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Bairong Inc.

百融雲創

(A company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability)

(Stock Code: 6608)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND
UPDATE ON EXPECTED TIMELINE FOR USE OF PROCEEDS**

The board (the “**Board**”) of directors (the “**Directors**”) of Bairong Inc. (the “**Company**”, together with its subsidiaries and consolidated affiliated entities, the “**Group**”) is pleased to announce the unaudited interim results of the Group for the six months ended June 30, 2024 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2023. These interim results have been reviewed by the Company’s audit committee (the “**Audit Committee**”).

In this announcement, “we”, “us” and “our” refer to the Company and, where the context otherwise requires, the Group. Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments, or have been rounded to single digits or two decimal places. Any discrepancies in any table or elsewhere between totals and sums of amounts listed therein are due to rounding.

HIGHLIGHTS

Financial Summary

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

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

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

Operations Highlights

We are a consistently profitable AI technology company that has served over 7,000 institutional clients in China to conduct intelligent decision-making, intelligent marketing and intelligent operations. By leveraging our underlying technologies including Generative AI and Discriminant AI, based on our years of accumulated experience in AI, our deep understanding of industry verticals, and our down-to-earth operations, we outperformed the sector in the first half of the year, achieving steady growth and sustained profitability amid a mediocre industry environment.

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

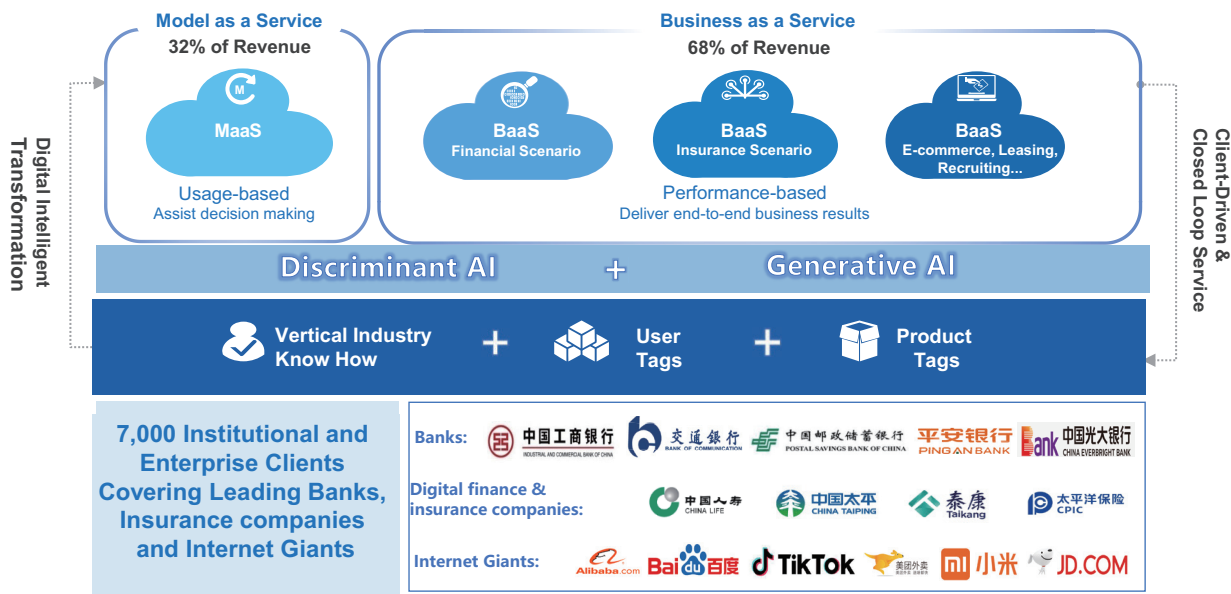
In the first half of the year, our MaaS business has experienced a gradual recovery, especially in June wherein a significant period-over-period and sequential growth in revenue was achieved. In addition, built upon the already leading position in the current sector, we further expanded our services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

