights, and we precisely recommend insurance products through our Generative AI, in which case, our offline insurance broker teams will further lock in high-value users by providing face-to-face services. The BaaS – Insurance Scenario covers nearly 100 branches of Liming Insurance in over 30 cities across the country. Meanwhile, we are actively exploring more insurance scenarios, combining Generative AI and Discriminant AI to assist and promote the mining of potential insurance users and the completion of transactions. We charge commission fees based on the amount of premiums (both first year and renewal premiums) that we generated.



Business Review (Continued)

In the first half of 2024, the BaaS – Insurance Scenario reported revenue decrease by 3% period-over-period to RMB310.52 million. Total premiums increased by 80% period-over-period to RMB2,872.66 million. In the first half of 2024, as the economy recovered gradually, the business performance of our BaaS – Insurance Scenario was revived, with first year premiums increasing by 103% period-over-period to RMB1,904.54 million and renewal premiums increasing by 47% period-over-period to RMB968.12 million.

Key metrics of BaaS – Insurance Scenario

	Six months ended June 30,		
	2024 (unaudited)	2023 (unaudited)	Change (%)
	(RMB in thousands, except percentages)		
Revenue from BaaS – Insurance Scenario	310,523	319,803	(3)
Revenue from first year premiums	254,658	270,236	(6)
First year premiums	1,904,544	939,753	103
Revenue from renewal premiums	55,865	49,567	13
Renewal premiums	968,119	657,650	47

Business Outlook

In the second half of 2024, we will adhere to our “client-centric” belief, improve our client trust, and maintain our high key client retention rate of MaaS, to lock in the profitability and revenue growth of our anchor business. While grasping the emerging business opportunities brought by AIGC, we also will leverage our Discriminant AI and Generative AI and vertical industry know-how to extend application scenarios, develop customized products and solutions, and enhance the penetration rate of our products and services.

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

- **Technology innovations:** In the wave of technological innovation, our R&D team will continue to break through technological boundaries and advance the development of intelligent voice and digital human technology. Our intelligent voice technology, fully based on the large language models, has successfully controlled latency within 500 milliseconds, significantly outperforming the industry average of over 1 second. At the same time, our system not only is capable of efficient speech recognition but also supports emotion recognition and emotional voice output, providing a more natural and humanized interaction experience. All these technological advancements are the results of our independent research and development, ensuring our independence and flexibility in technological innovation and application. In addition, we have made breakthrough progress in the digital human technology for non-financial fields. Our first commercial version of the digital human has been released, attracting the communication intentions of users. Currently, domestic banks’ reception scenarios and retail department stores’ shopping guide scenarios have begun to apply our digital human technology, marking a solid step in the application of our technology in non-financial fields.



Business Outlook (Continued)

- **Inclusive finance:** The Decision of the Central Committee of the Communist Party of China on Further Comprehensively Deepening Reform and Promoting Chinese-style Modernization 《中共中央關於進一步全面深化改革、推進中國式現代化的決定》) was released on July 21, 2024, whereby proposing to actively develop fin-tech, green finance, inclusive finance, pension finance, and digital finance, as well as to strengthen high-quality financial services for major strategies, key areas, and weak links. We will expand our investments in small and micro enterprise financing, to shoulder our social responsibility in the economy recovery and social stability. According to the statistics of the People’s Bank of China, the loan balance of domestic financial institutions in the field of inclusive finance reached RMB29.4 trillion in 2023, a year-on-year increase of approximately 23.5%. We will leverage Generative AI and Discriminant AI technology capabilities to create a turnkey service system of financial product for small and micro enterprises, build a bridge between financial institutions and small and micro enterprises, provide financing services for small and micro enterprises under industrial finance and enterprise supply chains, and carry out full lifecycle scientific management with digital intelligence of credit business for small and micro enterprises.
- **Wealth management:** According to the “Bank of China Personal Finance Asset Global Allocation White Paper 2024” 《2024中國銀行個人金融全球資產配置白皮書》), China has currently formed six major asset management sectors, including bank wealth management, public funds, insurance, trusts, private funds, and private asset management, with a total asset management scale of RMB149 trillion. In the past decade alone, the total number and scale of wealth management products have increased by 6.22 times and 2.36 times, respectively. As such, China has grown into the second-largest wealth management market in the world. We will leverage our strengths in AI VoiceGPT, data analytics, and precise matching to assist Chinese wealth management products providers with their user insight and operation, user asset planning, and user investment strategy education. We will continue to provide one-stop solutions including data, models, strategies, systems, content, channel operations, and closed-loop iteration. We deliver improved wealth management performance, and realize joint development of C-end users, financial institutions and technology companies.

Management Discussion and Analysis

Six months ended June 30,

2024
(Unaudited) 2023
(Unaudited)

(RMB in thousands)

Revenue		
MaaS	421,352	431,134
BaaS	899,996	811,898
BaaS – Financial Scenario	589,473	492,095
BaaS – Insurance Scenario	310,523	319,803
Total revenue	1,321,348	1,243,032
Cost of sales	(354,193)	(346,998)
Gross profit	967,155	896,034
Other income	73,030	104,976
Research and development expenses	(225,881)	(202,066)
General and administrative expenses	(139,944)	(123,984)
Sales and marketing expenses	(506,542)	(460,684)
Impairment loss	(10,986)	(2,579)
Profit from operations	156,832	211,697
Finance income	2,113	2,842
Finance costs	(3,571)	(7,579)
Share of (losses)/profits of associates	(1,917)	33
Profit before taxation	153,457	206,993
Income tax expense	(10,624)	(185)
Profit for the period	142,833	206,808
Attributable to:		
Equity shareholders of the Company	139,956	205,251
Non-controlling interests	2,877	1,557
Total comprehensive income for the period	142,833	206,808



Management Discussion and Analysis (Continued)

Revenue

Our total revenue increased by 6% from RMB1,243.03 million for the six months ended June 30, 2023 to RMB1,321.35 million for the six months ended June 30, 2024, primarily attributable to our enhanced capabilities of providing products and services despite a challenging macroeconomic and consumption environment.

Our revenue from MaaS decreased by 2% from RMB431.13 million for the six months ended June 30, 2023 to RMB421.35 million for the six months ended June 30, 2024. In the first half of 2024, our MaaS business was stable primarily due to the continuing growth of our number of Key Clients, and MaaS starts to see gradual recovery in June which is expected to bring about release of stronger demand after the economic upturn comes.

Our revenue from the Financial Scenario of our BaaS increased by 20% from RMB492.10 million for the six months ended June 30, 2023 to RMB589.47 million for the six months ended June 30, 2024, primarily attributable to the increase in gross transaction values, as the result of enhanced operating efficiency and our strengthened capabilities of Generative AI.

Our revenue from the Insurance Scenario of our BaaS decreased by 3% from RMB319.80 million for the six months ended June 30, 2023 to RMB310.52 million for the six months ended June 30, 2024, primarily attributable to an overall softness across the insurance industry, as the insurance industry implemented new rules requiring consistency in commissions reported with the level actually paid, which may have short term impact on the industry.

Cost of sales

Our cost of sales increased by 2% from RMB347.00 million for the six months ended June 30, 2023 to RMB354.19 million for the six months ended June 30, 2024, 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 8% from RMB896.03 million for the six months ended June 30, 2023 to RMB967.16 million for the six months ended June 30, 2024. The Group's gross profit margin was 73% and 72% for the six months ended June 30, 2024 and 2023, respectively.

Research and development expenses

The Group's research and development expenses increased by 12% from RMB202.07 million for the six months ended June 30, 2023 to RMB225.88 million for the six months ended June 30, 2024, 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 increased by 13% from RMB123.98 million for the six months ended June 30, 2023 to RMB139.94 million for the six months ended June 30, 2024, primarily attributable to the increase in share-based compensation expenses from the grant of share options and restricted share units by the Company during the six months end June 30, 2024.

Sales and marketing expenses

Our sales and marketing expenses increased by 10% from RMB460.68 million for the six months ended June 30, 2023 to RMB506.54 million for the six months ended June 30, 2024, primarily due to an increase of RMB40.24 million of promotion, advertising, information technology services and other related expenses, which was mainly due to the increased branding and business promotion to enhance our brand recognition and our continuous efforts to obtain high-quality traffic to improve conversion efficiency.

Other income

Our net other income decreased by 30% from RMB104.98 million for the six months ended June 30, 2023 to RMB73.03 million for the six months ended June 30, 2024. This is primarily due to a decrease of RMB22.24 million of government grants.

Profit for the period

As a result of the foregoing, the Group's profit for the period decreased from RMB206.81 million for the six months ended June 30, 2023 to RMB142.83 million for the six months ended June 30, 2024.

