

Weimob 微盟

WEIMOB INC. 微盟集團*

(Incorporated in the Cayman Islands with limited liability)

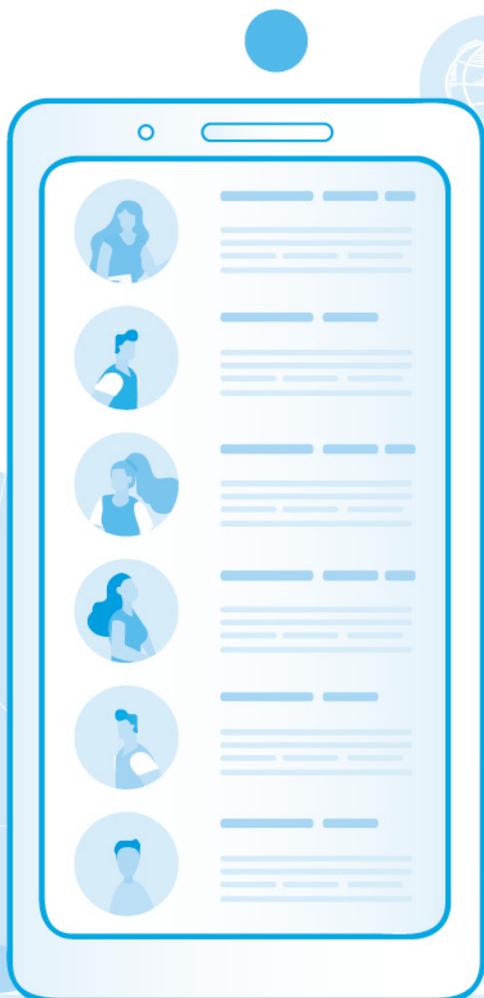
(於開曼群島註冊成立之有限公司)

Stock Code 股份代號 : 2013

Interim Report 中期報告 2023

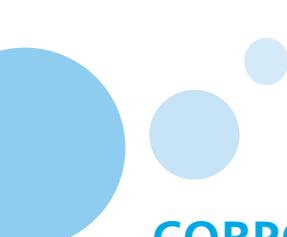


*For identification purpose only 僅供識別



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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. SUN Taoyong (*Chairman*)
Mr. FANG Tongshu
Mr. YOU Fengchun

Independent Non-executive Directors

Dr. SUN Mingchun
Dr. LI Xufu
Mr. TANG Wei
Ms. XU Xiao'ou (*appointed on May 8, 2023*)

JOINT COMPANY SECRETARIES

Mr. CAO Yi
Ms. NG Sau Mei (*FCG, HKFCG*)

AUDIT COMMITTEE

Mr. TANG Wei (*Chairman*)
Dr. SUN Mingchun
Dr. LI Xufu

REMUNERATION COMMITTEE

Dr. SUN Mingchun (*Chairman*)
Dr. LI Xufu
Mr. SUN Taoyong

NOMINATION COMMITTEE

Mr. SUN Taoyong (*Chairman*)
Dr. SUN Mingchun
Dr. LI Xufu

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F Prince's Building
Central
Hong Kong

LEGAL ADVISOR

As to Hong Kong and U.S. laws:
Clifford Chance
27/F, Jardine House
One Connaught Place
Central
Hong Kong

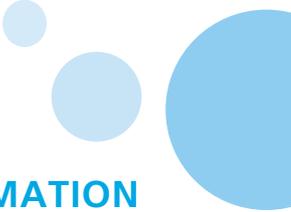
As to Cayman Islands law:
Maples and Calder (Hong Kong) LLP
26th Floor, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

PRINCIPAL BANKERS

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Pudong District
Shanghai
PRC

China CITIC Bank Co., Ltd.
Waitan Branch
No. 290 Beijing East Road
Huangpu District
Shanghai
PRC

China Construction Bank Corporation
Shanghai Zhangmiao Branch
No. 1768 Changjiang West Road
Baoshan District
Shanghai
PRC



CORPORATE INFORMATION

AUTHORIZED REPRESENTATIVES

Mr. SUN Taoyong
Ms. NG Sau Mei

REGISTERED OFFICE

P.O. Box 309, Uglan House
Grand Cayman, KY1-1104
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Weimob Building
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Shanghai
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Central Plaza
18 Harbour Road
Wanchai
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Maples Fund Services (Cayman) Limited
P.O. Box 1093
Boundary Hall, Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

STOCK CODE

2013

COMPANY'S WEBSITE

www.weimob.com

FINANCIAL HIGHLIGHTS

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

	Six months ended June 30,		Year-on-year change
	2023 (Unaudited)	2022 (Unaudited)	
	<i>(RMB in millions, except percentages)</i>		
Revenue	1,209.6	899.6	34.5%
Gross profit	816.3	597.7	36.6%
Operating loss	(385.3)	(630.6)	(38.9%)
Loss before income tax	(438.4)	(680.4)	(35.6%)
Loss for the period	(469.6)	(658.8)	(28.7%)
Non-HKFRS Measures:			
Adjusted EBITDA	(92.7)	(384.7)	(75.9%)
Adjusted net loss	(254.2)	(567.4)	(55.2%)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As of June 30, 2023	As of December 31, 2022	Change
	(Unaudited)	(Audited)	
	<i>(RMB in millions, except percentages)</i>		
Assets			
Non-current assets	3,106.1	3,028.2	2.6%
Current assets	4,983.8	4,942.5	0.8%
Total assets	8,089.9	7,970.7	1.5%
Equity			
Capital and reserves attributable to the equity holders of the Company	2,980.7	2,149.5	38.7%
Non-controlling interests	89.6	91.5	(2.1%)
Total equity	3,070.3	2,241.0	37.0%
Liabilities			
Non-current liabilities	381.1	1,980.9	(80.8%)
Current liabilities	4,638.5	3,748.8	23.7%
Total liabilities	5,019.6	5,729.7	(12.4%)
Total equity and liabilities	8,089.9	7,970.7	1.5%

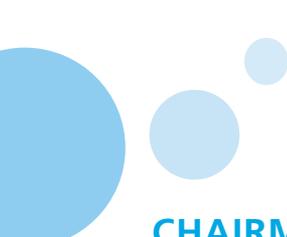
CHAIRMAN'S STATEMENT

RESULTS HIGHLIGHTS FOR THE FIRST HALF OF 2023

In the first half of 2023, with a macro backdrop of economic resilience and growth, we worked together with our customers and experienced economic recovery. Relying on our Smart Retail, Weimob Marketing and other products and solutions as well as our Weimob WAI, an AI product, we helped our customers expand sales channels, invigorate existing customers, reduce operating costs, and enhance operating efficiency. In the meantime, after the launch of the new WOS commercial operating system, we have established an open ecosystem to attract partners, quickly respond to and meet the diversified needs of customers, and enhance the overall efficiency of research and development. In the first half of 2023, focused on the strategies of “moving up-market”, “ecosystem build-up” and “globalization”, we recorded a rapid growth in revenue, a stable gross profit and effectively controlled the losses. The Group continues its high-quality development.

In the first half of 2023, The Group's total revenue reached RMB1,210 million, representing an increase of 34.5% as compared with the same period of last year. The proportion of revenue from key accounts merchants increased, and the revenue quality continued to improve. Our gross profit increased by 36.6% from approximately RMB598 million in the first half of last year to approximately RMB816 million in the first half of 2023, and the overall gross margin has rebounded. The adjusted loss before interest, tax, depreciation and amortization was approximately RMB93 million, representing a significant decrease of 75.9% as compared with the same period of last year. The adjusted net loss was approximately RMB254 million, representing a sharp decrease of 55.2% as compared with the same period of last year, mainly due to the recovery of the increase in revenue from Subscription and Merchant Solutions and the gross margin from these solutions also remained stable under the environment of the macro economy recovery, in particular, the significant rebound in demand for the advertising of Merchant Solutions. Meanwhile, the costs were effectively controlled by way of cost reduction and efficiency increase in 2022. As of June 30, 2023, the Group has repurchased all of the outstanding convertible bonds issued in 2020 and partial convertible bonds issued in 2021, with an aggregate amount of approximately US\$86.9 million. The Group's cash and bank balances were approximately RMB2,613 million, resulting in a healthy cash and financial position.

As of June 30, 2023, our revenue from Subscription Solutions was approximately RMB706 million, representing a year-on-year increase of 21.4%, the number of paying merchants slightly decreased by 3% year-on-year to 100,092, representing a month-on-month improvement of 0.5%, mainly due to the merchant turnover rate was affected by the deferred effect of last year, and Average Revenue Per User (the “**ARPU**”) increased by 26% year-on-year to RMB7,047, demonstrating phased results of our moving up-market strategy. Revenue from Merchant Solutions was approximately RMB504 million, representing a year-on-year increase of 58.3%; the number of paying merchants increased by 51.3% to 40,494; and the ARPU increased by 4.6% to RMB12,452. Our advertising business has expanded to more diversified channels, industries and customer groups, and our advertising business of Tencent Video Accounts recorded a market leading share and a rapid improvement of profit. In the first half of 2023, we assisted merchants in the placement of a gross billing of approximately RMB6,988 million, representing a year-on-year increase of 66.1%.



CHAIRMAN'S STATEMENT

The Group continued to promote three major strategies of “moving up-market”, “ecosystem build-up” and “globalization”. In terms of moving up-market, our revenue from Smart Retail amounted to RMB312 million in the first half of 2023, representing a year-on-year increase of 32% and an organic year-on-year increase of 45%, maintaining strong growth. The proportion of revenue from Smart Retail to revenue from Subscription Solutions increased to 44%. It is expected to achieve the goal that the proportion of revenue from key accounts merchants will increase to nearly 50% in 2023 and nearly 70% in 2025.

We officially launched the plan of “achieving a thousand customers with a million revenue and a hundred customers with ten million revenue” and enhanced the unit value of Key Accounts (“KA”) market through the synergy of products in the ecosystem of the Group. It is expected that by 2027, we will achieve the strategic goal of having more than 100 customers with revenue over RMB10 million and more than 1,000 customers with revenue over RMB1 million. In the meantime, we proactively explored the video account ecosystem, and constantly enhanced the integration of original products with video accounts and the construction of user operation capabilities, helping enterprises gain dividends from growth of the video account business. In particular, the Weimob video account business has reached an in-depth cooperation with a number of popular brands including LELECHA, Hotwind and Belle.

In terms of ecosystem build-up, we released Weimob WAI, an AI application product, and continued to promote the layout of “AI+SaaS” by way of open-source and self-developed technologies as well as our cooperation with AI technology partners such as ERNIE Bot of Baidu (百度文心一言) and the industry-specific large model of Tencent Cloud. During the Reporting Period, the Weimob Cloud Platform has developed and released 39 new cloud applications and services, and has introduced nine new high-quality ecosystem partners. A total of 476 applications and services, 760 games and 1,165 templates & components were launched.

In terms of globalization, our targeted marketing business has been upgraded and renamed as “Weimob Marketing” (微盟營銷), which has become an official recognized partner of Apple Ads and Google Ads. Capitalizing on its all-platform operating capabilities and advantages covering foreign mainstream media, Weimob Marketing empowered over 300 merchants from home furnishing, fitness, 3C and other industries in exploring global operation.

During the Reporting Period, our market recognition and influence were further improved. Our Group was included in the list of “China Top 500 New Economy Enterprises” and the “Leading Enterprises in Digital Advertising”, and obtained the “2022 Tencent IN Education Innovation and Smart Marketing Award”, the “Video Account Sales Services Provider of the Year”, eight awards by TopDigital, and the “2023 Top 10 Emerging Partners”, “2023 Emerging Partners” in terms of effect channel and “2023 Emerging Partners” in terms of regional channel by Kuaishou Magnetic Engine. Mr. Sun Taoyong, the chairman of the Board and chief executive officer of the Group, was honored the “Shanghai Industry and Commerce Leaders” and the “Shanghai Outstanding Builders of Socialism with Chinese Characteristics in the Sixth Session”.

In the first half of 2023, we deepened the measures for refined management and measures for cost reduction and efficiency increase, ensuring the healthy and efficient development of the Company's operation. The continuous implementation of forward-looking strategies also provided more guarantees for the Company to tame industry cycles and move towards high-quality development.

BUSINESS REVIEW

In the first half of 2023, we deepened the construction of public domain channels and the layout of targeted private domain operations, and optimized our business structure, promoting quality and efficiency improvement and technological upgrading. Our key performances of the principal businesses and products during the Reporting Period are set out as below:

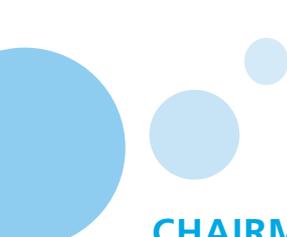
Subscription Solutions:

Our Subscription Solutions mainly provide SaaS software for e-commerce retail, catering, local life and other industries, enabling merchants to carry out private traffic management. During the Reporting Period, our revenue from Subscription Solutions was approximately RMB706 million, representing a year-on-year increase of 21.4%, the number of paying merchants decreased by 3% to 100,092, representing a month-on-month improvement of 0.5%, and the ARPU increased by 26% to RMB7,047.

In terms of Smart Retail, as of June 30, 2023, our revenue from Smart Retail was approximately RMB312 million, representing a year-on-year increase of 32%, accounting for 44% of revenue from Subscription Solutions. We had 6,428 merchants in Smart Retail, of which 1,223 were branded merchants, with an average contract value of RMB224 thousand.

In line with the development stages and demand trends of retail companies in digital businesses, we focused on promoting the construction of "consumer value growth" and "integrated all-channel business system", and launched all-channel user operation solutions covering online and offline channels, public and private domains, and customer acquisition and repeat purchase. Currently, over 22% of existing customers and over 40% of new customers have chosen to establish cooperation with us. Some leading retail companies in digital business, such as Peacebird Group, Embry Group and Really Sports, selected us as their strategic partner based on their demand of long-term development of digital business, and fully adopted the integrated all-channel user operation solution of Weimob for their all brands. In addition, the moving up-market strategy was continuously promoting the constant iteration and expansion of the Group's digital business capabilities, leading to the sustained increase in the average annual price of customers as well as the frequent cross-selling activities. In the first half of 2023, customers who purchased two or more products and businesses accounted for 58% of the total number of customers.

Based on the industry differences of the retail industry and the research and summary of operational models and core industry demands, we created the vertical solutions covering clothing, building materials, Fast Moving Consumer Goods ("FMCG") and shopping malls. During the Reporting Period, we have attracted 32 new leading segment customers, and the number of group customers recorded a year-on-year increase of 12%.



CHAIRMAN'S STATEMENT

In May 2023, the Company published an announcement regarding the disposal of Smart Catering business. Shanghai Weimob Enterprise Development Co., Ltd. ("**Weimob Development**", an indirect wholly-owned subsidiary of our Company) conditionally agreed to subscribe for the additional registered capital of Acewill Information Technology (Beijing) Co., Ltd. ("**Acewill**") of RMB12,449,053.74, representing approximately 25.6757% equity interest in Acewill, at the consideration of RMB20 million in cash and 100% equity interest in Shanghai Weimob Canlin Information Technology Co., Ltd. ("**Weimob Canlin**", an indirect wholly-owned subsidiary of our Company) held by Weimob Development. Upon completion of the transaction, Weimob Canlin and its subsidiaries ceased to be the subsidiaries of our Company.

In terms of the Smart Hotel and Tourism, due to the restoration of the tourism industry, the GMV (Gross Merchandise Value) of Weimob Xiangminiao reached RMB683 million during the Reporting Period, representing a year-on-year increase of 63%. Currently, Weimob Xiangminiao was stepping up our layout on Douyin, and the GMV of our Douyin Business Division amounted to RMB70.02 million, including a month-on-month GMV increase of 125% in June 2023.

Meanwhile, "Xiaoke (銷氦)" of Sales CRM invested by us combines the smart outbound call with several reach and communication tools and private domain operation capabilities, which provides companies with SaaS tools and accompanying operation services for post-chain sales and operations. Currently, it has a total of 107,178 paid accounts and serves 8,008 companies. In the first half of 2023, Xiaoke upgraded its AI outbound call products in all respects to deeply connect with WOS systems and fully integrate into the Weimob ecosystem. Xiaoke has made rapid progress in investment promotion, exhibitions, e-commerce, retails, consumer goods, games and other industries, and has established cooperation with leading companies such as Mengniu Dairy, 37 Interactive Entertainment, Totole and JNBY Group.

We have been paying attention to the innovations and changes brought about by new AI technologies. Through the self-developed and collaborative third-party LLM (Large Language Model) models, we officially released Weimob WAI, an AI application product, in May 2023, which currently has been iterated to version 2.0 and significantly enhanced the capability in automatic content creation technology. All of the SaaS products and services of the Group, including WeiMall, WeCom Assistant, OneCRM and others, have already been integrated into Weimob WAI to help merchants build full-chain business scenarios covering smart construction, smart marketing and smart management by using Weimob systems. Weimob WAI has helped various large retailers such as Hodo Home, Metersbonwe and Xtep to achieve cost reduction and efficiency increase in smart marketing scenarios. During the "618" shopping festival in 2023, the usage of Weimob WAI by merchants was doubled and redoubled. Taking the SaaS integration scenario as an example, the weekly content generation of Weimob WAI increased by 63%, among which the number of tweets from official Wechat accounts increased by 400%, the recommendation headlines by 257%, and the carousel images by 243%.

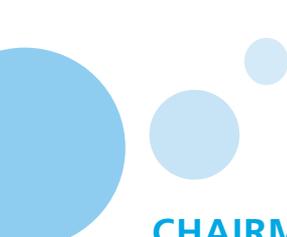
Merchant Solutions:

Our Merchant Solutions serve the existing and potential merchants of our Subscription Solutions and provide merchants with one-stop integrated solutions that combine advertising, marketing and operations to achieve efficient operations. During the Reporting Period, our revenue from Merchant Solutions was approximately RMB504 million, representing a year-on-year increase of 58.3%, the number of paying merchants increased by 51.3% to 40,494 and the ARPU increased by 4.6% to RMB12,452. Our advertising business expanded to a wider range of channels, industries and customer bases, gaining an overwhelming share in the advertising business of Tencent Video Accounts, and the profit situation was also improved rapidly. In the first half of 2023, we assisted merchants in the placement of a gross billing of approximately RMB6,988 million, representing a year-on-year increase of 66.1%.

As the economy picked up and the consumption recovery accelerated in the first half of 2023, the demand for digital brand marketing was further unleashed. In order to further capture market opportunities, we upgraded the targeted marketing business into "Weimob Marketing". Under the guidance of the TSO full-chain marketing strategy, we achieved the integrated upgrading of "media resources, service chain and digital technology" to expand our leadership in the marketing industry.

In terms of the depth of our service chain, we continued to expand the penetration of short video content, private domain operation and live-streaming operation services to help the brands to achieve the full-chain closed-loop marketing. In the sector of short video and live-streaming, the Weimob video account business provides brands with one-stop solutions covering attracting live-streaming traffic, all-domain malls, KOLs (Key Opinion Leader) matching and accompanying operation. Currently, it has provided services for more than 5,000 enterprises, and a number of industry-leading brands have achieved rapid growth in video account business, including Lenovo, Mengniu's Just Yoghurt, Anta and SKSHU.