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

BUSINESS REVIEW

Operations Review

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

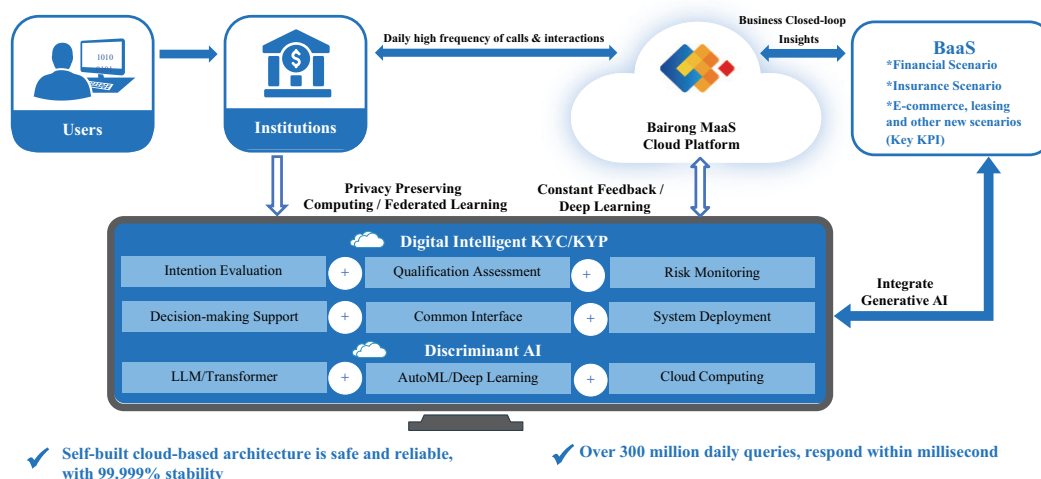


As a leader in facilitating the digital and intelligent transformation of Chinese institutions, we continue to benefit from the current development in the digital economy and AI industry. On April 29, 2024, the National Development and Reform Commission (NDRC) and the National Data Administration (NDA) issued the “Key Points for the Work of the Digital Economy in 2024” (《数字经济2024年工作要点》), proposing to accelerate the construction of a basic data system, promote the implementation of the “20 Data Articles”, enhance the development and accessibility of public data, and release the value of data elements. On July 2, 2024, four government departments including the Ministry of Industry and Information Technology issued the “Guidelines for the Construction of a Comprehensive Standardization System for the National Artificial Intelligence Industry (2024 Edition)” (《国家人工智能产业综合标准化体系建设指南(2024版)》) and proposed that by 2026, the linkage level between industry standards and technological innovation should continue to intensify, alongside the formulation of over 50 additional standards at national and industrial levels, as well as the acceleration of a standard system that leads the high-quality development of the artificial intelligence industry. According to the latest report of Bloomberg Intelligence, it is expected that the Generative AI market size (in terms of revenue) will expand to US\$1.3 trillion in 2032, compared with US\$40 billion in 2022, showing a skyrocketing trend, and the CAGR of the Generative AI market will be as high as 42% in this decade. Moreover, the efforts to boost domestic demand and stimulate consumer spending will also be conducive to expanding our client base. On June 13, 2024, the NDRC and other government departments issued the “Measures on Creating New Consumption Scenarios and Cultivating New Growth Points of Consumption” (《关于打造消费新场景培育消费新增增长点的措施》), which clearly proposes to promote the consumption upgrading, propel the accelerated application of scientific and technological achievements in the field of consumption, and further cultivate and expand new growth points of consumption in the fields of catering, cultural tourism, sports, and shopping etc.