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, 2023 and 2024 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,	
	2024	2023
	(unaudited)	(unaudited)
	(RMB in thousands)	
Profit for the period	142,833	206,808
Add		
Share-based compensation ⁽¹⁾	54,646	20,039
Non-IFRS profit for the period	197,479	226,847
Non-IFRS profit margin for the period⁽²⁾	14.9%	18.2%

Management Discussion and Analysis (Continued)

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

	Six months ended June 30,	
	2024 (unaudited)	2023 (unaudited)
	(RMB in thousands)	
Profit for the period	142,833	206,808
Add		
Finance income	(2,113)	(2,842)
Finance costs	3,571	7,579
Income tax expense	10,624	185
Depreciation	30,281	31,255
Amortization	3,639	4,620
EBITDA	188,835	247,605
Add		
Share-based compensation ⁽¹⁾	54,646	20,039
Non-IFRS EBITDA	243,481	267,644
Non-IFRS EBITDA margin⁽³⁾	18.4%	21.5%

Notes:

- (1) Share-based compensation relates to the share options and share award schemes that we granted under our share incentive plans, which is a non-cash expense that is commonly excluded from similar non-IFRS measures adopted by other companies in our industry.
- (2) Represents non-IFRS profit divided by revenue for the periods presented.
- (3) Represents non-IFRS EBITDA divided by revenue for the periods presented.

Liquidity and source of funding and borrowing

Other than the proceeds from the Listing, we have historically funded our cash requirements principally from cash generated from our operations and shareholder equity contributions. To monitor liquidity risk, we monitor and maintain a level of cash and cash equivalents as deemed adequate by our senior management to finance our operations.

As at June 30, 2024, the Group had bank loans of approximately RMB39.36 million, which were 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 RMB2,852.85 million and RMB3,301.84 million as at June 30, 2024 and December 31, 2023, respectively.

Significant Investments

The Group did not make or hold any significant investments during the six months ended June 30, 2024.

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

Material acquisitions and disposals

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities, associated companies or joint ventures during the six months ended June 30, 2024.

Pledge of assets

The Group had not pledged any assets as at June 30, 2024.

Future plans for material investments or capital assets

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, 2024, the Group's gearing ratio (i.e. total liabilities divided by total assets) was 0.18 (as at December 31, 2023: 0.19).

Foreign exchange exposure

During the six months ended June 30, 2024, 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, 2024, except for the bank deposits and investments denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations.

Contingent liabilities

The Group had no material contingent liabilities as at June 30, 2024.

Capital commitment

The Group had no material capital commitment as at June 30, 2024.

Management Discussion and Analysis (Continued)

Employees and remuneration

As at June 30, 2024, the Group had a total of 1,414 employees. The following table sets forth the total number of employees by function as of June 30, 2024:

Function	As at June 30, 2024	As % of Total Employees
Sales and marketing	330	23%
Research and development	669	47%
Customer service	182	13%
General administration	233	17%
Total	1,414	100%

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, 2024 was RMB421.78 million, as compared to RMB355.64 million for the six months ended June 30, 2023.

The Company has adopted a post-IPO share option scheme and a 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.



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, 2024, Mr. Zhang, the WVR Beneficiary, is interested in 77,208,112 Class A Shares, representing approximately 65.10% of the voting rights in the Company, and entitled to control 7,091,503 Class B Shares representing approximately 0.60% 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, 2024, should all the issued and outstanding Class A Shares be converted into Class B Shares, the Company will issue 77,208,112 Class B Shares, representing approximately 18.66% of the total number of issued and outstanding Class B Shares or 15.72% 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 adopted and complied with the applicable code provisions set out in the CG 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.

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

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the latest version of the CG Code, and maintain a high standard of corporate governance benchmark of the Company.

Compliance with the Model Code for Securities Transactions by Directors

Class B Shares were listed on the Stock Exchange on March 31, 2021, since which time the Model Code has been applicable to the Company.

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



Corporate Governance (Continued)

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

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 CG 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 interim report and the unaudited interim results of the Group for the six months ended June 30, 2024 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 a Nomination Committee, a Remuneration Committee and a 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 CG 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.

Corporate Governance (Continued)

The Corporate Governance Committee comprises three independent non-executive Directors, namely Professor Chen Zhiwu, Mr. Zhou Hao and Dr. Li Yao. Professor Chen Zhiwu is the chairperson of the Corporate Governance Committee.

The following is a summary of work performed by the Corporate Governance Committee during the six months ended June 30, 2024:

- Reviewed the policies and practices of the Company on corporate governance and on compliance with legal and regulatory requirements. The policies reviewed include the 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, whistleblowing policy, dividend policy and other corporate governance policies.
- Reviewed the Company's compliance with the CG and the deviation(s) from code provision C.2.1 of the CG Code and the Company's disclosure for compliance with Chapter 8A of the Listing Rules.
- Reviewed the remuneration, the terms of engagement and made a recommendation to the Board as to the appointment of the Company's compliance adviser.
- 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 a member of the Board throughout the six months ended June 30, 2024 and no matters under Rule 8A.17 of the Listing Rules have occurred during the Reporting Period, and he has complied with Rules 8A.14, 8A.15, 8A.18 and 8A.24 of the Listing Rules throughout the Reporting Period.



Corporate Governance (Continued)

- 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 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 of the Company 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 reviewed the remuneration and terms of engagement and has made a recommendation to the Board as to the appointment of Guotai Junan Capital Limited as the new compliance adviser of the Company with effect from the day after the publication of 2023 Annual Report. For further details of the change of compliance adviser, please refer to the 2023 annual results announcement published by the Company on March 25, 2024.

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, 2024, 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	77,208,112 Class A Shares (L)	100.00%
	Founder of a trust	7,091,503 Class B Shares (L)	1.71%
	Beneficial owner	24,363,900 Class B Shares (L)	5.89%
Mr. Zheng Wei ⁽³⁾	Beneficial owner	2,976,205 Class B Shares (L)	0.72%
Mr. Bai Linsen	Interest in a controlled corporation	4,590,745 Class B Shares (L)	1.11%

Notes:

- (1) The calculation is based on the total number of 77,208,112 Class A Shares and 413,859,349 Class B Shares in issue as at June 30, 2024. The letter "L" stand for long position.
- (2) This includes 77,208,112 Class A Shares held by Genisage Tech Inc., 7,091,503 Class B Shares held by Genisage Tech Inc. and 24,363,900 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. Such underlying shares represent (i) 20,948,400 options which are the relevant Class B Shares that may be allotted and issued to him upon full exercise of all the options granted to him under the 2021 ESOP; and (ii) 3,415,500 award shares which are the relevant class B Shares to be purchased from the open market upon vesting of the award shares granted to Mr. Zhang under the 2021 Share Award Scheme.
- (3) This comprises 1,218,205 Class B Shares and 1,758,000 underlying shares including (i) 1,278,000 options which are the relevant Class B Shares that may be allotted and issued to him upon fully exercise of all the options granted to him under the 2021 ESOP; and (ii) 480,000 award shares which are the relevant Class B Shares that may be transferred to him upon satisfaction of the relevant vesting conditions of the Award Shares granted to him under the 2021 Share Award Scheme.



Other Information (Continued)

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

As at June 30, 2024, the following persons (other than the Directors and chief executives whose interests have been disclosed in this 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⁾
<i>Class A Shares</i>			
Genisage Tech Inc. ⁽²⁾	Beneficial owner	77,208,112 (L)	100.00%
Genisage Holdings Limited ⁽²⁾	Interest in controlled corporations	77,208,112 (L)	100.00%
TMF (Cayman) Ltd. ⁽²⁾	Trustee	77,208,112 (L)	100.00%
Mr. Zhang ⁽²⁾	Founder of a trust	77,208,112 (L)	100.00%
<i>Class B Shares</i>			
HH BR-I Holdings Limited ⁽³⁾	Beneficial owner	37,631,065 (L)	9.09%
Tianjin GLTC Enterprise Management Consultation, L.P. ⁽³⁾	Interest in controlled corporations	37,631,065 (L)	9.09%
Zhuhai Gaoling Tiancheng Investment Management Co., Ltd. ⁽³⁾	Interest in controlled corporations	37,631,065 (L)	9.09%
CRF Summit Investment Limited ⁽⁴⁾	Interest in controlled corporations	28,170,780 (L)	6.81%
Tianjin Shenghuatianxi Enterprise Management Partnership L.P. ⁽⁴⁾	Interest in controlled corporations	28,170,780 (L)	6.81%
Xinjiang Guoxin Equity Investment Management Co., Ltd. ⁽⁴⁾	Interest in controlled corporations	44,571,580 (L)	10.77%
China Reform Fund Management (Group) Co., Ltd. ⁽⁴⁾	Interest in controlled corporations	44,571,580 (L)	10.77%