In the first half of 2023, the merchants who we served had a total of over 32,000 live-streaming sales sessions, and the maximum GMV of live-streaming merchants reached over RMB570 million. The total GMV of KOL live-streaming sales via video account recorded a year-on-year increase of 9.27 times, and the GMV of a single KOL live-streaming sales session over RMB10 million. In terms of the penetration of short video content, we have established short video and live-streaming bases in Shanghai and Changsha of Hunan Province, with over 35 live-streaming rooms. In terms of media resource expansion, we have officially become the only authorized service provider of Tencent automobile advertising in Zone I of Eastern China (i.e. Shanghai and Jiangsu Province), assisting automobile companies and regional dealers in building an "integrated marketing ecosystem" around the entire user lifecycle. In the meantime, we made our presence in all-domain traffic in China and the world, including our in-depth cooperation with high-quality media such as Xiaohongshu, Kuaishou, Apple, Google, Meta and TikTok to help brands connect users through diversified traffic channels. Up to now, we have empowered over 300 merchants from home furnishing, fitness, 3C, musical instruments, jewelry and other industries in exploring global operation, with the customer renewal rate of 45%.



CHAIRMAN'S STATEMENT

BUSINESS OUTLOOK

In the second half of 2023, we will focus on the following major directions:

1. **Enhancing penetration rate in KA market and continuing to practice the industrialization strategy.** We will build high-quality industrial solutions through cooperation with major industrial customers with advanced business experience and clear business directions and continue to practice our industrialization strategy to better serve our industry-leading customers with the lighthouse effect, accelerate the development of industrial sales and speed up the progress of the plan of “achieving a thousand customers with a million revenue and a hundred customers with ten million revenue”, so as to further the proportion of revenue from KA market to our revenue.
2. **Continue our layout in “AI+SaaS” to capture opportunities at the application level.** We will accelerate the implementation of the “AI+SaaS” strategy, and integrate all of the products and services of Weimob into Weimob WAI, and diversify our application scenarios, thus helping merchants improve efficiency and reduce costs. In the meantime, we will continue to invest in the research and development and accelerate the iteration of Weimob WAI, ensuring the competitiveness and leadership of Weimob WAI in the industry.
3. **Embracing the WOS ecosystem to improve the digital business “infrastructure”.** We will use our new WOS commercial operating system to empower the integrated upgrading of more ecosystem partners, and enhance the feasibility and efficiency of research and development of new functions and products relying on our WOS digital business infrastructure. Through the mutual penetration and promotion of “ecosystem build-up” and “moving up-market” strategies, we will create a new digital business ecosystem featured with joint work, sharing and win-win, enhance our ability to serve high-quality customers, and promote the high-quality growth of our Group’s business.
4. **Multi-platform layout, expanding more commercial feasibility.** We adhere to the multi-platform layout, enhance the penetration of the WeChat ecology, and make efforts to Kuaishou, Xiaohongshu and other multi-platforms to explore more commercial realization possibilities. We will continue to upgrade the operation service of video account, improve the realization ability outside of advertising sales, and help the merchants obtain traffic dividends from video account through the combination of video account advertising and operation. We will also increase the expansion of advertising marketing business of Kuaishou and Xiaohongshu, so as to provide more comprehensive traffic and data support for merchants, and improve the conversion efficiency of overall traffic to business growth.

In 2023, trends such as the recovery of the macro economy and the rise of AIGC (Artificial Intelligence Generated Content) wave are driving the digital reform and transformation of all industries. Enterprises are constantly exploring new business possibilities and growth space in the new situation, and the investment in the digital upgrade is gradually increasing. 2023 is the tenth anniversary of our Group. On this occasion, we will stay true to our original aspiration, make more persistent efforts to capture epoch-making opportunities from AI technology and capitalize on advanced digital technologies to empower productivity, so as to grow together with our customers and create greater value for our shareholders and investors.

Mr. Sun Taoyong

Chairman and Chief Executive Officer

MANAGEMENT DISCUSSION AND ANALYSIS

Six Months Ended June 30, 2023 Compared to Six Months Ended June 30, 2022

	Six months ended June 30,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Continuing operations		
Revenue	1,209,570	899,612
Cost of sales	(393,313)	(301,936)
Gross profit	816,257	597,676
Selling and distribution expenses	(844,056)	(782,870)
General and administrative expenses	(380,009)	(543,695)
Net impairment losses on financial assets	(39,272)	(60,266)
Other income	50,504	38,421
Other gains, net	11,279	120,179
Operating loss	(385,297)	(630,555)
Finance costs	(79,971)	(79,550)
Finance income	20,857	9,090
Share of net profit/(losses) of associates accounted for using the equity method	1,198	(2,762)
Change in fair value of convertible bonds	4,778	23,347
Loss before income tax	(438,435)	(680,430)
Income tax (credit)/expense	(31,196)	21,669
Loss from continuing operations	(469,631)	(658,761)
Discontinued operations		
Loss from discontinued operations	-	(852)
Loss for the period	(469,631)	(659,613)
Loss attributable to:		
– Equity holders of the Company	(452,235)	(608,548)
– Non-controlling interests	(17,396)	(51,065)
	(469,631)	(659,613)

MANAGEMENT DISCUSSION AND ANALYSIS

Key Operating Data

The following table sets forth our key operating data for the six months ended/as of June 30, 2023 and 2022.

	Six months ended/as of June 30,	
	2023	2022
Subscription Solutions		
Addition in number of paying merchants	13,337	13,205
Number of paying merchants	100,092	103,616
Attrition rate ⁽¹⁾	12.9%	12.1%
ARPU ⁽²⁾ (RMB)	7,047	5,608
Merchant Solutions		
Number of paying merchants	40,494	26,770
Revenue (RMB in millions)	504.2	318.5
ARPU (RMB)	12,452	11,899
Gross billing (RMB in millions)	6,987.8	4,208.1

Notes:

- (1) Refers to the number of paying merchants not retained over a period divided by the number of paying merchants as of the end of the previous period.
- (2) Refers to the average revenue per paying merchant, which equals revenue of Subscription Solutions for the period divided by the number of paying merchants as of the end of such period.

MANAGEMENT DISCUSSION AND ANALYSIS

Key Financial Ratios

	Six months ended June 30,	
	2023 Per financial statements %	2022 Per financial statements %
Total revenue growth	34.5	(6.2)
Gross margin ⁽¹⁾	67.5	66.4
Adjusted EBITDA margin ⁽²⁾	(7.7)	(42.8)
Net margin ⁽³⁾	(38.8)	(73.2)
Adjusted net margin⁽⁴⁾	(21.0)	(63.1)

Notes:

- (1) Equals gross profit divided by revenue for the period and multiplied by 100%.
- (2) Equals adjusted EBITDA divided by revenue for the period and multiplied by 100%. For the reconciliation from operating loss to EBITDA and adjusted EBITDA, see “– Non-HKFRS Measures: Adjusted EBITDA and Adjusted Net Loss” below.
- (3) Equals net (loss)/profit divided by revenue for the period and multiplied by 100%.
- (4) Equals adjusted net (loss)/profit divided by revenue for the period and multiplied by 100%. For the reconciliation from net (loss)/profit to adjusted net (loss)/profit, see “– Non-HKFRS Measures: Adjusted EBITDA and Adjusted Net Loss” below.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

In 2023, our total revenue increased by 34.5% from RMB899.6 million in the six months ended June 30, 2022 to RMB1,209.6 million in the six months ended June 30, 2023, primarily due to the increase in our revenue generated from both our Subscription Solutions and Merchant Solutions. The following table sets forth a breakdown of our revenue by business segments for the periods indicated.

	Six months ended June 30,			
	2023 (Unaudited)	%	2022 (Unaudited)	%
	<i>(RMB in millions, except percentages)</i>			
Revenue				
– Subscription Solutions	705.4	58.3%	581.1	64.6%
– Merchant Solutions	504.2	41.7%	318.5	35.4%
Total	1,209.6	100.0%	899.6	100.0%

Subscription Solutions

Subscription Solutions mainly comprise our commerce and marketing SaaS products and ERP solutions including WeiMall (微商城), Smart Retail (智慧零售), Smart Catering (智慧餐飲), Smart Hotel (智慧酒店), Heading ERP (海鼎ERP) and others. Based on our Weimob Cloud and PaaS, we also provide key accounts customization services, and offer applications developed by third-party vendors on the Weimob Cloud Service Market. In May 2023, the Company entered into an agreement with Acewill and Acewill's existing shareholders to subscribe for its 25.6757% equity interest at the consideration of RMB20 million in cash and 100% equity interest in Weimob Canlin. Upon the completion of this transaction, the Company no longer held Smart Catering business since June 2023.

Revenue from Subscription Solutions increased by 21.4% from RMB581.1 million in the six months ended June 30, 2022 to RMB705.4 million in the six months ended June 30, 2023, primarily due to the ARPU increased from RMB5,608 in the six months ended June 30, 2022 to RMB7,047 in the six months ended June 30, 2023.

Excluding the revenue from Smart Catering business, our revenue from Subscription Solutions increased by 24.1% from RMB561.6 million in the six months ended June 30, 2022 to RMB696.8 million in the six months ended June 30, 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Merchant Solutions

	Six months ended June 30,		Year-on-year change
	2023 (Unaudited)	2022 (Unaudited)	
	<i>(RMB in millions, except percentages)</i>		
Merchant Solutions			
Gross billing	6,987.8	4,208.1	66.1%
Revenue	504.2	318.5	58.3%

Merchant Solutions mainly comprise value-added services offered to merchants as part of the integral solutions to meet merchants' online commerce and marketing, including targeted marketing services that enable merchants to acquire online customer traffic in various top online advertising platforms, our TSO service, and technology services to connect local banks and other financial institutions with merchants to fulfil their financing needs.

Gross billing from our Merchant Solutions increased from RMB4,208.1 million in the six months ended June 30, 2022 to RMB6,987.8 million in the six months ended June 30, 2023, primarily due to the increase in the number of paying merchants from 26,770 in the six months ended June 30, 2022 to 40,494 in the six months ended June 30, 2023. The first half of 2023 has seen a strong recovery in the advertising demand as well as growth momentum from video accounts advertisements.

Revenue from Merchant Solutions represents net rebate earned from advertising platforms by providing services to enable merchants to acquire online customer traffic, commission from targeted marketing operation service as well as fees and commission from TSO service. It increased by 58.3% from RMB318.5 million in the six months ended June 30, 2022 to RMB504.2 million in the six months ended June 30, 2023, primarily as a result of the increase in gross billing.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of Sales

The following table sets forth a breakdown of our cost of sales by nature for the periods indicated.

	Six months ended June 30,			
	2023 (Unaudited)		2022 (Unaudited)	
	<i>(RMB in millions, except percentages)</i>			
Cost of sales				
Advertising traffic cost	63.1	16.0%	30.6	10.1%
Staff costs	47.4	12.1%	49.9	16.5%
Broadband and hardware costs	23.3	5.9%	26.1	8.7%
Operation services costs	135.4	34.4%	79.4	26.3%
Amortization of intangible assets	117.6	29.9%	106.5	35.3%
Taxes and surcharges	5.3	1.3%	8.7	2.9%
Depreciation and amortization	1.2	0.4%	0.7	0.2%
Total	393.3	100.0%	301.9	100.0%

Our cost of sales increased by 30.3% from RMB301.9 million in the six months ended June 30, 2022 to RMB393.3 million in the six months ended June 30, 2023, primarily because of the increase in advertising traffic cost due to the growth in TSO business and the increase in operating service cost for credit technology solutions.

The following table sets forth a breakdown of our cost of sales by business segment for the periods indicated.

	Six months ended June 30,			
	2023 (Unaudited)		2022 (Unaudited)	
	<i>(RMB in millions, except percentages)</i>			
Cost of sales				
– Subscription Solutions	239.0	60.8%	227.9	75.5%
– Merchant Solutions	154.3	39.2%	74.0	24.5%
Total	393.3	100.0%	301.9	100.0%

MANAGEMENT DISCUSSION AND ANALYSIS

Subscription Solutions

Cost of sales of our Subscription Solutions increased by 4.9% from RMB227.9 million in the six months ended June 30, 2022 to RMB239.0 million in the six months ended June 30, 2023, primarily due to the increase in amortisation of intangible assets as a result of research and development investments last year, as well as the increase in operation services cost in line with the increase in operation services revenue as compared with the first half of 2022.

Merchant Solutions

Cost of sales of our Merchant Solutions increased by 108.5% from RMB74.0 million in the six months ended June 30, 2022 to RMB154.3 million in the six months ended June 30, 2023, primarily due to (i) RMB50.4 million increase in operation services cost mainly from commission cost to channel partners for credit technology solutions; and (ii) RMB32.5 million increase in advertising traffic cost as a result of the increase in TSO revenue.

Gross Profit and Gross Margin

The following table sets forth a breakdown of our gross profit and gross margin by business segment for the periods indicated.

	Six months ended June 30,					
	2023			2022		
	Gross profit	%	Gross margin	Gross profit	%	Gross margin
	(Unaudited)			(Unaudited)		
	<i>(RMB in millions, except percentages)</i>					
– Subscription Solutions	466.4	57.1%	66.1%	353.2	59.1%	60.8%
– Merchant Solutions	349.9	42.9%	69.4%	244.5	40.9%	76.8%
Total	816.3	100.0%	67.5%	597.7	100.0%	66.4%

Our overall gross profit increased by 36.6% from RMB597.7 million in the six months ended June 30, 2022 to RMB816.3 million in the six months ended June 30, 2023.

Our overall gross margin increased from 66.4% in the six months ended June 30, 2022 to 67.5% in the six months ended June 30, 2023.

The gross margin of our Subscription Solutions increased from 60.8% in the six months ended June 30, 2022 to 66.1% in the six months ended June 30, 2023, primarily due to the recovery in revenue growth and stability in cost of revenue as a result of organization optimization and control on staff headcount and broadband cost.

The gross margin of our Merchant Solutions decreased from 76.8% in the six months ended June 30, 2022 to 69.4% in the six months ended June 30, 2023, primarily due to the decrease in the proportion of high-margin targeted marketing net rebate revenue from 86% to 75% in the respective comparative periods.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and Distribution Expenses

Our selling and distribution expenses increased by 7.8% from RMB782.9 million in the six months ended June 30, 2022 to RMB844.1 million in the six months ended June 30, 2023, primarily due to the following items: (i) the increase in contract acquisition cost from RMB98.7 million in the six months ended June 30, 2022 to RMB268.0 million in the six months ended June 30, 2023; (ii) the decrease in staff cost from RMB528.5 million to RMB440.4 million in respective comparative periods as a result of the completion of organization optimization in 2022; (iii) the decrease in rental property and utility expenses from RMB38.8 million to RMB29.2 million in respective comparative periods; and (iv) the decrease in SEM marketing expenses from RMB38.0 million to RMB23.3 million in respective comparative periods.

General and Administrative Expenses

Our general and administrative expenses decreased by 30.1% from RMB543.7 million in the six months ended June 30, 2022 to RMB380.0 million in the six months ended June 30, 2023, primarily due to the decrease in research and development and administrative staff cost of RMB165.4 million in respective comparative periods.

Research and Development Expenditure

	Six months ended/as of June 30,	
	2023	2022
	(Unaudited)	(Unaudited)
	<i>(RMB in millions)</i>	
Research and Development Expenditure		
Research and development expenditure capitalized in development cost & intangible assets	119.5	173.3
Research and development expenditure in general & administrative expenses	199.7	296.1
Total research and development expenditure	319.2	469.4

Research and development expenditure decreased by 32.0% from RMB469.4 million in the six months ended June 30, 2022 to RMB319.2 million in the six months ended June 30, 2023, primarily due to the decrease in average headcount from 2,110 during the first half of 2022 to 1,571 during the first half of 2023 as a result of organization optimization.

Net Impairment Losses on Financial Assets

We had net impairment losses on financial assets of RMB39.3 million in the six months ended June 30, 2023, primarily consisted of the general provision for credit loss from our trade receivables, notes receivables, other receivables from customers and financial assets measured at fair value through other comprehensive income.

MANAGEMENT DISCUSSION AND ANALYSIS

Other Income

Our other income increased from RMB38.4 million in the six months ended June 30, 2022 to RMB50.5 million in the six months ended June 30, 2023, primarily due to the increase in government grants.

Other Gains, net

Our other net gains decreased from RMB120.2 million in the six months ended June 30, 2022 to RMB11.3 million in the six months ended June 30, 2023, mainly due to (i) the foreign exchange loss of RMB40.7 million in the six months ended June 30, 2023 while we recorded foreign exchange gain of RMB136.5 million in the same period of 2022; and (ii) an increase of RMB66.5 million in investment gain (mainly including RMB112.3 million gain from convertible bond buyback offsetting RMB57.5 million in fair value loss from invested companies).

Operating Loss

As a result of the foregoing, our operating loss decreased from RMB630.6 million in the six months ended June 30, 2022 to RMB385.3 million in the six months ended June 30, 2023.

Finance Costs

Our finance costs remained stable at RMB80.0 million in the six months ended June 30, 2023.

Finance Income

Our finance income increased from RMB9.1 million in the six months ended June 30, 2022 to RMB20.9 million in the six months ended June 30, 2023, primarily due to the increase in interest income from our bank deposits in line with the increase in the average balance of our bank deposits.

Share of Net Profit of Associates Accounted for Using the Equity Method

We recorded share of net profit of associates accounted for using the equity method of RMB1.2 million as of June 30, 2023, which represented our share of profit from equity investment funds.

Change in Fair Value of Convertible Bonds

We recorded a gain of RMB4.8 million in change in fair value of convertible bonds as of June 30, 2023 due to the favorable changes in fair value of the convertible bonds which had been settled in this period.

Income Tax Expense

We recorded income tax expense of RMB31.2 million in the six months ended June 30, 2023, primarily due to increased taxable income of our subsidiaries in the PRC, resulting in the increase in current income tax expense.

Loss for the Period

As a result of the foregoing, we recorded a loss of RMB469.6 million in the six months ended June 30, 2023 while we recorded a loss of RMB658.8 million in the six months ended June 30, 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Non-HKFRS Measures: Adjusted EBITDA and Adjusted Net Loss

To supplement our condensed consolidated financial statements, which are presented in accordance with HKFRS, we also use adjusted EBITDA and adjusted net loss as additional financial measures, which are not required by, or presented in accordance with, HKFRS. We believe these non-HKFRS 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 combined results of operations in the same manner as they help our management.

However, our presentation of adjusted EBITDA and adjusted net loss may not be comparable to similarly titled measures presented by other companies. The use of these non-HKFRS measures has limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under HKFRS.