Led by our chief executive officer, Mr. Zhang Shaofeng, a tech-savvy Tsinghua University alumni, we view technology as our key competitive advantage and top priority. Based on the deep learning Transformer framework, we have developed an automatic machine learning modeling platform that relies on deep neural networks and attention mechanisms that integrates diversified AI technologies algorithms, including the AIGC, Discriminant AI and AI intelligent interaction technologies, to create AI application products targeting vertical scenarios. Our MaaS (Model as a Service) business extensively integrates the cloud-native platform with the large language model, enabling its easy deployment across different business scenarios, and realizing fast query responses while completing data loop for institutional clients, and further improving the stability of our cloud platform to 99.999%. Meanwhile, our BaaS model applies the AI VoiceGPT developed from the Generative AI technology to intelligent interaction scenes, which can provide capabilities of natural-language understanding, multiple rounds of dialogue, language processing, and text generation, namely “listening, speaking, reading and writing”, which are applicable to new user marketing, hibernating user revitalization and intelligent operation. During the Reporting Period, we successfully integrated large language model into our voice robot application AI VoiceGPT, while maintaining the LLM-based interaction latency within 500 milliseconds, which is lower than the industry average of over 1 second. At the same time, our self-developed AI VoiceGPT further iterates to support emotion recognition and emotional voice output. Embedded into the long-term plan, our large language model further enriches support to multiple modals, and has landed the first commercial version of AI VoiceGPT that combines with 3D Avatar with potential clients, which will be extensively deployed to various application scenarios including bank reception and shopping mall guide. As of June 30, 2024, the Company has obtained 262 patents and software copyrights, covering areas of artificial intelligence, machine learning, privacy computing, human-machine collaboration, multimodal AI, etc.

MaaS (Model as a Service)

MaaS: Standardized Modeling Products & Solutions to Enhance Digital Decisions



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

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

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

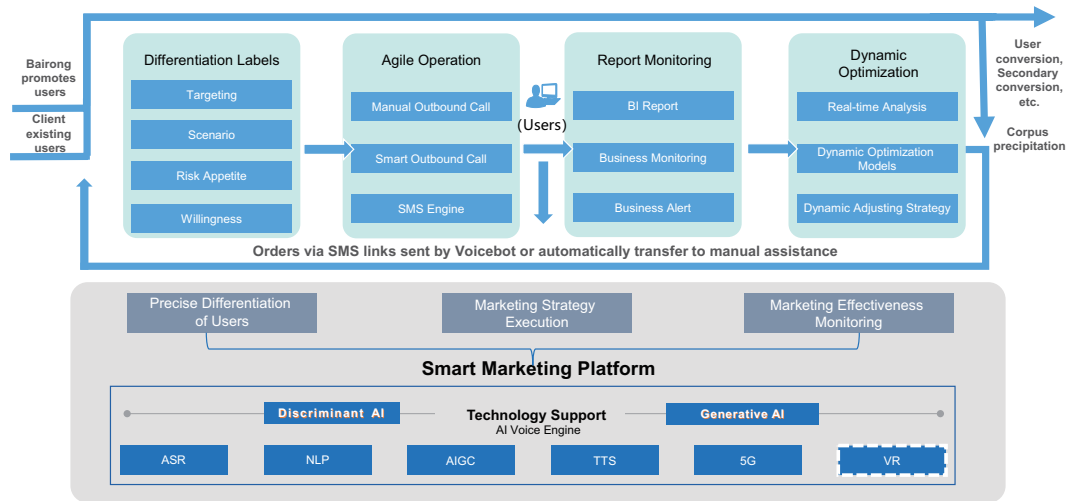
Key metrics of MaaS

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

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

BaaS (Business as a Service)

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



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

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

BaaS – Financial Scenario

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

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

Key metrics of BaaS – Financial Scenario

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

BaaS – Insurance Scenario

The BaaS – Insurance Scenario efficiently supports over 5,800 insurance brokers through Liming Box, a multifunctional app that integrates user management system (CRM), talent management system (TMS) and insurance data solutions (IDS) toolsets. Our Discriminant AI provides comprehensive user insights, and we precisely recommend insurance products through our Generative AI, in which case, our offline insurance broker teams will further lock in high-value users by providing face-to-face services. The BaaS – Insurance Scenario covers nearly 100 branches of Liming Insurance in over 30 cities across the country. Meanwhile, we are actively exploring more insurance scenarios, combining Generative AI and Discriminant AI to assist and promote the mining of potential insurance users and the completion of transactions. We charge commission fees based on the amount of premiums (both first year and renewal premiums) that we generated.