Other Information (Continued)

Name	Capacity/Nature of interest	Approximate	
		Number of Shares	% of interest in each class of share ⁽¹⁾
China Reform Fund Management Co., Ltd. ⁽⁴⁾	Interest in controlled corporations	44,571,580 (L)	10.77%
China Reform Holdings Corporation Ltd. ⁽⁴⁾	Interest in controlled corporations	44,571,580 (L)	10.77%
Qianhai Golden Bridge IV LP ⁽⁵⁾	Beneficial owner	21,153,835 (L)	5.11%
Qianhai Golden Bridge Management Ltd. ⁽⁵⁾	Interest in controlled corporations	21,153,835 (L)	5.11%
Qianhai Golden Bridge Co., Ltd. ⁽⁵⁾	Interest in controlled corporations	21,153,835 (L)	5.11%
Mr. Wang Haipeng ⁽⁵⁾	Interest in controlled corporations	21,153,835 (L)	5.11%
深圳中金前海伯樂四號基金中心(有限合伙) ⁽⁵⁾	Interest in controlled corporations	21,153,835 (L)	5.11%
CICC Qianhai Development (Shenzhen) Fund Management Co., Ltd ⁽⁵⁾	Interest in controlled corporations	21,153,835 (L)	5.11%
CICC Capital Management Co., Ltd. ⁽⁵⁾	Interest in controlled corporations	21,153,835 (L)	5.11%
China International Capital Corporation Limited ⁽⁵⁾	Interest in controlled corporations	30,242,335 (L)	7.31%
		9,088,500 (S)	2.20%
Wu Capital Limited ⁽⁶⁾	Beneficial owner	24,314,910 (L)	5.88%
Zodiac Elements Limited ⁽⁶⁾	Interest in controlled corporations	24,314,910 (L)	5.88%
Aureate Kirin Limited ⁽⁶⁾	Interest in controlled corporations	24,314,910 (L)	5.88%
TMF (Cayman) Ltd. ⁽⁶⁾	Trustee	27,622,635 (L)	6.67%
Ms. Cai Xinyi ⁽⁶⁾	Founder of a trust	24,314,910 (L)	5.88%
Hong Jing	Interest in controlled corporations	28,977,360 (L)	7.00%



Other Information (Continued)

Notes:

- (1) The calculation is based on the total number of 77,208,112 Class A Shares and 413,859,349 Class B Shares in issue as at June 30, 2024. 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 indirect 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 indirectly 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) Qianhai Golden Bridge IV LP holds 21,153,835 Class B Shares, which is a limited partnership established in the Cayman Islands controlled by Qianhai Golden Bridge Management Ltd., which is indirectly wholly-owned by Qianhai Golden Bridge Co., Ltd.. Qianhai Golden Bridge Co., Ltd. is indirectly 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 indirectly 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).
- (6) Wu Capital Limited is wholly-owned by Zodiac Elements Limited, which is indirectly wholly-owned by Aureate Kirin Limited. Aureate Kirin Limited is indirectly wholly-owned by TMF (Cayman) Ltd., which is the trustee of a family trust set up by Ms. Cai Xinyi. Kai Hong Holdings Limited which is wholly-owned by TMF (Cayman) Ltd., holds 3,307,725 Class B Shares.

Other Information (Continued)

Share Schemes

As at June 30, 2024, the Company has two effective share schemes that are subject to Chapter 17 of the Listing Rules, namely the 2024 Share Scheme and the RSU Scheme, and three expired share schemes with options or awards outstanding, namely the 2019 ESOP, the 2021 ESOP and the 2021 Share Award Scheme.

The 2019 ESOP does not involve the grant of any options after Listing and is not subject to Chapter 17 of the Listing Rules. The 2021 Schemes were terminated immediately upon the 2024 Share Scheme and the RSU Scheme taking effect on June 21, 2024 at the conclusion of the Company's 2024 annual general meeting, and the Company shall not grant any further options and awards under the 2021 Schemes thereafter (the "**Termination of 2021 Schemes**"). For further details of the Termination of 2021 Schemes and the adoption of the 2024 Share Scheme and the RSU Scheme, please refer to the announcements of the Company dated April 10, 2024 and June 21, 2024 and the circular of the Company dated May 17, 2024.

31,171,400 new Class B Shares, representing approximately 7.53% of the weighted average of Class B Shares (excluding treasury shares (as defined under the Listing Rules)), maybe issued in respect of all options and awards (to be satisfied by new Shares) granted during the Reporting Period to eligible participants pursuant to the 2021 Schemes (prior to the Termination of the 2021 Schemes). As all awards granted during the Reporting Period under the 2021 Share Award Scheme (prior to the Termination of 2021 Schemes) will be satisfied by existing Shares, no new Class B Shares may be issued in respect of all awards granted thereunder during the Reporting Period to eligible participants. Further, no grants were made during the Reporting Period under the 2024 Share Scheme and the RSU Scheme, no new Class B Shares may be issued thereto during the Reporting Period.

Further, details and relevant breakdowns of each of the Share Schemes are set out below:

1. 2019 ESOP

The 2019 ESOP does not involve the grant of any share options after Listing. Further details of the 2019 ESOP are set out in the Prospectus and the annual report of the Company for the financial year ended December 31, 2023 published on April 22, 2024.



Other Information (Continued)

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

Category	Date of grant	Vesting period ⁽¹⁾	Exercise price (per Class B Share)	Outstanding as at January 1, 2024	Exercised during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Outstanding as at June 30, 2024	Weighted average closing price of Class B Shares immediately before the date(s) of exercise during the Reporting Period (HKD)
Other grantees in category									
94 Employee Participants in aggregate	January 1, 2016 – March 9, 2021	4 years	RMB0.2	4,621,875	1,030,682	-	-	3,591,193	11.64
23 Service Providers in aggregate	January 1, 2016 – March 9, 2021	4 years	RMB0.2	1,878,925	220,000	-	-	1,658,925	13.72
Total				6,500,800	1,250,682	-	-	5,250,118	

Note:

- 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.

2. 2021 ESOP

The 2021 ESOP was adopted on March 16, 2021 and subsequently terminated on June 21, 2024 pursuant to the Termination of 2021 Schemes. Further details of the 2021 ESOP are set out in the Prospectus and the 2023 Annual Report.

Maximum number of Class B 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.

Other Information (Continued)

As of January 1, 2024, 31,171,471 options were available for grant under the 2021 ESOP. During the Reporting Period, 31,171,400 options were granted to eligible participants pursuant to the 2021 ESOP. Due to the Termination of 2021 Schemes, it follows that, as of June 30, 2024, no further options would be granted under the 2021 ESOP.

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⁾	Class B Share	Number of Class B Shares					Number of Class B Shares immediately before the date of	Closing price of Class B Shares immediately before the date of	Weighted average closing price of the Class B Shares immediately before the date of	
				underlying options outstanding as at January 1, 2024	Number of options granted during the Reporting Period	Number of options exercised during the Reporting Period	Number of options lapsed during the Reporting Period	Number of options cancelled during the Reporting Period				Number of options outstanding as at June 30, 2024
			Exercise price (per Class B Share) (HKD)							Fair value of options at the date of grant ⁽²⁾ (HKD)		
Director, chief executive or substantial shareholder												
Mr. Zhang Shaofeng	December 29, 2021	4 years	9.602	1,746,000	-	-	-	-	1,746,000	9.70	3.53	-
	March 26, 2024	3 years	13.8	-	19,202,400	-	-	-	19,202,400	14.28	4.04	-
Mr. Zheng Wei	December 29, 2021	4 years	9.602	678,000	-	-	-	-	678,000	9.70	3.53	-
	March 26, 2024	3 years	13.8	-	600,000	-	-	-	600,000	14.28	4.04	-
Ms. Cathryn Xie Jianing ⁽³⁾	March 26, 2024	3 years	13.8	-	780,500	-	780,500	-	-	14.28	4.04	-
Other grantees in category												
73 Employee Participants in aggregate	December 29, 2021	4 years	9.602	7,503,500	-	819,500	94,500	-	6,589,500	9.70	3.26;	13.33
											3.53	
142 Employee Participants in aggregate	February 7, 2024	4 years	11.432	-	10,588,500	-	37,000	-	10,551,500	11.76	4.24;	-
											4.51	
Total				9,927,500	31,171,400	819,500	912,000	-	39,367,400			



Other Information (Continued)

Notes:

1. 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.
2. 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.
3. Ms. Cathryn Xie Jianing resigned as an executive Director with effect from April 15, 2024.

