百融云创

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)

SUPPLEMENTAL AGREEMENT IN RELATION TO PROPOSED PLACING OF NON-LISTED WARRANTS UNDER SPECIFIC MANDATE

Financial adviser to the Company

Lego Corporate Finance Limited
力高企業融資有限公司

Placing Agent

Lego Securities Limited
力高證券有限公司

Reference is made to the announcement of the Company dated 20 April 2026 (the "**Announcement**") in relation to the Placing. Unless otherwise defined, capitalised terms used herein have the same meanings as defined in the Announcement.

THE SUPPLEMENTAL AGREEMENT

On 17 June 2026 (after trading hours), the Company and the Placing Agent entered into a supplemental agreement (the "**Supplemental Agreement**") to the Warrant Placing Agreement, pursuant to which the Company and the Placing Agent agreed to amend the original placing price, original exercise price and Long Stop Date (as defined below).

Placing Price

Pursuant to the Supplemental Agreement, the parties mutually agreed to amend the Placing Price from HK$0.1 to HK$0.29. The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent and based on the valuation conducted by the Independent Valuer (as defined below).

The Company has engaged BonVision International Appraisals Limited, a valuation firm which is an Independent Third Party (the "**Independent Valuer**"), to assess the per share fair value of the Warrants by making reference to the binomial option pricing model (the "**Binomial Model**"). Based on the Binomial Model, the unit Warrant value as valued by the Independent Valuer was HK$0.2934 as at 11 June 2026 (the "**Valuation Date**"). The key assumptions and limitations, and parameters applied by the Independent Valuer in the Binomial Model for the assessment of the fair value of the Warrants are set out as follows:

Assumptions and limitations

1. The Binomial Model uses risk-neutral valuation to price derivatives. It assumes the expected return on the underlying asset equals the risk-free rate, creating a baseline where no risk premiums are needed;

2. The Binomial Model works with the assumption of no arbitrage. i.e., there is no buying while selling at a higher price;

3. The Binomial Model generally assumes constant volatility and interest rates over the life of the instrument, which may not reflect actual market conditions;

4. The Binomial Model does not explicitly consider market frictions, such as transaction costs, liquidity constraints, or bid-ask spreads;

5. The conclusion of the fair value was derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. The valuation reflects facts and conditions existing at the Valuation Date;

6. To the best of the knowledge of the Independent Valuer, all data set forth in the valuation report is assumed to be reasonable and accurately determined;

7. The Independent Valuer has relied on information provided by the management of the Company to a considerable extent in arriving at their opinion of value; and

8. The Independent Valuer has not investigated the title to or any legal liabilities of the Warrants and has assumed no responsibility for the title to the Warrants valued.

Parameters

In calculating the fair value of the Warrants as at Valuation Date, the following inputs for those parameters of the Binomial Model were selected:

1. The public quoted price of the underlying security as at the Valuation Date being HK$5.45 per Share;

2. The Warrant Exercise Price of HK$8.0 per Warrant Share as specified in the Warrant Placing Agreement (as amended and supplemented by the Supplemental Agreement);

3. The risk-free rate of 2.825% determined with reference to the Hong Kong Government Bond Yield as at Valuation Date with tenor matching the contractual life of the Warrants;

4. The contractual life to maturity of the Warrants of 2 years as specified in the Warrant Placing Agreement (as amended and supplemented by the Supplemental Agreement);

5. The expected volatility of 29.369% determined with reference to the historical price volatility as at Valuation Date of the Company's shares over a period commensurate with the contractual life of the Warrants;

6. The expected dividend yield of 0% determined with reference to the historical dividend payout of the Company; and

7. The number of Warrants granted of 37,393,500 as specified in the Placing Agreement.

The Binomial Model used to derive the fair value of the Warrants is inherently subject to theoretical limitations. In particular, the model assumes a static environment and cannot fully account for the dynamic impact of external factors that may arise between the announcement of the Placing and the expected completion, including the timing and outcome of the required Shareholders' approval. During this period, market conditions and the underlying share price can change significantly, and the Binomial Model is unable to capture such uncertainties in real time.

The Placing Price of HK$0.29 is closely approximated to the unit Warrant value of HK$0.2934 as valued by the Independent Valuer as at 11 June 2026 as disclosed above. The Company is of the view that the Placing Price reflects the current economic reality and transaction-specific circumstances, and is fair and reasonable and in the interests of the Shareholders and the Company as a whole.

Exercise Price

Pursuant to the Supplemental Agreement, the parties mutually agreed to amend the Exercise Price from HK$8.7 to HK$8.0, subject to adjustment.

The Exercise Price of HK$8.0 per Warrant Share represents:

(i) a premium of approximately 50.09% over the closing price of HK$5.33 per Share as quoted on the Stock Exchange on 17 June 2026, being the last trading day of the Shares before the release of this announcement ("**Last Trading Day**"); and

(ii) a premium of approximately 49.53% over the average closing prices of approximately HK$5.35 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to (but excluding) the Last Trading Day.