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

Key metrics of BaaS – Insurance Scenario

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

BUSINESS OUTLOOK

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
	<i>(RMB in thousands)</i>	
Revenue		
MaaS	421,352	431,134
BaaS	899,996	811,898
BaaS – Financial Scenario	589,473	492,095
BaaS – Insurance Scenario	310,523	319,803
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Total revenue	1,321,348	1,243,032
Cost of sales	(354,193)	(346,998)
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Gross profit	967,155	896,034
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Other income	73,030	104,976
Research and development expenses	(225,881)	(202,066)
General and administrative expenses	(139,944)	(123,984)
Sales and marketing expenses	(506,542)	(460,684)
Impairment loss	(10,986)	(2,579)
	<hr/>	<hr/>
Profit from operations	156,832	211,697
Finance income	2,113	2,842
Finance costs	(3,571)	(7,579)
Share of (losses)/profits of associates	(1,917)	33
	<hr/>	<hr/>
Profit before taxation	153,457	206,993
Income tax expense	(10,624)	(185)
	<hr/>	<hr/>
Profit for the period	142,833	206,808
	<hr/> <hr/>	<hr/> <hr/>
Attributable to:		
Equity shareholders of the Company	139,956	205,251
Non-controlling interests	2,877	1,557
	<hr/>	<hr/>
Total comprehensive income for the period	142,833	206,808
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Revenue

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

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

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

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

Cost of sales

Our cost of sales increased by 2% from RMB347.00 million for the six months ended June 30, 2023 to RMB354.19 million for the six months ended June 30, 2024, in line with the growth of our business scale.

Gross profit and gross margin

As a result of the foregoing, the Group's gross profit increased by 8% from RMB896.03 million for the six months ended June 30, 2023 to RMB967.16 million for the six months ended June 30, 2024. The Group's gross profit margin was 73% and 72% for the six months ended June 30, 2024 and 2023, respectively.

Research and development expenses

The Group's research and development expenses increased by 12% from RMB202.07 million for the six months ended June 30, 2023 to RMB225.88 million for the six months ended June 30, 2024, primarily attributable to the increase in the staff costs of our research and development personnel to support product offerings and technology development about various AI application technology, algorithm-driven machine learning platform and underlying database performance.

General and administrative expenses

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

Sales and marketing expenses

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

Other income

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

Profit for the period

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

Non-IFRS Measures

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

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

We define non-IFRS profit as profit for the period, excluding share-based compensation. We define non-IFRS EBITDA as EBITDA excluding share-based compensation. We exclude these items because they are not expected to result in future cash payments that are recurring in nature and they are not indicative of our core operating results and business outlook.

The following table reconciles our non-IFRS profit for the six months ended June 30, 2023 and 2024 and non-IFRS EBITDA presented to the most directly comparable financial measure calculated and presented in accordance with IFRSs, which is profit for the period:

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

	Six months ended June 30,	
	2024	2023
	(unaudited)	(unaudited)
	<i>(RMB in thousands)</i>	
Profit for the period	142,833	206,808
Add		
Share-based compensation ⁽¹⁾	<u>54,646</u>	<u>20,039</u>
Non-IFRS profit for the period	<u>197,479</u>	<u>226,847</u>
Non-IFRS profit margin for the period⁽²⁾	<u>14.9%</u>	<u>18.2%</u>

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

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

Notes:

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

Liquidity and source of funding and borrowing

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

As at June 30, 2024, the Group had bank loans of approximately RMB39.36 million, which were all repayable within one year.

Cash and cash equivalent and time deposits

The Group had cash and cash equivalents and time deposits of RMB2,852.85 million and RMB3,301.84 million as at June 30, 2024 and December 31, 2023, respectively.

Significant Investments

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

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

Material acquisitions and disposals

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

Pledge of assets

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

Future plans for material investments or capital assets

Save for the expansion plan as disclosed in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated March 19, 2021 (the "Prospectus"), the Group did not have detailed future plans for material investments or capital assets.

