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BAIWANG CO., LTD.
百望股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock code: 6657)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2024

The board (the “**Board**”) of directors (the “**Directors**”) of Baiwang Co., Ltd. (百望股份有限公司), (the “**Company**”, together with its subsidiaries, the “**Group**”) would like to announce the unaudited consolidated interim results of the Group for the six months ended June 30, 2024 (the “**Reporting Period**”), together with the comparative figures for the six months ended June 30, 2023, which have been reviewed by the audit committee of the Board (the “**Audit Committee**”). The interim results for the six months ended June 30, 2024 have been reviewed by Deloitte Touche Tohmatsu, the independent auditor of the Company in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information performed by the Independent Auditor of the Entity”.

In this announcement, “we,” “us,” “our” and “Baiwang” refer to the Company and where the context otherwise requires, the Group.

RESULTS SUMMARY

- Our revenue decreased by 16.1% from RMB335.6 million for the six month 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 month 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.

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE (EXPENSE) INCOME FOR THE SIX MONTHS ENDED JUNE 30, 2024

		Six months ended June 30,	
	<i>NOTES</i>	2024	2023
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	4	281,551	335,638
Cost of sales	8	<u>(171,237)</u>	<u>(240,773)</u>
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	<u>(80,162)</u>	<u>(107,163)</u>
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		<u>(5,220)</u>	<u>(3,201)</u>
Loss before tax		(445,602)	(252,780)
Income tax expenses	10	<u>(200)</u>	<u>(274)</u>
Loss and total comprehensive expense for the period		<u>(445,802)</u>	<u>(253,054)</u>
Attributable to:			
Owners of the Company		(445,505)	(252,194)
Non-controlling interests		<u>(297)</u>	<u>(860)</u>
		<u>(445,802)</u>	<u>(253,054)</u>
Loss per share attributable to owners of the Company during the period:			
– Basic and diluted (RMB)	12	<u>(3.18)</u>	<u>(1.80)</u>

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT
JUNE 30, 2024**

	<i>NOTES</i>	As at June 30, 2024 <i>RMB'000</i> (Unaudited)	As at December 31, 2023 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		8,207	9,949
Right-of-use assets		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		70,802	32,434
Contract costs		44,648	38,181
Contract assets	15	262	257
		<u>224,280</u>	<u>193,596</u>
Current assets			
Inventories		3,498	3,681
Contract costs		51,739	47,104
Contract assets	15	66,271	70,459
Trade and other receivables, deposits and prepayments	13	98,035	104,428
Amounts due from related parties		27,837	17,336
Financial assets at FVTPL		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
		<u>800,634</u>	<u>958,273</u>
Current liabilities			
Lease liabilities		5,222	14,611
Trade and other payables	14	173,797	178,086
Tax liabilities		83	60
Contract liabilities	15	113,815	122,744
Financial liabilities at FVTPL		2,518,277	2,212,629
Amounts due to related parties		24,816	24,043
		<u>2,836,010</u>	<u>2,552,173</u>
Net current liabilities		<u>(2,035,376)</u>	<u>(1,593,900)</u>
Total assets less current liabilities		<u><u>(1,811,096)</u></u>	<u><u>(1,400,304)</u></u>

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000
Capital and reserves		
Share capital	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	<u>(5,765)</u>	<u>(5,468)</u>
Total deficits	<u>(1,811,742)</u>	<u>(1,401,683)</u>
Non-current liabilities		
Lease liabilities	<u>646</u>	<u>1,379</u>
Total deficits and non-current liabilities	<u>(1,811,096)</u>	<u>(1,400,304)</u>

Notes:

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. 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.

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 interim 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.

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 PRC and all the Group’s revenue are derived from the PRC, no geographical information is presented.

4. REVENUE

Revenue is derived from the PRC and comprises the following:

	Six months ended June 30,	
	2024	2023
	RMB'000	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
	<u>281,551</u>	<u>335,638</u>

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

5. OTHER INCOME

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

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

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

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

8. EXPENSES BY NATURES

	Six months ended June 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
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	<u>415,255</u>	<u>555,544</u>

9. FINANCE INCOME

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

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 Ministry of Finance and State Tax Bureau 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 (the “Super Deduction”) from October 1, 2022 onwards.

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

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

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.