The following tables reconcile our adjusted EBITDA and adjusted net (loss)/profit for the periods presented to the most directly comparable financial measures calculated and presented in accordance with HKFRS, which are operating loss for the period and net loss for the period:

	For the six months ended June 30, 2023 (unaudited)							
	As reported	Share-based compensation	Financing listing and other one-off expenses	Adjustments (RMB in millions, unless specified)	Fair value change and other gain/loss related to convertible bonds	Amortisation of intangible assets ⁽¹⁾	Tax effects	Non-GAAP
Gross profit	816.3					2.3		818.6
Gross margin	67.5%							67.7%
Subscription Solutions	66.1%							66.4%
Merchant Solutions	69.4%							69.4%
Operating profit/(loss)	(385.3)	56.2	4.2		57.4	22.0		(245.5)
Operating margin	(31.9%)							(20.3%)
EBITDA	(206.3)	56.2			57.4			(92.7)
EBITDA margin	(17.1%)							(7.7%)
Net loss	(469.6)	56.2	53.4		52.6	22.0	31.2	(254.2)
Net margin	(38.8%)							(21.0%)
Net loss attributable to equity holders of the Company	(452.2)	56.2	53.4		52.6	13.5	(1.4)	(277.9)
Net margin attributable to equity holders of the Company	(37.4%)							(23.0%)

MANAGEMENT DISCUSSION AND ANALYSIS

	For the six months ended June 30, 2022 (unaudited)						
	As reported	Adjustments					Tax effects
Share-based compensation		Financing listing and other one-off expenses	Change in fair value of convertible bonds	Amortisation of intangible assets			
Gross profit	597.7				5.0		602.7
Gross margin	66.4%						67.0%
Subscription Solutions	60.8%						61.6%
Merchant Solutions	76.8%						76.8%
Operating profit/(loss)	(630.6)	68.9			22.0		(539.7)
Operating margin	(70.1%)						(60.0%)
EBITDA	(453.6)	68.9					(384.7)
EBITDA margin	(50.4%)						(42.8%)
Net loss	(658.8)	68.9	45.5	(23.3)	22.0	(21.7)	(567.4)
Net margin	(73.2%)						(63.1%)
Net loss attributable to equity holders of the Company	(607.7)	68.9	45.5	(23.3)	12.6	(17.5)	(521.5)
Net margin attributable to equity holders of the Company	(67.6%)						(58.0%)

Note:

- (1) Refers to amortisation resulting from acquisition. This includes amortisation of intangible assets from cost of sales of RMB2.3 million, from selling and distribution expenses of RMB11.6 million, from general and administrative expenses of RMB8.1 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and Financial Resources

We fund our cash requirements principally from proceeds from our business operations, bank borrowings, other debt financing and shareholder equity contribution. As of June 30, 2023, we had cash and bank balances of RMB2,613.4 million. The details are as below:

RMB in millions

Current assets

Financial assets at fair value through profit or loss	
Structured deposits	55.0
Bank wealth management products	8.0
Restricted cash (refers to "Pledge of Assets")	417.8
Term deposits	22.1
Cash and cash equivalents	2,110.5
	2,613.4

The following table sets forth our gearing ratios as of June 30, 2023 and June 30, 2022, respectively.

	Six months ended June 30,	
	2023	2022
	(unaudited)	(unaudited)
	<i>(RMB'000, except percentages)</i>	
Net debt	668,255	692,503
Total equity	3,070,270	3,449,058
Total capital	3,738,525	4,141,561
Net debt to equity ratio	21.8%	17.0%

MANAGEMENT DISCUSSION AND ANALYSIS

As of June 30, 2023, we had bank loans of approximately RMB1,658.9 million. The table below sets forth our main short-term and long-term bank loans and letter of credit:

Bank	Loan balance (RMB in millions)	Loan period	2022 interest rate (per annum unless otherwise stated)
Short-term loans			
HSBC Bank (China) Co., Ltd Shanghai Branch	63.00	3 mths	3.95%
Bank of Shanghai Puxi Sub-branch	545.87	1 year	2.8%-4.0%
SPD Silicon Valley Bank Co., Ltd.	80.00	6 mths	3.85%
Bank of Communications Shanghai Baoshan Sub-branch	100.00	6 mths	3.35%
Shanghai Rural Commercial Bank Songnan Sub-branch	70.00	1 year	4.38%
Zheshang Bank Shanghai Branch	50.00	6 mths	3.90%
China Construction Bank, Shanghai Baogang Baoshan Branch	50.00	1 year	3.85%
Bank of China Shanghai Gaojing Sub-branch	50.00	6 mths	3.25%
China CITIC Bank, Shanghai Waitan Sub-branch	200.00	1 year	3.90%
Long-term loans			
SPD Silicon Valley Bank Co., Ltd.	100.00	2 years	4.15%
Letter of credit			
China Everbright Bank Shanghai North Bund Branch	70.00	6 mths	2.82%
Bank of Ningbo, Shanghai Jinqiao Sub-branch	80.00	1 year	3.28%-3.35%
Shanghai Pudong Development Bank Changning Branch	50.00	1 year	3.20%
China Merchants Bank Shanghai Branch	50.00	1 year	3.50%
Zheshang Bank Shanghai Branch	100.00	1 year	2.75%

MANAGEMENT DISCUSSION AND ANALYSIS

Capital Expenditures

Our capital expenditures primarily consist of expenditures for (i) fixed assets, comprising computer equipment, office furniture, vehicles, renovation of rental offices and assets under construction; and (ii) intangible assets, including our trademark, acquired software license, and self-developed software.

The following table sets forth our capital expenditures for the periods indicated:

	Six months ended June 30,	
	2023	2022
	<i>(RMB in millions)</i>	
Fixed assets	66.3	7.1
Intangible assets	120.4	173.7
Right-of-use assets – land use rights	–	324.5
Total	186.7	505.3

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures and Future Plans for Material Investments or Capital Assets

There were no significant investments held, nor were there material acquisitions or disposals of subsidiaries, associates or joint ventures by the Group during the six months ended June 30, 2023. Apart from those disclosed in this interim report, there were no material investments or additions of capital assets authorised by the Board as at the date of this interim report.

Pledge of Assets

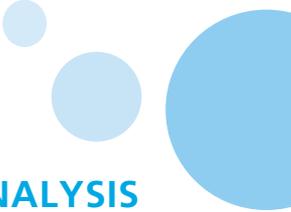
As of June 30, 2023, we pledged our offshore bank deposits amounted to RMB404.3 million for onshore loan to be used domestically.

Foreign Exchange Risk Management

We mainly carry out our operations in the PRC with most transactions settled in Renminbi, and we are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar and the Hong Kong dollar. Therefore, foreign exchange risk primarily arose from our recognized assets and liabilities when receiving or to receive foreign currencies from, or paying or to pay foreign currencies to, overseas business partners. In the six months ended June 30, 2023, we did not adopt any long-term contracts, currency borrowings or other means to hedge our foreign currency exposure.

Contingent Liabilities

As of June 30, 2023, we did not have any material contingent liabilities.



MANAGEMENT DISCUSSION AND ANALYSIS

Employees

As of June 30, 2023, we had 5,704 full-time employees, the majority of whom are based in Shanghai, China. Within the total headcount, 1,697 are sales and marketing staff and 1,471 are research and development staff.

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our human resources strategy, we offer employees competitive salaries, performance-based cash bonuses, and other incentives.

As required under PRC regulations, we participate in various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury, maternity, and unemployment benefit plans.

As a matter of policy, we provide a robust training program for new employees that we hire. We also provide regular and specialized trainings both online and offline, tailored to the needs of our employees in different departments. In addition, we provide training curriculums tailored to new employees, current employees and management members based on their roles and skill levels, through our training centre, Weimob University.

We have granted and planned to continue to grant share-based incentive awards to our employees in the future to incentivize their contributions to our growth and development.



OTHER INFORMATION

CORPORATE GOVERNANCE

The Group is committed to maintaining a high standard of corporate governance to safeguard the interests of its Shareholders and enhance its value and accountability. The Company has adopted the principles and code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

During the six months ended June 30, 2023, the Company has complied with all the applicable code provisions under the Corporate Governance Code with the exception for the deviation from code provision C.2.1 of the Corporate Governance Code.

Code provision C.2.1 of the Corporate Governance Code requires that the roles of chairman of the board of directors and chief executive officer should be separate and should not be performed by the same individual. Mr. SUN Taoyong is the Chairman of the Board and chief executive officer of the Company. Throughout the business history of the Company, Mr. SUN Taoyong has been the key leadership figure of the Group, who has been primarily involved in the strategic development, overall operational management and major decision making of the Group. Taking into account the continuation of the implementation of the Company's business plans, the Directors consider that at the current stage of development of the Group, vesting the roles of both Chairman of the Board and the chief executive officer in Mr. SUN Taoyong is beneficial and in the interests of the Company and its Shareholders as a whole. The Board will review the current structure from time to time and shall make necessary changes when appropriate and inform the Shareholders accordingly.

The Group will continue to review and monitor its corporate governance practices in order to ensure the compliance with the Corporate Governance Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all Directors and each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the six months ended June 30, 2023.

INTERIM DIVIDEND

The Board did not declare any interim dividend for the six months ended June 30, 2023.

AUDIT COMMITTEE

The Board has established the Audit Committee, comprising of three independent non-executive Directors, namely, Mr. TANG Wei (Chairman), Dr. SUN Mingchun and Dr. LI Xufu. The primary duties of the Audit Committee are to review and supervise the Company's financial reporting process, risk management and internal controls.

The Audit Committee has reviewed the accounting policies adopted by the Company with the management. They also discussed risk management, internal controls of the Group and financial reporting matters, including having reviewed and agreed to the unaudited interim condensed consolidated financial statements for the period under review.

CHANGES TO DIRECTORS' INFORMATION

Mr. HUANG Junwei resigned as an executive Director with effect from May 8, 2023 due to his desire to devote more time to the management of the research and development of the Company. Ms. XU Xiao'ou has been appointed as an independent non-executive Director with effect from May 8, 2023.

Save as disclosed in this interim report, the Directors confirm that no other information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the six months ended June 30, 2023, the Company has not purchased any of its Shares on the Stock Exchange pursuant to the share buy-back mandate approved by our Shareholders at the annual general meeting held on June 29, 2022.

During the six months ended June 30, 2023, the Company has redeemed all the outstanding convertible bonds issued by the Bond Issuer in May 2020 (the "**2020 Convertible Bonds**") (together with any at interest accrued but unpaid up to but excluding May 15, 2023) listed on the Stock Exchange on May 15, 2023, which have been settled in cash of US\$18,809,790 pursuant to the terms and conditions of the 2020 Convertible Bonds. All of the 2020 Convertible Bonds so redeemed have been cancelled and there were no outstanding 2020 Convertible Bonds in issue. Accordingly, the Company has made an application to the Stock Exchange for the withdrawal of the listing of the 2020 Convertible Bonds. Such withdrawal of listing has been effective since the close of business on May 24, 2023.

During the six months ended June 30, 2023, the Company has repurchased and cancelled the 2021 Convertible Bonds (as defined hereinafter) listed on the Stock Exchange with a principal amount of approximately US\$73.4 million through the open market for a total price of approximately US\$68.2 million, representing approximately 24.5% of the initial aggregate principal amount of the 2021 Convertible Bonds.

Save as disclosed in this interim report, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended June 30, 2023.

ISSUE OF THE 2021 CONVERTIBLE BONDS

On June 7, 2021, the Bond Issuer completed the issue of convertible bonds (the "**2021 Convertible Bonds**") in an aggregate principal amount of US\$300,000,000 with the guarantee provided by the Company. The last closing Share price as quoted on the Stock Exchange on the trading day on which the subscription agreement was signed (i.e. May 24, 2021) was HK\$16.06 per Share, and the initial conversion price is HK\$21.00 per Share. Based on such initial conversion price and assuming full conversion of the 2021 Convertible Bonds at the initial conversion price, the 2021 Convertible Bonds will be convertible into a maximum of 110,914,285 new Shares. The gross proceeds from the issue of the 2021 Convertible Bonds were US\$300 million. The net proceeds from the issue of the 2021 Convertible Bonds were approximately US\$293.6 million. For more information on the use of such net proceeds, see "Use of Proceeds from the 2021 Placing, Issue of the 2021 Convertible Bonds and the 2023 Placing" below. Based on such net proceeds and assuming the full conversion of the 2021 Convertible Bonds, the net price per new Share will be approximately HK\$20.57.

The 2021 Convertible Bonds have been offered and sold to no less than six independent places (who are independent individual, corporate and/or institutional investors). The 2021 Convertible Bonds were listed on the Stock Exchange on June 8, 2021.

OTHER INFORMATION

In light of the continued digitalization transformation of businesses in China and given the current macroeconomic situation, the Company believes that the issue of the 2021 Convertible Bonds provides additional capital to (i) continuously improve and deepen the Company's SaaS technology, thus maintaining its market leading position; and (ii) comprehensively optimise and enhance its targeted marketing system to strengthen its leadership in smart retail. The Directors consider the issue of the 2021 Convertible Bonds is an appropriate means of raising additional capital since (i) it can provide the Company with additional funds at lower funding cost for the said purposes; (ii) it will not have an immediate dilution effect on the shareholding of the existing Shareholders; and (iii) in the event that the 2021 Convertible Bonds are converted into new Shares, the Company can improve its capital base, benefiting the long-term development of the Company.

There had not been any exercise of the 2021 Convertible Bonds during the six months ended June 30, 2023, and during the six months ended June 30, 2023, the Company repurchased and cancelled the 2021 Convertible Bonds listed on the Stock Exchange with a principal amount of approximately US\$73.4 million through the open market for a total price of approximately US\$68.2 million, representing approximately 24.5% of the initial aggregate principal amount of the 2021 Convertible Bonds. Assuming the 2021 Convertible Bonds were fully exercised at the initial conversion price of HK\$21.00 per Share on June 30, 2023, the shareholdings of the Company immediately before and after the full exercise of the outstanding 2021 Convertible Bonds are set out below for illustration purposes:

Shareholder	Shareholding immediately before the full exercise of the outstanding 2021 Convertible Bonds		Assuming the outstanding 2021 Convertible Bonds are fully converted into new Shares at the initial conversion price of HK\$21.00 each	
	No. of Shares	% of issued ordinary share capital of the Company	No. of Shares	% of issued ordinary share capital of the Company
Shares held by Substantial Shareholders Group⁽¹⁾				
Yomi.sun Holding Limited ⁽²⁾	321,145,000	11.49%	321,145,000	11.19%
Jeff.Fang Holding Limited ⁽³⁾	18,220,000	0.65%	18,220,000	0.63%
Alter.You Holding Limited ⁽⁴⁾	67,015,000	2.40%	67,015,000	2.34%
Sub-total:	406,380,000	14.54%	406,380,000	14.16%
Shares held by public Shareholders				
Bondholders of the 2021 Convertible Bonds	–	–	75,132,228	2.62%
Other public Shareholders	2,388,214,990	85.46%	2,388,214,990	83.22%
Sub-total:	2,388,214,990	85.46%	2,463,347,218	85.84%
Total	2,794,594,990	100.0%	2,869,727,218	100.0%

Notes:

- (1) Mr. SUN Taoyong, Mr. FANG Tongshu and Mr. YOU Fengchun are parties acting in concert (having the meaning ascribed thereto in the Hong Kong Code on Takeovers and Mergers) and form the Substantial Shareholders Group. As such, each of Mr. SUN Taoyong, Mr. FANG Tongshu and Mr. YOU Fengchun is deemed to be interested in the Shares held by other members of the Substantial Shareholders Group.
- (2) Yomi.sun Holding Limited is a company incorporated in the British Virgin Islands, and is wholly-owned by Youmi Investment Limited. Youmi Investment Limited is beneficially owned by the Youmi Trust, which was established by Mr. SUN Taoyong as the settlor, appointor and investment manager. Cantrust (Far East) Limited is the trustee of the Youmi Trust, and Mr. SUN Taoyong and his family members are the beneficiaries of the Youmi Trust. Mr. SUN Taoyong is also a director of the Yomi.sun Holding Limited. As such, each of Mr. SUN Taoyong, Cantrust (Far East) Limited and Youmi Investment Limited is deemed to be interested in the Shares held by Yomi.sun Holding Limited. Mr. SUN Taoyong is an executive Director.
- (3) Jeff.Fang Holding Limited is wholly-owned by Mr. FANG Tongshu who is an executive Director.
- (4) Alter.You Holding Limited is wholly-owned by Fount Investment Limited. Fount Investment Limited is beneficially owned by the Fount Trust, which was established by Mr. YOU Fengchun as the settlor, appointor and investment manager. Infiniti Trust (Asia) Limited is the trustee of the Fount Trust, and Mr. YOU Fengchun and his family members are the beneficiaries of the Fount Trust. Mr. YOU Fengchun is also a director of Alter.You Holding Limited. As such, each of Mr. YOU Fengchun, Infiniti Trust (Asia) Limited and Fount Investment Limited is deemed to be interested in the Shares held by Alter.You Holding Limited. Mr. YOU Fengchun is an executive Director.

Based on the cash and cash equivalents as at June 30, 2023 and the cash flow from operating activities of the Company, the Company has the ability to meet its redemption obligation under the 2021 Convertible Bonds.

Pursuant to the terms and conditions of the 2021 Convertible Bonds, the implied rate of return of the 2021 Convertible Bonds is 1%.

Details of the 2021 Convertible Bonds were disclosed in the announcements of the Company dated May 25, 2021, June 7, 2021, June 8, 2021 and May 22, 2023.

OTHER INFORMATION

THE 2023 PLACING

References are made to the announcements of the Company dated January 6, 2023 and January 13, 2023, respectively. On January 13, 2023, the Company completed the placing of a total of 248,000,000 new Shares (the “**2023 Placing**”). The last closing Share price as quoted on the Stock Exchange on the last trading day before the placing agreement was signed (i.e. January 5, 2023) was HK\$7.02 per Share, and the placing price was HK\$6.41 per Share. The gross proceeds from the 2023 Placing were approximately HK\$1,589.7 million. The net proceeds from the 2023 Placing were approximately HK\$1,568.7 million. For more information on the use of such net proceeds, see “Use of Proceeds from the 2021 Placing, Issue of the 2021 Convertible Bonds and the 2023 Placing” below.

The new Shares were placed to no less than six professional investors who, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, together with their respective ultimate beneficial owners, are independent third parties. None of the placees and their ultimate beneficial owners became a substantial Shareholder as a result of the 2023 Placing. The 2023 Placing was undertaken to strengthen the Company’s financial position and supplement the Group’s long-term funding of its expansion and growth plan. The intended use of proceeds was in line with the Company’s strategic focus on enhancing its technological advantages and strengthening its leadership in targeted marketing. The Directors consider that the 2023 Placing will also provide an opportunity to raise further capital for the Company whilst broadening the Shareholder base and the capital base of the Company.

