



百望股份有限公司

BAIWANG CO., LTD.

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code : 6657



2024

Interim Report

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Chen Jie (*Chairlady*)
Mr. Yang Zhengdao
Mr. Zou Yan
Ms. Jin Xin

Non-Executive Directors

Mr. Huang Miao
Mr. Diao Juanhuan

Independent Non-Executive Directors

Mr. Tian Lixin
Dr. Wu Changhai
Dr. Song Hua
Mr. Ng Kwok Yin

Supervisors

Mr. Li Yunfeng
Ms. Shi Haixia
Mr. Luo Wenhong

AUDIT COMMITTEE

Mr. Ng Kwok Yin (*Chairman*)
Mr. Tian Lixin
Dr. Song Hua

REMUNERATION AND APPRAISAL COMMITTEE

Dr. Wu Changhai (*Chairman*)
Mr. Yang Zhengdao
Mr. Ng Kwok Yin

NOMINATION COMMITTEE

Ms. Chen Jie (*Chairlady*)
Dr. Song Hua
Mr. Tian Lixin

JOINT COMPANY SECRETARIES

Mr. Zheng Tianhao
Mr. Chiu Ming King

AUTHORIZED REPRESENTATIVES

Ms. Chen Jie
Mr. Zheng Tianhao

ALTERNATE AUTHORIZED REPRESENTATIVE

Mr. Chiu Ming King

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditors
35/F One Pacific Place
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Hong Kong

COMPLIANCE ADVISOR

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REGISTERED OFFICE

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PRC

CORPORATE HEADQUARTERS

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CORPORATE INFORMATION

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PRC

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Yongding Road Branch
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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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HONG KONG SHARE REGISTRAR

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Hong Kong

COMPANY'S WEBSITE

www.baiwang.com

STOCK SHORT NAME

BAIWANG CO

STOCK CODE

6657



RESULTS SUMMARY

- Our revenue decreased by 16.1% from RMB335.6 million for the six months ended June 30, 2023 to RMB281.6 million for the six months ended June 30, 2024.
- Our gross profit increased by 16.3% from RMB94.9 million for six months ended June 30, 2023 to RMB110.3 million for the six months ended June 30, 2024.
- We recorded a net loss of RMB445.8 million for the six months ended June 30, 2024, as compared to RMB253.1 million for the six months ended June 30, 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

We are an enterprise digitalization solutions provider in China, focusing on offering SaaS financial & tax digitalization and data-driven analytics services through our *Baiwang Cloud* platform. Facing various unfavorable factors in the first half of the year, we have actively responded to the downward pressure on the industry through a number of measures to discover growth opportunities and reduce expenditures.

Cloud Financial & Tax Digitalization Solutions

Leveraging favorable government policies in promotion of the application of digital invoices, our revenue from cloud financial & tax digitalization solutions increased from RMB86.1 million in the six months ended June 30, 2023 to RMB95.6 million in the six months ended June 30, 2024. Our tax invoice compliance management solutions and financial and tax management solutions were upgraded to become fully compatible with the use and management of digital invoices, and we had assisted customers with a total of 1.9 million tax identification numbers and processed 332.6 million digital invoices as of June 30, 2024.

The number of KA customers (customers of our cloud financial & tax digitalization solutions with revenue contribution of RMB100,000 or more in a given period) increased from 131 in the six months ended June 30, 2023 to 169 in the six months ended June 30, 2024. The number of non-paying users of our cloud financial & tax digitalization solutions decreased from 22.7 million in the six months ended June 30, 2023 to 18.5 million in the six months ended June 30, 2024. The number of tax identification numbers served by us with our cloud financial & tax digitalization solutions increased from 35.5 million in the six months ended June 30, 2023 to 54.0 million in the six months ended June 30, 2024.

Tax Invoice Compliance Management Solutions

Our tax invoice compliance management solutions enable enterprise customers to digitalize the full-cycle tax invoice management, from issuance, circulation, analysis to archiving, to help enterprises improve their operational efficiency, cost-saving and compliance. The number of VAT invoices issued through our cloud solutions in the six months ended June 30, 2024 was approximately 16.1 billion, representing an aggregate transaction amount of approximately RMB733.3 trillion.

Financial and Tax Management Solutions

Our financial and tax management solutions streamline, digitalize and automate enterprise spending and tax management processes, including tax invoice collection, verification and certification, expenditure management, electronic accounting archiving and tax filing, which enable enterprises to gain greater control of spending, achieve cost savings, optimize tax management and improve management efficiency. The number of invoice processing requests fulfilled through our cloud solutions in the six months ended June 30, 2024 was approximately 0.13 billion, and the transaction amount underlying the invoices processed was approximately RMB21.8 trillion.

Supply Chain Collaboration Solutions

Our supply chain collaboration solutions connect enterprises with their business partners along the supply chains, automate account payment management process and streamline settlement collaboration among transaction parties. As of June 30, 2024, transactions with an aggregated amount of approximately RMB18.6 billion had been processed with our supply chain collaboration solutions.



MANAGEMENT DISCUSSION AND ANALYSIS

Data-driven Analytics Services

The number of customers of our data-driven analytics services increased from 77 in the six months ended June 30, 2023 to 87 in the six months ended June 30, 2024.

Digital Precision Marketing Services

Our digital precision marketing services connect eligible potential users with suitable financial products and empower financial service providers to effectively identify, access and acquire users of financial products. In the first half of 2024, we optimized the mix of marketed financial products and strategically reduced marketing efforts for financial products with low profit margin, which resulted in a decrease in revenue contribution from our digital precision marketing services from 43.3% in the six months ended June 30, 2023 to 22.6% in the six months ended June 30, 2024. The value of financial product sales facilitated by us in connection with digital precision marketing services decreased from RMB28.6 billion in the six months ended June 30, 2023 to RMB12.9 billion in the six months ended June 30, 2024.

Risk Management Services

Our risk management services primarily comprise enterprise operation reporting services, user analytics services, risk analytics services and procurement optimization services.

Our enterprise operation reporting services enable financial service providers to develop comprehensive and meaningful understanding of relevant enterprises' operational performance and financial well-being as reflected in their digital transaction documents. The number of viewing requests fulfilled for enterprise operation reports increased from 7.4 million in the six months ended June 30, 2023 to 11.8 million in the six months ended June 30, 2024. The number of enterprises included in the enterprise operation reports delivered increased from 1.8 million in the six months ended June 30, 2023 to 3.0 million in the six months ended June 30, 2024.

Our user analytics services identify potential users of financial products based on our analysis of their transaction data, and facilitate the user acquisition by financial service providers. The lists delivered to financial service providers contained 2.7 million enterprises in the six months ended June 30, 2024, compared to 4.8 million enterprises in the six months ended June 30, 2023.

Our risk analytics services devise and configure risk management system for financial service providers, and enable them to optimize their risk control strategies and enhance their ability to independently monitor, detect and manage risks.

Our procurement optimization services compute average merchandise prices with our big data algorithm and serve as market price references for our customers and empower better procurement decisions and cost savings.

On-premises Financial & Tax Digitalization Solutions

Our on-premises financial & tax digitalization solutions, delivered in our proprietary software product, integrate a variety of our self-developed programs to perform financial and tax management functions with industry – and customer-specific configuration installed on our customers' local devices and are compatible with e-invoices and digital invoices. Our revenue from on-premises financial & tax digitalization solutions was RMB42.3 million in the six months ended June 30, 2024, as compared with RMB43.7 million in the six months ended June 30, 2023. The number of customers of our on-premises financial & tax digitalization solutions increased from 852 in the six months ended June 30, 2023 to 953 in the six months ended June 30, 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Sales and Marketing

For our digital precision marketing services, we collaborate with marketing agents to identify potential users for financial products launched by financial service providers. As of June 30, 2024, we had 716 marketing agents, as compared to 666 marketing agents as of December 31, 2023. Our referral fees paid to marketing agents was RMB134.1 million and RMB61.7 million in the six months ended June 30, 2023 and 2024, respectively.

For our cloud financial & tax digitalization solutions, we have worked with business collaborators to increase sales by leveraging their platform or local resources and optimize our marketing efficiency especially in the markets where our sales and marketing team may find difficult to reach directly.

In the six months ended June 30, 2023 and 2024, our commission and channel expenses were RMB3.3 million and RMB3.2 million, respectively.

OUTLOOK

In the second half of 2024, we will continue to uphold the mission of “connecting enterprises and making transactions easier” to provide SaaS financial & tax digitalization and data-driven analytics services to customers through the *Baiwang Cloud* platform. We will continue to maintain high-quality services for our existing customers, reduce customer acquisition costs, and continuously improve our revenue and profitability by refining our products and service systems. We will also continue to increase investment in technology and research and development, continuously providing customers with optimized corporate decision-making and risk compliance management solutions leveraging AI technology, blockchain and the large-scale compliance model developed by *Baiwang Cloud*, focusing on the financial scenarios of large customers and the application of big data in supply chain analysis and industrial chain analysis to promote the commercialization of risk control models. *Baiwang Cloud* will continue to improve the level of product modularity and intelligence, and continuously provide customers with more valuable services through financial & tax digitalization solutions and data-driven analytics services to increase the market share.

Financial & tax digitalization solutions: With the large-scale promotion and construction of the Fourth Phase of Golden Tax digital invoice reform, digitalization solutions for finance and tax related transactions with stronger compliance capability, stronger business automation capability and lower-cost enterprise interconnectivity will become the rigid demand for the digital transformation of large and medium-sized enterprises. We will continue to leverage our leading full-cycle tax invoice compliance digitalization solution capabilities to help enterprises truly centralize and automate invoice management, and enhance proactive compliance with tax invoices in a prepositive and timely manner. The application and promotion of the Fourth Phase of Golden Tax e-invoice in many enterprises will also lay a better foundation for us to continue to provide customers with tax invoice collection, certification, deduction and accounting, automated digital archiving, and tax calculation and declaration services, which makes our tax management solutions truly realize a full-process, paperless and intelligent connection. Meanwhile, the efficient and convenient issuance, automated delivery, and intelligent collection of tax invoices will accelerate the vigorous development of the inter-enterprise settlement collaboration market. The supply chain collaboration solutions offered by *Baiwang Cloud* can better provide all parties in the supply chain with convenient invoice delivery and circulation, internal reconciliation collaboration, and intelligent receivable and payable amounts management, which will greatly improve the communication efficiency among enterprises and reduces the settlement cost. It also connects suppliers, enterprises and customers to build a simple and efficient information interconnection and communication platform for all transaction parties.