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

Date of grant	Vesting date	Percentage of options to vest
December 29, 2021	December 29, 2024	25% of the total number of options granted
	December 29, 2025	25% of the total number of options granted
February 7, 2024	February 7, 2026	50% of the total number of options granted
	February 7, 2027	25% of the total number of options granted
	February 7, 2028	25% of the total number of options granted
March 26, 2024	March 26, 2025	50% of the total number of options granted
	March 26, 2026	25% of the total number of options granted
	March 26, 2027	25% of the total number of options granted

Further details of the 2021 ESOP are also set out in Note 21 to the unaudited interim financial report.

3. 2021 Share Award Scheme

The 2021 Share Award Scheme was adopted on May 28, 2021 and subsequently terminated on June 21, 2024 pursuant to the Termination of 2021 Schemes. Further details of the 2021 Share Award Scheme are set out in the announcement of the Company dated May 31, 2021 and the 2023 Annual Report.

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 2021 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.

Other Information (Continued)

As of January 1, 2024, 10,506,500 award shares were available for grant under the 2021 Share Award Scheme. During the Reporting Period, 10,531,500 award shares were granted to eligible participants pursuant to the 2021 Share Award Scheme and 1,237,000 award shares have lapsed in accordance with the rules of the 2021 Share Award Scheme. Due to the Termination of 2021 Schemes, it follows that, as of June 30, 2024, no further awards shares would be granted under the 2021 Share Award Scheme.

Outstanding awards granted. As of June 30, 2024, the Company had awarded a total of 17,204,750 award shares to 199 Selected Participants under the 2021 Share Award Scheme.

Details of movements of award shares granted under the 2021 Share Award Scheme during the Reporting Period are as follows:

Name or category of grantees	Date of grant	Vesting period ⁽¹⁾	Purchase price	Unvested award					Unvested award shares as of June 30, 2024	Closing price of Class B 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 Class B Shares immediately before the date of vesting during the Reporting Period (HKD)
				January 1, 2024	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled/ forfeited during the Reporting Period	Lapsed during the Reporting Period				
Directors, chief executive or substantial shareholder												
Mr. Zhang Shaofeng	March 26, 2024	12 months	Nil	-	3,415,500	-	-	-	3,415,500	14.28	11.84	-
Mr. Zheng Wei	December 29, 2021	1.5-4 years	Nil	350,000	-	-	-	-	350,000	9.70	9.48	-
	March 26, 2024	4 years	Nil	-	130,000	-	-	-	130,000	14.28	11.84	-
Ms. Cathryn Xie Jianing ⁽⁴⁾	March 26, 2024	4 years	Nil	-	728,500	-	-	728,500	-	14.28	11.84	-



Other Information (Continued)

Name or category of grantees	Date of grant	Vesting period ⁽¹⁾	Purchase price	Unvested award shares as of January 1, 2024	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, 2024	Closing price of Class B Shares immediately before the date of grant during the Reporting Period (HKD)	Fair value of shares at the date of grant (per award share) ⁽²⁾ (HKD)	Weighted average closing price of the Class B Shares immediately before the date of vesting during the Reporting Period (HKD)
Top 5 paid individuals in aggregate⁽³⁾	December 29, 2021	4 years	Nil	450,000	-	-	-	-	450,000	9.7	9.48	-
	July 1, 2022	4 years	Nil	484,000	-	-	-	-	484,000	9.82	9.82	-
	February 7, 2024	4 years	Nil	-	452,000	-	-	-	452,000	11.76	11.16	-
Other grantees in aggregate												
99 Employee Participants in aggregate	December 29, 2021	1.5-4 years	Nil	4,388,750	-	-	-	166,500	4,222,250	9.7	9.48	-
1 Employee Participant	January 4, 2022	4 years	Nil	400,000	-	200,000	-	-	200,000	10.88	10.42	13.72
5 Employee Participants in aggregate	July 1, 2022	1.5-4 years	Nil	918,000	-	279,000	-	-	639,000	9.82	9.82	11.08
1 Employee Participant	October 8, 2022	4 years	Nil	630,500	-	-	-	131,000	499,500	8.58	8.58	-

Other Information (Continued)

Name or category of grantees	Date of grant	Vesting period ⁽¹⁾	Purchase price	Unvested award shares as of January 1, 2024	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, 2024	Closing price of Class B Shares immediately before the date of grant during the Reporting Period (HKD)	Fair value of shares at the date of grant (per award share) ⁽²⁾ (HKD)	Weighted average closing price of the Class B Shares immediately before the date of vesting during the Reporting Period (HKD)
2 Employee Participants in aggregate	January 4, 2023	4 years	Nil	203,500	-	-	-	-	203,500	10.36	10.94	-
3 Employee Participants in aggregate	April 1, 2023	4 years	Nil	193,000	-	-	-	-	193,000	12.42	12.42	-
3 Employee Participants in aggregate	July 1, 2023	4 years	Nil	293,000	-	-	-	84,500	208,500	9.28	9.28	-
1 Employee Participant	October 8, 2023	1.5-4 years	Nil	21,500	-	-	-	-	21,500	10.10	10.10	-
9 Employee Participants in aggregate	January 4, 2024	1.5-4 years	Nil	-	403,000	-	-	73,000	330,000	13.72	13.24	-
153 Employee Participants in aggregate	February 7, 2024	1.5-4 years	Nil	-	4,652,000	-	-	53,500	4,598,500	11.76	11.16	-



Other Information (Continued)

Name or category of grantees	Date of grant	Vesting period ⁽¹⁾	Purchase price	Unvested award					Unvested award as of June 30, 2024	Closing price of Class B Shares immediately before the date of grant	Fair value of shares at the date of grant (per award share) ⁽²⁾	Weighted average closing price of the Class B Shares immediately before the date of vesting during the Reporting Period (HKD)
				January 1, 2024	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled/ forfeited during the Reporting Period	Lapsed during the Reporting Period		Reporting Period (HKD)	(HKD)	(HKD)
7 Employee Participants in aggregate	April 1, 2024	1.5-4 years	Nil	-	592,000	-	-	-	592,000	11.08	11.08	-
2 Service Providers in aggregate	July 1, 2022	4 years	Nil	100,000	-	43,000	-	-	57,000	9.82	9.82	11.08
2 Service Providers in aggregate	April 1, 2023	1 year	Nil	68,500	55,000	68,500	-	-	55,000	12.42	12.42	11.08
1 Service Provider	February 7, 2024	1 year	Nil	-	65,500	-	-	-	65,500	11.76	11.16	-
1 Service Provider	April 1, 2024	1.5-4 years	Nil	-	38,000	-	-	-	38,000	11.08	11.08	-
Total				8,500,750	10,531,500	590,500	-	1,237,000	17,204,750			

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.
- Ms. Cathryn Xie Jianing resigned as an executive Director with effect from April 15, 2024.

Further details of the 2021 Share Award Scheme are set out in Note 21 to the unaudited interim financial report.

Other Information (Continued)

4. 2024 Share Scheme

The 2024 Share Scheme was adopted on June 21, 2024 at the conclusion of the Company's 2024 annual general meeting. Further details of the 2024 Share Scheme are set out in the announcements of the Company dated April 10, 2024 and June 21, 2024 and the circular of the Company dated May 17, 2024.

Maximum number of awards available for grant. The total number of Class B Shares which may be issued (including any transfer of Class B Shares out of treasury that are held as treasury Shares) pursuant to all awards to be granted under the 2024 Share Scheme (or any other share schemes of the Company) shall not exceed 49,102,996 (the "**Scheme Mandate Limit**"), representing 10% of the total number of Shares of the Company (including Class A Shares and Class B Shares but excluding any treasury Shares) in issue as at June 21, 2024, being the adoption date of the 2024 Share Scheme.

The total number of new Shares that may be issued (including any transfer of Class B Shares out of treasury that are held as treasury Shares) pursuant to all awards to be granted to service provider participants under the 2024 Share Scheme (or any other share schemes of the Company) is 4,910,299 Shares, representing 1% of the total number of the issued share capital of the Company as at June 21, 2024 (the "**Service Provider Sublimit**").

As of June 21, 2024, 49,102,996 and 4,910,299 awards were available for grant under the Scheme Mandate Limit and the Service Provider Sublimit, respectively. During the Reporting Period, no awards were granted to eligible participants pursuant to the 2024 Share Scheme. It follows that, as of June 30, 2024, 49,102,996 and 4,910,299 awards were available for grant under the Scheme Mandate Limit and the Service Provider Sublimit, respectively.