Gearing ratio

As at June 30, 2024, the Group's gearing ratio (i.e. total liabilities divided by total assets) was 0.18 (as at December 31, 2023: 0.19).

Foreign exchange exposure

During the six months ended June 30, 2024, the Group mainly operated in China and the majority of the transactions were settled in RMB, the Company's consolidated affiliated entities' functional currency. As at June 30, 2024, except for the bank deposits and investments denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations.

Contingent liabilities

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

Capital commitment

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

Employees and remuneration

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

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

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our human resources strategy, we offer employees competitive compensation packages, including competitive salaries, performance-based cash bonuses, and other incentives. The total remuneration cost incurred by the Group for the six months ended June 30, 2024 was RMB421.78 million, as compared to RMB355.64 million for the six months ended June 30, 2023.

The Company has adopted a post-IPO share option scheme and a share award scheme to incentivize employees. To maintain the quality, knowledge and skill levels of our employees, we regularly organize training activities for our employees.

CORPORATE GOVERNANCE

The Company is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders and to enhance corporate value and accountability.

Compliance with the Corporate Governance Code

The Company had complied with the applicable code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Part 2 of Appendix C1 to the Listing Rules (as amended from time to time) during the six months ended June 30, 2024 save for the deviation below.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company deviates from this provision because Mr. Zhang Shaofeng (“**Mr. Zhang**”) performs both the roles of chairperson of the Board and the chief executive officer of the Company. Mr. Zhang is the founder of the Group and has extensive experience in the business operations and management of the Group. The Board believes that vesting the roles of both chairperson and chief executive officer to Mr. Zhang has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning. This structure will enable our Company to make and implement decisions promptly and effectively.

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

Compliance with the Model Code for Securities Transactions by Directors

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

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

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

Audit Committee

The Group has established the Audit Committee comprising three members, being Mr. Zhou Hao, Mr. Bai Linsen and Professor Chen Zhiwu, with Mr. Zhou Hao (being the Group’s independent non-executive Director with the appropriate professional qualifications) as the chairperson of the Audit Committee.

The Audit Committee has reviewed the unaudited interim condensed consolidated financial information of the Group for the six months ended June 30, 2024 and has met with the independent auditor, KPMG. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control and financial reporting matters with senior management members of the Company.

In addition, the independent auditor of the Company, KPMG, has reviewed the unaudited interim financial report of the Group for the six months ended June 30, 2024 in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Other Board committees

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

OTHER INFORMATION

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

During the six months ended June 30, 2024, the Company repurchased a total of 7,023,000 Class B Shares (the “**Shares Repurchased**”) on the Stock Exchange at an aggregate consideration (including transaction cost) of approximately HK\$70.05 million including expenses. As at June 30, 2024, an outstanding number of 6,846,000 Class B Shares that were repurchased had not been cancelled yet. Subsequent to the Reporting Period up to the date of this announcement, the Company has repurchased an additional 1,978,000 Class B Shares on the Stock Exchange at an aggregate consideration of approximately HK\$18.24 million including expenses. Particulars of the Shares Repurchased during the six months ended June 30, 2024 are as follows:

Month of repurchase	No. of Class B Shares repurchased	Highest price paid per Class B Share (HK\$)	Lowest price paid per Class B Share (HK\$)	Aggregate consideration (HK\$)
February	177,000	11.96	11.30	2,070,690
March	856,500	13.50	10.88	10,016,340
April	2,335,500	11.08	9.10	23,475,800
May	1,629,500	10.38	9.16	15,924,815
June	2,024,500	9.45	8.93	18,564,990
Total	7,023,000			70,052,635

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

In addition, 3,603,500 Class B Shares were purchased by trustees of the Company’s share award schemes on the market during the six months ended June 30, 2024 to satisfy share awards to be vested in subsequent periods.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities (including any sale of treasury shares (as defined under the Listing Rules)) listed on the Stock Exchange during the six months ended June 30, 2024. As at June 30, 2024, the Company did not hold any treasury shares (as defined under the Listing Rules).