The aggregate of the Placing Price and the Exercise Price, which is HK$8.29 per Warrant Share, represents:

(i) a premium of approximately 55.53% over the closing price of HK$5.33 per Share as quoted on the Stock Exchange on the Last Trading Day; and

(ii) a premium of approximately 54.95% over the average closing price of approximately HK$5.35 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to (but excluding) the Last Trading Day.

The Exercise Price is determined after arm's length negotiation between the Company and the Placing Agent with reference to, among other things, the current market conditions, the Group's financial position, the historical Share prices and liquidity of the Shares in the market.

The Company is of the view that the Placing Price, when taken together with the Exercise Price, strikes an appropriate balance between attractiveness to potential investors and fairness to the existing Shareholders. On the one hand, the overall pricing package is intended to provide sufficient incentive for investors to participate in the Placing; on the other hand, it is not expected to unduly dilute the interests of the existing Shareholders or otherwise prejudice their position. Accordingly, the Directors consider that the Placing Price, together with the Exercise Price, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Long Stop Date

Pursuant to the Supplemental Agreement, the parties mutually agreed to extend the Long Stop Date (as defined below) to 30 September 2026. Accordingly, the obligations of the Placing Agent under the Warrant Placing Agreement (as amended and supplemented by the Supplemental Agreement) in respect of the issue of the Warrants are conditional upon the conditions precedent set out in the Announcement being fulfilled by 5:00 p.m. on 30 September 2026 (or such later date as may be agreed by the Placing Agent and the Company) (the "**Long Stop Date**").

REASONS FOR AND BENEFITS OF THE PLACING

The Group is a leading pioneer in enterprise AI agent solutions. It delivers services through a Result as a Service (RaaS) model, providing institutional clients with tailored AI agent capabilities. By leveraging proprietary BR-LLM large model and "Bairong CybotStar 百融百工", the enterprise AI agent operating system, it empowers clients to build and deploy their own custom AI agents. It also delivers end-to-end outsourced business outcomes through business processes and role-based services.

The Board considers that the Placing provides a good opportunity for the Group to raise additional funds while broadening both the Shareholder base and the capital base of the Company.

In addition, as the Warrants are non-interest bearing, the Placing will not increase the finance costs of the Company nor result in any immediate dilution of the shareholdings of the existing Shareholders. Apart from the net proceeds to be raised upon completion of the Placing, further capital is expected to be raised upon the exercise of the Subscription Rights attached to the Warrants by the holders during the Exercise Period. The Company acknowledges the characteristics of warrant issuance that the timing and occurrence of exercise of the Warrants are beyond the Company's control and cannot be assured. The Company does not rely solely on the exercise of the Warrants as a funding source. Although the Warrants offer a future potential funding if and when the Warrants are exercised by the holders in accordance with their own investment decisions, the Company understands that it cannot control or guarantee the identities and exercise intentions of the Warrantholders. Nevertheless, the Placing remains commercially justifiable because it combines immediate capital and a potential future source of equity funding without imposing repayment obligations or financing costs on the Company. Accordingly, the Company does not base its immediate capital planning on the assumption that the Warrants will be exercised at any particular time or at all. In particular,

1. The immediate proceeds received upon completion of the Placing will be applied towards the Company's near-term research and development ("**R&D**") activities and general working capital requirements. Any proceeds arising upon the exercise of the Warrants, if and when exercised, would provide additional flexibility to accelerate or expand R&D initiatives and support future working capital needs of the Group. Such proceeds should therefore be regarded as potential upside financing, rather than a guaranteed source of funding.

2. The Company's current cash resources and operating cash flow, together with budget management, are expected to provide sufficient working capital for the planned R&D activities and general overheads for the relevant period. The Company's existing cash reserves and operational cash flow provide adequate working capital runway through the two-year Exercise Period.

3. The Company's R&D plan has been structured on a phased basis, with expenditures capable of being adjusted in line with available resources and business progress. For the year ending 31 December 2026, the Company expects to incur approximately RMB700 million to RMB800 million in R&D expenses using its internal resources, primarily for investment in dedicated large-scale model computing infrastructure, recruitment of artificial intelligence R&D personnel, and other related initiatives. As such, the Company is not dependent on the receipt of Warrant exercise proceeds at any specific time in order to continue its operations.

4. The Company's AI-driven R&D plan require continuous financial commitment, which is a common characteristic of technology companies. The Company will manage R&D progress flexibly, utilising immediate proceeds, existing resources, and potential future warrant exercise proceeds as available. Specific applications and timelines are detailed in the paragraph headed "Use of Proceeds" below.