USE OF PROCEEDS FROM THE 2021 PLACING, ISSUE OF THE 2021 CONVERTIBLE BONDS AND THE 2023 PLACING

In June 2021, the Company completed the placing of 156,000,000 new shares (the “**2021 Placing**”) and raised net proceeds of approximately HK\$2,315.6 million. As of June 30, 2023, the Company had utilized HK\$2,041.8 million as intended. The table below sets out the details of actual usage of the net proceeds as of June 30, 2023:

Use of proceeds	Net proceeds utilized up to June 30, 2023 <i>(HK\$ million)</i>	Unutilized net proceeds as of June 30, 2023 <i>(HK\$ million)</i>	Expected timeline of full utilization
Improving the Group’s comprehensive research and development capabilities	884.0	273.8	By December 31, 2023
Upgrading the Group’s marketing system	347.3	–	Not applicable
Supplementing capital for potential strategic investment and merger and acquisition and working capital	463.2	–	Not applicable
General corporate purposes	347.3	–	Not applicable

OTHER INFORMATION

In June 2021, the Bond Issuer completed the issue of the 2021 Convertible Bonds and raised net proceeds of approximately US\$293.6 million. As of June 30, 2023, the Company had utilized US\$146.8 million as intended. The table below sets out the details of actual usage of the net proceeds as of June 30, 2023:

Use of proceeds	Net proceeds utilized up to June 30, 2023 <i>(US\$ million)</i>	Unutilized net proceeds as of June 30, 2023 <i>(US\$ million)</i>	Expected timeline of full utilization
Improving the Group's comprehensive research and development capabilities	–	146.8	By December 31, 2023
Upgrading the Group's marketing system	44.0	–	Not applicable
Supplementing capital for potential strategic investment and merger and acquisition and working capital	58.8	–	Not applicable
General corporate purposes	44.0	–	Not applicable

In January 2023, the Company completed the 2023 Placing and raised net proceeds of approximately HK\$1,568.7 million. As of June 30, 2023, the Company had utilized HK\$741.8 million as intended. The table below sets out the details of actual usage of the net proceeds as of June 30, 2023:

Use of proceeds	Net proceeds utilized up to June 30, 2023 <i>(HK\$ million)</i>	Unutilized net proceeds as of June 30, 2023 <i>(HK\$ million)</i>	Expected timeline of full utilization
Improving the Group's comprehensive research and development capabilities	–	156.9	By December 31, 2025
Upgrading the Group's marketing system	160.5	153.2	By December 31, 2025
Supplementing working capital	326.7	143.9	By December 31, 2025
General corporate purposes	254.6	372.9	By December 31, 2025

The expected timeline for fully utilizing net proceeds is based on the best estimation of the future market conditions made by the Company. It may be subject to change based on the current and future development of market conditions.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of June 30, 2023, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules were as follows:

Interests in Shares

Name of Director	Capacity/Nature of Interest	Number of Shares	Approximate Percentage of Shareholding (%)	Long/short position
Mr. SUN Taoyong ("Mr. SUN")	Settlor of a discretionary trust ⁽¹⁾ ;	406,380,000	14.54	Long position
	interest held jointly with other persons ⁽²⁾	66,000,000	2.36	Short position
Mr. FANG Tongshu ("Mr. FANG")	Interest in controlled corporation ⁽³⁾ ;	406,380,000	14.54	Long position
	interest held jointly with other persons ⁽²⁾	66,000,000	2.36	Short position
Mr. YOU Fengchun ("Mr. YOU")	Settlor of a discretionary trust ⁽⁴⁾ ;	406,380,000	14.54	Long position
	interest held jointly with other persons ⁽²⁾	66,000,000	2.36	Short position

Notes:

- Mr. SUN's interest in the Company is indirectly held through Yomi.sun Holding Limited ("Sun SPV"). Sun SPV is a company incorporated in the British Virgin Islands, and is wholly-owned by Youmi Investment Limited. Youmi Investment Limited is beneficially owned by the Youmi Trust, which was established by Mr. SUN as the settlor, appointor and investment manager. Cantrust (Far East) Limited is the trustee of the Youmi Trust, and Mr. SUN and his family members are the beneficiaries of the Youmi Trust. Mr. SUN is also a director of the Sun SPV. As such, each of Mr. SUN, Cantrust (Far East) Limited and Youmi Investment Limited is deemed to be interested in the Shares held by Sun SPV.
- Mr. SUN, Mr. FANG and Mr. YOU are parties acting in concert (having the meaning ascribed thereto in the Hong Kong Code on Takeovers and Mergers) and form the Substantial Shareholders Group. As such, each of Mr. SUN, Mr. FANG and Mr. YOU is deemed to be interested in the Shares held by other members of the Substantial Shareholders Group.
- Jeff.Fang Holding Limited ("Fang SPV") is wholly-owned by Mr. FANG. Under the SFO, Mr. FANG is deemed to be interested in the Shares held by Fang SPV.
- Mr. YOU's interest in the Company is indirectly held through Alter.You Holding Limited ("You SPV"). You SPV is a company incorporated in the British Virgin Islands, and is wholly-owned by Fount Investment Limited. Fount Investment Limited is beneficially owned by the Fount Trust, which was established by Mr. YOU as the settlor, appointor and investment manager. Infiniti Trust (Asia) Limited is the trustee of the Fount Trust, and Mr. YOU and his family members are the beneficiaries of the Fount Trust. Mr. YOU is also a director of the You SPV. As such, each of Mr. YOU, Infiniti Trust (Asia) Limited and Fount Investment Limited is deemed to be interested in the Shares held by You SPV.

OTHER INFORMATION

Save as disclosed above, as of June 30, 2023, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As of June 30, 2023, to the best knowledge of the Directors, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under section 336 of the SFO:

Interests in Shares

Name of Shareholder	Capacity/Nature of Interest	Number of Shares	Approximate Percentage of Shareholding (%)	Long/short position
Cantrust (Far East) Limited	Trustee ⁽¹⁾	321,145,000	11.49	Long position
		21,000,000	0.75	Short position
Youmi Investment Limited	Interest in controlled corporation ⁽¹⁾	321,145,000	11.49	Long position
		21,000,000	0.75	Short position
Sun SPV	Beneficial interest ⁽¹⁾	321,145,000	11.49	Long position
		21,000,000	0.75	Short position
Tencent Mobility Limited	Beneficial interest ⁽²⁾	84,306,000	3.02	Long position
THL H Limited	Beneficial interest ⁽²⁾	122,220,000	4.37	Long position
Tencent Holdings Limited	Interest in controlled corporation ⁽²⁾	206,526,000	7.39	Long position
JPMorgan Chase & Co.	Interest in controlled corporation; person having a security interest in shares; approved lending agent ⁽³⁾	144,506,259	5.17	Long position
		64,167,601	2.30	Short position
		64,234,550	2.30	Lending pool



OTHER INFORMATION

Notes:

1. Sun SPV is a company incorporated in the British Virgin Islands, and is wholly-owned by Youmi Investment Limited. Youmi Investment Limited is beneficially owned by the Youmi Trust, which was established by Mr. SUN as the settlor, appointor and investment manager. Cantrust (Far East) Limited is the trustee of the Youmi Trust, and Mr. SUN and his family members are the beneficiaries of the Youmi Trust. Mr. SUN is also a director of the Sun SPV. As such, each of Mr. SUN, Cantrust (Far East) Limited and Youmi Investment Limited is deemed to be interested in the Shares held by Sun SPV.
2. Tencent Mobility Limited and THL H Limited are wholly-owned subsidiaries of Tencent Holdings Limited. Under the SFO, Tencent Holdings Limited is deemed to be interested in 84,306,000 Shares held by Tencent Mobility Limited and 122,220,000 Shares held by THL H Limited.
3. JPMorgan Chase & Co. holds equity interests in the Shares through the companies directly controlled by it.

Save as disclosed above, as of June 30, 2023, the Directors were not aware of any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or required to be recorded in the register required to be kept by the Company under section 336 of the SFO.

2018 RSU PLAN

The 2018 restricted stock unit plan (the “**2018 RSU Plan**”) of the Company was approved and adopted by the Board on July 1, 2018 (the “**2018 RSU Plan Adoption Date**”). The purpose of the 2018 RSU Plan is to recognize and reward participants for their contribution to the Group, to attract best available personnel to provide services to the Group, and to provide additional incentives to them to remain with and further promote the success of the Group’s business. For more information on the 2018 RSU Plan, please refer to the section headed “F. RSU PLAN” under Statutory and General Information in Appendix IV of the Prospectus.

OTHER INFORMATION

Details of the RSUs granted under the 2018 RSU Plan

As disclosed in the announcement of the Company dated May 28, 2021, the Board approved the grant of RSU awards (the "2018 RSU Awards") in respect of an aggregate of 1,900,000 underlying Shares to five grantees for nil consideration under the 2018 RSU Plan, which would be vested to grantees within four years subject to other conditions in the 2018 RSU Plan. All of the grantees are employees of the Company and none of them are Directors or other connected persons of the Company.

As of June 30, 2023, the aggregate number of Shares underlying the granted RSUs under the 2018 RSU Plan was 70,495,000 Shares, representing approximately 2.52% of the issued share capital of the Company as of June 30, 2023, and the aggregate number of Shares underlying the vested RSUs under the 2018 RSU Plan was 70,033,000 Shares. As of the date of this interim report, the aggregate number of Shares underlying the granted RSUs and the aggregate number of Shares underlying the vested RSUs under the 2018 RSU Plan remained unchanged.

As at January 1, 2023 and June 30, 2023, the aggregate number of RSUs available for further grant under the 2018 RSU Plan was 162,000.

The purchase price of the 2018 RSU Awards granted was RMB0 and the 2018 RSU Awards granted vested in four to six tranches over a four-year vesting period.

Details of the outstanding RSUs granted pursuant to the 2018 RSU Scheme and the movements during the Reporting Period are set out below:

Category of grantee	Grant date	Closing price immediately prior to date of grant (HK\$)	Number of Shares Underlying the RSUs as at January 1, 2023	Granted during the Reporting Period ⁽²⁾	Vested during the Reporting Period	Lapsed during the Reporting Period	Number of Shares underlying the RSUs outstanding as at June 30, 2023	Vesting period	Weighted average closing price of Shares immediately prior to the vesting date (RMB)
Employee	May 28, 2021	18.00	200,000	-	200,000	-	-	May 28, 2021 to January 1, 2025	3.5
Total			200,000	-	200,000	-	-		3.5

Notes:

- All the above grants were made prior to the effective date of the amendments to Chapter 17 of the Listing Rules.
- There were no RSUs granted by the Company pursuant to the 2018 RSU Plan during the six months ended June 30, 2023.
- No RSU was cancelled during the six months ended June 30, 2023.



OTHER INFORMATION

2020 RSU SCHEME

The 2020 restricted share unit scheme (the “**2020 RSU Scheme**”) of the Company was adopted by the Board on May 25, 2020, approved and adopted by the Shareholders at the annual general meeting of the Company held on June 29, 2020 (the “**2020 RSU Scheme Adoption Date**”) and amended by the Shareholders’ resolution on June 21, 2023. The purpose of the 2020 RSU Scheme is to recognize and reward participants for their contribution to the Group, to attract best available personnel, and to provide additional incentives to them to remain with and further promote the success of the Group’s business. For more information on the 2020 RSU Scheme, please refer to the announcements of the Company dated May 25, 2020 and May 30, 2023 and the circulars of the Company dated May 28, 2020 and May 31, 2023.

Details of the RSUs granted under the 2020 RSU Scheme

As disclosed in the announcement of the Company dated October 15, 2020, the Board approved the grant of RSU awards (the “**2020 RSU Awards**”) in respect of an aggregate of 20,620,000 underlying Shares to 252 grantees for nil consideration under the 2020 RSU Scheme, which would be vested to grantees within four years subject to other conditions in the 2020 RSU Scheme. Due to the termination of employment, five grantees failed to accept the grant of 2020 RSU Awards in respect of an aggregate of 270,000 underlying Shares. All of the grantees are employees of the Company and none of them are Directors or other connected persons of the Company.

As disclosed in the announcement of the Company dated May 28, 2021, the Board approved the grant of 2020 RSU Awards in respect of an aggregate of 16,316,000 underlying Shares to 379 grantees for nil consideration under the 2020 RSU Scheme, which would be vested to grantees within four years subject to other conditions in the 2020 RSU Scheme. Due to the termination of employment, eight grantees failed to accept the grant of 2020 RSU Awards in respect of an aggregate of 161,500 underlying Shares. All of the grantees are employees of the Company and none of them are Directors or other connected persons of the Company.

As disclosed in the announcement of the Company dated December 20, 2021, the Board approved the grant of 2020 RSU Awards in respect of an aggregate of 15,651,000 underlying Shares to 406 grantees for nil consideration under the 2020 RSU Scheme, which would be vested to grantees within four years subject to other conditions in the 2020 RSU Scheme. Due to the termination of employment, one grantee failed to accept the grant of 2020 RSU Awards in respect of an aggregate of 30,000 underlying Shares. All of the grantees are employees of the Company and none of them are Directors or other connected persons of the Company.

As disclosed in the announcement of the Company dated April 4, 2023, the Board approved the grant of 2020 RSU Awards in respect of an aggregate of 21,576,500 underlying Shares to 719 grantees for nil consideration under the 2020 RSU Scheme, which would be vested to grantees within four years subject to other conditions in the 2020 RSU Scheme. Due to the termination of employment, one grantee failed to accept the grant of 2020 RSU Awards in respect of an aggregate of 30,000 underlying Shares. All of the grantees are employees of the Company and none of them are Directors or other connected persons of the Company.

OTHER INFORMATION

Details of the outstanding RSUs granted pursuant to the 2020 RSU Scheme and the movements during the Reporting Period are set out below:

Category of grantee	Grant date	Closing price immediately prior to date of grant (HK\$)	Number of Shares Underlying the RSUs as at January 1, 2023	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Number of Shares underlying the RSUs outstanding as at June 30, 2023	Vesting period	Weighted average closing price of Shares immediately prior to the vesting date (RMB)
Employee (in aggregate)	October 15, 2020	11.42	6,927,550	-	-	728,750	6,198,800	October 15, 2020 to October 15, 2024	-
	May 28, 2021	18.00	10,148,660	-	3,722,625	325,535	6,100,500	May 28, 2021 to May 28, 2025	3.39
	December 20, 2021	7.69	9,900,250	-	-	697,000	9,203,250	December 20, 2021 to October 15, 2025	-
	April 4, 2023	4.78	-	21,546,500	4,520,125	344,500	16,681,875	April 4, 2023 to April 4, 2027	3.39
Total			26,976,460	21,546,500	8,242,750	2,095,785	38,184,425		3.39

Notes:

- The fair value of RSUs granted on April 4, 2023 as at the date of grant was HK\$4.61 per Share.
- No RSU was cancelled during the six months ended June 30, 2023.
- The performance targets for all the RSUs granted pursuant to the 2020 RSU Scheme during the six months ended June 30, 2023 shall be based on the grantees' performance rank in the said anniversary year. The performance rank is linked to the performance of the grantees in the said anniversary year as assessed by the Group.
- The total number of Shares that may be issued in respect of RSUs granted under all schemes of the Company during the Reporting Period divided by the weighted average number of the Shares in issue during the Reporting Period was 0.79%.
- The total number of awards available for grant under the scheme mandate of the 2020 RSU Scheme as at January 1, 2023 was 7,814,300. The total number of awards available for grant under the scheme mandate of the 2020 RSU Scheme as at June 30, 2023 was 279,459,499, being the total number of Shares which may be issued in respect of awards to be granted under the 2020 RSU scheme or share options or awards to be granted under any other schemes of the Company. The total number of awards available for grant under the service provider sublimit of the 2020 RSU Scheme as at January 1, 2023 and June 30, 2023 were nil and 27,945,949, respectively.



OTHER INFORMATION

THE ACCOUNTING STANDARD AND POLICY ADOPTED

The fair value of the employee service received in exchange for the grant of RSUs is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- (i) Including any market performance conditions (for example, an entity's share price);
- (ii) Excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- (iii) Including the impact of any non-vesting conditions.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. Non-market performance and service conditions are included in assumptions about the number of equity instruments that are expected to vest.

At the end of each reporting period, the Group revises its estimates of the number of RSUs that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, the Group includes the incremental fair value granted in the measurement of the amount recognized for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. An expense based on the incremental fair value is recognized over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognized over the remainder of the original vesting period. Furthermore, if the entity modifies the terms or conditions of the equity instruments granted in a manner that reduces the total fair value of the share-based payment arrangement, or is not otherwise beneficial to the employee, the entity shall nevertheless continue to account for the services received as consideration for the equity instruments granted as if that modification had not occurred (other than a cancellation of some or all the equity instruments granted).

The grant by the Company of its equity instruments to the employees of its subsidiaries is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investments in subsidiaries, with a corresponding credit to equity in the parent entity accounts.

SUBSEQUENT EVENT

No significant events have taken place to subsequent June 30, 2023 and up to the date of this interim report.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	Note	Six months ended June 30,	
		2023	2022
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Continuing operations			
Revenue	7	1,209,570	899,612
Cost of sales	8	(393,313)	(301,936)
Gross profit		816,257	597,676
Selling and distribution expenses	8	(844,056)	(782,870)
General and administrative expenses	8	(380,009)	(543,695)
Net impairment losses on financial assets		(39,272)	(60,266)
Other income	9	50,504	38,421
Other gains, net	10	11,279	120,179
Operating loss		(385,297)	(630,555)
Finance costs	11	(79,971)	(79,550)
Finance income	12	20,857	9,090
Share of net profit/(losses) of associates accounted for using the equity method	20	1,198	(2,762)
Change in fair value of convertible bonds	22(b)	4,778	23,347
Loss before income tax		(438,435)	(680,430)
Income tax (credit)/expenses	13	(31,196)	21,669
Loss from continuing operations		(469,631)	(658,761)
Discontinued operations			
Loss from discontinued operation	24	–	(852)
Loss for the period		(469,631)	(659,613)
Loss attributable to:			
– Equity holders of the Company		(452,235)	(608,548)
– Non-controlling interests		(17,396)	(51,065)
		(469,631)	(659,613)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	Note	Six months ended June 30,	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Other comprehensive loss, net of tax			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Currency translation differences		(1,441)	(86,751)
Total comprehensive loss for the period		(471,072)	(746,364)
Total comprehensive loss attributable to:			
– Equity holders of the Company		(453,676)	(695,299)
– Non-controlling interests		(17,396)	(51,065)
		(471,072)	(746,364)
Total comprehensive loss attributable to equity holders of the Company arises from:			
– Continuing operations		(471,072)	(745,512)
– Discontinued operations	24	–	(852)
		(471,072)	(746,364)
Loss per share from continuing operations attributable to the equity holders of the Company (expressed in RMB per share)			
– Basic loss per share	15	(0.17)	(0.24)
– Diluted loss per share	15	(0.17)	(0.24)
Loss per share attributable to the equity holders of the Company (expressed in RMB per share)			
– Basic loss per share	15	(0.17)	(0.24)
– Diluted loss per share	15	(0.17)	(0.24)

The accompanying notes on pages 47 to 100 form an integral part of this interim financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2023

	Note	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	16	208,007	150,772
Right-of-use assets	17	436,439	475,356
Investment properties		35,720	35,720
Intangible assets	18	1,239,343	1,410,466
Development costs	19	113,377	4,754
Deferred income tax assets		70,892	61,808
Contract acquisition cost	7	27,266	37,096
Investments accounted for using the equity method	20	264,258	245,560
Financial assets at fair value through profit or loss	5.3, 22	589,618	537,969
Prepayments, deposits and other assets	25	121,218	68,704
Total non-current assets		3,106,138	3,028,205
Current assets			
Trade and notes receivables	26	391,834	376,330
Contract acquisition cost	7	68,381	72,270
Prepayments, deposits and other assets	25	1,421,274	1,054,327
Financial assets at fair value through profit or loss	5.3, 22	95,063	624,012
Financial assets at fair value through other comprehensive income	21	456,720	323,744
Restricted cash	27	417,849	781,308
Cash and cash equivalents	27	2,110,530	1,710,103
Term deposits		22,106	417
Total current assets		4,983,757	4,942,511
Total assets		8,089,895	7,970,716
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	30	1,882	1,717
Shares held for RSU Scheme	30	(166)	(644)
Share premium	30	8,784,371	7,475,254
Equity component of convertible bonds	23	245,808	335,474
Treasury shares	30	–	(39,110)
Other reserves	31	(881,417)	(905,569)
Accumulated losses		(5,169,812)	(4,717,577)
Non-controlling interests		2,980,666	2,149,545
		89,604	91,501
Total equity		3,070,270	2,241,046

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2023

	<i>Note</i>	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Financial liabilities measured at fair value through profit or loss	5.3, 22	37,595	37,595
Financial liabilities measured at amortised cost	23	123,188	1,772,167
Bank borrowings	28	100,000	–
Lease liabilities		52,844	85,059
Contract liabilities	7	51,903	67,791
Deferred income tax liabilities		10,531	13,093
Other non-current liabilities	29	5,036	5,156
Total non-current liabilities		381,097	1,980,861
Current liabilities			
Financial liabilities measured at fair value through profit or loss	5.3, 22	7,273	136,702
Financial liabilities measured at amortised cost	23	1,293,171	–
Bank borrowings	28	1,558,870	1,818,870
Lease liabilities		53,072	66,196
Trade and other payables	29	1,410,139	1,426,123
Contract liabilities	7	264,468	291,312
Current income tax liabilities		51,535	9,606
Total current liabilities		4,638,528	3,748,809
Total liabilities		5,019,625	5,729,670
Total equity and liabilities		8,089,895	7,970,716