MANAGEMENT DISCUSSION AND ANALYSIS

Data-driven analytics services: We will continue to adhere to our core business orientation of focusing on customers, taking scenario as the cornerstone, using data as the core, and aiming for growth. In respect of KA customers, we will integrate the customer strengths and scenario understanding of financial institutions, explore enterprise data circulation and application, expand the dimensions of data sources based on the national policy of promoting the circulation of data, continue to enhance the ability of risk intelligence analysis, continuously work on multi-scenario businesses for single customer to increase the retention rate of core customers and the penetration rate of multiple products and services for single customer. We will also leverage the two pivotal drivers of digital marketing and risk intelligence analysis business for the same customer. The Company will combine customized product solutions with digital marketing solutions of financial institutions to enhance product competitiveness and market opportunities in digital marketing business, while enhancing the construction of digital marketing capabilities in self-operated business scenarios to optimize the gross profit margins and reduce the rate of external payment of referral fees.

FINANCIAL REVIEW

The following discussions are based on the financial information and notes set out in other sections of this interim report and should be read in conjunction with them.

Revenue

Our revenue was RMB281.6 million for the six months ended June 30, 2024, as compared with RMB335.6 million for the six months ended June 30, 2023. The following table sets forth a breakdown of our revenue, both in absolute amounts and as a percentage of total revenue, by business line for the periods indicated.

	Six months ended June 30,			
	2024		2023	
	<i>RMB'000</i>	Percentage of total revenue (%)	<i>RMB'000</i>	Percentage of total revenue (%)
Cloud financial & tax				
digitalization solutions	95,575	33.9	86,059	25.6
Data-driven analytics services	143,406	51.0	203,895	60.8
– <i>Digital precision marketing services</i>	63,499	22.6	145,358	43.3
– <i>Risk management services</i>	79,907	28.4	58,537	17.4
On-premises financial & tax				
digitalization solutions	42,286	15.0	43,666	13.0
Others	284	0.1	2,018	0.6
Total	281,551	100.0	335,638	100.0

MANAGEMENT DISCUSSION AND ANALYSIS

- *Cloud financial & tax digitalization solutions.* Our cloud financial & tax compliance solutions comprise tax invoice compliance management solutions, financial and tax management solutions and supply chain collaboration solutions, which can be subscribed separately or in combination. Our revenue generated from cloud financial & tax digitalization solutions increased by 11.0% from RMB86.1 million for the six months ended June 30, 2023 to RMB95.6 million for the six months ended June 30, 2024, primarily due to (i) the increase in cloud delivery projects, (ii) the increase in volume of waybill transactions for ETC business, and (iii) the increase in the number of enterprise customers.
- *Data-driven analytics services.* Our data-driven analytics services primarily comprise digital precision marketing services and risk management services. Our revenue generated from data-driven analytics services decreased by 30.0% from RMB203.9 million for the six months ended June 30, 2023 to RMB143.4 million for the six months ended June 30, 2024, as we optimized the mix of marketed financial products and strategically reduced marketing efforts for financial products with low profit margin, which resulted in a decrease in revenue contribution from our digital precision marketing services.
- *On-premises financial & tax digitalization solutions.* Revenue generated from on-premises financial & tax digitalization solutions primarily represented service fees generated by software license fees for customers to access and use our solutions, implementation and maintenance service fees, and hardware equipment purchase fees. Our revenue generated from on-premises financial & tax digitalization solutions remained relatively stable at RMB43.7 million for the six months ended June 30, 2023 and RMB42.3 million for the six months ended June 30, 2024.
- *Other services.* We recorded revenue generated from other services of RMB0.3 million for the six months ended June 30, 2024. Other services primarily include financial and tax training services.



MANAGEMENT DISCUSSION AND ANALYSIS

Cost of sales

Our cost of sales decreased by 29.0% from RMB240.8 million for the six months ended June 30, 2023 to RMB171.2 million for the six months ended June 30, 2024. The following table sets forth a breakdown of our cost of sales by business lines, both in absolute amount and as a percentage of total cost of sales, for the periods indicated.

	2024		Six months ended June 30, 2023	
	RMB'000	Percentage of total cost of sales (%)	RMB'000	Percentage of total cost of sales (%)
Cloud financial & tax digitalization solutions	49,251	28.8	48,921	20.3
Data-driven analytics services	82,866	48.4	151,595	63.0
– Digital precision marketing services	62,836	36.7	135,703	56.4
– Risk management services	20,030	11.7	15,892	6.6
On-premises financial & tax digitalization solutions	38,459	22.5	38,869	16.1
Others	661	0.4	1,388	0.6
Total	171,237	100.0	240,773	100.0

Gross profit and gross profit margin

Our gross profit increased by 16.3% from RMB94.9 million for the six months ended June 30, 2023 to RMB110.3 million for the six months ended June 30, 2024. The gross profit margin for the six months ended June 30, 2024 was 39.2%, as compared with 28.3% for the six months ended June 30, 2023. The following table sets forth a breakdown of our gross profit and gross profit margin by business line for the periods indicated.

	2024		Six months ended June 30, 2023	
	RMB'000	Percentage of total revenue (%)	RMB'000	Percentage of total revenue (%)
Cloud financial & tax digitalization solutions	46,324	48.5	37,138	43.2
Data-driven analytics services	60,540	42.2	52,300	25.7
– Digital precision marketing services	663	1.0	9,655	6.6
– Risk management services	59,877	74.9	42,645	72.9
On-premises financial & tax digitalization solutions	3,827	9.1	4,797	11.0
Others	(377)	(132.7)	630	31.2
Total	110,314	39.2	94,865	28.3

MANAGEMENT DISCUSSION AND ANALYSIS

Other income

We recorded other income of RMB4.43 million for the six months ended June 30, 2024, as compared with RMB1.90 million for the six months ended June 30, 2023, primarily due to the increase in government grants received by the Group.

Other gains and Losses

We recorded other losses of RMB5.6 million for the six months ended June 30, 2024, as compared with other losses of RMB0.8 million for the six months ended June 30, 2023, which was primarily consisted of the Group's donation and the litigation expenses.

Research and development expenses

Our research and development expenses increased by 19.0% from RMB86.6 million for the six months ended June 30, 2023 to RMB102.6 million for the six months ended June 30, 2024, primarily due to the increase in the number of R&D personnel.

Administrative expenses

Our administrative expenses decreased by 65.0% from RMB110.0 million for the six months ended June 30, 2023 to RMB38.0 million for the six months ended June 30, 2024, primarily due to the share-based payment expenses to our management personnel.

Distribution and selling expenses

Our distribution and selling expenses decreased by 25.0% from RMB107.0 million for the six months ended June 30, 2023 to RMB80.0 million for the six months ended June 30, 2024, primarily due to the share-based payment expenses to our distribution and selling personnel.

Finance income

Our finance income decreased by 61.0% from RMB3.8 million for the six months ended June 30, 2023 to RMB1.5 million for the six months ended June 30, 2024, primarily due to the decrease in the bank deposit rate.

Finance costs

We recorded the finance costs of RMB0.3 million for the six months ended June 30, 2024, as compared to RMB0.6 million for the six months ended June 30, 2023.

Fair value changes of financial assets and liabilities at fair value through profit or loss (the "FVTPL")

We recorded fair value losses of financial assets and liabilities at FVTPL of RMB303.0 million for the six months ended June 30, 2024, as compared to RMB34.2 million for the six months ended June 30, 2023, primarily due to the fact that the Company's valuation and the fair value of shares with preferential rights increased as the launching of the Global Offering became certain in the first half of 2024, resulting in losses of financial liabilities at FVTPL.



MANAGEMENT DISCUSSION AND ANALYSIS

Share of results of associates and joint ventures

We recorded share of losses of associates and joint ventures of RMB5.2 million for the six months ended June 30, 2024, as compared to share of losses of RMB3.2 million for the six months ended June 30, 2023, primarily due to the losses that such associates and joint ventures recorded in the first half of 2024.

Income tax expenses

Our income tax expenses was relatively stable from RMB0.3 million for the six months ended June 30, 2023 to RMB0.2 million for the six months ended June 30, 2024.

Loss for the period

As a result of the foregoing, we recorded a net loss of RMB445.8 million for the six months ended June 30, 2024, as compared to RMB253.1 million for the six months ended June 30, 2023.

Source of liquidity and working capital

In the six months ended June 30, 2024, our primary use of cash was to fund our working capital requirements and other recurring expenses. We financed our capital expenditures and working capital requirements primarily through cash flows generated from our operating activities, net proceeds from the Global Offering and other funds raise from the capital markets from time to time.

We monitor our cash flows and cash balance and funding requirement on a regular basis. We strive to maintain optimal liquidity that meets our working capital requirement. Our current assets decreased from RMB958.3 million as of December 31, 2023 to RMB800.6 million as of June 30, 2024, primarily due to the decrease in current assets as a result of investing in financial assets at FVTPL in the first half of 2024.

Cash and cash equivalents

Our cash and cash equivalents primarily consisted of cash at banks. Our cash and cash equivalents decreased from RMB335.0 million as of December 31, 2023 to RMB215.9 million as of June 30, 2024, primary due to the operating expense in the first half of 2024.

Foreign exchange rate risk management

Our functional currency is Renminbi. Our business is principally conducted in Renminbi, and substantially all of our assets are denominated in Renminbi. Foreign exchange risk arises when commercial transactions or recognized assets and liabilities are denominated in a currency that is not our functional currency. We are subject to foreign exchange risk arising from commercial transactions and recognized assets and liabilities which are denominated in non-Renminbi.

We did not recognize any net foreign exchange gain/loss for the six months ended June 30, 2024.

We have not implemented any hedging arrangements. We manage our foreign exchange risk by closely monitoring the movement of the foreign currency rates. We will mitigate such a risk by constantly reviewing the economic situation and foreign exchange risk, and applying hedging measures when necessary.