Other Information (Continued)

5. RSU Scheme

The RSU Scheme was adopted on June 21, 2024 at the conclusion of the Company's 2024 annual general meeting. The RSU Scheme constitutes a share scheme of a listed issuer that is funded by existing shares of the issuer under Rule 17.01(1)(b) of the Listing Rules. Further details of the RSU Scheme are set out in the announcement of the Company dated April 10, 2024 and the circular of the Company dated May 17, 2024.

Maximum number of RSUs (funded by existing Class B Shares) available for grant. The Company shall not make further grant of RSUs which will result in the aggregate number of Class B Shares granted underlying all grants made pursuant to the RSU Scheme (excluding any RSUs lapsed in accordance with the RSU Scheme Rules) to exceed 5% of the total number of issued Shares as at the relevant date of grant unless the Board has approved a further refreshment of the limit of the RSU Scheme.

As of June 21, 2024, 24,551,498 award shares were available for grant under the RSU Scheme. During the Reporting Period, nil award shares were granted to eligible participants pursuant to the RSU Scheme and nil award shares have lapsed in accordance with the rules of the RSU Scheme. As of June 30, 2024, 24,553,373 award shares were available for grant under the RSU Scheme.

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

During the six months ended June 30, 2024, the Company repurchased a total of 7,023,000 Class B Shares on the Stock Exchange at an aggregate consideration (including transaction cost) of approximately HK\$70.05 million including expenses. As at June 30, 2024, an outstanding number of 6,846,000 Class B Shares that were repurchased had not been cancelled yet. Subsequent to the Reporting Period up to the date of this interim report, the Company has repurchased an additional 1,978,000 Class B Shares on the Stock Exchange at an aggregate consideration of approximately HK\$18.24 million including expenses. Particulars of the Shares Repurchased during the six months ended June 30, 2024 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\$)
February	177,000	11.96	11.30	2,070,690
March	856,500	13.50	10.88	10,016,340
April	2,335,500	11.08	9.10	23,475,800
May	1,629,500	10.38	9.16	15,924,815
June	2,024,500	9.45	8.93	18,564,990
Total	7,023,000			70,052,635

Other Information (Continued)

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

In addition, 3,603,500 Class B Shares were purchased by trustees of the Company's share award schemes on the market during the six months ended June 30, 2024 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 (including any sale of treasury shares (as defined under the Listing Rules)) listed on the Stock Exchange during the six months ended June 30, 2024. As at June 30, 2024, the Company did not hold any treasury shares (as defined under the Listing Rules).

Disclosure of changes in Directors' information pursuant to Listing Rule 13.51B

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors since the 2023 Annual Report are set out below:

- Professor Liao Jianwen (廖建文) was appointed as an independent non-executive director of China Liliang Limited (a company whose shares are listed on the Main Board of the Stock Exchange, stock code: 1234) with effect from February 5, 2024;
- Ms. Cathryn Xie Jianing (謝佳寧) resigned as an executive Director with effect from April 15, 2024; and
- Professor Chen Zhiwu (陳志武) retired as an independent director of Noah Holdings Private Wealth and Asset Management Limited (a company whose shares are listed on the Main Board of the Stock Exchange, stock code: 6686) with effect from June 30, 2024.

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 2023 Annual Report.

Interim dividend

The Board does not recommend the distribution of an interim dividend for the six months ended June 30, 2024.



Other Information (Continued)

Use of proceeds from the Global Offering

On March 31, 2021, the Shares of the Company were listed on the Main Board of the Stock Exchange.

The net proceeds from the Global Offering were approximately RMB3,170.39 million (the “**IPO Proceeds**”), after deducting underwriting commissions and total expenses paid by the Company in connection with the Global Offering.

During the six months ended June 30, 2024, the Group has gradually utilised the IPO Proceeds in accordance with the intended purposes stated in the Prospectus. For the reasons set out in the paragraph headed “Reasons for Extending the Expected Timeline for Use of Proceeds” below, the Board has resolved to extend the expected timeline for the use of the unutilised IPO Proceeds for (i) the enhancement of efforts in research and development; and (ii) working capital and general corporate purposes from the end of 2024 to the end of 2026. For details, please refer to the following table:

			Unutilised net amount as at January 1, 2024 (RMB million)	Amount utilised during the Reporting Period (RMB million)	Unutilised amount as at June 30, 2024 (RMB million)	Updated expected timeline of full utilisation of the unutilised Net Proceeds
	Net proceeds from the Global Offering	Proportion				
	(RMB million)		(RMB million)	(RMB million)	(RMB million)	
Fund business expansion, expand FSP client base and penetrate into existing FSP client base	1,426.68	45%	324.68	294.22	30.46	Before December 31, 2024
Enhance efforts in research and development	951.12	30%	510.09	140.87	369.22	Before December 31, 2026
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%	153.92	141.38	12.54	Before December 31, 2024
Working capital and general corporate purposes	317.03	10%	317.03	72.21	244.82	Before December 31, 2026
Total	3,170.39	100%	1,305.72	648.68	657.04	

Other Information (Continued)

The updated expected timeline for full utilisation of the IPO Proceeds is based on the Company's current business plans and best estimation of future market conditions, and thus might be subject to further changes.

Reasons for Extending the Expected Timeline for Use of Proceeds

Since the Listing, in response to the COVID-19 pandemic and its subsequent adverse impacts, the Company has adopted a prudent approach amidst the uncertain global macroeconomic outlook by controlling operational expenses in terms of internal management, enhancing the application of Generative AI technology in internal research and development processes, and actively implementing various cost-saving and efficiency-enhanced measures to gradually improve internal efficiency. Having considered the Company's current operational status and recent business developments, the Board has decided to extend the original expected timeline for the unutilised IPO Proceeds as set out above. In addition to the above, the remaining unutilised IPO Proceeds intended for "Fund business expansion, expand FSP client base and penetrate into existing FSP client base" and "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" are expected to be fully utilised by the end of 2024 in accordance with the initial timeline set out in the Prospectus.

Contractual Arrangements

Background to the Contractual Arrangements

We currently conduct our MaaS and BaaS businesses (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 telecommunications service providers (in addition to imposing a qualification requirement on the foreign owners).

As a result of the restrictions 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.

All of the Contractual Arrangements are subject to the foreign ownership restrictions described herein and as set out in the Prospectus.



Other Information (Continued)

Qualification requirements

Article 10 of the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises further 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.

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 concrete steps to ensure compliance with the Qualification Requirements, as published in the 2023 Annual Report.

Other Information (Continued)

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 2023 Annual Report.

Material litigation

The Company was not involved in any material litigation or arbitration during the six months ended June 30, 2024. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the Reporting Period and up to the date of this interim report.

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, 2024 and up to the date of publication of this interim report.

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 48 to 87 which comprises the consolidated statement of financial position of Bairong Inc. (the “Company”) and its subsidiaries (together the “Group”) as of June 30, 2024 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, 2024 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants

8th Floor, Prince’s Building

10 Chater Road

Central, Hong Kong

August 29, 2024

Consolidated Statement of Profit or Loss

For the six months ended June 30, 2024 (unaudited)

Expressed in Renminbi ("RMB")

	Note	Six months ended June 30,	
		2024 RMB'000	2023 RMB'000
Revenue	4	1,321,348	1,243,032
Cost of sales		(354,193)	(346,998)
Gross profit		967,155	896,034
Other income	5	73,030	104,976
Research and development expenses		(225,881)	(202,066)
General and administrative expenses		(139,944)	(123,984)
Sales and marketing expenses		(506,542)	(460,684)
Impairment loss	6(c)	(10,986)	(2,579)
Profit from operations		156,832	211,697
Finance income	6(a)	2,113	2,842
Finance costs	6(a)	(3,571)	(7,579)
Share of (losses)/profits of associates	12	(1,917)	33
Profit before taxation	6	153,457	206,993
Income tax expense	7	(10,624)	(185)
Profit for the period		142,833	206,808
Attributable to:			
Equity shareholders of the Company		139,956	205,251
Non-controlling interests		2,877	1,557
Profit for the period		142,833	206,808
Earnings per share			
Basic (RMB)	9	0.30	0.43
Diluted (RMB)	9	0.29	0.41

The notes on pages 56 to 87 form part of this interim financial report.



Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2024 (unaudited)

Expressed in RMB

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Profit for the period	142,833	206,808
Other comprehensive income for the period	–	–
Total comprehensive income for the period	142,833	206,808
Attributable to:		
Equity shareholders of the Company	139,956	205,251
Non-controlling interests	2,877	1,557
Total comprehensive income for the period	142,833	206,808

The notes on pages 56 to 87 form part of this interim financial report.