Material litigation

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

Dividends

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

Use of proceeds from the Global Offering

On March 31, 2021, the shares of the Company were listed on the Main Board of the Stock Exchange (the "**Global Offering**").

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

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

	Net proceeds from the Global Offering (RMB million)	Proportion	Unutilised net amount as at January 1, 2024 (RMB million)	Amount utilised during the Reporting Period (RMB million)	Unutilised amount as at June 30, 2024 (RMB million)	Updated expected timeline of full utilisation of the unutilised Net Proceeds
Fund business expansion, expand FSP client base and penetrate into existing FSP client base	1,426.68	45%	324.68	294.22	30.46	Before December 31, 2024
Enhance efforts in research and development	951.12	30%	510.09	140.87	369.22	Before December 31, 2026
Pursue strategic investments and acquisitions to expand our existing product and service offerings, improve our technology capabilities, and enhance our value proposition to FSP clients	475.56	15%	153.92	141.38	12.54	Before December 31, 2024
Working capital and general corporate purposes	317.03	10%	317.03	72.21	244.82	Before December 31, 2026
Total	3,170.39	100%	1,305.72	648.68	657.04	

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

Reasons for Extending the Expected Timeline for Use of Proceeds

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

Events after the Reporting Period

Save as disclosed in this announcement, there were no other significant events that might affect the Group after the Reporting Period.

CONDENSED INTERIM FINANCIAL INFORMATION

Consolidated Statement of Profit or Loss

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

Expressed in Renminbi (“RMB”)

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the six months ended June 30, 2024 (unaudited)
Expressed in Renminbi (“RMB”)

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

Consolidated Statement of Financial Position
as at June 30, 2024 (unaudited)
Expressed in RMB

	<i>Note</i>	As at June 30, 2024 <i>RMB'000</i>	As at December 31, 2023 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		74,780	52,872
Intangible assets		45,168	47,431
Right-of-use assets		45,184	48,192
Goodwill		119,466	119,466
Financial assets at fair value through profit or loss		142,570	149,750
Interests in associates		163,290	9,645
Deferred tax assets		4,007	3,457
Time deposits		633,307	1,982,833
Restricted cash		7,752	8,305
		<u>1,235,524</u>	<u>2,421,951</u>
Current assets			
Prepaid expenses and other current assets		693,411	447,445
Time deposits		1,592,350	405,015
Financial assets at fair value through profit or loss		729,035	724,231
Loans receivable		76,628	68,172
Trade receivables	9	575,416	519,247
Restricted cash		–	5,721
Cash and cash equivalents		627,190	913,987
		<u>4,294,030</u>	<u>3,083,818</u>
Current liabilities			
Trade payables	10	278,191	301,856
Bank loans		39,360	91,360
Contract liabilities		76,015	81,576
Lease liabilities		27,295	39,065
Current taxation		1,045	519
Accrued expenses and other current liabilities		522,735	519,416
		<u>944,641</u>	<u>1,033,792</u>
Net current assets		<u>3,349,389</u>	<u>2,050,026</u>
Total assets less current liabilities		<u>4,584,913</u>	<u>4,471,977</u>

Consolidated Statement of Financial Position (continued)
as at June 30, 2024 (unaudited)
Expressed in RMB

	<i>Note</i>	As at June 30, 2024 <i>RMB'000</i>	As at December 31, 2023 <i>RMB'000</i>
Non-current liabilities			
Lease liabilities		16,896	14,085
Deferred tax liabilities		9,274	8,968
		<u>26,170</u>	<u>23,053</u>
NET ASSETS		<u>4,558,743</u>	<u>4,448,924</u>
Equity			
Share capital		62	64
Treasury shares		(114,068)	(185,584)
Reserves		4,660,148	4,624,720
Total equity attributable to equity shareholders of the Company		<u>4,546,142</u>	<u>4,439,200</u>
Non-controlling interests		<u>12,601</u>	<u>9,724</u>
TOTAL EQUITY		<u>4,558,743</u>	<u>4,448,924</u>