MANAGEMENT DISCUSSION AND ANALYSIS

Capital expenditure

For the six months ended June 30, 2024, our total capital expenditure amounted to approximately RMB0.8 million, compared to RMB3.7 million for the six months ended June 30, 2023, which primarily consisted of purchases of property, plant and equipment and intangible assets.

Capital commitments

As of June 30, 2023 and 2024, we had capital commitments of RMB13.9 million and RMB30.0 million, respectively, primarily in connection with our capital expenditure in acquisition of equity interests in associates and joint ventures.

Indebtedness

Our indebtedness during the Reporting Period consisted primarily of financial liabilities at FVTPL and lease liabilities. During the Reporting Period, we obtained credit line of RMB100 million granted to us by a reputable bank in China, and we have not utilized such credit line as of the date of this interim report. Save as disclosed, during the Reporting Period, we did not maintain banking facilities, and we did not have unutilized banking facilities. As of June 30, 2024, we recorded financial liabilities at FVTPL and lease liabilities of RMB2,524.1 million, as compared with RMB2,228.6 million as of December 31, 2023.

Contingent liabilities

As of June 30, 2024, we did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of our Group.

Significant investments, material acquisitions and disposals

For the six months ended June 30, 2024, we did not hold any significant investments, nor did we have any material acquisitions or disposals of subsidiaries and affiliated companies.

Charge on Group's assets

As of June 30, 2024, we had no charges on our assets.

Future plans for material investments and capital assets

Save as disclosed in the Prospectus and this interim report, as of the date of this interim report, we did not have other substantial future plans for material investments and capital assets.

Gearing ratio

As of June 30, 2024, we did not have any outstanding bank loans or other borrowings. Accordingly, the gearing ratio as of June 30, 2024 (as calculated by total interest-bearing bank borrowings as at the end of respective period divided by total equity as at the same date) was not applicable (December 31, 2023: N/A).



MANAGEMENT DISCUSSION AND ANALYSIS

Key financial indicators

The following table sets forth certain of our key financial ratios as of the dates and for the periods indicated.

	For the six months ended June 30,	
	2024	2023
Profitability ratios		
Gross profit margin ⁽¹⁾	39.2%	28.3%
Net loss margin ⁽²⁾	(158.3%)	(75.4%)
Revenue growth rate ⁽³⁾	(16.1%)	36.4%
	As of	As of
	June 30,	December 31,
	2024	2023
Liquidity ratios		
Current ratio ⁽⁴⁾	28.2%	37.5%

(1) The calculation of gross profit margin is based on gross profit for the period divided by revenue for the respective period.

(2) The calculation of net loss margin is based on loss for the period divided by revenue for the respective period.

(3) The calculation of revenue growth rate is based on revenue for the period divided by revenue for the previous respective period minus one.

(4) The calculation of current ratio is based on current assets divided by current liabilities as of period end.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at June 30, 2024, the H Shares were not listed on the Stock Exchange, and accordingly, the provisions of Divisions 7 and 8 of Part XV of the SFO were not applicable to our Company.

As of the date of this interim report, to the best knowledge of the Directors, the interests and short positions of the Directors and Supervisors of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Directors/ Chief Executive	Nature of Interest	Description of Shares ⁽¹⁾	Number of Shares held	Approximate Percentage of Shareholding in the Domestic Shares/ H Shares (as appropriate) (%)	Approximate Percentage of Shareholding in the Total Issued Share Capital (%)
Ms. Chen Jie ⁽²⁾	Beneficial owner	Domestic Shares	58,700,000 (L)	43.46	25.98
		Interest in controlled corporation	24,445,522 (L)	18.10	10.82
	Beneficial owner	H Shares	10,476,652 (L)	11.53	4.64
Mr. Huang Miao	Beneficial owner	Domestic Shares	45,215 (L)	0.03	0.02

The letter "L" denotes the person's long position in the Shares.

- (1) For the avoidance of doubt, both Domestic Shares and H Shares are ordinary Shares in the share capital of our Company, and are considered as one class of Shares.
- (2) As of the date of this interim report, Ms. Chen (i) acted as the general partner of Ningbo Xiu'an; and (ii) acted as the general partner of Tianjin Duoying and Tianjin Piaoying, the latter of which was a limited partner holding 43.16% of the partnership interest in Tianjin Duoying. Under the SFO, Ms. Chen is deemed to be interested in the entire Shares held by Ningbo Xiu'an and Tianjin Duoying, and Tianjin Piaoying is deemed to be interested in the entire Shares held by Tianjin Duoying.

Saved as disclosed above, as of the date of this interim report, none of the Directors, Supervisors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the requirements of the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at June 30, 2024, the H Shares were not listed on the Stock Exchange, and accordingly, the provisions of Divisions 2 and 3 of Part XV of the SFO were not applicable to our Company.



CORPORATE GOVERNANCE AND OTHER INFORMATION

As of the date of this interim report, to the best knowledge of the Directors, the following persons, other than Directors, Supervisors or chief executive of the Company, had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholders	Nature of Interest	Description of Shares ⁽¹⁾	Number of Shares held	Approximate Percentage of Shareholding in the Domestic Shares/H Shares (as appropriate) (%)	Approximate Percentage of Shareholding in the Total Issued Share Capital (%)
Ningbo Xiu'an ⁽²⁾	Beneficial owner	Domestic Shares	14,000,000 (L)	10.37	6.20
		H Shares	6,000,000 (L)	6.60	2.66
Tianjin Duoying ⁽²⁾	Beneficial owner	Domestic Shares	10,445,522 (L)	7.73	4.62
		H Shares	4,476,652 (L)	4.93	1.98
Tianjin Piaoying ⁽²⁾	Interest in controlled corporation	Domestic Shares	10,445,522 (L)	7.73	4.62
		H Shares	4,476,652 (L)	4.93	1.98
Alibaba (China) Technology Co., Ltd. (阿里巴巴(中國)網絡技術有限公司)("Alibaba") ⁽³⁾	Beneficial owner	Domestic Shares	9,338,074 (L)	6.91	4.13
		H Shares	16,386,647 (L)	18.04	7.25
Alibaba Group Holding Limited ⁽³⁾	Interest in controlled corporation	Domestic Shares	9,338,074 (L)	6.91	4.13
		H Shares	16,386,647 (L)	18.04	7.25
Beijing Watertek Information Technology Co., Ltd. (北京旋極信息技術股份有限公司)("Watertek") ⁽⁴⁾	Beneficial owner	Domestic Shares	15,024,426 (L)	11.12	6.65
		H Shares	6,439,040 (L)	7.09	2.85
Mr. Chen Jiangtao (陳江濤) ⁽⁴⁾	Interest in controlled corporation	Domestic Shares	15,024,426 (L)	11.12	6.65
		H Shares	6,439,040 (L)	7.09	2.85
Fosun International Limited (復星國際有限公司) ⁽⁵⁾	Interest in controlled corporation	Domestic Shares	4,179,173 (L)	3.09	1.85
		H Shares	7,333,700 (L)	8.07	3.25
Shenzhen Oriental Fortune Capital Investment Management Co., Ltd. (深圳市東方富海投資管理股份有限公司) ⁽⁶⁾	Interest in controlled corporation	Domestic Shares	3,784,642 (L)	2.80	1.68
		H Shares	6,641,369 (L)	7.31	2.94
Jiangsu Yuanli Industrial Investment Co., Ltd. (江蘇原力產業投資有限公司)("Jiangsu Yuanli") ⁽⁷⁾	Beneficial owner	H Shares	7,222,200 (L)	7.95	3.20
Zhonghai Trust Co., Ltd. (on behalf of "Zhonghai Yuanli QDII Single Fund Trust") (中海信託股份有限公司(代表"中海原力QDII單一資金信託")) ⁽⁷⁾	Trustee	H Shares	7,222,200 (L)	7.95	3.20

The letter "L" denotes the person's long position in the Shares.

- (1) For the avoidance of doubt, both Domestic Shares and H Shares are ordinary Shares in the share capital of our Company, and are considered as one class of Shares.
- (2) As of the date of this interim report, Ms. Chen (i) acted as the general partner of Ningbo Xiu'an; and (ii) acted as the general partner of Tianjin Duoying and Tianjin Piaoying, the latter of which was a limited partner holding 43.16% of the partnership interest in Tianjin Duoying. Under the SFO, Ms. Chen is deemed to be interested in the entire Shares held by Ningbo Xiu'an and Tianjin Duoying, and Tianjin Piaoying is deemed to be interested in the entire Shares held by Tianjin Duoying.

CORPORATE GOVERNANCE AND OTHER INFORMATION

- (3) As of the date of this interim report, Alibaba was an indirectly wholly-owned subsidiary of Alibaba Group Holding Limited, a company incorporated in the Cayman Islands, with its American depository shares, each representing eight ordinary shares, listed on the New York Stock Exchange (ticker: BABA), and its ordinary shares listed on the Main Board of the Stock Exchange (stock code: 9988). Under the SFO, Alibaba Group Holding Limited, and its intermediary subsidiary entities through which it holds interest in Alibaba, are deemed to be interested in the entire Shares held by Alibaba.
- (4) As of the date of this interim report, Watertek, a company incorporated in the PRC with its shares listed on the Shanghai Stock Exchange (stock code: 300324), was ultimately controlled by Mr. Chen Jiangtao. Under the SFO, Mr. Chen Jiangtao is deemed to be interested in the entire Shares held by Watertek.
- (5) As of the date of this interim report, Shanghai Fosun High Technology (Group) Co., Ltd. (上海復星高科技(集團)有限公司), Shanghai Fosun Weishi Fund (上海復星惟實一期股權投資基金合夥企業(有限合夥)) and Wuxi Fosun Venture Capital Investment Partnership (無錫復星創業投資合夥企業(有限合夥)) were ultimately controlled by Fosun International Limited, a company incorporated in Hong Kong and listed on the Stock Exchange (stock code: 656). As of the date of this interim report, the general partner of Beijing Xingshi Investment Management Center (Limited Partnership) (北京星實投資管理中心(有限合夥)) was Beijing Xingyuan Innovation Equity Investment Fund Management Co., Ltd. (北京星元創新股權投資基金管理有限公司), an indirectly non-wholly-owned subsidiary of Fosun International Limited. Under the SFO, Fosun International Limited is deemed to be interest in the entire Shares held by Shanghai Fosun High Technology (Group) Co., Ltd., Shanghai Fosun Weishi Fund, Wuxi Fosun Venture Capital Investment Partnership and Beijing Xingshi Investment Management Center (Limited Partnership).
- (6) As of the date of this interim report, Shenzhen Fortune Gutoubang No. 6 Investment Enterprise (Limited Partnership) (深圳富海股投邦六號投資企業(有限合夥)) and Small and Medium-sized Enterprises Development Fund (Shenzhen Nanshan Limited Partnership) (中小企業發展基金(深圳南山有限合夥)) were ultimately controlled by Shenzhen Oriental Fortune Capital Investment Management Co., Ltd. Under the SFO, Shenzhen Oriental Fortune Capital Investment Management Co., Ltd. is deemed to be interested in the entire Shares held by Shenzhen Fortune Gutoubang No. 6 Investment Enterprise (Limited Partnership) and Small and Medium-sized Enterprises Development Fund (Shenzhen Nanshan Limited Partnership).
- (7) As of the date of this interim report, Zhonghai Trust Co., Ltd., which is a qualified domestic institutional investor and the asset manager of Zhonghai Yuanli QDII Single Fund Trust, held 7,222,200 H Shares on behalf of Jiangsu Yuanli, a cornerstone investor under the Company's initial public offering. Each of Jiangsu Yuanli and Zhonghai Trust Co., Ltd. is deemed to be interested in 7,222,200 H Shares.