The accompanying notes on pages 47 to 100 form an integral part of this interim financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2023

Attributable to equity holders of the Company

Note	Share capital RMB'000	Share premium RMB'000	Treasury Shares RMB'000	Equity component		Other reserves RMB'000	Accumulated losses RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
				Shares held for RSU scheme RMB'000	of convertible bonds RMB'000					
(Unaudited)										
As at January 1, 2023	1,717	7,475,254	(39,110)	(644)	335,474	(905,569)	(4,717,577)	2,149,545	91,501	2,241,046
Comprehensive loss										
Loss for the period	-	-	-	-	-	-	(452,235)	(452,235)	(17,396)	(469,631)
Currency translation differences	-	-	-	-	-	(1,441)	-	(1,441)	-	(1,441)
Total comprehensive loss for the period	-	-	-	-	-	(1,441)	(452,235)	(453,676)	(17,396)	(471,072)
Transaction with owners										
Issuance of ordinary shares	30(b)	167	1,369,660	-	-	-	-	1,369,827	-	1,369,827
Share issuance costs	30(b)	-	(21,445)	-	-	-	-	(21,445)	-	(21,445)
Issuance of ordinary shares for share-based compensation	30(a)	10	-	-	(10)	-	-	-	-	-
Transfer of vested RSUs	32	-	-	-	488	(488)	-	-	-	-
Buy-back of convertible bonds	23(a)	-	-	-	-	(89,666)	(30,421)	(120,087)	-	(120,087)
Cancellation of buy-back shares	30(c)	(12)	(39,098)	39,110	-	-	-	-	-	-
Share-based compensation expenses for non-controlling shareholders	32(b)	-	-	-	-	-	-	-	1,744	1,744
Share-based compensation expenses for employees	32(a)	-	-	-	-	-	54,474	54,474	-	54,474
Transaction with non-controlling interests	32(b)	-	-	-	-	2,028	-	2,028	(2,028)	-
Derecognition of non-controlling interests from disposal of subsidiaries	36	-	-	-	-	-	-	-	15,783	15,783
Transactions with owners in their capacity for the period		165	1,309,117	39,110	478	(89,666)	25,593	1,284,797	15,499	1,300,296
As at June 30, 2023		1,882	8,784,371	-	(166)	245,808	(881,417)	(5,169,812)	89,604	3,070,270

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	Attributable to equity holders of the Company									
	Note	Share capital RMB'000	Share premium RMB'000	Shares held for RSU scheme RMB'000	Equity component of convertible bonds RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
(Unaudited)										
As at January 1, 2022		1,716	7,549,147	(1,928)	366,482	(962,933)	(2,889,011)	4,063,473	150,345	4,213,818
Comprehensive loss										
Loss for the period		-	-	-	-	-	(608,548)	(608,548)	(51,065)	(659,613)
Currency translation differences		-	-	-	-	(86,751)	-	(86,751)	-	(86,751)
Total comprehensive loss for the period		-	-	-	-	(86,751)	(608,548)	(695,299)	(51,065)	(746,364)
Transaction with owners										
Buy-back of shares		(10)	(73,893)	-	-	-	-	(73,903)	-	(73,903)
Transfer of vested RSUs	32	-	-	1,048	-	(1,048)	-	-	-	-
Share-based compensation expenses for non-controlling shareholders	32(b)	-	-	-	-	-	-	-	4,114	4,114
Share-based compensation expenses for employees	32(a)	-	-	-	-	64,816	-	64,816	-	64,816
Transaction with non-controlling interests		-	-	-	-	2,235	-	2,235	(2,235)	-
Non-controlling interests from acquisition of subsidiaries		-	-	-	-	-	-	-	(13,423)	(13,423)
Transactions with owners in their capacity for the period		(10)	(73,893)	1,048	-	66,003	-	(6,852)	(11,544)	(18,396)
As at June 30, 2022		1,706	7,475,254	(880)	366,482	(983,681)	(3,497,559)	3,361,322	87,736	3,449,058

The accompanying notes on pages 47 to 100 form an integral part of this interim financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	Note	Six months ended June 30,	
		2023	2022
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Cash flows used in operating activities			
Cash used in operations		(646,404)	(459,334)
Interest received		17,858	7,121
Interest paid		(27,543)	(31,360)
Income tax paid		(913)	(385)
Net cash used in operating activities		(657,002)	(483,958)
Cash flows from investing activities			
Purchase of investments measured at fair value through profit or loss (current and non-current portion)	5.3	(1,268,818)	(589,405)
Proceeds from disposal of investments measured at fair value through profit or loss	5.3	1,764,009	545,437
Placements of term deposits		(21,142)	–
Receipt from term deposits		412	–
Interest received from term deposits		4,464	–
Payment to invest in an associate	20	(17,500)	–
Payment for acquisition of subsidiaries, net of cash acquired	29(a)	(62,649)	(176,807)
Net cash outflow arising from disposal of subsidiaries		(3,778)	–
Purchase of property, plant and equipment		(52,574)	(6,516)
Purchase of land use right		–	(324,480)
Proceeds from disposal of property, plant and equipment		106	29
Purchase of intangible assets	18	(911)	(429)
Payment for development costs	19	(119,493)	(177,759)
Loan to related parties	34	(56,000)	(33,000)
Net cash generated from/(used in) investing activities		166,126	(762,930)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	Note	Six months ended June 30,	
		2023	2022
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	30(b)	1,369,827	–
Transaction costs of share issuance	30(b)	(21,445)	–
Buy-back of convertible bonds at amortised cost	23(a)	(475,799)	–
Buy-back of shares		–	(73,903)
Proceeds from bank borrowings		873,000	1,126,000
Repayments of bank borrowings		(1,033,000)	(308,000)
Redemption of convertible bonds measured at fair value through profit or loss	22(b)	(128,798)	–
Principal elements of lease payments		(28,975)	(25,438)
Payment for borrowings due to a third party		(120)	(100)
Decrease/(increase) in deposits pledged for bank borrowings	27(b)	326,385	(519,474)
Net cash generated from financing activities		881,075	199,085
Net increase/(decrease) in cash and cash equivalents		390,199	(1,047,803)
Effect on exchange rate difference		10,228	118,925
Cash and cash equivalents at beginning of the period		1,710,103	3,809,069
Cash and cash equivalents at end of the period		2,110,530	2,880,191
Cash flows relating to discontinued operations	24	–	(1,112)

The accompanying notes on pages 47 to 100 form an integral part of this interim financial information.

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

1 GENERAL INFORMATION

Weimob Inc. (the “Company”) was incorporated in the Cayman Islands on January 30, 2018 as an exempted company with limited liability under the Companies Act (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is P. O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries, including structured entities, (collectively, the “Group”) are principally engaged in providing digital commerce and media services for merchants in the People’s Republic of China (the “PRC”). The Group offers digital commerce services to merchants including software as a service (“SaaS”) products offering, customised software development, software related services, online marketing support services and in-depth operation and marketing services etc.

The Company’s shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited since January 15, 2019 (the “Listing”).

The condensed consolidated interim financial information comprises the condensed consolidated statement of financial position as at June 30, 2023, the related condensed consolidated statement of comprehensive loss for the six-month period then ended, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and a summary of material accounting policies and other explanatory notes (the “Interim Financial Information”). The Interim Financial Information is presented in Renminbi (“RMB”), unless otherwise stated.

The Interim Financial Information has been approved for issue by the Board of Directors on August 15, 2023.

2 BASIS OF PREPARATION

The Interim Financial Information has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 ‘Interim Financial Reporting’ issued by the Hong Kong Accounting Standards Board and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended December 31, 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), as set out in the 2022 annual report of the Company dated March 30, 2023 (the “2022 Financial Statements”).



NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

3 MATERIAL ACCOUNTING POLICIES

The accounting policies applied are consistent with those used in the 2022 Financial Statements, as described in those annual financial statements, except for the adoption of new and amended standards as set out below.

3.1 New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period, which did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

3.2 New standards and amendments to standards that have been issued but not effective

A number of new standards and amendments to standards have not come into effect for the financial year beginning January 1, 2023 and have not been early adopted by the Group in preparing the condensed consolidated financial statements. None of these is expected to have a significant effect on the condensed consolidated financial statements of the Group.

4 ESTIMATES

The preparation of Interim Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Interim Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2022 Financial Statements.

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and fair value interest rate risk), price risk, credit risk and liquidity risk.

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's 2022 Financial Statements. There have been no changes in the risk management policies during the six months ended June 30, 2023.

5.2 Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The table below analyses the Group's financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total RMB'000
(Unaudited)				
As at June 30, 2023				
Trade and other payables (excluding staff costs and welfare accruals, advance from advertisers and other tax payable) (Note 29)	375,132	–	–	375,132
Bank borrowing (including interest accrual up to maturity) (Note 28)	1,677,859	103,839	–	1,781,698
Financial liabilities measured at amortised cost (Note 23)	1,498,154	–	149,933	1,648,087
Lease liabilities	60,309	38,330	16,645	115,284
Other non-current liabilities (Note 29)	–	2,130	2,906	5,036
Total	3,611,454	144,299	169,484	3,925,237

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

5.2 Liquidity risk (Continued)

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total RMB'000
As at December 31, 2022				
Trade and other payables (excluding staff costs and welfare accruals, advance from advertisers and other tax payable) (Note 29)	345,074	–	–	345,074
Bank borrowing (including interest accrual up to maturity) (Note 28)	1,854,351	–	–	1,854,351
Financial liabilities measured at amortised cost (Note 23)	–	2,010,331	–	2,010,331
Lease liabilities	70,537	51,795	30,578	152,910
Other non-current liabilities (Note 29)	–	2,250	2,906	5,156
Total	2,269,962	2,064,376	33,484	4,367,822

The financial liabilities at FVPL have not been included in above tables because the contractual maturities are not essential for an understanding of the timing of the cash flows.

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

5.3 Fair values estimation

Financial instruments carried at fair value or where fair value was disclosed can be categorised by levels of the inputs to valuation techniques used to measure fair value. The inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets and liabilities that are measured at fair values as at June 30, 2023.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
(Unaudited)				
Assets				
Financial assets measured at FVPL				
– Non-current (<i>Note 22</i>)	–	–	589,618	589,618
– Current (<i>Note 22</i>)	31,994	–	63,069	95,063
Financial assets measured at fair value through other comprehensive income ("FVOCI")				
– Current (<i>Note 21</i>)	–	–	456,720	456,720
	31,994	–	1,109,407	1,141,401
Liabilities				
Financial liabilities measured at FVPL				
– Current (<i>Note 22</i>)	–	–	7,273	7,273
– Non-current (<i>Note 22</i>)	–	–	37,595	37,595
	–	–	44,868	44,868

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

5.3 Fair values estimation (Continued)

The following table presents the Group's financial assets and liabilities that are measured at fair values as at December 31, 2022.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Financial assets measured at FVPL				
– Non-current (Note 22)	–	–	537,969	537,969
– Current (Note 22)	49,215	–	574,797	624,012
Financial assets measured at FVOCI				
– Current (Note 21)	–	–	323,744	323,744
	49,215	–	1,436,510	1,485,725
Liabilities				
Financial liabilities measured at FVPL				
– Current	136,702	–	–	136,702
– Non-current (Note 22)	–	–	37,595	37,595
	136,702	–	37,595	174,297

There were no transfers of financial assets and liabilities between level 1, level 2 and level 3 during the six months ended June 30, 2022 and 2023.

Financial instruments in level 1

Level 1 financial assets as at June 30, 2023 and December 31, 2022 represented Hong Kong listed equity securities (Note 22).

Level 1 financial liability as at December 31, 2022 represented convertible bonds with quoted price in Hong Kong active market (Note 22(b)).

Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- Discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate; and
- A combination of observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability, market multiples, etc.

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

5.3 Fair values estimation (Continued)

Financial instruments in level 3 (Continued)

The following table presents the changes in level 3 financial instruments for the six months ended June 30, 2022 and 2023. As one or more of the significant inputs used in the valuation of these instruments is not based on observable market data, the instruments are included in level 3.

	Current financial assets measured at FVPL (Note 22) RMB'000	Non-current financial assets measured at FVPL (Note 22(a)) RMB'000	Financial assets at FVOCI (Note 21) RMB'000	Current financial liabilities measured at FVPL (Note 36) RMB'000	Non-current financial liabilities measured at FVPL (Note 22(b)) RMB'000	Total RMB'000
(Unaudited)						
Balance as at January 1, 2023	574,797	537,969	323,744	-	(37,595)	1,398,915
Addition	1,247,318	22,500	1,036,223	(7,273)	-	2,298,768
Changes in fair value	4,963	(52,851)	(325)	-	-	(48,213)
Settlements	(1,764,009)	-	(902,922)	-	-	(2,666,931)
Other non-cash movement (Note 36)	-	82,000	-	-	-	82,000
Balance as at June 30, 2023	63,069	589,618	456,720	(7,273)	(37,595)	1,064,539
Net unrealized gains/(losses) for the period	69	(52,851)	(325)	-	-	(53,107)

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

5.3 Fair values estimation (Continued)

Financial instruments in level 3 (Continued)

	Current financial assets measured at FVPL (Note 22) RMB'000	Non-current financial assets measured at FVPL (Note 22(a)) RMB'000	Financial assets at FVOCI (Note 21) RMB'000	Non-current financial liabilities measured at FVPL (Note 22(b)) RMB'000	Total RMB'000
(Unaudited)					
Balance as at January 1, 2022	389,973	1,064,574	190,298	(399,506)	1,245,339
Addition	432,242	51,463	1,058,364	–	1,542,069
Business combination	5,000	–	–	–	5,000
Changes in fair value	742	1,429	(1,550)	–	621
Settlements	(545,437)	–	(1,095,289)	–	(1,640,726)
Disposals	–	(32,838)	–	–	(32,838)
Balance as at June 30, 2022	282,520	1,084,628	151,823	(399,506)	1,119,465
Net unrealized gains/(losses) for the period	–	–	–	–	–

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

5.3 Fair values estimation (Continued)

Financial instruments in level 3 (Continued)

(a) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Description	Fair value at		Significant unobservable inputs	Range of inputs (probability-weighted average)		Relationship of unobservable inputs to fair value
	Jun 30, 2023	Dec 31, 2022		Jun, 30 2023	Dec, 31 2022	
	RMB'000	RMB'000				
Assets						
Investment in unlisted companies (i)	589,618	537,969	Discount for lack of marketability ("DLOM")	25.00%-30.00%	25.00%-30.00%	Negative correlation
			Weighted average cost of capital ("WACC")	18.00%-28.00%	26.00%-28.00%	Negative correlation
Short-term investments at FVPL (ii)	63,069	574,797	Expected yield	1.05%-2.91%	1.30%-3.96%	Positive correlation
Financial assets at FVOCI (Note 21)	456,720	323,744	Discount rate	5.59%	5.46%	Negative correlation
Liabilities						
Contingent payable – Shanghai Heading Information Engineering Co., Ltd. ("Heading") (iii)	37,595	37,595	Discount rate	4.00%	4.00%	Negative correlation
Financial liability at FVPL (iv)	7,273	–	DLOM	30.00%	–	Positive correlation
			WACC	18.00%	–	Positive correlation

(i) Investment in unlisted companies

As disclosed in Note 22(a), the Group made investment in several unlisted companies ("Unlisted Companies") directly or indirectly from 2020 to 2023, all of which are classified as financial assets at FVPL. The fair value of the investments in Unlisted Companies were calculated using the equity allocation method.

(ii) Short-term investments at FVPL

Short-term investments at FVPL represented structured deposits with guaranteed principal and floating return and bank wealth management products with non-guaranteed principal and floating return. The fair value of the short-term investments at FVPL were calculated using the expected yield.

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

5.3 Fair values estimation (Continued)

Financial instruments in level 3 (Continued)

(a) *Valuation inputs and relationships to fair value (Continued)*

(iii) Contingent consideration – Heading

The Group acquired 51% equity interests of Heading in November 2020 at a total consideration of RMB510,000,000, among which RMB37,595,000 is contingent upon the achievement of certain conditions. The contingent payment is recorded as non-current financial liabilities measured at FVPL as it is expected to be settled in 2025. There was no significant change in the fair value of this contingent payable for the six months ended June 30, 2023.

(iv) Financial liability at FVPL

As disclosed in Note 36, Shanghai Weimob Enterprise Development Co., Ltd. (“Weimob Development”) subscribed for and paid in certain new registered capital in Acewill Information Technology (Beijing) Co., Ltd. (“Acewill”), corresponding to its approximately 25.68% equity interest, at a consideration of RMB20 million in cash plus 100% equity interest in Shanghai Weimob Canlin Information Technology Co., Ltd. (“Weimob Canlin”) held by Weimob Development. The transaction was closed on May 31, 2023. Wuxi Yazuo Zaixian Technology Co., Ltd. (“Wuxi Yazuo”) is a subsidiary of Weimob Canlin, 63.14% of its equity interest was held by Weimob Canlin and 36.86% equity interest was held by certain minority shareholders at the transaction date.

As disclosed in Note 36, the Company recognised a financial liability at FVPL in relation to the transaction with Acewill.

The Company determined the fair value of the financial liability at FVPL based on the fair value of the underlying investment in Acewill. Therefore, the significant unobservable input of the current financial liability is as same as that used in the valuation of underlying Acewill investment.

(b) *Valuation processes*

The Group engaged an external, independent and qualified appraiser to carry out the fair value valuation for financial reporting purposes, including level 3 fair values. The appraiser reports directly to the chief financial officer (CFO). Discussions of valuation processes and results are held between the CFO and the appraiser periodically.

Except for the level 3 instruments mentioned above, long-term deposits (Note 25), lease liabilities (non-current portion) and other non-current liabilities, the Group’s financial assets and liabilities include cash and cash equivalents, restricted cash, trade and notes receivables, other receivables, bank borrowings, lease liabilities (current portion), trade and other payables, the carrying values of which approximated their fair values due to their short maturities. The carrying amount of the long-term deposits, lease liabilities (non-current portion) and other non-current liabilities approximates its fair values since it bears an interest rate which approximates market interest rate.

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

6 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

The Group structured its operating segments and its service offering by providing integrated products of SaaS and targeting marketing services, in order to better empower digital transformation for merchants through offering diverse business solution. The Group structured its operation to three segments, including subscription solutions and merchant solutions as the core, and digital media as the supplement, both in the internal reports to CODM and in the consolidated financial statements of the Group. Subscription solutions mainly comprise the Group's standard cloud-hosted SaaS products, customised software and other software related services. Merchant solutions mainly comprise value-added services offered to merchants as part of the holistic solutions to meet merchants' online digital commerce, marketing and financing needs, including assisting merchants to purchase online advertising traffic in various media platforms, providing in-depth operation and marketing services and credit analytics and recommendation services. Digital media mainly comprise advertisement placement services offered to certain merchants in which specified results or actions are committed. In 2022, the Group determined to terminate digital media business considering the business operation adjustment for simplifying disadvantaged business and focusing on key business (Note 24).

The CODM assesses the performance of the operating segments mainly based on segment revenues and segment gross profit. The revenues from external customers reported to CODM are measured as segment revenues, which are the revenues derived from the customers in each segment. The segment gross profit is calculated as segment revenue minus segment cost of sales. Cost of sales for subscription solutions segment primarily comprised of employee benefit expenses and other direct services costs. Cost of sales for merchant solutions primarily comprised of employee benefit expenses and traffic purchase cost.

As at June 30, 2023 and December 31, 2022, substantial majority of the non-current assets of the Group were located in the PRC. Therefore, no geographical segments are presented.