Consolidated Statement of Financial Position

At June 30, 2024 (unaudited)

Expressed in RMB

	Note	As at June 30, 2024 RMB'000	As at December 31, 2023 RMB'000
Non-current assets			
Property, plant and equipment		74,780	52,872
Intangible assets		45,168	47,431
Right-of-use assets	10	45,184	48,192
Goodwill	11	119,466	119,466
Financial assets at fair value through profit or loss	13	142,570	149,750
Interests in associates	12	163,290	9,645
Deferred tax assets		4,007	3,457
Time deposits		633,307	1,982,833
Restricted cash		7,752	8,305
		1,235,524	2,421,951
Current assets			
Prepaid expenses and other current assets	15	693,411	447,445
Financial assets at fair value through profit or loss	13	729,035	724,231
Loans receivable		76,628	68,172
Trade receivables	14	575,416	519,247
Time deposits		1,592,350	405,015
Restricted cash		–	5,721
Cash and cash equivalents		627,190	913,987
		4,294,030	3,083,818

The notes on pages 56 to 87 form part of this interim financial report.



Consolidated Statement of Financial Position (Continued)

At June 30, 2024 (unaudited)

Expressed in RMB

	Note	As at June 30, 2024 RMB'000	As at December 31, 2023 RMB'000
Current liabilities			
Bank loans	16	39,360	91,360
Trade payables	17	278,191	301,856
Contract liabilities		76,015	81,576
Lease liabilities	19	27,295	39,065
Current taxation		1,045	519
Accrued expenses and other current liabilities	18	522,735	519,416
		944,641	1,033,792
Net current assets		3,349,389	2,050,026
Total assets less current liabilities		4,584,913	4,471,977
Non-current liabilities			
Lease liabilities	19	16,896	14,085
Deferred tax liabilities		9,274	8,968
		26,170	23,053
NET ASSETS		4,558,743	4,448,924

The notes on pages 56 to 87 form part of this interim financial report.

Consolidated Statement of Financial Position (Continued)

At June 30, 2024 (unaudited)

Expressed in RMB

	Note	As at June 30, 2024 RMB'000	As at December 31, 2023 RMB'000
Equity			
Share capital	20(a)	62	64
Treasury shares	20(a)	(114,068)	(185,584)
Reserves	20(b)	4,660,148	4,624,720
Total equity attributable to equity shareholders of the Company		4,546,142	4,439,200
Non-controlling interests		12,601	9,724
TOTAL EQUITY		4,558,743	4,448,924

Approved and authorized for issue by the Board of Directors on August 29, 2024.

Zhang Shaofeng

Director

Zheng Wei

Director

The notes on pages 56 to 87 form part of this interim financial report.



Consolidated Statement of Changes in Equity

For the six months ended June 30, 2024 (unaudited)

Expressed in RMB

Total equity attributable to equity shareholders of the Company										
	Note	Ordinary shares		Treasury shares		Reserves		Non-controlling interests	Total Equity	
		Shares	Amount	Shares	Amount	Other reserves	Retained Profits			Total
			RMB'000		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance as of December 31, 2023 and January 1, 2024		506,173,779	64	(35,159,250)	(185,584)	4,257,429	367,291	4,439,200	9,724	4,448,924
Net profit		-	-	-	-	-	139,956	139,956	2,877	142,833
Exercise of share options	21	2,070,182	-	590,500	5,028	2,378	-	7,406	-	7,406
Share-based compensation	21	-	-	-	-	54,646	-	54,646	-	54,646
Cancellation of shares	20	(17,176,500)	(2)	17,176,500	161,554	(161,552)	-	-	-	-
Shares held for share award scheme	20	-	-	(3,603,500)	(31,408)	-	-	(31,408)	-	(31,408)
Repurchase of ordinary shares	20	-	-	(7,023,000)	(63,658)	-	-	(63,658)	-	(63,658)
Balance as of June 30, 2024		491,067,461	62	(28,018,750)	(114,068)	4,152,901	507,247	4,546,142	12,601	4,558,743

The notes on pages 56 to 87 form part of this interim financial report.

Consolidated Statement of Changes in Equity (Continued)

For the six months ended June 30, 2024 (unaudited)

Expressed in RMB

		Total equity attributable to equity shareholders of the Company								
		Ordinary shares		Treasury shares		Reserves			Non-controlling interests	Total Equity
		Shares	Amount	Shares	Amount	Other reserves	(Accumulated deficit)/ Retained Profits	Total		
	Note	RMB'000	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	21	2,974,447	-	96,500	823	(202)	-	621	-	621
Share-based compensation	21	-	-	-	-	20,039	-	20,039	-	20,039
Transfers	20	-	-	-	-	(4,848,082)	4,848,082	-	-	-
Cancellation of shares	20	(18,166,000)	(2)	18,166,000	152,282	(152,280)	-	-	-	-
Shares held for share										
award scheme	20	-	-	(3,389,000)	(30,417)	-	-	(30,417)	-	(30,417)
Repurchase of ordinary shares	20	-	-	(11,928,500)	(110,609)	-	-	(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 56 to 87 form part of this interim financial report.



Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2024 (unaudited)

Expressed in RMB

	Note	Six months ended June 30,	
		2024 RMB'000	2023 RMB'000
Operating activities			
Cash used in operations		(116,329)	(99,027)
Income tax paid		(10,342)	–
Net cash used in operating activities		(126,671)	(99,027)
Investing activities			
Purchase of property, plant and equipment		(35,013)	(12,118)
Placement of time deposits		(292,895)	(360,000)
Proceeds from maturity of time deposits		457,911	170,000
Purchase of intangible assets		(1,377)	(1,433)
Purchase of investments		(1,683,079)	(1,394,100)
Proceeds from sale of investments		1,692,958	1,383,875
Payment for investment in associates		(131,779)	–
Interest received from time deposits and coupon notes		5,375	1,368
Decrease in restricted cash		5,600	11,115
Net cash generated/(used) in investing activities		17,701	(201,293)
Financing activities			
Payments for repurchase of shares		(63,943)	(110,808)
Shares withheld for share award schemes		(31,476)	(30,492)
Proceeds from bank loans		–	45,000
Repayment of bank loans		(52,000)	(17,000)
Proceeds from exercise of share options		7,387	6,859
Interest paid		(1,815)	(5,060)
Payment of lease liabilities	19	(34,752)	(30,717)
Net cash used in financing activities		(176,599)	(142,218)
Net decrease in cash and cash equivalents		(285,569)	(442,538)
Cash and cash equivalents at the beginning of the period		913,987	888,508
Effect of foreign exchange rate changes		(1,228)	(1,652)
Cash and cash equivalents at the end of the period		627,190	444,318

The notes on pages 56 to 87 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 29, 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 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 2023 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 47.

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:

- Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* ("2020 amendments")
- Amendments to IAS 1, *Presentation of financial statements: Non-current liabilities with covenants* ("2022 amendments")
- Amendments to IFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to IAS 7, *Statement of cash flows and IFRS 7, Financial instruments: Disclosures – Supplier finance arrangements*

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.

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,	
	2024 RMB'000	2023 RMB'000
MaaS	421,352	431,134
BaaS		
BaaS – financial scenario	589,473	492,095
BaaS – insurance scenario	310,523	319,803
	1,321,348	1,243,032

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

4 Revenue (Continued)

During the periods ended June 30, 2024 and 2023, 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,	
	2024	2023
	RMB'000	RMB'000
Point-in-time	751,894	659,806
Over-time	569,454	583,226
	1,321,348	1,243,032

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, 2024 and 2023. 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,	
	2024	2023
	RMB'000	RMB'000
Interest income from time deposits	40,608	38,344
Net gains on financial investments measured at fair value through profit or loss	22,501	32,489
Government grants and others	11,149	33,387
Foreign currency exchange loss	(1,228)	(1,652)
Net loss on derivatives	–	(1,750)
Gains from fixed coupon note	–	44
Extra deduction of input VAT	–	4,114
	73,030	104,976

6 Profit before taxation

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

(a) Finance income and costs

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Finance income		
Interest income from bank deposits	(2,113)	(2,842)
Total	(2,113)	(2,842)

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,	
	2024	2023
	RMB'000	RMB'000
Finance costs		
Interest expense on bank loans	1,814	5,103
Interest expense on lease liabilities	1,757	2,476
Total	3,571	7,579

(b) Staff cost

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Salaries, wages and other benefits	336,998	308,780
Contributions to defined contribution retirement plan	29,024	24,501
Equity-settled share-based compensation expenses	54,646	20,039
Termination benefits	1,109	2,322
Total	421,777	355,642



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,	
	2024	2023
	RMB'000	RMB'000
Analytics service costs	51,569	59,063
BaaS-related insurance brokerage commission, operating and marketing expenditures	548,173	505,213
Depreciation of property, plant and equipment	12,258	8,897
Amortisation of intangible assets	3,639	4,620
Depreciation of right-of-use assets	18,023	22,358
Impairment loss		
– Trade receivables and others	3,964	2,459
– Loans	7,022	120
Auditors' remuneration	1,400	1,400

7 Income tax expense

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

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Current tax		
– PRC Enterprise Income Tax ("EIT") provision for the period	10,868	3
Deferred tax		
– Changes in deferred tax assets/liabilities	(244)	182
	10,624	185

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

7 Income tax expense (Continued)

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

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Profit before taxation	153,457	206,993
Notional tax on profit before taxation, calculated at the rates applicable in the jurisdictions concerned	38,364	51,748
Tax effect of different tax rates and preferential tax rates	(46,720)	(56,425)
Super-deduction of research and development expense	(4,715)	(8,259)
Tax effect of non-deductible expenses	19,686	9,237
Tax effect of tax losses and temporary differences not recognised	4,009	3,884
Actual income tax expense	10,624	185

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) Technology 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, 2024 and 2023.