Condensed Consolidated Statement of Cash Flows
for the six months ended June 30, 2024 (unaudited)
Expressed in RMB

	Six months ended June 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash used in operating activities	(126,671)	(99,027)
Net cash generated from/(used in) investing activities	17,701	(201,293)
Net cash used in financing activities	(176,599)	(142,218)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(285,569)	(442,538)
Cash and cash equivalents at the beginning of the period	913,987	888,508
Effect of foreign exchange rate changes	(1,228)	(1,652)
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	<u>627,190</u>	<u>444,318</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

1. Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”). It was approved and authorized for issue by the Board of Directors on August 29, 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the HKICPA.

2. Changes in accounting policies

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

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

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

3. Revenue

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

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

	Six months ended June 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
MaaS	421,352	431,134
BaaS		
BaaS – financial scenario	589,473	492,095
BaaS – insurance scenario	310,523	319,803
	<u>1,321,348</u>	<u>1,243,032</u>

During the periods ended June 30, 2024 and 2023, no customer individually accounted for more than 10% of the Group's total revenue.

Disaggregation of the Group's revenue from contracts with customers by the timing of revenue recognition is set out below:

	Six months ended June 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Point-in-time	751,894	659,806
Over-time	569,454	583,226
	<u>1,321,348</u>	<u>1,243,032</u>

4. Other income

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Interest income from time deposits	40,608	38,344
Net gains on financial investments measured at fair value through profit or loss	22,501	32,489
Government grants and others	11,149	33,387
Foreign currency exchange loss	(1,228)	(1,652)
Net loss on derivatives	–	(1,750)
Gains from fixed coupon note	–	44
Extra deduction of input VAT	–	4,114
	<u>73,030</u>	<u>104,976</u>

5. Profit before taxation

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

(a) Finance income and costs

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

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Finance costs		
Interest expense on bank loans	<u>1,814</u>	5,103
Interest expense on lease liabilities	<u>1,757</u>	2,476
Total	<u>3,571</u>	<u>7,579</u>

(b) Staff cost

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

(c) Other items

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Analytics service costs	51,569	59,063
BaaS-related insurance brokerage commission, operating and marketing expenditures	548,173	505,213
Depreciation of property, plant and equipment	12,258	8,897
Amortisation of intangible assets	3,639	4,620
Depreciation of right-of-use assets	18,023	22,358
Impairment loss		
– Trade receivables and others	3,964	2,459
– Loans	7,022	120
Auditors' remuneration	1,400	1,400

6. Income tax expense

Taxation in the consolidated statements of profit or loss:

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

7. Basic and diluted earnings per share

Basic earnings per share were calculated by dividing the net profit attributable to equity shareholders of the Company by the weighted average number of ordinary shares in issue during the periods ended June 30, 2024 and 2023.

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

	Six months ended June 30,	
	2024	2023
Net profit attributable to equity shareholders of the Company (RMB'000)	139,956	205,251
Weighted average number of ordinary shares	<u>469,905,966</u>	<u>481,025,907</u>
Basic earnings per share attributable to equity shareholders of the Company (in RMB)	<u>0.30</u>	<u>0.43</u>

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the periods ended June 30, 2024 and June 30, 2023, the Company has share options and share award schemes as potential ordinary shares.

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

8. Dividends

During the periods ended June 30, 2024 and 2023, no dividends were declared by the entities comprising the Group to its owners.

9. Trade receivables

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

Ageing analysis

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

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

10. Trade payables

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

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

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

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

11. Events after the Reporting Period

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

12. Comparative amounts

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

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.brgroup.com). The printed copy of interim report for the six months ended June 30, 2024 will be dispatched to the Company's shareholders on request and made available for review on the same websites in due course.

By order of the Board
Bairong Inc.
Zhang Shaofeng
Chairman and Executive Director

Hong Kong, August 29, 2024

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