Other information, together with the segment information, provided to the CODM, is measured in a manner consistent with that applied in the condensed consolidated financial statements. There were no separate segment assets and segment liabilities information provided to the CODM, as CODM does not use this information to allocate resources to or evaluate the performance of the operating segments.

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

6 SEGMENT INFORMATION (Continued)

	Subscription solutions (b) RMB'000	Merchant solutions RMB'000	Total RMB'000
(Unaudited)			
Six months ended June 30, 2023			
Segment revenue	705,343	504,227	1,209,570
Segment cost of sales	(238,985)	(154,328)	(393,313)
Gross profit	466,358	349,899	816,257
(Unaudited)			
Six months ended June 30, 2022			
Segment revenue (a)	581,078	318,534	899,612
Segment cost of sales	(227,902)	(74,034)	(301,936)
Gross profit	353,176	244,500	597,676

(a) Considering the business operation adjustment for simplifying disadvantaged business and focusing on key business, the Group discontinued the business of digital media services in 2022 (Note 24).

(b) As disclosed in Note 36, on May 31, 2023, the Group disposed Weimob Canlin and its subsidiaries (collectively "Canlin Group") for subscribing new registered capital of Acewill. Canlin Group is focusing on SaaS catering business which was included in subscription solutions segment, and its business scale is not significant to the subscription solutions segment.

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

7 REVENUE

An analysis of the Group's revenue by category for the six months ended June 30, 2022 and 2023 was as follows:

7.1 Disaggregation of revenue from contracts with customers

	Six months ended June 30	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Subscription solutions	705,343	581,078
Merchant solutions*	504,227	318,534
Total revenue from continuing operations	1,209,570	899,612

	Six months ended June 30	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Timing of revenue recognition		
– At a point in time	631,825	438,075
– Over time	577,745	461,537
Total revenue from continuing operations	1,209,570	899,612

* Included in the merchant solutions revenue, the Group recognized variable rebates received from media publishers in the current period of RMB17,504,000 (six months ended June 30, 2022: RMB125,423,000), for which the related performance obligations were satisfied in previous periods.

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

7 REVENUE (Continued)

7.2 Assets and liabilities related to contract with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Contract acquisition cost (current)	68,381	72,270
Contract acquisition cost (non-current)	27,266	37,096
Total assets related to contracts with customers	95,647	109,366
Contract liabilities (current)	264,468	291,312
Contract liabilities (non-current)	51,903	67,791
Total contract liabilities	316,371	359,103

(a) *Changes in contract liabilities*

Contract liabilities of the Group mainly arise from the non-refundable advance payments in relation to subscription solutions services. Decrease in contract liabilities was mainly due to decrease of advance payment from subscription solutions services.

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

7 REVENUE (Continued)

7.2 Assets and liabilities related to contract with customers (Continued)

(b) Revenue recognised in relation to contract liabilities

	Six months ended at June 30	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Beginning balance	359,103	407,380
Addition	296,219	274,648
Business combination	–	7,055
Disposal of subsidiaries (Note 36)	(4,295)	–
Recognised in revenue	(334,656)	(300,073)
Ending balance	316,371	389,010

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	Six months ended June 30	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue recognised that was included in the balance of contract liabilities at the beginning of the period	162,919	209,637

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

7 REVENUE (Continued)

7.2 Assets and liabilities related to contract with customers (Continued)

(c) Unsatisfied performance obligations

The following table shows unsatisfied performance obligations resulting from subscription solutions.

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Subscription solutions related	316,371	359,103

The Company expects that out of total unsatisfied performance obligations as at June 30, 2023, approximately RMB264,468,000 (December 31, 2022: RMB291,312,000), will be recognised as revenue within 1 year. The remaining approximately RMB51,903,000 (December 31, 2022: RMB67,791,000) will be recognised as revenue within one to three years.

(d) Assets recognised from incremental costs to obtain a contract

The Group has recognised assets in relation to incremental costs to acquire the SaaS products offering contracts. This is presented within "Contract acquisition cost" in the condensed consolidated statement of financial position.

	Six months ended June 30	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Amortisation recognised as selling expenses related to SaaS products offering during the period (Note 8(a))	268,002	98,662

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

7 REVENUE (Continued)

7.2 Assets and liabilities related to contract with customers (Continued)

(e) Assets recognised from costs to fulfil a contract

The Group has also recognised an asset in relation to costs to fulfil its customised software development contracts. This is presented within “Prepayments, deposits and other assets” in the condensed consolidated statement of financial position.

	Six months ended June 30	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Beginning balance	27,415	26,003
Addition	42,472	47,439
Recognised as cost of providing customised software development service during the period	(49,176)	(36,783)
Ending balance	20,711	36,659

8 EXPENSES BY NATURE

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Employee benefits expenses	767,549	1,023,459
Promotion and advertising expenses (a)	348,290	190,752
Depreciation and amortisation	149,808	136,917
Outsourced service fee	138,522	87,121
Advertising traffic cost	63,054	30,577
Server and SMS charges related to subscription solutions revenue	51,783	59,611
Utilities and office expenses	31,372	29,638
Depreciation of right-of-use assets (Note 17)	29,224	40,112
Travelling and entertainment expenses	19,595	11,582
Other consulting fees	10,556	5,706
Auditors' remuneration	3,326	3,127
Others	4,299	9,899
	1,617,378	1,628,501

(a) For the six months ended June 30, 2023, promotion and advertising expenses mainly consists of (i) RMB268,002,000 amortisation expenses of contract acquisition cost paid and payable to Tencent Cloud Computing (Beijing) Co., Ltd. and other sales agents (Six months ended June 30, 2022: RMB98,662,000) and (ii) RMB45,278,000 advertising expenses mainly paid and payable to Baidu Com (Beijing) Co., Ltd. (June 30, 2022: RMB79,596,000).

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

8 EXPENSES BY NATURE (Continued)

Key management compensation

Key management includes executive directors and the senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	Six months ended June 30	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Salaries, wages and bonus	5,661	5,005
Other social security costs, housing benefits and other employee benefits	340	272
Pension cost — defined contribution plan	238	233
Share-based compensation	26,770	25,155
	33,009	30,665

9 OTHER INCOME

	Six months ended June 30	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Super deduction of input VAT (a)	23,512	24,221
Government grants (b)	21,283	14,200
Interest income from term deposits and loan to related and third parties	5,709	—
	50,504	38,421

(a) Pursuant to the 'Announcement on Relevant Policies for Deepening the Value-added Tax Reform' (Cai Shui Haiguan [2019] 39) jointly issued by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs and 'Public Notice Jointly Issued by the MOF and STA Regarding VAT Preferential Treatment for Small-scale VAT Taxpayers' (Cai Shui Haiguan [2023] 1) jointly issued by the Ministry of Finance and the State Administration of Taxation. Majority of the operating entities in the Group qualify for additional 5% or 10% deduction of input value-added tax ("Super Deduction of input VAT") from output VAT since April 1, 2019.

(b) Government grants mainly represent tax refund entitled to receive and other government grants received.

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

10 OTHER GAINS, NET

	Six months ended June 30	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Foreign exchange (losses)/gains, net	(40,655)	136,528
Gain on disposal of subsidiaries (Note 36)	7,536	–
Gains from repurchase of 2021 Convertible bonds (Note 23(a))	112,312	–
Gains from disposal of short-term investments measured at FVPL	4,894	742
Losses on disposal of investment in Growing Corporation	–	(855)
Losses on disposal of financial assets measured at FVOCI	(325)	(1,550)
Fair value change of listed equity security investments	(17,221)	(13,985)
Fair value change of non-current financial assets measured at FVPL (Note 22(a))	(52,851)	1,429
Fair value change of current financial assets measured at FVPL	69	–
Others, net	(2,480)	(2,130)
	11,279	120,179

11 FINANCE COSTS

	Six months ended June 30	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Interest expenses on borrowings	24,125	26,494
Interest expenses on liability component of convertible bonds (Note 23(a))	49,150	45,492
Interest expenses on lease liabilities	2,458	5,182
Interest expenses on put option liability (Note 23 (b))	4,238	2,382
	79,971	79,550

12 FINANCE INCOME

	Six months ended June 30	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Interest income on bank deposits held for cash management purpose	20,857	9,090

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

13 TAXATION

(a) Value added tax

The Group is principally subject to 6% and 13% VAT, and surcharges on VAT payments according to PRC tax law. Majority of the operating entities of the Group, as service companies, qualify for additional 5% or 10% deduction of input value added tax ("Super Deduction of input VAT") from output VAT since April 1, 2019. (Note 9(a)).

(b) Income tax

	Six months ended June 30	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Current tax	42,842	4,569
Deferred income tax	(11,646)	(26,238)
Income tax expenses/(credit)	31,196	(21,669)
Income tax (credit)/expenses is attributable to		
Profit from continuing operations	31,196	(21,669)
Profit from discontinued operations	–	(260)
Income tax expenses/(credit)	31,196	(21,929)

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(i) Cayman Islands Income Tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act of Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

(ii) Hong Kong Profits Tax

No provision for Hong Kong profits tax was made as the Group did not have any assessable income subject to Hong Kong profits tax for the six months ended June 30, 2023.

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

13 TAXATION (Continued)

(b) Income tax (Continued)

(iii) PRC Enterprise Income Tax

Income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the period, based on the existing legislation, interpretations and practices in respect thereof. The general corporate income tax rate in the PRC is 25%. Certain subsidiaries of the Group in the PRC are qualified as “high and new technology enterprises” and are subject to a 3-year preferential income tax rate of 15% effective from November 2020, December 2020 and October 2021, respectively.

(iv) PRC Withholding Tax

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after January 1, 2008 are generally subject to a 10% withholding income tax. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%. There is no provision of withholding tax made for the six months ended June 30, 2022 and 2023 as majority of subsidiaries incorporated in the PRC have accumulated losses as at 30 June 2022 and 2023.

14 DIVIDENDS

No dividends have been paid or declared by the Company for the six months ended June 30, 2022 and 2023.

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

15 LOSS PER SHARE

(a) Basic

Basic loss per share for the six months ended June 30, 2022 and 2023 are calculated by dividing the loss attribute to the Company's equity holders by the weighted average number of ordinary shares excluding treasury shares and shares held for RSU scheme during the respective periods.

	Six months ended June 30	
	2023 (Unaudited)	2022 (Unaudited)
Net loss attributable to the equity holders of the Company (RMB'000) from:		
Continuing operations	(452,235)	(607,696)
Discontinued operations	–	(852)
	(452,235)	(608,548)
Weighted average numbers of ordinary shares in issue	2,732,808,878	2,543,549,857
Basic loss per share (expressed in RMB per share):		
Continuing operations	(0.17)	(0.24)
Discontinued operations	–	–

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the six months ended June 30, 2022 and 2023, convertible bonds (Note 22(b) and Note 23(a)) issued by the Company and restricted shares units ("RSUs") granted to employees (Note 32) are considered to be potential ordinary shares. As the Group incurred losses for the six months ended June 30, 2022 and 2023, the dilutive potential ordinary shares of convertible bonds and RSUs were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive.

Accordingly, diluted loss per share for the six months ended June 30, 2022 and 2023 was the same as basic loss per share of the respective period.

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

16 PROPERTY, PLANT AND EQUIPMENT

	Computer and electronic equipment RMB'000	Furniture and fixtures RMB'000	Vehicles RMB'000	Buildings RMB'000	Leasehold improvement RMB'000	Assets under construction RMB'000	Total RMB'000
(Unaudited)							
Cost							
At January 1, 2023	36,449	8,585	4,336	35,500	55,159	78,349	218,378
Additions	995	50	563	–	601	68,255	70,464
Disposal of subsidiaries (Note 36)	(1,265)	(155)	–	–	(1,276)	–	(2,696)
Other disposals	(3,814)	(713)	–	–	–	–	(4,527)
At June 30, 2023	32,365	7,767	4,899	35,500	54,484	146,604	281,619
Accumulated depreciation							
At January 1, 2023	(25,050)	(2,905)	(1,574)	(3,107)	(34,970)	–	(67,606)
Depreciation	(4,219)	(768)	(340)	(717)	(5,951)	–	(11,995)
Disposal of subsidiaries (Note 36)	870	33	–	–	1,017	–	1,920
Other disposals	3,483	586	–	–	–	–	4,069
At June 30, 2023	(24,916)	(3,054)	(1,914)	(3,824)	(39,904)	–	(73,612)
Net carrying amount							
At January 1, 2023	11,399	5,680	2,762	32,393	20,189	78,349	150,772
At June 30, 2023	7,449	4,713	2,985	31,676	14,580	146,604	208,007
(Unaudited)							
Cost							
At January 1, 2022	37,882	6,301	4,463	35,500	46,869	2,219	133,234
Additions	934	3,148	35	–	2,496	456	7,069
Business combination	318	41	–	–	–	–	359
Disposals	(135)	(170)	–	–	–	–	(305)
At June 30, 2022	38,999	9,320	4,498	35,500	49,365	2,675	140,357
Accumulated depreciation							
At January 1, 2022	(18,201)	(3,193)	(961)	(1,673)	(21,247)	–	(45,275)
Depreciation	(4,952)	(502)	(352)	(717)	(6,367)	–	(12,890)
Disposals	128	101	–	–	–	–	229
At June 30, 2022	(23,025)	(3,594)	(1,313)	(2,390)	(27,614)	–	(57,936)
Net carrying amount							
At January 1, 2022	19,681	3,108	3,502	33,827	25,622	2,219	87,959
At June 30, 2022	15,974	5,726	3,185	33,110	21,751	2,675	82,421

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

17 LEASES

	Land-use rights RMB'000	Buildings RMB'000	Total RMB'000
(Unaudited)			
Cost			
At January 1, 2023	344,214	286,629	630,843
Additions	–	6,339	6,339
Disposal of subsidiaries (<i>Note 36</i>)	–	(8,293)	(8,293)
Other disposals (<i>i</i>)	–	(35,580)	(35,580)
At June 30, 2023	344,214	249,095	593,309
Accumulated depreciation			
At January 1, 2023	(4,159)	(151,328)	(155,487)
Depreciation	(4,334)	(29,068)	(33,402)
Disposal of subsidiaries (<i>Note 36</i>)	–	6,774	6,774
Other disposals (<i>i</i>)	–	25,245	25,245
At June 30, 2023	(8,493)	(148,377)	(156,870)
Net carrying amount			
At January 1, 2023	340,055	135,301	475,356
At June 30, 2023	335,721	100,718	436,439

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

17 LEASES (Continued)

	Land-use rights RMB'000	Buildings RMB'000	Total RMB'000
(Unaudited)			
Cost			
At January 1, 2022	10,000	386,434	396,434
Additions	324,480	2,100	326,580
Business combination	–	1,826	1,826
Other decrease (ii)	–	(49,592)	(49,592)
At June 30, 2022	334,480	340,768	675,248
Accumulated depreciation			
At January 1, 2022	(365)	(129,485)	(129,850)
Depreciation	(156)	(39,956)	(40,112)
Other decrease (ii)	–	6,612	6,612
At June 30, 2022	(521)	(162,829)	(163,350)
Net carrying amount			
At January 1, 2022	9,635	256,949	266,584
At June 30, 2022	333,959	177,939	511,898

(i) Disposals of right-of-use assets for the six months ended June 30, 2023 was due to the early termination of rental agreements. The Group recognised gains on early termination of rental agreements of approximately RMB2,695,000.

(ii) Other decrease of right-of-use assets for the six months ended June 30, 2022 was mainly due to the modification of rental agreement. The Group recognised approximately RMB5,800,000 as deduction of rental expenses in "General and administrative expenses".

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

18 INTANGIBLE ASSETS

	Goodwill RMB'000	Trademarks RMB'000	Self- developed software RMB'000	Acquired software licenses RMB'000	Customer relationships RMB'000	Total RMB'000
(Unaudited)						
Cost						
At January 1, 2023	937,908	3,398	1,078,706	4,936	226,295	2,251,243
Additions	-	-	-	911	-	911
Capitalisation of development costs (Note 19)	-	-	10,870	-	-	10,870
Disposal of subsidiaries (Note 36)	(5,751)	-	(110,797)	-	-	(116,548)
At June 30, 2023	932,157	3,398	978,779	5,847	226,295	2,146,476
Accumulated amortisation						
At January 1, 2023	-	-	(554,757)	(1,241)	(49,211)	(605,209)
Amortisation	-	-	(124,827)	(1,377)	(11,609)	(137,813)
Disposal of subsidiaries (Note 36)	-	-	71,457	-	-	71,457
At June 30, 2023	-	-	(608,127)	(2,618)	(60,820)	(671,565)
Impairment						
At January 1, 2023	(194,843)	-	(40,725)	-	-	(235,568)
Impairment	-	-	-	-	-	-
At June 30, 2023	(194,843)	-	(40,725)	-	-	(235,568)
Net carrying amount						
At January 1, 2023	743,065	3,398	483,224	3,695	177,084	1,410,466
At June 30, 2023	737,314	3,398	329,927	3,229	165,475	1,239,343
(Unaudited)						
Cost						
At January 1, 2022	583,137	3,398	750,950	3,454	226,295	1,567,234
Additions	-	-	-	429	-	429
Business combination	354,771	-	40,004	1,099	-	395,874
Capitalisation of development costs (Note 19)	-	-	161,111	-	-	161,111
At June 30, 2022	937,908	3,398	952,065	4,982	226,295	2,124,648
Accumulated amortisation						
At January 1, 2022	-	-	(310,248)	(1,195)	(25,993)	(337,436)
Amortisation	-	-	(111,878)	(540)	(11,609)	(124,027)
At June 30, 2022	-	-	(422,126)	(1,735)	(37,602)	(461,463)
Net carrying amount						
At January 1, 2022	583,137	3,398	440,702	2,259	200,302	1,229,798
At June 30, 2022	937,908	3,398	529,939	3,247	188,693	1,663,185

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

18 INTANGIBLE ASSETS (Continued)

Allocation of goodwill

	Subscription solutions RMB'000	Merchant solutions RMB'000	Xiangxinyun RMB'000	Total RMB'000
(Unaudited)				
Balance as at January 1, 2023	608,580	92,576	41,909	743,065
Disposal of subsidiaries (<i>Note 36</i>)	(5,751)	–	–	(5,751)
Balance as at June 30, 2023	602,829	92,576	41,909	737,314

	Subscription solutions RMB'000	Merchant solutions RMB'000	Total RMB'000
(Unaudited)			
Balance as at January 1, 2022	583,137	–	583,137
Addition	262,195	92,576	354,771
Balance as at June 30, 2022	845,332	92,576	937,908

Goodwill is monitored by management at the level of operating segment before aggregation. As at December 31, 2022, goodwill of RMB743,065,000 represented the excess of total consideration over identifiable net assets arisen from the acquisitions of Wuxi Yazuo, Heading, Shanghai Jingxin Information Technology Co., Ltd. (“Jingxin”), Guangzhou Xiangminiao Internet Technology Co., Ltd. (“Xiangminiao”), Shanghai Xiaomeng Technology Co., Ltd. (“Xiaomeng Technology”), Shanghai Xiangxinyun Internet Technology Co., Ltd. (“Xiangxinyun”) and Shanghai Xiaomeng Financial Information Service Co., Ltd. (“Xiaomeng Financial”) (collectively “Acquirees”).

Goodwill of RMB118,019,000 generated from Xiaomeng Financial acquisition was allocated to both subscription solutions CGU and merchant solutions CGU with the amount of RMB25,443,000 and RMB92,576,000, respectively, considering the synergies expected after the acquisition.

Goodwill of RMB236,752,000 generated from Xiangxinyun acquisition was initially allocated to subscription solution CGU and was reallocated back to Xiangxinyun CGU due to business structure adjustment in October 2022.