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

7 Income tax expense (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 which entitled it to the preferential income tax rate of 15% from December 1, 2022 to December 1, 2025. 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 November 2023, Bairong Zhixin 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 November 30, 2023 to November 29, 2026. 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. In October 2023, All Union 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 October 26, 2023 to October 25, 2026.

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. Beijing Bairong was profit-making in the year 2023 and the management estimated that Beijing Bairong will be profit-making up to the year ending 2024 and will continue to be qualified as a software enterprise up to the year ending 2024. 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, 2024. 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, 2024 and 2023.

8 Dividends

During the periods ended June 30, 2024 and 2023, 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

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, 2024 and 2023.

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,	
	2024	2023
Net profit attributable to equity shareholders of the Company (RMB'000)	139,956	205,251
Weighted average number of ordinary shares	469,905,966	481,025,907
Basic earnings per share attributable to equity shareholders of the Company (in RMB)	0.30	0.43

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, 2024 and June 30, 2023, 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,	
	2024	2023
Net profit attributable to equity shareholders of the Company (RMB'000)	139,956	205,251
Weighted average number of ordinary shares	469,905,966	481,025,907
Adjustments for share options and share award schemes	12,157,942	22,511,686
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	482,063,908	503,537,593
Diluted earnings attributable to equity shareholders of the Company (in RMB)	0.29	0.41

10 Right-of-use assets

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Cost:		
At January 1	200,404	208,173
Inception of leases	24,034	21,057
Termination of leases	(129,589)	(26,342)
At June 30	94,849	202,888
Accumulated depreciation:		
At January 1	(152,212)	(138,726)
Charge for period	(18,023)	(22,358)
Termination of leases	120,570	26,342
At June 30	(49,665)	(134,742)
Net book value:		
At June 30	45,184	68,146

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

11 Goodwill

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Balance as of January 1	119,466	180,013
Acquired during the period	–	–
Balance as of June 30	119,466	180,013
	As at	As at
	June 30,	December 31,
	2024	2023
	RMB'000	RMB'000
Liming Insurance Brokerage Co., Ltd.	34,054	34,054
All Union	85,412	85,412
Total	119,466	119,466

The Group normally performs goodwill impairment test annually, and there is no indicator for impairment of goodwill as of June 30, 2024. For details of goodwill impairment assessment for the year ended December 31, 2023, please refer to the 2023 annual financial statements.

12 Interests in associates

	As at	As at
	June 30,	December 31,
	2024	2023
	RMB'000	RMB'000
Unlisted entities	163,290	9,645

The Group has interests in a number of immaterial associates 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)

	Note	Six months ended June 30,	
		2024	2023
		RMB'000	RMB'000
At the beginning of the period		9,645	9,764
Additions	(i)	155,562	–
The Group's share of (loss)/profit		(1,917)	33
At the end of the period		163,290	9,797

Note:

- (i) During the period ended June 30, 2024, the Group invested in an associate with an aggregate amount of RMB100 million, which is principally engaged in SaaS solutions and AIGC video intelligence agents for the securities and asset management sectors. Besides, the Group invested in an associate with an aggregate amount of RMB56 million which focuses on digital finance IT solutions.

13 Financial assets at fair value through profit or loss

	Note	As at	As at
		June 30, 2024	December 31, 2023
		RMB'000	RMB'000
Non-current			
– Unlisted equity investments	(i)	142,570	149,750
Current			
– Wealth management products	(ii)	476,590	407,946
– Fund investments	(iii)	252,445	316,285
Total		871,605	873,981

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 Trade receivables

	As at June 30, 2024 RMB'000	As at December 31, 2023 RMB'000
Trade receivables	581,554	522,062
Less: loss allowance	(6,138)	(2,815)
Trade receivables, net	575,416	519,247

Ageing analysis

As of June 30, 2024 and December 31, 2023, the ageing analysis of trade receivables, based on the transaction date and net of loss allowance, is as follows:

	As at June 30, 2024 RMB'000	As at December 31, 2023 RMB'000
Within 3 months (inclusive)	530,916	387,966
3 months to 6 months (inclusive)	34,048	97,502
6 months to 1 year (inclusive)	12,678	34,967
Over 1 year	3,912	1,627
Less: loss allowance	(6,138)	(2,815)
Trade receivables, net	575,416	519,247



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

15 Prepaid expenses and other current assets

	Note	As at June 30, 2024 RMB'000	As at December 31, 2023 RMB'000
Prepayments to digital goods providers	(i)	393,148	211,559
Interest receivable		161,205	128,797
Advances to suppliers		50,382	18,475
Deposits		30,708	25,555
Prepaid expenses		7,139	2,129
Others		50,829	60,930
Total		693,411	447,445

Note:

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

16 Bank loans

	As at June 30, 2024 RMB'000	As at December 31, 2023 RMB'000
Short-term bank loans, guaranteed	29,360	51,360
Short-term bank loans, secured	10,000	40,000
	39,360	91,360

As at June 30, 2024, all of the Group's bank loans are repayable within 1 year and denominated in RMB, and bear average interest rate of 3.58% per annum (2023: 3.67%).

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

17 Trade payables

	As at June 30, 2024 RMB'000	As at December 31, 2023 RMB'000
Amounts due to third parties	278,191	301,856

As at June 30, 2024 and December 31, 2023, the ageing analysis of trade payables, based on the invoice date, is as follows:

	As at June 30, 2024 RMB'000	As at December 31, 2023 RMB'000
Within 6 months	264,909	285,509
6 months to 1 year	6,434	13,236
1 year to 2 years	6,848	3,111
	278,191	301,856

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)

18 Accrued expenses and other current liabilities

	Note	As at June 30, 2024 RMB'000	As at December 31, 2023 RMB'000
Receipts in advance	(i)	150,218	142,605
Accrued payroll and welfare		150,155	176,687
Accrued expenses		99,520	96,885
Value Added Tax and surcharges payable		74,766	78,620
Deposit received		3,590	3,196
Others		44,486	21,423
Total		522,735	519,416

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)

19 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, 2024 RMB'000	As at December 31, 2023 RMB'000
Maturity analysis-contractual undiscounted cash flows		
Within 1 year or on demand	28,263	41,325
More than 1 year but less than 2 years	12,000	10,588
More than 2 years	5,229	5,103
Total undiscounted lease liabilities	45,492	57,016
Less: total future interest expenses	(1,301)	(3,866)
Present value of lease liabilities	44,191	53,150
Lease liabilities included in the consolidated statement of financial position		
Current	27,295	39,065
Non-current	16,896	14,085
Present value of lease liabilities	44,191	53,150
	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Amounts recognised in profit or loss		
Interest on lease liabilities	1,757	2,476
Amounts recognised in the consolidated cash flow statements		
Total cash flow for leases	34,752	30,717



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

20 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, 2024, the Company had 2,500,000,000 shares authorized, which consisted of 500,000,000 Class A shares and 2,000,000,000 Class B shares, and the Company had 491,067,461 shares issued, which consisted of 77,208,112 Class A shares and 413,859,349 Class B shares.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

20 Capital and reserves (Continued)

(a) Share capital (Continued)

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

During the year ended December 31, 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 20,732,500 ordinary shares that had been listed on the Stock Exchange. The total amount to repurchase these ordinary shares was approximately equivalent to RMB197,472,000. The repurchased shares were recorded as "treasury shares" as at December 31, 2023.