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)	<u>(445,505)</u>	<u>(252,194)</u>
Weighted average number of ordinary shares outstanding ('000)	<u>140,000</u>	<u>140,000</u>

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at June 30, 2024 <i>RMB'000</i>	As at December 31, 2023 <i>RMB'000</i>
Trade receivables – contracts with customers	65,305	54,132
Less: allowance for credit losses	(8,868)	(5,115)
	56,437	49,017
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)
	41,598	55,411
Total	98,035	104,428

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 <i>RMB'000</i>	As at December 31, 2023 <i>RMB'000</i>
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.

14. TRADE AND OTHER PAYABLES

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

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 <i>RMB'000</i>	As at December 31, 2023 <i>RMB'000</i>
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	<u>4,640</u>	<u>460</u>
Total	<u><u>44,736</u></u>	<u><u>40,882</u></u>

15. CONTRACT ASSETS AND CONTRACT LIABILITIES

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

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.

16. 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. As at June 30, 2024 and December 31, 2023, 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.

17. 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	<u>30,000</u>	<u>13,930</u>

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.

18. 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 of Hong Kong Limited, 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.

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.

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 6.6% in the six months ended June 30, 2023 to 1.0% 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 million in the six months ended June 30, 2023 to RMB12.9 million 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 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 enterprise 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.

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 fee 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 distribution and selling 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.

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 announcement 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	Percentage of total revenue (%)	2023	Percentage of total revenue (%)
	RMB'000		RMB'000	
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
– Digital precision marketing services	63,499	22.6	145,358	43.3
– Risk management services	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

- *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.

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.

	Six months ended June 30,		2023	
	2024	Percentage of total cost of sales (%)	2023	Percentage of total cost of sales (%)
	<i>RMB'000</i>		<i>RMB'000</i>	
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
– <i>Digital precision marketing services</i>	62,836	36.7	135,703	56.4
– <i>Risk management services</i>	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.

	Six months ended June 30,		2023	
	2024	Percentage of total revenue (%)	2023	Percentage of total revenue (%)
	<i>RMB'000</i>		<i>RMB'000</i>	
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
– <i>Digital precision marketing services</i>	663	1.0	9,655	6.6
– <i>Risk management services</i>	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

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 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 (as defined below) became certain in the first half of 2024, resulting in losses of financial liabilities at FVTPL.

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 (as defined below) 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 RMB. Our business is principally conducted in RMB, and substantially all of our assets are denominated in RMB. 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-RMB.

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.

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 announcement. 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 of the Company dated June 28, 2024 and this announcement, as of the date of this announcement, we did not have other substantial future plans for material investments and capital assets.

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 June 30, 2024	As of December 31, 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.

OTHER INFORMATION

Use of Proceeds

The H Shares were listed on the Stock Exchange on July 9, 2024 (the “**Listing Date**”) by way of a global offering (the “**Global Offering**”). The net proceeds raised from the Global Offering were approximately HK\$228.9 million.

As of the date of this announcement, 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.

Human Resources

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.

Purchase, Sale or Redemption of the Company’s Listed Securities

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 announcement.

Interim Dividend

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

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 announcement, the Company has maintained sufficient public float as required by the Listing Rules.

Compliance with Corporate Governance 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 of the Company (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 Corporate Governance Code (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 announcement, 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 for Securities Transactions by Directors of Listed Issuer (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 code provisions of the Model Code were not applicable during the Reporting Period. Having made specific enquiries of all Directors and the Company’s 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 announcement.

Audit Committee and Review of Interim Financial Results

As of the date of this announcement, 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.

Events after the Reporting Period

Save for the subsequent events disclosed in Note 18 to the consolidated financial statements set forth in this announcement, there has been no significant event since the end of the Reporting Period.

PUBLICATION OF 2024 INTERIM RESULTS AND 2024 INTERIM REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.baiwang.com). The interim report of the Company for the six months ended June 30, 2024 will be dispatched to the Shareholders (if required) and published on the aforesaid websites in due course.

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

As at the date of this announcement, the Board comprises Ms. Chen Jie, Mr. Yang Zhengdao, Mr. Zou Yan and Ms. Jin Xin as executive Directors; Mr. Huang Miao and Mr. Diao Juanhuan as non-executive Directors; Mr. Tian Lixin, Dr. Wu Changhai, Dr. Song Hua and Mr. Ng Kwok Yin as independent non-executive Directors.