Save as disclosed above, as of the date of this interim report, the Directors and the chief executive of the Company are not aware of any other person, other than the Directors of the Company, who had an interest or short position in the Shares or underlying Shares which would be required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be required to be recorded in the register to be kept by the Company pursuant to Section 336 of the SFO.



CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended June 30, 2024.

COMPLIANCE WITH THE CG CODE

The Group is committed to maintaining high standards of corporate governance practices. The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of the Shareholders and corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions set out in the CG Code under Appendix C1 of the Listing Rules as its own code of corporate governance. As the H Shares have not been listed on the Stock Exchange during the Reporting Period, the principles and code provisions of the CG Code were not applicable during the Reporting Period. From the Listing Date to the date of this interim report, the Company had complied with all applicable code provisions under the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors' securities transactions.

As the H Shares have not been listed on the Stock Exchange during the Reporting Period, the Model Code were not applicable during the Reporting Period. Having made specific enquiries of all Directors and Supervisors, each of the Directors and the Supervisors has confirmed that he/she has complied with the requirements of the Model Code from the Listing Date to the date of this interim report.

CHANGES OF INFORMATION OF DIRECTORS AND CHIEF EXECUTIVES

During the period from the Listing Date to the date of this interim report, there has been no changes to the information of Directors, Supervisors and chief executives of the Company which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company did not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

CORPORATE GOVERNANCE AND OTHER INFORMATION

AUDIT COMMITTEE AND REVIEW OF INTERIM FINANCIAL RESULTS

As of the date of this interim report, the Audit Committee comprises three independent non-executive Directors, namely, Mr. Ng Kwok Yin, Mr. Tian Lixin and Dr. Song Hua, and Mr. Ng Kwok Yin serves as the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited interim condensed consolidated financial information of the Group for the six months ended June 30, 2024. The Audit Committee has also reviewed the accounting policies and practices adopted by the Company and discussed matters in relation to, among others, risk management, internal control and financial reporting of the Group with the management and Deloitte Touche Tohmatsu, the independent auditor of the Company. Based on this review and discussions with the management and the independent auditor of the Company, the Audit Committee was satisfied that the Group's unaudited interim condensed consolidated financial information were prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the six months ended June 30, 2024.

Deloitte Touche Tohmatsu, the Company's independent auditor, has carried out a review of the unaudited interim financial report for the six months ended June 30, 2024 in accordance with the 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.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) from the Listing Date to the date of this interim report. The Company did not hold any treasury shares as at the date of this report.

EMPLOYEES, TRAINING AND REMUNERATION POLICIES

As of June 30, 2024, the Group had 1,108 employees (as of December 31, 2023: 1,020). The Group enters into employment contracts with its employees to cover matters such as position, term of employment, wage, employee benefits and liabilities for breaches and grounds for termination.

The remuneration of the Group's employees includes basic salaries, allowances, bonus, share options and other employee benefits, and is determined with reference to their experience, qualifications and general market conditions. We provide regular trainings to our employees in order to improve their skills and knowledge. The training courses range from further educational studies to skill training to professional development course for management personnel.

PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as of the date of this interim report, the Company has maintained sufficient public float as required by the Listing Rules.



CORPORATE GOVERNANCE AND OTHER INFORMATION

USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

The H Shares were listed on the Stock Exchange on July 9, 2024 by way of a Global Offering. The net proceeds raised from the Global Offering were approximately HK\$228.9 million.

As of the date of this interim report, there had been no change in the intended use of net proceeds as previously disclosed in the Prospectus and the Company expects to fully utilised the residual amount of the net proceed in accordance with such intended purpose by December 2029. Since the Listing Date and up to the date of this interim report, the Group has not utilized any portion of the net proceeds.

EVENTS AFTER THE REPORTING PERIOD

Save for the subsequent events disclosed in Note 24 to the consolidated financial statements set forth in this interim report, there has been no significant event since the end of the Reporting Period.

APPRECIATION

On behalf of the Board, I would like to express our sincere gratitude to customers and business partners for their trust in the Company, our staff and management team for their diligence, dedication, loyalty and integrity, and our Shareholders for their continuous support.

By order of the Board

Baiwang Co., Ltd.

百望股份有限公司

Ms. Chen Jie

Chairlady and Executive Director

Hong Kong, August 28, 2024

Report on Review of Condensed Consolidated Financial Statements

To the Board of Directors of Baiwang Co., Ltd.

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Baiwang Co., Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 22 to 52, which comprise the condensed consolidated statement of financial position as of June 30, 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, 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” (“HKSRE 2410”) issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

OTHER MATTER

The comparative condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period ended June 30, 2023 and the notes to the condensed consolidated financial statements included in these condensed consolidated financial statements have not been reviewed in accordance with HKSRE 2410.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
August 28, 2024



Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2024

	NOTES	Six months ended June 30,	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	4	281,551	335,638
Cost of sales	8	(171,237)	(240,773)
Gross profit		110,314	94,865
Other income	5	4,434	1,903
Impairment losses under expected credit loss model, net of reversal	6	(3,814)	95
Other gains and losses	7	(5,552)	(789)
Research and development expenses	8	(102,597)	(86,563)
Administrative expenses	8	(38,045)	(110,052)
Listing expenses	8	(23,214)	(10,993)
Distribution and selling expenses	8	(80,162)	(107,163)
Operating loss		(138,636)	(218,697)
Finance income	9	1,498	3,841
Finance costs		(252)	(570)
Fair value changes of financial assets and liabilities at fair value through profit or loss (the "FVTPL")		(302,992)	(34,153)
Share of results of associates and joint ventures		(5,220)	(3,201)
Loss before tax		(445,602)	(252,780)
Income tax expenses	10	(200)	(274)
Loss and total comprehensive expense for the period		(445,802)	(253,054)
Attributable to:			
Owners of the Company		(445,505)	(252,194)
Non-controlling interests		(297)	(860)
		(445,802)	(253,054)
Loss per share attributable to owners of the Company during the period:			
– Basic and diluted (RMB)	12	(3.18)	(1.80)



Condensed Consolidated Statement of Financial Position

As at June 30, 2024

	NOTES	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000
Non-current assets			
Property, plant and equipment	13	8,207	9,949
Right-of-use assets	13	8,320	15,103
Intangible assets		6,091	6,502
Investments in associates		84,691	88,378
Investments in joint ventures		1,259	2,792
Financial assets at FVTPL	22	70,802	32,434
Contract costs		44,648	38,181
Contract assets	16	262	257
		224,280	193,596
Current assets			
Inventories		3,498	3,681
Contract costs		51,739	47,104
Contract assets	16	66,271	70,459
Trade and other receivables, deposits and prepayments	14	98,035	104,428
Amounts due from related parties		27,837	17,336
Financial assets at FVTPL	22	331,653	268,230
Restricted bank deposits		5,705	2,177
Short-term bank deposits with maturity over three months		-	109,827
Cash and cash equivalents		215,896	335,031
		800,634	958,273
Current liabilities			
Lease liabilities		5,222	14,611
Trade and other payables	15	173,797	178,086
Tax liabilities		83	60
Contract liabilities	16	113,815	122,744
Financial liabilities at FVTPL	17	2,518,277	2,212,629
Amounts due to related parties		24,816	24,043
		2,836,010	2,552,173
Net current liabilities		(2,035,376)	(1,593,900)
Total assets less current liabilities		(1,811,096)	(1,400,304)



Condensed Consolidated Statement of Financial Position

As at June 30, 2024 (continued)

	<i>NOTES</i>	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000
Capital and reserves			
Share capital	18	140,000	140,000
Reserves		<u>(1,945,977)</u>	<u>(1,536,215)</u>
Deficits attributable to owners of the Company		(1,805,977)	(1,396,215)
Non-controlling interests		(5,765)	(5,468)
Total deficits		<u>(1,811,742)</u>	<u>(1,401,683)</u>
Non-current liabilities			
Lease liabilities		<u>646</u>	1,379
Total deficits and non-current liabilities		<u>(1,811,096)</u>	<u>(1,400,304)</u>

Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2024

	Attributable to owners of the Company				Subtotal RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Capital reserves RMB'000 (Note)	Share-based payments reserves RMB'000 (Note 19)	Accumulated losses RMB'000			
Six months ended June 30, 2023 (unaudited)							
As at January 1, 2023	140,000	456,044	61,624	(1,886,967)	(1,229,299)	(4,158)	(1,233,457)
Loss and total comprehensive expense for the period	-	-	-	(252,194)	(252,194)	(860)	(253,054)
Recognition of share-based payment expenses	-	114,126	19,221	-	133,347	-	133,347
Forfeiture of share-based payment expenses	-	-	(8,343)	8,343	-	-	-
As at June 30, 2023	140,000	570,170	72,502	(2,130,818)	(1,348,146)	(5,018)	(1,353,164)
Six months ended June 30, 2024 (unaudited)							
As at January 1, 2024	140,000	570,170	130,219	(2,236,604)	(1,396,215)	(5,468)	(1,401,683)
Loss and total comprehensive expense for the period	-	-	-	(445,505)	(445,505)	(297)	(445,802)
Recognition of share-based payment expenses	-	-	35,743	-	35,743	-	35,743
As at June 30, 2024	140,000	570,170	165,962	(2,682,109)	(1,805,977)	(5,765)	(1,811,742)

Note:

Capital reserves mainly represents the difference between the fair values of the equity instruments of the Company contributed by the shareholders to the employees and a consultant, and the consideration paid by the employees and a service provider.



Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2024

	Six months ended June 30,	
	2024 RMB'000	2023 RMB'000
OPERATING ACTIVITIES		
Loss before tax	(445,602)	(252,780)
Adjustments for:		
Share of results of associates and joint ventures	5,220	3,201
Share-based payment expenses	35,743	133,347
Depreciation of property, plant and equipment	2,083	1,741
Amortization of intangible assets	910	617
Depreciation of right-of-use assets	6,783	6,415
Gain on early termination of a lease	–	(4)
Finance costs	252	570
Impairment losses under expected credit loss model, net of reversal	3,814	(95)
Interest income	–	(2,896)
Fair value changes of financial assets and liabilities at FVTPL	302,992	34,153
Operating cash flows before movements in working capital	(87,805)	(75,731)
Decrease in inventories	183	3,654
Decrease (increase) in trade and other receivables, deposits and prepayments	4,660	(1,495)
Increase in amounts due from related parties	(10,501)	(3,573)
Increase (decrease) in amounts due to related parties	773	(2,691)
Increase in contract costs	(11,102)	(4,659)
Decrease (increase) in contract assets	4,098	(30,320)
Decrease in contract liabilities	(8,929)	(6,500)
(Decrease) increase in trade and other payables	(4,289)	25,716
Net cash used in operations	(112,912)	(95,599)
Income taxes paid	(177)	(31)
NET CASH USED IN OPERATING ACTIVITIES	(113,089)	(95,630)



Condensed Consolidated Statement of Cash Flows

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

	Six months ended June 30,	
	2024 RMB'000	2023 RMB'000
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(341)	(3,303)
Purchases of intangible assets	(499)	(358)
Purchases of wealth management products	(667,000)	(400,000)
Redemption of wealth management products	607,865	483,813
Withdrawal of term deposits	100,000	50,000
Investments in financial assets	(40,000)	–
Investments in joint ventures	–	(4,180)
Interest of term deposits and wealth management products	9,827	1,453
Placement of restricted bank deposits	(3,705)	(1,871)
Withdrawal of restricted bank deposits	177	66
NET CASH FROM INVESTING ACTIVITIES	6,324	125,620
FINANCING ACTIVITIES		
Prepayments of share issued costs	(1,996)	(1,599)
Repayments of lease liabilities	(10,374)	(12,626)
CASH USED IN FINANCING ACTIVITIES	(12,370)	(14,225)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(119,135)	15,765
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	335,031	237,206
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	215,896	252,971



Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Baiwang Co., Ltd. was incorporated in Beijing, People's Republic of China (the "PRC") on May 4, 2015 as a joint stock company with limited liability under the Company Law (PRC, 2013 Revision). The registered office and principal place of business of the Company is 14/F & 15/F, Building 1, Division 1, No. 81 Beiqing Road, Haidian District, Beijing, the PRC.

The Group is principally engaged in the provision of cloud-based software-as-a-service (the "SaaS") solutions and on-premises solutions for financial and tax compliance management, data-driven analytics services as well as other enterprise needs, in the PRC. Ms. Chen Jie, Ningbo Xiu'an Enterprise Management Partnership (Limited Partnership) 寧波修安企業管理合夥企業(有限合夥) ("Ningbo Xiu'an") (formerly known as Ningbo Xiu'an Equity Investment Partnership (Limited Partnership) (寧波修安股權投資合夥企業(有限合夥)) and Tianjin Duoying Technology Center (Limited Partnership) (天津多盈科技中心(有限合夥)) ("Tianjin Duoying") are controlling shareholders of the Company.

The condensed consolidated financial statements is presented in the currency of Renminbi ("RMB"), which is also the functional currency of the Group.

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

As at June 30, 2024, the Group had net current liabilities of RMB2,035,376,000 and net liabilities of RMB1,811,742,000. The net current liabilities and net liabilities primarily arise from the shares with preferential rights (the "Shares with Preferential Rights") amounting to RMB2,518,277,000 as at June 30, 2024, of which the key terms are detailed in Note 17. The directors of the Company (the "Directors") are of the view that the Company is not required to return the investment funds in relations to the Shares with Preferential Rights as the Company has passed the hearing on June 26, 2024, the Directors believe that the listing is likely to be completed in July, 2024. Based on the recent communication with the holders of the Shares with Preferential Rights and the controlling shareholder of the Company, the Directors believe these shareholders will continue to provide financial support to the Group beyond 2024 should the listing process take longer time to complete than currently expected as the maturity date has been extended in June 2023 as set out in Note 17.

Based on the working capital forecast of the Group for the next twelve months, taking into account the financial resources available to the Group, including bank deposits, cash and cash equivalents and wealth management products issued by banks as at June 30, 2024 and the operating cash outflow during the period, and expected continuous financial support from the holders of Shares with Preferential Rights as required/necessary, the Directors believe that the Group will have sufficient cash resources to satisfy its future working capital in the next twelve months from the end of the reporting period. Accordingly, the Directors consider that it is appropriate that the unaudited condensed consolidated financial statements of the Group for the six months ended June 30, 2024 is prepared on a going concern basis.

On July 9, 2024, the Company was successfully listed on the Main Board of the Stock Exchange of Hong Kong Limited.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than additional/change in accounting policies resulting from application of amendments to International Financial Reporting Standards (“IFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended December 31, 2023.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group’s annual period beginning on January 1, 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

The Group does not distinguish revenue, costs and expenses between markets or segments in its internal reporting, and reports costs and expenses by nature as a whole.

While the Group offers cloud-based SaaS solutions and on-premises solutions for financial and tax digitalization solutions, data-driven analytics services as well as other enterprise needs, the Group’s business operates in one operating segment because most of the Group’s sales operate on the Group’s financial and tax digitalization as well as data-driven analytics related know-hows and the corresponding products and/or services offered are delivered through same pool of resources. In addition, most of the Group’s products and/or services for various revenue types are deployed in a nearly identical way. Therefore, the Group’s chief operating decision maker, who has been identified as the Chief Executive Officer (the “CEO”), reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment. As the Group’s non-current assets are all located in the PRC and all the Group’s revenue are derived from the PRC, no geographical information is presented.



Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

4. REVENUE

Revenue is derived from the PRC and comprises the following:

	Six months ended June 30,	
	2024 RMB'000	2023 RMB'000
Cloud financial and tax digitalization solutions	95,575	86,059
Data-driven analytics services	143,406	203,895
On-premises financial and tax digitalization solutions	42,286	43,666
Others	284	2,018
	281,551	335,638

	Six months ended June 30,	
	2024 RMB'000	2023 RMB'000
Timing of revenue recognition		
– Over time	188,512	146,642
– At a point in time	93,039	188,996
	281,551	335,638

5. OTHER INCOME

	Six months ended June 30,	
	2024 RMB'000	2023 RMB'000
Government grants	3,851	676
Tax refund (<i>Note</i>)	583	1,227
	4,434	1,903

Note: Tax refund mainly comprises the handling fee of the withheld individual income tax and value added tax deduction.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

6. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Six months ended June 30,	
	2024 RMB'000	2023 RMB'000
Impairment losses, net of reversal, recognized (reversed) on:		
– Trade receivables	3,753	(464)
– Other receivables	(24)	10
– Contract assets	85	359
	<u>3,814</u>	<u>(95)</u>

7. OTHER GAINS AND LOSSES

	Six months ended June 30,	
	2024 RMB'000	2023 RMB'000
Provision for litigation	(2,442)	–
Others	(3,110)	(789)
	<u>(5,552)</u>	<u>(789)</u>



Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

8. EXPENSES BY NATURES

	Six months ended June 30,	
	2024 RMB'000	2023 RMB'000
Employee benefit expenses	212,069	192,806
Share-based payment expenses	35,743	133,347
Commission and channel expenses	3,177	3,298
Professional service fees	34,317	35,834
Referral fees	61,748	134,146
Outsourcing expenses	10,244	9,363
Traveling and marketing expenses	12,671	9,672
Exhibition and promotion charges	4,628	3,169
Costs of inventories sold	355	4,362
Rental and utilities expenses	3,419	2,832
Depreciation of property, plant and equipment	2,083	1,741
Depreciation of right-of-use assets	6,783	6,415
Amortization of intangible assets	910	617
Listing expenses	23,214	10,993
Others	3,894	6,949
Total	415,255	555,544

9. FINANCE INCOME

	Six months ended June 30,	
	2024 RMB'000	2023 RMB'000
Interest income		
– Bank deposits	1,498	3,841

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

10. INCOME TAX EXPENSES

Under the Law of the PRC on Enterprise Income Tax (the “EIT”) and Implementation Regulation of the EIT Law, the tax rate of the Company and its subsidiaries is 25%.

The Company has been accredited as a “High and New Technical Enterprise” by the Science and Technology Bureau of Beijing and relevant authorities in December 2022 for a term of three years from 2022 to 2024. In accordance with the “Notice of the State Tax Bureau of the Ministry of Finance Regarding Certain Preferential Treatment Policies on Enterprise Income Tax”, High and New Technical Enterprise is subject to income tax at a tax rate of 15%.

According to the relevant laws and regulations in the PRC, enterprises engaging in research and development activities are entitled to claim 200% of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year from October 1, 2022 onwards.

The income tax expenses of the Group is analyzed as follows:

	Six months ended June 30,	
	2024 RMB'000	2023 RMB'000
PRC EIT		
Current tax	200	–
Deferred tax	–	274
Total	200	274

11. DIVIDENDS

No dividends were declared or paid by the Company and its subsidiaries for the six months ended June 30, 2024 and for the year ended December 31, 2023.



Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

12. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss by the weighted-average number of ordinary shares outstanding during the six months ended June 30, 2024 and 2023. As the Group incurred net loss, the diluted potential ordinary shares were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive. Accordingly, dilutive loss per share for the six months ended June 30, 2024 and 2023 are the same as basic loss per share of the respective periods.