Except for the goodwill generated from Xiaomeng Financial acquisition and Xiangxinyun, the Group’s remaining goodwill are all allocated to subscription solutions CGU.

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

18 INTANGIBLE ASSETS (Continued)

Allocation of goodwill (Continued)

Based on the impairment test performed as of December 31, 2022, the recoverable amount of goodwill allocated to subscription solutions CGU and merchant solutions CGU is far larger than the carrying amount. For goodwill allocated to Xiangxinyun CGU, the Group recorded impairment of RMB194,843,000 as at December 31, 2022 in light of the changes in economic, operating and market environment.

On May 31, 2023, the Group disposed Canlin Group (Note 36), which was an operation within subscription solutions CGU before (Note 6). The Group allocated goodwill of RMB5,751,000 to the Canlin Group to be disposed at the disposal date, that was measured based on the relative values of Canlin Group and the portion of the subscription solutions CGU retained.

19 DEVELOPMENT COSTS

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
As at January 1	4,754	51,253
Development costs capitalised during the period	119,493	173,267
Transfer to intangible assets (Note 18)	(10,870)	(161,111)
As at June 30	113,377	63,409

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

20 ASSOCIATES

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Investments in associates accounted for using the equity method	264,258	245,560
	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Beijing Weizhi Shuke Investment Center (Limited Partnership) ("Weizhi Shuke")	160,067	160,032
Nanjing Chuangyi Meridian Weimob Emerging Industry Equity Investment Fund Partnership (Limited Partnership) ("Nanjing Chuangyi")	54,111	53,672
Shanghai Weixin Investment Center (Limited Partnership) ("Shanghai Weixin")	34,445	17,448
Other immaterial associates	15,635	14,408
	264,258	245,560

The following is a list of principal investments in associates of the Company as at June 30, 2023. The entities listed below have share capital consisting of both ordinary shares and ordinary shares with preference rights, which are held directly or indirectly by the Group. The Group has significant influence over these investments based on its representation on the respective board of directors. For investments held by the Group in common shares, the Group accounted for these investments in equity method. For investments held by the Group in redeemable preferred shares, the Group measured these investments at fair value (Note 22) because they are not qualified for equity accounting.

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

20 ASSOCIATES (Continued)

Name	Date of incorporation	Particulars of issued shares held RMB'000	Place of incorporation and principal places of business	Percentage of ownership interest attribution to the Group		Principal activities	Accounting method
				As at June 30, 2023	As at December 31, 2022		
Weizhi Shuke	January 7, 2021	150,000	China	30.00%	30.00%	Investment	Equity method
Nanjing Chuangyi	October 1, 2019	50,000	China	24.89%	24.89%	Investment	Equity method
Shanghai Weixin (a)	July 7, 2022	35,000	China	41.71%	43.21%	Investment	Equity method
Acewill (b)	November 6, 2006	20,000	China	25.68%	Not applicable	Subscription solutions	Fair value
Shanghai Xiaoke Information Technology Co., Ltd. ("Xiaoke")	November 27, 2019	299,620	China	34.74%	34.74%	Subscription solutions	Fair value
Zhejiang Demo Network Technology Co. Ltd. ("Demo")	February 11, 2015	49,800	China	32.38%	32.38%	Subscription solutions	Fair value
Shangyou (Changshu) Network Technology Co., Ltd. (Formerly known as Shanghai Shangyou Network Technology Co., Ltd.) ("Syoo")	November 20, 2017	46,000	China	36.33%	36.33%	Subscription solutions	Fair value
Yijing Zhilian (Suzhou) Technology Co., Ltd. (Formerly known as Yijing Zhilian (Beijing) Technology Co., Ltd.) ("Yijing")	November 18, 2019	6,000	China	7.93%	7.93%	Subscription solutions	Fair value
Beijing Nengtong Tianxia Network Technology Co., Ltd. ("Nengtong")	September 19, 2007	30,000	China	13.52%	13.52%	Subscription solutions	Fair value

(a) Pursuant to the original Shanghai Weixin fund agreement, the Group made another capital injection of RMB17,500,000 on February 7, 2023 and holds 43.21% of the equity interest of Shanghai Weixin. On March 7, 2023, Hangzhou Cultural Creative Industry Venture Capital Management Co., Ltd. made capital injection of RMB4,000,000 to Shanghai Weixin and the shareholding of Shanghai Weixin attributable to the Group was diluted to from 43.21% to 41.71%.

(b) On May 31, 2023, Shanghai Weimob Enterprise Development Co., Ltd. ("Weimob Development", an indirect wholly-owned subsidiary of the Company) subscribed for the new registered capital of RMB12,449,054 in Acewill, corresponding to its approximately 25.68% equity interest, at the consideration of RMB20 million in cash and 100% equity interest in Weimob Canlin held by Weimob Development (Note 36).

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

20 ASSOCIATES (Continued)

The movement of the above investment in associates accounted for using the equity method is set out below.

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
At the beginning of the period	245,560	57,433
Additions	17,500	–
The Group's share of profit/(loss)	1,198	(2,762)
At the end of the period	264,258	54,671

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at	As at
	June 30,	December 31,
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Receivables at FVOCI	461,679	325,778
Less: provision for impairment of receivables at FVOCI	(4,959)	(2,034)
	456,720	323,744

Receivables due from certain advertisers with high reputation or long-term business relationship with Group are held for collection of contractual cash flows and for selling the financial assets by factoring, and are measured at FVOCI.

As at June 30, 2023 and December 31, 2022, the directors of the Company assessed the carrying amount of receivables at FVOCI approximated its fair values due to short maturities.

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

22 FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets and liabilities measured at FVPL include the following:

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Current assets		
Structured deposits	55,057	345,519
Hong Kong listed equity securities	31,994	49,215
Bank wealth management products	8,012	229,278
Total current financial assets	95,063	624,012
Non-current assets		
Long-term investments measured at FVPL – Xiaoke	348,419	348,419
Long-term investments measured at FVPL – Acewill (Note 36)	102,000	–
Long-term investments measured at FVPL – Demo	87,772	87,772
Long-term investments measured at FVPL – Nengtong	30,000	30,000
Long-term investments measured at FVPL – Yijing	17,927	17,927
Long-term investments measured at FVPL – Syoo (a)	–	52,851
Others	3,500	1,000
Total non-current financial assets	589,618	537,969
Total financial assets	684,681	1,161,981
Current liabilities		
Financial liability at FVPL (Note 36)	7,273	–
2020 Convertible bonds (b)	–	136,702
Total Current liabilities	7,273	136,702
Non-current liabilities		
Contingent payable for the acquisition of Heading	37,595	37,595
Total financial liabilities	44,868	174,297

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

22 FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

There was no significant change in the fair value of long-term investments and related liabilities during the six months ended June 30, 2023 except for Syoo.

(a) Investment in a SaaS company - "Syoo"

As at December 31, 2022 and June 30, 2023, the Group owned 36.33% redeemable preferred shares in Syoo. Affected by the intense competitions in the food delivery market, Syoo's performance was far below expectation for the six months ended June 30, 2023. In addition, there's no concrete business improvement plan at the moment and there is significant doubt on Syoo's ability to continue as going concern as Syoo has significant difficulty in fund raising. In May 2023, the Group disposed its subsidiary Weimob Canlin which was specializing in the catering sectors and had synergy with Syoo before, and decided to stop further investment in Syoo. Hence, the directors of the Company assessed the fair value of this investment close to nil as at June 30, 2023. RMB52,851,000 loss was recognized in "Other gains, net" for the six months ended June 30, 2023 (2022: RMB41,187,000 loss).

(b) 2020 Convertible bonds

On May 15, 2020, the Group issued USD150 million (equal to approximately RMB1,064,040,000) of guaranteed convertible bonds (the "2020 Convertible bonds"), which will be matured on May 15, 2025. The interest rate is 1.5% per annum and is payable semi-annually in arrear on May 15 and November 15 each year.

The bond issuer has RMB as its functional currency and the bonds are denominated in USD. As a result, it is determined that the conversion feature of the Bonds violates the equity classification.

The 2020 Convertible bonds are considered as having a host debt instrument and a single compound embedded derivative which is not closely related to the debt host. The Group elected to measure the 2020 Convertible bonds in its entirety at fair value.

For the six months ended June 30, 2023, the Company recorded RMB4,778,000 gain from change in fair value of the 2020 Convertible bonds in "Change in fair value of convertible bonds" in the condensed consolidated statement of comprehensive loss and the gain from change in foreign exchange rate of RMB906,000 in "Other gains, net".

The bonds holders have the right to require the Group to repurchase for cash all or any portion of their bonds on May 15, 2023 at a repurchase price equal to 106.27% of the principal amount of the bonds, together with interest accrued but unpaid up to but excluding such date.

On May 15, 2023, all the bonds holders exercised the redemption rights and the Group repurchased all of the remaining 2020 Convertible Bonds with principal amount of USD17,700,000 with the consideration of USD18,810,000 (equivalents to RMB128,798,000).

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

23 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Current		
2021 Convertible bonds (a)	1,293,171	–
Non-current		
2021 Convertible bonds (a)	–	1,653,217
Put option liability (b)	123,188	118,950
Total	1,416,359	1,772,167

(a) 2021 Convertible bonds

On June 7, 2021 ("Issuance Date"), one of the Group's wholly-owned subsidiaries issued USD300 million (equal to approximately RMB1,929,930,000) of guaranteed convertible bonds (the "2021 Convertible Bonds"), which are due for repayment on June 7, 2026 ("Maturity Date"). The 2021 Convertible Bonds are issued at zero coupon and do not bear interest.

Accounting for the 2021 Convertible bonds

Convertible bonds that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component. The liability and equity components of 2021 Convertible Bonds on initial recognition were USD236,768,000 (equivalents to RMB1,523,151,000) and USD56,968,000 (equivalents to RMB366,482,000), respectively.

Redemption at the option of the 2021 Convertible Bonds holders

The 2021 Convertible Bonds holders have the right to require the Group to repurchase for cash all or any portion of their 2021 Convertible Bonds on June 7, 2024 at a repurchase price equal to 103.04% of the principal amount of the 2021 Convertible Bonds. Therefore the 2021 Convertible bonds being outstanding were reclassified to current liability as of June 30, 2023.

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

23 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST (Continued)

(a) 2021 Convertible bonds (Continued)

Redemption at the option of the 2021 Convertible Bonds holders (Continued)

Movement of liability component of the 2021 Convertible bonds is presented as follows:

	Six months ended June 30, 2023 RMB'000 (Unaudited)	Six months ended June 30, 2022 RMB'000 (Unaudited)
Beginning balance	1,653,217	1,561,499
Interest expenses (Note 11)	49,150	45,492
Repurchase before maturity (i)	(472,103)	–
Currency translation differences	62,907	84,049
Ending balance	1,293,171	1,691,040

Movement of equity component of the 2021 Convertible bonds is presented as follows:

	Six months ended June 30, 2023 RMB'000 (Unaudited)	Six months ended June 30, 2022 RMB'000 (Unaudited)
Beginning balance	335,474	366,482
Repurchase before maturity (i)	(89,666)	–
Ending balance	245,808	366,482

- (i) For the six months ended June 30, 2023, the Group repurchased the 2021 Convertible Bonds with principal amount of USD73,400,000 from active market with the consideration of USD68,104,000 (equivalents to RMB475,799,000). The Group allocated the redemption consideration and redemption cost of USD129,000 (equivalents to RMB930,000) to liability and equity components following the same logic in initial allocation, and recognized the gain on liability component of RMB112,312,000 in "Other gains, net" and the loss on equity component of RMB30,421,000 in other reserves for the six months ended June 30, 2023.

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

23 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST (Continued)

(b) Put option liability

The Group acquired a company named Xiangxinyun in January 2021, and the investment from Shenzhen Tencent Industrial Fund Co., Ltd. (“Tencent Fund”), one of its existing shareholders before the acquisition was classified as non-controlling interest after the acquisition. Pursuant to the agreement with Tencent Fund, if Xiangxinyun fails to submit application to stock exchanges within 60 months after the acquisition closing date, Tencent Fund shall be entitled to request the Group to repurchase all its equity interests of Xiangxinyun with the price of principal of RMB115,333,000 plus 6% annual interest. As neither Xiangxinyun nor the Group has the unconditional right to avoid delivering cash or financial assets in other forms when Tencent Fund exercises its redemption right, a financial liability of RMB115,333,000 was recorded at amortized cost based on the estimated future cash outflows on the acquisition date.

Movement of the put option liability is presented as follows:

	Six months ended June 30, 2023 RMB'000 (Unaudited)	Six months ended June 30, 2022 RMB'000 (Unaudited)
Beginning balance	118,950	–
Business combination	–	115,333
Interest expenses (<i>Note 11</i>)	4,238	2,382
Ending balance	123,188	117,715

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

24 DISCONTINUED OPERATIONS

The Group discontinued the business of digital media services in 2022, considering the business operation adjustment for simplifying disadvantaged business and focusing on key business. The financial performance and cash flow information relating to digital media services during the six months ended June 30, 2023 and 2022 are set out below.

	Six months ended June 30 2023 RMB'000 (Unaudited)	Six months ended June 30 2022 RMB'000 (Unaudited)
Discontinued operations		
Revenue	-	-
Cost of sales	-	-
Gross profit from discontinued operations	-	-
Selling and distribution expenses	-	-
General and administrative expenses	-	(1,112)
Net impairment losses on financial assets	-	-
Other income	-	-
Operating loss and loss before income tax	-	(1,112)
Income tax benefit	-	260
Loss from discontinued operation	-	(852)
Net cash outflow used in operating activities	-	(1,112)
Net decrease in cash generated	-	(1,112)

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

25 PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Non-current		
Deposits – third parties	10,203	12,704
Long term loan receivables due from a related party (Note 34 (c))	111,015	56,000
	121,218	68,704
Current		
Other receivables in relation to prepayment on behalf of advertisers – third parties (a)	1,249,838	794,920
Prepayments for purchasing advertising traffic	219,333	258,356
Recoverable value-added tax	85,314	91,211
Deposits – third parties	39,055	32,427
Other loan receivables due from a third party	26,013	25,073
Other receivables due from related parties (Note 34(c))	22,844	23,084
Contract fulfilment cost (Note 7.2(e))	20,711	27,415
Prepayments to other vendors	18,006	34,172
Prepayments for contract operation service costs	6,962	10,371
Prepayments for rent and property management fee	6,936	3,661
Interest receivable from deposits within three months and restricted cash	6,246	3,247
Prepayments for purchasing advertising services	3,641	1,942
Staff advance	2,907	2,432
Receivables in relation to value-added tax refund (Note 9)	2,157	2,943
Prepayment to related parties (Note 34(c))	–	549
Others	4,598	9,060
Less: Provision for impairment of other receivables	(293,287)	(266,536)
	1,421,274	1,054,327

- (a) The Group usually receives advance payment from advertisers before the Group makes prepayment to the media publishers to purchase advertising traffic for the advertisers. The Group also from time to time makes prepayments to the media publishers on behalf of the advertisers without receiving advance payments from the advertisers. These prepayments on behalf of advertisers are recognised as other receivables.

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

25 PREPAYMENTS, DEPOSITS AND OTHER ASSETS (Continued)

Derecognition of other receivables

During the six months ended June 30, 2023 and 2022, the Group entered into certain factoring agreements with Sinopharm Rosino (Shanghai) Commercial Factoring Co., Ltd. (the "Factor"). Pursuant to the agreements, the Group has transferred the relevant receivables amounting to RMB50,547,000 (six months ended 2022: RMB272,715,000) in total and substantially all the risks and rewards of ownership of those receivables to the Factor in exchange for cash of RMB50,547,000 (six months ended 2022: RMB272,715,000). The Group therefore derecognised the transferred assets in their entirety and the service charge of RMB325,000 (six months ended 2022: RMB2,540,000) related to the factoring are recognised in other gains, net.

26 TRADE AND NOTES RECEIVABLES

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Trade receivables due from third parties	322,226	292,872
Trade receivables due from related parties (Note 34(c))	45,587	46,734
Notes receivables	34,193	37,300
Less: Provision for impairment of trade and notes receivables	(10,172)	(576)
	391,834	376,330

The Group usually grants a credit period of 30 to 90 days to its customers. Aging analysis of trade and notes receivables (before allowance for doubtful debts) based on recognition date is as follows:

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
0 – 90 days	338,717	365,579
90 – 180 days	6,084	4,030
over 180 days	57,205	7,297
	402,006	376,906

The Group applied the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of trade and notes receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rate is updated and changes in the forward-looking estimates are analysed.

As at June 30, 2023 and December 31, 2022, the carrying amounts of trade and notes receivables were primarily denominated in RMB and approximated their fair values.

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

27 CASH AND BANK BALANCES

(a) Cash and cash equivalents

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Cash at bank	2,102,364	1,699,773
Cash equivalents (i)	8,110	10,316
Cash on hand	56	14
	2,110,530	1,710,103
Maximum exposure to credit risk	2,110,474	1,710,089

(i) Cash equivalents represents cash balances kept in third party payment platform, such as Ali-pay and WeChat account which can be withdrawn by the Group at any time.

Cash and cash equivalents are denominated in the following currencies:

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
RMB	1,886,565	1,020,553
USD	204,707	668,845
HKD	17,571	19,515
AUD	760	719
EUR	498	378
JPY	429	93

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

27 CASH AND BANK BALANCES (Continued)

(b) Restricted cash

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Offshore deposits pledged for domestic bank borrowings	404,259	736,741
Restricted cash in relation to litigation	13,590	44,567
	417,849	781,308

28 BANK BORROWINGS

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Short-term bank borrowings	1,208,870	1,538,870
Letter of credit	350,000	280,000
Long-term bank borrowings	100,000	–
	1,658,870	1,818,870

As at June 30, 2023, short-term bank borrowing was RMB1,208,870,000, among which RMB1,128,870,000 was secured (2022: RMB1,408,870,000). As at June 30, 2023, letter of credit was RMB350,000,000, among which RMB280,000,000 was secured (2022: RMB280,000,000). As at June 30, 2023, RMB295,870,000 of the Group's short-term bank borrowings (2022: RMB595,870,000) and RMB100,000,000 of the Group's letter of credit (2022: RMB100,000,000) were secured by the pledge of Group's bank deposits (Note 27).

As at June 30, 2023, long-term bank borrowing of RMB100,000,000 was unsecured and would be repayable in 2025 (2022: nil).

As at June 30, 2023, annual average interest rate of the total balance of bank borrowings and letter of credit was 3.52% (December 31, 2022: 3.54%).

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

29 TRADE AND OTHER PAYABLES

	As at June 30 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Non-current		
Loan payable to a third party	2,130	2,250
Payable related to business acquisitions (a)	2,906	2,906
	5,036	5,156
Current		
Advance from advertisers – third parties	576,681	561,323
Payroll and welfare payables	386,598	442,520
Payable related to investments and business acquisitions (a)	84,062	145,711
Trade payables for purchasing advertising traffic (b)	77,054	37,056
Other taxes payable	71,728	77,206
Payable related to property, plant and equipment	67,807	54,687
Commission payable	47,606	27,860
Trade payable related to subscription solutions (b)	33,676	6,121
Deposits	13,819	11,756
Amount due to related parties (Note 34(c))	5,425	12,875
Auditors' remuneration accrual	4,554	3,501
Other payable and accruals	41,129	45,507
	1,410,139	1,426,123
Total	1,415,175	1,431,279

(a) As at June 30, 2023, payable related to investments and business acquisitions comprised payable related to the acquisition of Xiangxinyun of RMB21,765,000, the acquisition of Heading of RMB61,297,000, the acquisition of Xiangminiao of RMB2,906,000 and certain new small investments with total payable balance of RMB1,000,000. For payable related to acquisition of Xiangminiao, RMB2,906,000 is classified as non-current payable as it will be paid when Xiangminiao becomes profitable. During the six months ended June 30, 2023, the Company settled prior year payable of RMB62,649,000.