5. The Directors consider that the two-year Exercise Period provides a reasonable time frame for the Warrants to be potentially exercised, having regard to the Exercise Price, the Company's business development plans and its expected focus on artificial intelligence. While the timing and extent of exercise remain subject to market conditions and the independent decision of the Warrantholders, the Company expects that its continuing efforts to develop its business and improve operating performance may support the long-term prospects of the Shares. In any event, the two-year Exercise Period is broadly aligned with the Company's ongoing research and development initiatives and provides flexibility for the Company's capital planning.

The Company has also considered alternative fund-raising methods including bank financing, placing of new shares, rights issues and open offers. However, after consulting its financial advisers and obtaining market information, (i) bank financing is currently considered unsuitable due to current high interest rates and tight credit conditions making bank lending expensive; (ii) placing of new shares would create an immediate dilution effect to the Shareholders; and (iii) rights issues and open offers, while viable, would require preparation of a prospectus, extended investor acceptance periods, printing and distribution of application forms, underwriting commissions and other professional fees, making them relatively more costly and time-consuming compared to the issuance of Warrants. Further, in view of the Share price over the last three months, the Directors consider it unfavourable for raising funds through the issue of new Shares at prevailing market price levels. The issue of Warrants, by contrast, enables the Company to potentially raise a greater amount of funds at a future date and at a higher price, which the Company considers to be in the interests of the Company and the Shareholders as a whole. The Exercise Price has been set at a significant premium to the closing price of the Shares on the Last Trading Day. Whilst the Exercise Price is above the current market price, the Company does not consider it unachievable in view of the historical price performance over the last two years and the business prospects of the Company.

The Company is optimistic that the Share price may improve over the tenure of the Warrants, having regard to the rapid development of artificial intelligence which is expected to present new business opportunities for the Group, and the management's ongoing efforts to enhance the financial performance of the Group.

The Company considers the warrant structure appropriate because it provides immediate funding while preserving the opportunity for additional equity financing in the future, without creating repayment pressure or fixed financing cost burdens. Based on the above, the proposed use of proceeds is aligned with the Company's capital requirements, having regard to the Company's current financial resources, operating needs and phased development plan. The Company therefore considers that the Placing is a commercially sensible and flexible funding arrangement. The Board considers that the terms of the Warrant Placing Agreement (as amended and supplemented by the Supplemental Agreement), are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

Assuming the maximum number of the Warrants are placed at the Placing Price, the gross proceeds and net proceeds from the issue of the Warrants will be approximately HK$10,844,115 and HK$10,119,115, respectively. The net proceeds from the issue of the Warrants is expected to be used for (i) the enhancement of efforts in research and development; and (ii) working capital and general corporate purposes.

Assuming the full exercise of the Subscription Rights attaching to the maximum number of Warrants at the Exercise Price, it is expected that an additional gross proceeds of up to approximately HK$299,148,000 will be raised.

The aggregate net proceeds from the Placing and the allotment and issue of the Warrant Shares of up to approximately HK$309,267,115 are expected to be used for:

(i) as to approximately HK$248,000,000 (representing approximately 80.2% of the aggregate net proceeds from the Placing and the allotment and issue of the Warrant Shares) for the enhancement of efforts in R&D, which includes (a) investment in dedicated large-model computing power, such as graphics processing unit cluster leasing and internet data center capacity expansion, to support the continuous pre-training and iteration of domain-specific large language models focused on sales scenario intent recognition and proactive guidance, real-time speech-based multimodal interaction models, and document understanding models for multiformat document parsing; and (b) the recruitment of artificial intelligence R&D talent, including algorithm scientists, multimodal engineers and model evaluation personnel, to support the expansion of the R&D team of the Group and which is expected to be fully utilized within 18 to 24 months after receipt of the net proceeds; and

(ii) as to approximately HK$61,267,115 (representing approximately 19.8% of the aggregate net proceeds from the Placing and the allotment and issue of the Warrant Shares) for working capital and general corporate purposes, including salaries, benefits and rental expenses for operational and back-office staff, which is expected to be fully utilized within 12 months after receipt of the net proceeds.

Save and except for the aforesaid amendment of the Placing Price, Exercise Price and Long Stop Date, all the terms and conditions of the Warrant Placing Agreement (as amended and supplemented by the Supplemental Agreement) remain unchanged and shall continue in full force and effect.

Shareholders and potential investors of the Company should note that Completion of the Warrant Placing Agreement is subject to, among other things, fulfillment of the conditions precedent set out in the Warrant Placing Agreement which may or may not be fulfilled. As the Placing may or may not complete, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

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

Hong Kong, 17 June 2026

As at the date of this announcement, the Board comprises Mr. Zhang Shaofeng, Ms. Wang Qing and Mr. Chan Chun Kit as executive Directors, Professor Liao Jianwen as non-executive Director, and Professor Chen Zhiwu, Mr. Zhou Hao and Dr. Li Yao as independent non-executive Directors.