The following table sets forth the computation of the basic and diluted loss per share attributable to the owners of the Company during the six months ended June 30, 2024 and 2023:

	Six months ended June 30,	
	2024	2023
Loss attributable to owners of the Company (RMB'000)	(445,505)	(252,194)
Weighted average number of ordinary shares outstanding ('000)	140,000	140,000

13. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

	Office equipment RMB'000	Electronic equipment RMB'000	Special equipment RMB'000	Leasehold improvement RMB'000	Total RMB'000
COST					
As at January 1, 2023	352	4,933	19,418	14,057	38,760
Additions	–	1,098	3,025	917	5,040
Disposals	–	–	(335)	–	(335)
As at December 31, 2023	352	6,031	22,108	14,974	43,465
Additions	–	73	–	268	341
As at June 30, 2024	352	6,104	22,108	15,242	43,806
DEPRECIATION					
As at January 1, 2023	246	4,377	12,754	12,680	30,057
Provided for the year	68	271	2,626	798	3,763
Eliminated upon disposals	–	–	(304)	–	(304)
As at December 31, 2023	314	4,648	15,076	13,478	33,516
Provided for the period	18	246	1,109	710	2,083
As at June 30, 2024	332	4,894	16,185	14,188	35,599
CARRYING VALUES					
As at June 30, 2024	20	1,210	5,923	1,054	8,207
As at December 31, 2023	38	1,383	7,032	1,496	9,949

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

13. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (Continued)

Right-of-use assets

The right-of-use assets decreased from RMB15,103,000 as of December 31, 2023 to RMB8,320,000 as of June 30, 2024, primarily due to depreciation.

14. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at June 30, 2024 RMB'000	As at December 31, 2023 RMB'000
Trade receivables – contracts with customers	65,305	54,132
Less: allowance for credit losses	(8,868)	(5,115)
	<u>56,437</u>	<u>49,017</u>
Notes receivables	1,849	102
Prepayments		
– to suppliers	4,068	2,466
– to others	8,237	11,656
Value-added tax recoverable	3,254	17,655
Deposits refundable within one year	4,637	5,497
Other receivables		
– bid security	6,066	3,097
– advances to suppliers	8,798	11,794
– others	4,881	3,360
Less: allowance for credit losses	(192)	(216)
	<u>41,598</u>	<u>55,411</u>
Total	<u>98,035</u>	<u>104,428</u>



Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

14. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

The following is an aging analysis of the Group's trade receivables presented based on the date of revenue recognition:

	As at June 30, 2024 RMB'000	As at December 31, 2023 RMB'000
Within 30 days	10,257	12,011
31 to 180 days	23,015	24,408
181 to 365 days	17,215	5,783
Over 1 year	14,818	11,930
	65,305	54,132

Out of the past due balances of RMB48,486,000 (December 31, 2023: RMB27,310,000), RMB37,484,000 (December 31, 2023: RMB19,518,000) has been past due 90 days or more and is not considered as in default by considering the background of the debtors and historical payment arrangement as at June 30, 2024. The Group does not hold any collateral over these balances or charge any interest thereon. The Group ordinarily grants a credit period within 90-180 days from invoice date.

There is no significant concentration of credit risk with respect to customers receivables, as the Group has a large number of customers.

15. TRADE AND OTHER PAYABLES

	As at June 30, 2024 RMB'000	As at December 31, 2023 RMB'000
Trade payables	44,736	40,882
Other payables		
Accrued staff costs	77,496	70,237
Other tax payables	8,618	23,141
Others	42,947	43,826
	129,061	137,204
Total	173,797	178,086



Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

15. TRADE AND OTHER PAYABLES (Continued)

The following is an aging analysis of the Group's trade payables presented based on the date of purchase recognized:

	As at June 30, 2024 RMB'000	As at December 31, 2023 RMB'000
Within 3 months	31,007	29,480
3 to 6 months	3,477	3,710
6 to 12 months	2,792	2,611
1 to 2 years	2,820	4,621
Over 2 years	4,640	460
Total	44,736	40,882

16. CONTRACT ASSETS AND CONTRACT LIABILITIES

	As at June 30, 2024 RMB'000	As at December 31, 2023 RMB'000
Contract assets	70,666	74,764
Less: Allowance for credit losses	(4,133)	(4,048)
	66,533	70,716
Analyzed as:		
Current	66,271	70,459
Non-current	262	257
Total	66,533	70,716
Contract liabilities	113,815	122,744

Significant changes in contract assets and contract liabilities

Contract assets relate to the Group's right to consideration in exchange for goods and services that the Group has transferred to customers. The decrease during the six months ended June 30, 2024 is mainly attributable to the business decline of the Group's data-driven analytics services.

Contract liabilities of the Group mainly arise from the non-refundable advance payments made by customers while the underlying services are yet to be provided. The decrease during the six months ended June 30, 2024 is mainly due to the revenue increase of the cloud financial and tax digitalization solutions recognized during the period.



Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

17. FINANCIAL LIABILITIES AT FVTPL

Shares with Preferential Rights

Since the date of incorporation, the Company has completed several rounds of financing by issuing Shares with Preferential Rights.

	Date of issuance	Total number of unit capital	Consideration per unit capital <i>RMB</i>	Total Consideration <i>RMB'000</i>
Series Angel	August 2016	4,687,500	16.0000	75,000
Series A	September 2018	28,724,721	11.0584	317,650
Series A-CB	September 2019	9,042,969	11.0583	100,000
Series B	October 2019/ January 2020	18,245,519	19.1828	350,000
Series C	January 2021	13,039,088	29.3970	383,310
Series C+	November 2021	2,904,957	29.3970	85,397
Total		<u>76,644,754</u>		<u>1,311,357</u>

The key terms of the Shares with Preferential Rights are:

(a) Redemption rights

The shareholders of Shares with Preferential Rights (the “Investors”) have the right to require the Company, Ningbo Xiuan, Tianjin Duoying and Ms. Chen Jie (together, the “Founding Shareholder”) jointly or separately to purchase the shares held by these shareholders, if (i) the Company has not completed a qualified initial public offering on or prior to December 31, 2023 (December 31, 2022 for Shenzhen Innovation Investment Group Co., Ltd. (深圳市創新投資集團有限公司), Shenzhen Laterite Intelligent Equity Investment Fund Partnership (Limited Partnership) (深圳市紅土智慧股權投資基金合夥企業(有限合夥)) and Dongguan Laterite Venture Capital Fund Partnership (Limited Partnership) (東莞紅土創業投資基金合夥企業(有限合夥)) of Series B investors), or (ii) the founders in breach of the contractual covenants, including the control and ownership continuity, founders’ and the Company’s financial integrity and legal compliance requirement and stipulated fund purposes. In addition, the Company shall undertake joint and several guaranteed liabilities for the redemption obligation of the Founding Shareholder.

The redemption price shall be the sum of issuance price paid by the respective investors plus accrued interest at compound rate of 8% per annum.

(b) Voting rights

Each share with preferential rights has voting rights equivalent to the number of shares issued.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

17. FINANCIAL LIABILITIES AT FVTPL (Continued)

Shares with Preferential Rights (Continued)

(c) Anti-dilution rights

If the Company issues new shares at a price lower than the price paid by the Investors on a per paid-in capital basis, the Investors have a right to require the Company to issue new paid-in capital at the lowest price allowed by the law to the Investors.

(d) Profit distribution rights

The Investors have the right to receive the profit distributions declared by the Company in proportion of their shares, taking precedence over distributions that are paid on ordinary shares.

(e) Liquidation preference

In the event of any liquidation, dissolution or winding up of the Company, the Investors shall be entitled to receive the liquidation preference amount, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of ordinary shares. The liquidation price shall be the higher of (i) share subscription consideration paid, plus accrued interest at compound rate of 8% per annum, together with accumulated dividends declared but not distributed; and (ii) the product of all the Company's assets and funds legally available for distribution multiplied by the Investor's shareholding proportion of the total Shares with Preferential Rights.

(f) Cease of the preferential rights

The preferential rights will automatically cease upon the submission of application with the Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the initial public offering (the "IPO") and listing. The Shares with Preferential Rights will become ordinary shares without any preferential rights.

As the Shares with Preferential Rights are subject to contingent redemption conditions under certain stipulated events and the share numbers of redemption are variable due to the potential adjustments under certain circumstances which are not "anti-dilutive" in nature, these shares with special rights are initially recognized at fair value. The Group designated these Shares with Preferential Rights as financial liabilities at FVTPL with fair value changes recognized in "fair value changes of financial assets and liabilities at FVTPL" in profit or loss.

The Shares with Preferential Rights will be revalued prior to the cease of the preferential rights with fair value changes, if any, recognized in "fair value changes of financial assets and liabilities at FVTPL" in profit or loss.



Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

17. FINANCIAL LIABILITIES AT FVTPL (Continued)

Shares with Preferential Rights (Continued)

(f) Cease of the preferential rights (Continued)

In June 2023, the Company and the Investors have entered into a supplemental agreement pursuant to which the redemption right of the Shares with Preferential Rights will cease to be exercisable upon submission of the IPO and listing application to the Stock Exchange until the earlier of (1) the application is not accepted or declined by the Stock Exchange or the Company withdraws the said application, or the Stock Exchange does not approve the Company's application; (2) the Company fails to submit relevant information with China Securities Regulatory Commission or fails the hearing with the Listing Committee of the Stock Exchange within eighteen months, or the Company's listing sponsor withdraws its listing sponsor; (3) the Company is unable to complete the listing proceedings within the validity period; or (4) the Stock Exchange is unable to reach a definite decision on the Company's application within two years.

The carrying amounts of the Shares with Preferential Rights are set out as below:

	As at June 30, 2024 RMB'000	As at December 31, 2023 RMB'000
Series Angel	154,015	137,613
Series A	943,793	795,425
Series B	896,604	780,193
Series C	428,419	409,792
Series C+	95,446	89,606
Total	2,518,277	2,212,629

Upon the successful listing of the Company on July 9, 2024, all Shares with Preferential Rights have been derecognized and credited as equity of the Group (Note 24).