(b) As at December 31, 2022 and June 30, 2023, the aging of the trade payables is all within 3 months.

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

30 SHARE CAPITAL, SHARES HELD FOR RSU SCHEME, TREASURY SHARES AND SHARE PREMIUM

	Number of ordinary shares	Share capital RMB'000	Share premium RMB'000	Shares held for RSU scheme RMB'000	Treasury shares RMB'000
(Unaudited)					
As at January 1, 2023	2,549,328,490	1,717	7,475,254	(644)	(39,110)
Issuance of ordinary shares for RSU Scheme (a)	14,126,500	10	–	(10)	–
Issuance of ordinary shares (b)	248,000,000	167	1,369,660	–	–
Share issuance costs (b)	–	–	(21,445)	–	–
Cancellation of buy-back shares (c)	(16,860,000)	(12)	(39,098)	–	39,110
Transfer of vested RSUs (Note 32)	–	–	–	488	–
As at June 30, 2023	2,794,594,990	1,882	8,784,371	(166)	–

	Number of ordinary shares	Share capital RMB'000	Share premium RMB'000	Shares held for RSU scheme RMB'000
(Unaudited)				
As at January 1, 2022	2,548,460,490	1,716	7,549,147	(1,928)
Cancellation of buy-back shares	(14,783,000)	(10)	(73,893)	–
Transfer of vested RSUs (Note 32)	–	–	–	1,048
As at June 30, 2022	2,533,677,490	1,706	7,475,254	(880)

(a) During the six months ended June 30, 2023, the Company issued 14,126,500 shares to Weimob Teamwork (PTC) Limited for RSU Scheme with nil consideration. The share capital amount was approximately RMB10,000. The ordinary shares held for the Company's RSU Scheme were regarded as treasury shares and presented as a deduction in equity as "Shares held for RSU Scheme".

(b) On January 13, 2023, the Company issued 248,000,000 placing shares to certain investors at the placing price of HK\$6.41 per share and raised gross proceeds of approximately HKD1,589,680,000 (equivalent to approximately RMB1,369,827,000). The respective share capital amount was approximately RMB167,000 and share premium arising from the issuance was approximately RMB1,369,660,000.

Share issuance costs that are directly attributable to the issue of the new shares amounting to approximately RMB21,445,000 which were accounted for a deduction against the share premium arising from the issuance.

(c) During the year ended December 31, 2022, the Group bought back a total of 31,643,000 ordinary shares that listed on the Stock Exchange of Hong Kong Limited. As at December 31, 2022, 14,783,000 out of 31,643,000 bought back ordinary shares were cancelled and deducted from the share capital and share premium within shareholders' equity, and the remaining 16,860,000 shares was recorded as "Treasury Shares". During the six months ended June 30, 2023, the remaining 16,860,000 shares were cancelled and deducted from the share capital, share premium and treasury shares within shareholders' equity.

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

31 OTHER RESERVES

	Capital reserves RMB'000	Currency translation differences RMB'000	Financial liabilities measured at fair value RMB'000	Share- based payments RMB'000	Others RMB'000	Total RMB'000
(Unaudited)						
As at January 1, 2023	(1,177,418)	5,021	635	342,972	(76,779)	(905,569)
Currency translation differences	-	(1,441)	-	-	-	(1,441)
Share-based compensation expenses for employees (Note 32(a))	-	-	-	54,474	-	54,474
Transfer of vested RSUs (Note 32(a))	-	-	-	(488)	-	(488)
Buy-back of convertible bonds (Note 23)	-	-	-	-	(30,421)	(30,421)
Transaction with non-controlling interests (Note 32(b))	-	-	-	2,028	-	2,028
As at June 30, 2023	(1,177,418)	3,580	635	398,986	(107,200)	(881,417)
(Unaudited)						
As at January 1, 2022	(1,177,418)	(12,285)	635	226,135	-	(962,933)
Currency translation differences	-	(86,751)	-	-	-	(86,751)
Share-based compensation expenses for employees (Note 32(a))	-	-	-	64,816	-	64,816
Transfer of vested RSUs (Note 32(a))	-	-	-	(1,048)	-	(1,048)
Transaction with non-controlling interests (Note 32(b))	-	-	-	2,235	-	2,235
Non-controlling interests from acquisition of subsidiaries	-	-	-	-	-	-
As at June 30, 2022	(1,177,418)	(99,036)	635	292,138	-	(983,681)

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

32 SHARE-BASED PAYMENTS

The share-based compensation expenses recognised for the six months ended June 30, 2022 and 2023 are summarised in the following table:

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Share-based compensation expenses for employees (a)	54,474	64,816
Share-based compensation expenses for non-controlling interests (b)	1,744	4,114
Sub-total	56,218	68,930

(a) Share-based compensation plans of the Company

Original Option Plan before IPO (subsequently replaced as "2018 RSU Plan")

The Company has set up one structured entity ("RSU Scheme Trust"), namely Weimob Teamwork, which is solely for the purpose of administering and holding the Company's shares for the RSU scheme adopted before the Listing. Weimob Teamwork has been appointed as the trustee (the "Trustee") pursuant to the trust deed to administrate the RSU Plan immediately after the consummation of the IPO ("Original Option Plan"). Prior to the IPO, Mr. Sun Taoyong is the administrator of the RSU Scheme Trust.

Since the Company's shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited on January 15, 2019, the Company has the power to direct the relevant activities of the RSU Scheme Trust and it has the ability to use its power over the RSU Scheme Trust to affect its exposure to returns. Therefore, the assets and liabilities of the RSU Scheme Trust are included in the Group's consolidated statement of financial position and the ordinary shares held for the Company's RSU scheme were regarded as treasury shares and presented as a deduction in equity as "Shares held for RSU scheme".

During the six months ended June 30, 2023, the Company has not granted any RSUs under this 2018 RSU Plan.

2020 RSU Scheme

The 2020 restricted share unit scheme (the "2020 RSU Scheme") of the Company was adopted by the Board on May 25, 2020 and was approved and adopted by the Shareholders at the annual general meeting of the Company held on June 29, 2020.

On April 4, 2023, the Group granted 21,547,000 RSU to certain employees under the 2020 RSU Scheme without consideration. The RSUs granted in April 2023 vested immediately or over a four year vesting period (25% per each year).

As of June 30, 2023, the total shares granted under 2020 RSU Scheme was 66,222,000. The Group did not grant to any suppliers, customers and any other persons who provide service to the Group. The vesting period of the 2020 RSU Scheme varies from one to four years subject to employees' continuous service to the Group and the purchase price of the RSUs granted under 2020 RSU Scheme is nil.

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

32 SHARE-BASED PAYMENTS (Continued)

(a) Share-based compensation plans of the Company (Continued)

Movements in the number of RSUs granted and not yet vested is as follows:

	Original Option Plan		2020 RSU Scheme		Total Number of RSUs (in thousand) (Unaudited)
	Number of RSUs (in thousand) (Unaudited)	Weighted Average Fair value per RSU (RMB) (Unaudited)	Number of RSUs (in thousand) (Unaudited)	Weighted Average Fair value per RSU (RMB) (Unaudited)	
As at January 1, 2023	199	5.95	26,977	5.95	27,176
Granted (i)	–	–	21,547	4.61	21,547
Vested	(199)	3.50	(8,243)	3.35	(8,442)
Forfeited	–	–	(2,096)	3.89	(2,096)
As at June 30, 2023	–	–	38,185	3.50	38,185
As at January 1, 2022	733	6.45	42,299	6.45	43,032
Vested	(434)	4.58	(3,915)	3.50	(4,349)
Forfeited	–	–	(2,443)	4.32	(2,443)
As at June 30, 2022	299	4.58	35,941	4.58	36,240

(i) The fair value at grant date was determined based on the market price of the Company's shares on that date.

No RSUs were expired during the six months ended June 30, 2022 and 2023.

As at June 30, 2023, the Company granted 136,555,000 RSUs in total, among which 97,264,000 shares were vested and exercisable and 1,106,000 shares were forfeited.

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

32 SHARE-BASED PAYMENTS (Continued)

(b) Share-based compensation plans of Wuxi Yazuo and Xiangminiao

The Group acquired 63.83% and 66.98% equity interests in Wuxi Yazuo and Xiangminiao in March 2020 and May 2021, respectively. Pursuant to the relevant share purchase and subscription agreements, each of the co-founders of Wuxi Yazuo and Xiangminiao (collectively the “Subsidiaries”) committed a five-years post-combination services period. If the co-founders resign from the Subsidiaries within five years since the acquisition dates, they shall transfer certain common shares of the Subsidiaries to the Group for free. The number of shares subject to transfer is calculated on a time proportion basis. The post-combination services commitment was treated as service condition of the share-based compensation to the founders.

In addition, the share purchase and subscription agreements with Xiangminiao also stipulated that if Xiangminiao achieved certain performance target in the two years since the acquisition date, the Group shall transfer 3% common shares of Xiangminiao to the founders for free each year. The achievement of performance target was treated as performance condition of the share-based compensation to the founders.

As disclosed in Note 36, in May 2023, the Group disposed Weimob Canlin and its subsidiaries including Wuxi Yazuo. The above five-years post-combination services requirement for the co-founders of Wuxi Yazuo was waived by the Group, therefore, the common shares originally granted for exchange of co-founders’ post-combination service were treated as fully vested immediately before the transaction and the remaining service expenses were accelerate to be amortised and charged into profit and loss.

For the six months ended June 30, 2023, the service expense amounting to RMB1,744,000 was charged to “general and administrative expenses” in the consolidated statement of comprehensive loss and credited to “Non-controlling interests” as consideration was settled by equity of Wuxi Yazuo and Xiangminiao instead of the Company’s common shares.

The difference of RMB2,028,000 between the amount of changes in non-controlling interests and the cost of common share vested is recognised in reserve within equity attributable to owners of the Group.

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

33 CAPITAL COMMITMENTS

Significant capital expenditure contracted for as at December 31, 2022 and June 30, 2023 but not recognised as liabilities is as follows:

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Long-term investment	341,700	256,700
Buildings	310,101	357,144
	651,801	613,844

34 RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in holding power over the investee; exposure or rights to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

- (a) The directors of the Company are of the view that the following parties/companies were related parties that had significant transaction or balances with the Group for the six months ended June 30, 2022 and 2023:

Name of related parties	Relationship with the Group
Xiaoke	Associate of the Group
Syoo	Associate of the Group
Clipworks	Associate of the Group
Demo	Associate of the Group
Acewill (i)	Associate of the Group
Canlin Group (i)	Subsidiary of associate of the Group
Shanghai Beyond Science Technology Co., Ltd. ("Beyond Science")	Non-controlling shareholder of Heading
Mr. Bai (ii)	Non-controlling shareholder of Wuxi Yazuo

- (i) As discussed in Note 36, Acewill and Canlin Group became the Group's associates since May 31, 2023. The following disclosure of transactions with these two entities only covered period from May 31, 2023 to June 30, 2023.

- (ii) As discussed in Note 36, the Group disposed Canlin Group and Wuxi Yazuo which were deconsolidated from the Group since May 31, 2023. The following disclosure of transactions with these Mr. Bai only covered period from January 1, 2023 to May 31, 2023.

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

34 RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties

Operating activities:

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Provide subscription solutions service to related parties		
Xiaoke	–	18,607
Beyond Science	–	1,275
	–	19,882
Purchase of advertising traffic on behalf of a related party		
Xiaoke	89	2,350
Purchase of short video services from a related party		
Clipworks	1,562	1,064
Sales commissions paid to related parties as channel partners for subscription solutions service		
Demo	2,328	2,340
Technology service fee charged by related parties		
Beyond Science	–	506
Clipworks	–	283
Xiaoke	–	346
	–	1,135

The prices for the above service fees were determined in accordance with the terms mutually agreed by the contract parties.

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

34 RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties (Continued)

Non-operating Activities:

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Loan to related parties		
Xiaoke	53,000	31,000
Acewill	3,000	–
Clipworks	–	2,000
	56,000	33,000
Interest income from related parties		
Xiaoke	2,015	–
Clipworks	40	–
	2,055	–
Repayment from related parties		
Xiaoke	–	129,636
Payment to a related party due to subscription of new shares		
Xiaoke	–	229,462

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

34 RELATED PARTY TRANSACTIONS (Continued)

(c) Period-end balances with related parties

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Trade receivables from related parties		
Xiaoke	38,377	39,524
Syoo	3,962	3,962
Beyond Science	3,248	3,248
	45,587	46,734
Less: Provision for impairment of trade receivable	(5,577)	–
	40,010	46,734
Other receivables from related parties		
Trade nature – related to advertising services where the Group acts as agent (net basis revenue)		
Xiaoke	14,573	15,408
Non-trade nature		
Xiaoke	2,962	–
Acewill	3,000	–
Clipworks	2,097	2,057
Canlin Group	212	–
Mr. Bai	–	5,619
	8,271	7,676
Total other receivables from related parties	22,844	23,084
Less: provision for impairment of other receivable	(5,324)	–
Total other receivables from related parties	17,520	23,084
Long term receivables from a related party		
Non-trade nature		
Xiaoke	111,015	56,000

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

34 RELATED PARTY TRANSACTIONS (Continued)

(c) Period-end balances with related parties (Continued)

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Prepayments to related parties for outsourcing services		
Clipworks	–	509
Syoo	–	40
	–	549
Other payables due to related parties		
Beyond Science	373	7,229
Xiaoke	349	943
	722	8,172
Dividend payable		
Beyond Science	4,703	4,703

Trade receivables from related parties were unsecured, interest-free and repayable on demand.

As at June 30, 2023, loan receivables from Xiaoke was non-trade in nature, unsecured, and repayable in 2025, among which, RMB53,000,000 and RMB56,000,000 bears a fixed interest rate of 5% and 7% per annum, respectively. Loan receivables from Clipwork of RMB2,000,000 were non-trade in nature, unsecured, bearing a fixed interest rate of 4% per annum and repayable in October 2023. Loan receivables from Acewill of RMB3,000,000 were non-trade in nature, unsecured, bearing a fixed interest rate of 5.5% per annum and repayable in July, 2024.

Payable to Beyond Science was attributed to technology service fee and was unsecured, interest free and repayable on demand.

Dividend payable to Beyond Science was attributed to the dividend distributed by Heading in May 2020 before the Group's acquisition of Heading.

Except for the individually impaired other receivable due from Syoo and Xiaoke, the amounts due from and to other related parties are neither past due nor impaired. The carrying amounts of the amounts due from and to related parties approximate their fair values and are denominated in RMB.

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

35 CONTINGENT LIABILITIES

Saved as contingent capital commitment for acquiring Heading disclosed in Note 5.3, the Group did not have any material contingent liabilities as at June 30, 2023.

36 INVESTMENT IN ACEWILL AND DISPOSAL OF A WHOLLY-OWNED SUBSIDIARY

On May 8, 2023, Weimob Development entered into the investment agreement with Acewill and Acewill's existing shareholders, pursuant to which, Weimob Development agreed to subscribe for the new registered capital of RMB12,449,054 in Acewill, corresponding to its approximately 25.68% equity interests, at the consideration of RMB20 million in cash (the "Cash Consideration") and 100% equity interests in Weimob Canlin, a wholly-owned subsidiary of Weimob Development (the "Equity Consideration").

Immediately before the transaction, Weimob Canlin holds approximately 63.14% equity interest in Wuxi Yazuo and the remaining approximately 36.86% equity interest is held by non-controlling shareholders. Upon the completion of this transaction on May 31, 2023 (the "Transaction Date"), the Group lost control of Canlin Group and Canlin Group was deconsolidated from the Group.

Pursuant to the investment agreement, Weimob Development will procure the transfer of the remaining approximately 36.86% equity interests in Wuxi Yazuo to Acewill (the "Procurement"). The consideration of the Procurement was negotiated between the Group and the non-controlling shareholder of Wuxi Yazuo, either by cash or up to 3% equity interest of Acewill. If the Group fails to accomplish the Procurement within 1 year after the Transaction Date, the Group shall transfer up to 3% of Acewill's equity interests back to Acewill at no consideration. The preferential rights attached to the 3% equity interest might to be transferred either to the non-controlling shareholders of Wuxi Yazuo or Acewill are subordinate to the equity interest held by the Group after the transfer.

Therefore, a financial liability at FVPL of RMB7,273,000 was recognised at the Transaction Date because of the potential contractual obligation to deliver cash or equity interests of Acewill. The Group determined the fair value of the financial liability at FVPL based on the fair value of the underlying investment in Acewill.

The 25.68% equity interests acquired by the Group enjoys certain preferential rights including, but not limited to, redemption rights and liquidation preference etc. The Group accounts for its equity interests in Acewill as financial asset at FVPL. The fair value of 25.68% redeemable preferred shares of Acewill acquired by the Group immediately before the Transaction Date was RMB102 million, which approximated to the fair value of Weimob Canlin of RMB82 million plus cash of RMB20 million.

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

36 INVESTMENT IN ACEWILL AND DISPOSAL OF A WHOLLY-OWNED SUBSIDIARY (Continued)

The Group recorded a disposal gain of RMB7,536,000, being the difference between (i) the net proceeds of disposal of Weimob Canlin in the form of preferred shares issued by Acewill; and (ii) The carrying value of the net assets of Weimob Canlin that owned by the Group including goodwill allocated to Weimob Canlin immediately before the disposal.

Fair value of preferred shares issued by Acewill	102,000
Less: Cash Consideration paid to Acewill	(20,000)
Less: financial liability at FVPL	(7,273)
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Net proceeds of disposal of Weimob Canlin (a)	74,727
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Carrying amount of net assets of Canlin Group	(45,657)
Goodwill reallocated to Wuxi Yazuo (Note 18)	(5,751)
Add: Carrying amount of net liabilities of Wuxi Yazuo held by the non-controlling interests of Wuxi Yazuo	(15,783)
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The carrying value of the net assets of Weimob Canlin that owned by the Group (b)	(67,191)
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Gain on deconsolidation (a) – (b)	7,536
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DEFINITIONS

“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors of the Company
“Bond Issuer”	Weimob Investment Limited, a wholly-owned subsidiary of the Company
“Company”	Weimob Inc., an exempted company incorporated in the Cayman Islands with limited liability on January 30, 2018
“Corporate Governance Code”	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
“Director(s)”	director(s) of the Company
“Group”, “our Group”, “the Group”, “we”, “us” or “our”	the Company and its subsidiaries (or the Company and any one or more of its subsidiaries, as the context may require)
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange on January 15, 2019
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers
“PRC” or “China”	the People’s Republic of China. For the purposes of this interim report only and except where the context requires otherwise, excludes Hong Kong, Macau and Taiwan
“Prospectus”	the prospectus of the Company dated December 31, 2018
“Reporting Period”	the six months ended June 30, 2023
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“RSU”	the restricted stock unit
“SFO”	the Securities and Futures Ordinance



DEFINITIONS

“Share(s)”	ordinary shares in the share capital of the Company with a par value of US\$0.0001
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning as ascribed thereto under the Listing Rules
“Substantial Shareholders Group”	Mr. SUN Taoyong, Mr. FANG Tongshu, and Mr. YOU Fengchun, a group of individuals acting in concert with each other and the single largest shareholder group of the Company

* *For identification purpose only*

WEIMOB INC. 微盟集團