During the period ended June 30, 2024, all the ordinary shares repurchased during the year 2023 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 RMB161,552,000. The Company further repurchased a total of 7,023,000 ordinary shares that had been listed on the Stock Exchange. The total amount to repurchase these ordinary shares was approximately equivalent to RMB63,658,000. The repurchased shares were recorded as "treasury shares" as at June 30, 2024.



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

20 Capital and reserves (Continued)

(a) Share capital (Continued)

(iii) Shares issued and held for share award schemes

During the year ended December 31, 2023, GeniAI Tech II Ltd. purchased a total of 4,538,500 ordinary shares of the Company on the Stock Exchange for the settlement of 2019 ESOP share options and Share Award Scheme.

During the year ended December 31, 2023, the Company issued a total of 5,623,137 ordinary shares on the Stock Exchange to employees for the exercise of 2019 ESOP share options. In addition, 5,757,250 shares were transferred from GeniAI Tech II Ltd. and GeniAI Tech III Ltd. to employees for the exercise of Share Award Scheme.

During the period ended June 30, 2024, GeniAI Tech II Ltd. purchased a total of 3,603,500 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, 2024, the Company issued a total of 2,070,182 ordinary shares on the Stock Exchange to employees for the exercise of 2019 ESOP share options.

In addition, 590,500 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 2023 annual financial statements, these shares were therefore recorded as “treasury shares” as at June 30, 2024.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

20 Capital and reserves (Continued)

(b) Reserves

	Note	Share-based			Total
		Share premium	compensation reserve	Others	
		RMB'000	RMB'000	RMB'000	RMB'000
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
Balance at December 31, 2023					
and January 1, 2024		4,107,845	113,237	36,347	4,257,429
Exercise of share options		14,853	(12,475)	–	2,378
Share-based compensation expenses	(i)	–	54,646	–	54,646
Cancellation of shares		(161,552)	–	–	(161,552)
Balance at June 30, 2024		3,961,146	155,408	36,347	4,152,901

Notes:

- (i) Share-based compensation reserve arises from share-based payments granted to employees of the Company, see Note 21 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.

During the periods ended June 30, 2024 and 2023, 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)

21 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 for the six months ended June 30, 2024 and 2023, respectively. The following table sets forth the share options activities under the 2019 Plan for the six months ended June 30, 2024 and 2023. 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)

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

	Options outstanding	Weighted average exercise price RMB
Outstanding at January 1, 2024	6,500,800	0.2
Granted	–	Not applicable
Exercised	(1,250,682)	0.2
Forfeited	–	Not applicable
Outstanding at June 30, 2024	5,250,118	0.2
Exercisable as of June 30, 2024	5,020,730	0.2
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

The weighted-average remaining contract life for outstanding share options was 2.98 years and 3.43 years as of June 30, 2024 and December 31, 2023 respectively.



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

21 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.

The Group granted 31,171,400 and nil share options to employees for the six months ended June 30, 2024 and 2023, respectively.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

21 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, 2024	9,927,500	7.75
Granted	31,171,400	11.79
Exercised	(819,500)	7.75
Forfeited	(912,000)	11.94
Outstanding at June 30, 2024	39,367,400	10.80
Exercisable as of June 30, 2024	4,144,250	7.75
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
Exercisable as of June 30, 2023	–	Not applicable



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

21 Share-based compensation (Continued)

2021 ESOP (Continued)

The weighted-average remaining contract life for outstanding share options was 9.19 years and 8.00 years as of June 30, 2024 and December 31, 2023 respectively.

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%-34.28%
Risk-free interest rate	1.58%-3.76%
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)	RMB7.75-12.52

The weighted average fair value of options granted during the period ended June 30, 2024 was RMB3.75 per share.

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 1,269,000 and 10,531,500 of the RSUs to its employees and consultants during the year 2023 and the six months ended June 30, 2024. 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)

21 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, 2024	8,500,750	7.95
Granted	10,531,500	10.56
Exercised	(590,500)	8.32
Forfeited	(1,237,000)	11.03
Outstanding at June 30, 2024	17,204,750	9.32
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



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

21 Share-based compensation (Continued)

Share Award Scheme (Continued)

The total share-based compensation expenses recognised in the consolidated statement of profit or loss are RMB54.65 million and RMB20.04 million for the periods ended June 30, 2024 and 2023, respectively. The following table sets forth a breakdown of share-based compensation by nature:

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
2019 ESOP	1,183	476
2021 ESOP	24,743	3,000
Share Award Scheme	28,720	16,563
Total	54,646	20,039

22 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)

22 Fair value measurement of financial instruments (Continued)

Fair value hierarchy (Continued)

	Note	As at June 30, 2024 RMB'000	As at December 31, 2023 RMB'000
Level 2			
Assets			
– Funds		216,411	209,459
		216,411	209,459
Level 3			
Assets			
– Wealth management products	(i)	476,590	407,946
– Funds	(i)	36,034	106,826
– Unlisted equity securities	(ii)	142,570	149,750
		655,194	664,522

During the six months ended June 30, 2024 and 2023, 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)

22 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, 2024 and December 31, 2023. 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 3.60% to 4.50% and 1.30% to 4.50% as of December 31, 2023 and June 30, 2024, respectively.

It is estimated that with all other variables held constant, if the expected annual return rate increased/decreased by 1%, the aggregate profit before taxation as of June 30, 2024 and December 31, 2023 would have increased/decreased by RMB5.13 million and RMB5.15 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,	
	2024	2023
	RMB'000	RMB'000
At the beginning of the period	514,772	750,478
Addition	1,675,968	1,381,128
Disposal	(1,686,794)	(1,363,040)
Change in fair value	8,678	12,676
At the end of the period	512,624	781,242

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

22 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, 2024 and December 31, 2023. 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.

It is estimated that with all other variables held constant, if the fair values of equity securities increased/decreased by 1%, the aggregate profit before taxation as of June 30, 2024 and December 31, 2023 would have increased/decreased by RMB1.43 million and RMB1.50 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,	
	2024	2023
	RMB'000	RMB'000
At the beginning of the period	149,750	140,931
Addition	7,111	–
Disposal	(15,000)	–
Change in fair value	709	3,840
At the end of the period	142,570	144,771
Net unrealized gains for the period	709	3,840

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



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

23 Material related party transactions

(a) Key management personnel remuneration

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

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	3,374	2,774
Discretionary bonuses	–	–
Retirement scheme contributions	61	53
Share-based payments	29,906	4,940
Key management personnel remuneration	33,341	7,767

24 Contingencies

The Group did not have any material contingent liabilities as of June 30, 2024.

25 Events after the reporting period

There were no material subsequent events during the period from June 30, 2024 to the approval date of the Interim Financial Report by the Board on August 29, 2024.

26 Comparative amounts

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

Definitions

“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
“2021 Schemes”	the 2021 ESOP and the 2021 Share Award Scheme
“2021 Share Award Scheme”	the share award scheme adopted by the Board on May 28, 2021 as amended from time to time
“2023 Annual Report”	the annual report of the Company for the financial year ended December 31, 2023 published on April 22, 2024
“2024 Share Scheme”	the 2024 share scheme of the Company adopted on June 21, 2024
“AI”	artificial intelligence
“Audit Committee”	the audit committee of the Board
“Articles of Association”	the articles of association of the Company, as amended from time to time
“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



Definitions (Continued)

“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 C1 of the Listing Rules, as amended from time to time
“Corporate Governance Committee”	the corporate governance committee of the Board

Definitions (Continued)

“Director(s)”	the director(s) of our Company
“FSP”	financial services provider
“Global Offering”	the public offering of the Company’s Class B Shares as defined and described in the Prospectus
“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
“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“ICP licence”	the value-added telecommunications business operating licence for internet information service
“IFRS”	International Financial Reporting Standards, as issued by the International Accounting Standards Board
“Key Client(s)”	refers to clients that each contribute 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
“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



Definitions (Continued)

“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))
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules, as amended from time to time
“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 Board
“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 Board
“Reporting Period”	the six-month period from January 1, 2024 to June 30, 2024
“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

Definitions (Continued)

“RMB”	Renminbi yuan, the lawful currency of China
“RSU Scheme”	the restricted share unit scheme adopted on June 21, 2024
“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
“Shares Repurchased”	a total of 7,023,000 Class B Shares repurchased by the Company during the six months ended June 30, 2024 and a total of 1,978,000 Class B Shares repurchased by the Company in July 2023
“Share Schemes”	the 2019 ESOP, the 2021 ESOP, the 2021 Share Award Scheme, the 2024 Share Scheme and the RSU Scheme
“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



百融云创