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

18. SHARE CAPITAL

Authorized and issued

	Number of ordinary shares '000	Number of ordinary share with preferential rights '000 (Note 17)	Nominal value of ordinary shares RMB'000
As at June 30, 2024 and December 31, 2023	140,000	76,645	216,645

Presented as:

	Share capital RMB'000
As at June 30, 2024 and December 31, 2023	140,000

19. SHARE-BASED PAYMENTS

Share-based payments plans

(a) 2017 and 2018 Share Incentive

On September 5, 2017, the Company's shareholders' meeting passed a resolution, according to which 40,000,000 ordinary shares of the Company were issued to Ms. Chen Jie, the Controlling Shareholder and Chairlady of the Company, at RMB1.23 per share. On October 6, 2017 and April 4, 2018, two other shareholders of the Company transferred an aggregate of 20,000,000 ordinary shares of the Company to Tianjin Duoying, a company controlled by Ms. Chen Jie, at RMB1.23 per share. On December 29, 2017, another shareholder of the Company transferred 30,000,000 ordinary shares of the Company to Ningbo Xiuan, a company controlled by Ms. Chen Jie, at RMB1.23 per share.

The Group recognized these shares transactions as equity-settled share-based payments with no vesting conditions in recognition of Ms. Chen Jie's contribution to the Group.

Since 2018, share-based compensation benefits are provided to certain directors, senior management and employees via the Company's share incentive schemes, which includes the grant of share options and share economic rights (the "SERs") through the limited partnerships, including Tianjin Duoying, Tianjin Shuitong Technology Center (Limited Partnership) (天津税通科技中心(有限合伙)), Tianjin Piaoying Technology Center (Limited Partnership) (天津票盈科技中心(有限合伙)), Tianjin Piaowang Technology Center (Limited Partnership) (天津票旺科技中心(有限合伙)), Tianjin Piaofu Technology Center (Limited Partnership) (天津票福科技中心(有限合伙)), and Ningbo Xiuan (hereinafter collectively referred to as the "LLPs"). As at December 31, 2022, the LLPs held 16.4565% in total of the shares of the Company.



Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

19. SHARE-BASED PAYMENTS (Continued)

Share-based payments plans (Continued)

(b) 2018 and 2019 Share Economic Rights (the “2018 and 2019 SERs”)

SERs were granted to eligible employees from 2018 to 2020 through the LLPs. The value of SERs is indexed to the equity value of the Company. The vesting of SERs is subject to the requisite service until the completion of IPO. If eligible employees resign before the IPO, the controlling shareholder or parties designated by the Company have the right to repurchase and the resigned employees have to sell the SERs granted and vested at the subscription price. Therefore, the completion of the IPO constitutes a vesting condition. Upon meeting the condition, the grantees may choose to dispose the vested SERs through the LLPs and the LLPs shall dispose the shares of the Company underlying such vested SERs and transfer the proceeds to the grantees. The Group does not bear the obligation to settle the SERs plan for employees, the SERs plan was accounted as an equity transaction for share-based payments. The share-based payment expenses are not recognized until the IPO becomes probable. The Directors were of the view that the IPO became probable in December 2021 and hence no share-based payment expenses were recognized for the 2018 and 2019 SERs canceled prior to December 31, 2020.

In 2020 and 2021, two employees resigned and Ms. Chen Jie and the Company decided to waive the repurchase right of service period related vesting condition in recognition of their contribution to the Group, which resulted in a modification with removal of the vesting condition.

In December 2020, except for the 2018 and 2019 SERs granted to these two employees, the Company canceled the 2018 and 2019 SERs and accounted for the cancellation as an acceleration of vesting and recognized immediately the amount that otherwise would have been recognized for services received.

The movement of the 2018 and 2019 SERs during the year ended December 31, 2023 and the six months ended June 30, 2024 is as follows:

	Number of 2018 and 2019 SERs	Weighted- average grant date fair value
	<i>'000</i>	<i>RMB</i>
As at January 1, 2023	1,400	11.92
Forfeited	(700)	11.92
As at December 31, 2023 and June 30, 2024	700	11.92

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

19. SHARE-BASED PAYMENTS (Continued)

Share-based payments plans (Continued)

(b) 2018 and 2019 Share Economic Rights (the “2018 and 2019 SERs”) (Continued)

The 2018 and 2019 SERs were priced using the value of the ordinary shares determined by using the discounted cash flow method with a DLOM. The key inputs used to evaluate the grant date fair value are as follows:

	2018 and 2019 SERs %
Discount rate	19.00 – 21.00
DLOM	16.00 – 21.00

(c) The 2020 SERs Scheme

In 2021 and 2022, pursuant to 2020 SERs Scheme, an aggregate of 13,780,000 SERs of the LLPs were granted, representing 13,780,000 ordinary shares of par value of RMB1 each in the share capital of the Company with the subscription price at RMB1.23 (the “2020 SERs I”) or RMB2.51 (the “2020 SERs II”) each SER to eligible employees. The vesting is subject to the requisite service until the completion of the IPO of which 25% of the SERs are to be vested upon the completion of the IPO, and 25% in each of the subsequent three years. The SERs could not be sold during the period from date of grant to 3 years after the completion of the IPO (the “Lock-up Period”), after which 50% of vested SERs can be sold by the SERs holders in each of the subsequent two years. If the eligible employees resign during the Lock-up Period, the controlling shareholder or parties designated by the Company have the right to repurchase and the resigned employees have to sell the unvested SERs at the subscription price. The share-based payment expenses are not recognized until the IPO becomes probable.

In addition, in 2021, an aggregate of 6,700,000 SERs of the LLPs were granted, representing 6,700,000 ordinary shares of par value at RMB1 each in the share capital of the Company with the subscription price of RMB1.23/2.51 (the “2020 SERs III”) for each SER. The 2020 SERs III were not subject to the IPO condition and were fully vested upon the grant.

In 2023, pursuant to the 2020 SERs III, an aggregate of 5,450,000 SERs of the LLPs were granted to two key management personnel and a consultant, representing 5,450,000 ordinary shares at par value of RMB1 each in the share capital of the Company with the subscription price of RMB1.23/2.51 for each SER.

The share-based payment expenses of RMB114,126,000 were recognized in 2023.



Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

19. SHARE-BASED PAYMENTS (Continued)

Share-based payments plans (Continued)

(c) The 2020 SERs Scheme (Continued)

A summary of the 2020 SERs' movement is as follows:

	Number of 2020 SERs <i>'000</i>	Weighted-average grant date fair value <i>RMB</i>
As at January 1, 2023	15,985	16.56
Granted during the year	5,450	20.94
Forfeited	(595)	15.97
As at December 31, 2023	20,840	17.72
Forfeited	(25)	15.36
As at June 30, 2024	20,815	17.72

The 2020 SERs were priced using the value of the ordinary shares determined by using the discounted cash flow method with a DLOM. The key inputs used to evaluate the grant date fair value are as follows:

	2020 SERs %
Discount rate	18.00
DLOM	11.00 – 23.00

In 2022, the Company made the following modifications to the 2020 SERs I and 2020 SERs II:

- For 2020 SERs I, the SERs could not be sold from the date of grant to 1 year after the completion of the IPO (the "Revised Lock-up Period"), after which 50%, 25% and 25% of vested SERs can be sold in each of the subsequent three years. If the eligible employees resign within the Revised Lock-up Period and first 2 years after the Revised Lock-up Period, the controlling shareholder or parties designated by the Company have the right to repurchase and the resigned employees have to sell the unvested SERs at the subscription price (the "2022 SERs I").
- For 2020 SERs II, the SERs could not be sold from the date of grant to 1 year after the completion of the IPO, after which 20%, 20%, 30% and 30% of vested SERs could be sold in each of the subsequent four years. If the eligible employees resign within the Revised Lock-up Period and first 2 years after the Revised Lock-up period, the controlling shareholder or parties designated by the Company have the right to repurchase and the resigned employees have to sell the unvested SERs at the subscription price (the "2022 SERs II").



Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

19. SHARE-BASED PAYMENTS (Continued)

Share-based payments plans (Continued)

(d) The 2022 SERs Scheme

In 2022, pursuant to the 2022 SERs II, an aggregate of 445,000 SERs were granted to eligible employees, representing 445,000 ordinary shares at par value of RMB1 each in the share capital of the Company with the subscription price of RMB2.51 each.

In 2023, pursuant to the 2022 SERs I and 2022 SERs II, an aggregate of 7,355,000 SERs of the LLPs were granted to eligible employees, representing 7,355,000 ordinary shares at par value of RMB1 each in the share capital of the Company with the subscription price of RMB1.23 or RMB2.51 each, respectively.

The following table discloses movements of the newly granted 2022 SERs.

	Number of 2022 SERs <i>'000</i>	Weighted-average grant date fair value <i>RMB</i>
As at January 1, 2023	445	17.39
Granted during the year	7,355	17.80
Forfeited	(210)	17.28
As at December 31, 2023	7,590	17.79
Forfeited	(330)	15.32
As at June 30, 2024	7,260	17.90

The 2022 SERs were priced using the value of the ordinary shares determined by using the discounted cash flow method with a DLOM. The key inputs used to evaluate the grant date fair value are as follows:

	2022 SERs %
Discount rate	18.00
DLOM	19.00 – 21.00

The share-based payment expenses of RMB35,743,000 and RMB19,221,000 were recognized during the six months ended June 30, 2024 and 2023, respectively.



Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

20. CONTINGENT LIABILITIES

As at June 30, 2024 and December 31, 2023, the Company involved in one pending litigation. This pending litigation relates to the appeal of a patent infringement case, in which the plaintiff alleged that the Company violated its invention patent and sought damage of over RMB7 million. In September 2022, the Beijing Intellectual Property Court dismissed the plaintiff's complaint in favor of the Company. In October 2022, the plaintiff appealed to the Supreme People's Court, which has accepted the plaintiff's application in February 2023. Up to June 30, 2024, the Supreme People's Court has not issued a judgment. The Directors believe, based on legal advice, that there may be some uncertainty in the outcome of this pending litigation and the possibility of overturning the first instance judgment and determining that the Company has violated the plaintiff's invention patent is relatively low.

21. CAPITAL COMMITMENTS

	As at June 30, 2024 RMB'000	As at December 31, 2023 RMB'000
Capital expenditure in respect of acquisition of equity interests in associates	30,000	13,930

The capital commitment mainly represents the outstanding capital injection commitments in certain investments in associates in accordance with the agreements entered with other shareholders, in proportion to the existing shareholdings. Such commitments can be nullified by agreements with all the shareholders involved.

22. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

IFRS 13 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurement for assets and liabilities required or permitted to be recorded at fair value, the Group considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability.

The level of fair value calculation is determined by the lowest level input that is significant in the overall calculation. As such, the significance of the input should be considered from an overall perspective in the calculation of fair value.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

22. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

Determination of fair value and fair value hierarchy (Continued)

For Level 2 financial instruments, valuations are generally obtained from third party pricing services for identical or comparable assets, or through the use of valuation methodologies using observable market inputs, or recent quoted market prices. Valuation service providers typically gather, analyze and interpret information related to market transactions and other key valuation model inputs from multiple sources, and through the use of widely accepted internal valuation models, provide a theoretical quote on various securities.

For Level 3 financial instruments, prices are determined using valuation methodologies such as discounted cash flow models and other similar techniques. Determinations to classify fair value measurement within Level 3 of the valuation hierarchy are generally based on the significance of the unobservable factors to the overall fair value measurement.

The following tables provide the fair value measurement hierarchy of the Group's financial assets and liabilities:

	Level 1 <i>RMB'000</i>	Level 2 <i>RMB'000</i>	Level 3 <i>RMB'000</i>	Total <i>RMB'000</i>
As at June 30, 2024				
Assets:				
Financial assets at FVTPL	–	331,653	70,802	402,455
Liabilities:				
Financial liabilities at FVTPL	–	–	2,518,277	2,518,277
As at December 31, 2023				
Assets:				
Financial assets at FVTPL	–	268,230	32,434	300,664
Liabilities:				
Financial liabilities at FVTPL	–	–	2,212,629	2,212,629



Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

22. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

Determination of fair value and fair value hierarchy (Continued)

The following summaries the fair values of major financial assets and liabilities to determine the valuation techniques and inputs used:

Financial assets/liabilities	Carrying amount as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	June 30, 2024 RMB'000	December 31, 2023 RMB'000				
Shares with Preferential Rights	2,518,277	2,212,629	Level 3	Income approach	Expected future cash flow	The more the cash flow, the higher the fair value
Investments in associates with preferential rights and the arrangement/right to receive additional shares at nominal consideration	70,802	32,434	Level 3	Income approach Combination of Probability-weighted Return Method and Option Price Method	Expected future cash flow DLOM	The more the cash flow, the higher the fair value The lower the DLOM, the higher the fair value

During the six months ended June 30, 2024 and 2023, fair value changes arose from the financial assets classified within Level 3 as listed in the table above were insignificant. The Directors consider that any reasonable changes in the significant unobservable inputs would not result in a significant change in the Group's results. Accordingly, no sensitivity analysis is presented.

Fair value of the Shares with Preferential Rights is affected by changes in the Company's equity value. If the Company's equity value had increased/decreased by 2% with all other variables held constant, the loss before tax for the six months ended June 30, 2024 and 2023 would have been approximately RMB50,366,000 and RMB38,525,000 higher/lower, respectively.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

22. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

Determination of fair value and fair value hierarchy (Continued)

For assets and liabilities that are measured at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at each reporting end. During the six months ended June 30, 2024 and 2023, there were no transfers among different levels of fair values measurement.

Reconciliation of Level 3 fair value measurements of financial assets and financial liabilities

	Investment in Associates with preferential rights and the arrangement/ right to receive additional shares at nominal consideration <i>RMB'000</i>	Shares with Preferential Rights <i>RMB'000</i>	Contingent consideration <i>RMB'000</i>
As at December 31, 2022	39,487	(2,151,922)	(2,830)
Changes in fair value	34	(38,953)	(216)
As at June 30, 2023	39,521	(2,190,875)	(3,046)
As at December 31, 2023	32,434	(2,212,629)	–
Purchase	40,000	–	–
Changes in fair value	(1,632)	(305,648)	–
As at June 30, 2024	70,802	(2,518,277)	–

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

For the financial assets and financial liabilities that are not measured at fair value on a recurring basis, the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost approximate their fair values at June 30, 2024 and December 31, 2023.



Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

23. RELATED PARTY TRANSACTIONS

Names and relationships with related parties

The following companies are significant related parties of the Group that had transactions and/or balances with the Group.

Name of related parties	Relationship with the Group
Guomai Xin'an Technology Co., Ltd. (北京國脈信安科技有限公司) ("Guomai Xin'an") (Note 1)	Significantly influenced by the Controlling Shareholder
Fosun International Limited and its subsidiaries (“復星國際有限公司及其附屬公司”) ("Fosun") (Note 1)	Non-Controlling Shareholder with significant influence
Boya Zhongke (Beijing) Information Technology Co., Ltd. (博雅中科(北京)信息技術有限公司) ("Boya Zhongke") (Note 1)	Associate
Baiwang Jinshui Technology Co., Ltd. (百望金稅科技有限公司) ("Baiwang Jinshui") (Note 1)	Joint venture
Guangxi United Credit Reporting Co., Ltd. (廣西聯合徵信有限公司) ("Guangxi United") (Note 1)	Associate
Shanghai Xinghan Information Technology Co., Ltd. (上海星漢信息技術有限公司) ("Shanghai Xinghan") (Note 1)	Associate
Yunnan Baiwangyun Digital Technology Co., Ltd. (雲南百望雲數字科技有限公司) ("Yunnan Baiwangyun") (Note 1)	Joint venture
Henan Baiwangyun Digital Technology Co., Ltd. (河南百望雲數字科技有限公司) ("Henan Baiwangyun") (Note 1)	Joint venture
Guangdong Baiwangyun Technology Co., Ltd. (廣東百望雲科技有限公司) ("Guangdong Baiwangyun") (Note 1)	Joint venture

Note 1: The English name of the companies established in the PRC are for reference only and have not been registered.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

23. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

The Group have the following transactions and balances with related parties:

Name of related parties	Nature of transactions	Six months ended June 30,	
		2024 RMB'000	2023 RMB'000
Fosun	Provision of services	42	91
Baiwang Jinshui	Provision of services	–	497
Guangxi United	Provision of services	42,999	21,246
Others	Provision of services	69	157
Total		43,110	21,991

Name of related parties	Nature of transactions	Six months ended June 30,	
		2024 RMB'000	2023 RMB'000
Guomai Xin'an	Purchases of services and products	634	3,169
Boya Zhongke	Purchases of services and products	248	354
Shanghai Xinghan	Purchases of services and products	218	164
Yunnan Baiwangyun	Purchases of services and products	277	200
Guangdong Baiwangyun	Purchases of services and products	730	26
Henan Baiwangyun	Purchases of services and products	797	–
Others	Purchases of services	68	33
Total		2,972	3,946

In the opinion of the Directors, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.



Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

23. RELATED PARTY TRANSACTIONS (Continued)

Key management personnel compensation

The remuneration of Directors and other members of key management personnel during the six months ended June 30, 2024 and 2023 was as follows:

	Six months ended June 30,	
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Salaries and bonuses	4,675	5,015
Share-based payments	2,241	112,329
Welfare, medical and other benefits	708	518
Total	7,624	117,862

The remuneration of key management personnel is determined by reference to the performance of individuals and market trends.

24. SUBSEQUENT EVENTS

On July 9, 2024, the H shares of the Company (the “H Shares”) were successfully listed on the Main Board of the Stock Exchange, upon when the Company issued a total of 9,262,000 H Shares of each at HK\$36.00 for cash by way of a global offering.

On August 23, 2024, the Company placed an order to subscribe for the wealth management product issued by Bank of Beijing Co., Ltd. in the principal amount of RMB50,000,000.

DEFINITION

“Audit Committee”	the audit committee of the Board
“Board of Directors” or “Board”	the board of directors of our Company
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“China,” or “PRC”	People’s Republic of China, excluding, for the purposes of this interim report and for geographical reference only and except where the context requires otherwise, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company” or “our Company”	Baiwang Co., Ltd. (百望股份有限公司), a joint stock company incorporated under the laws of the PRC with limited liability on May 4, 2015
“Controlling Shareholders”	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Ms. Chen, Ningbo Xiu’an and Tianjin Duoying
“Director(s)”	the director(s) of our Company
“Domestic Shares”	ordinary Shares in the share capital of our Company with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB and are unlisted Shares not currently listed or traded on any stock exchange
“Group,” “our Group,” “we” or “us”	our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require)
“Global Offering”	the Hong Kong public offering and the international offering of the Company
“H Share(s)”	overseas-listed foreign shares in the share capital of our Company with nominal value of RMB1.00 each, which are to be subscribed for and traded in HK dollars and are to be listed on the Stock Exchange
“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing”	the listing of the H Shares on the Main Board of the Stock Exchange
“Listing Date”	July 9, 2024, being the date on which the H Shares were listed on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules



DEFINITION

“Ms. Chen”	Ms. Chen Jie (陳杰), our founder, Controlling Shareholder, executive Director and chairlady of our Board
“Ningbo Xiu’an”	Ningbo Xiu’an Enterprise Management Partnership (Limited Partnership) (寧波修安企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on August 2, 2017 and controlled by Ms. Chen (as the general partner who controls and manages Ningbo Xiu’an). Ningbo Xiu’an is a share incentive platform and one of our Controlling Shareholders
“Prospectus”	the prospectus of the Company dated June 28, 2024
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“Reporting Period”	six months from January 1, 2024 to June 30, 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)”	ordinary shares in the capital of our Company with a nominal value of RMB1.00 each, comprising Domestic Shares and H Shares
“Shareholder(s)”	holder(s) of our Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	the supervisor(s) of our Company
“Tianjin Duoying”	Tianjin Duoying Technology Center (Limited Partnership) (天津多盈科技中心(有限合夥)), a limited partnership established under the laws of the PRC on July 27, 2017 and controlled by Ms. Chen (as the general partner who controls and manages Tianjin Duoying). Tianjin Duoying is a share incentive platform and one of our Controlling Shareholders.
“Tianjin Piaoying”	Tianjin Piaoying Technology Center (Limited Partnership) (天津票盈科技中心(有限合夥))
“USD” or “US\$”	US dollars, the lawful currency of the United States
“United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“%”	per cent