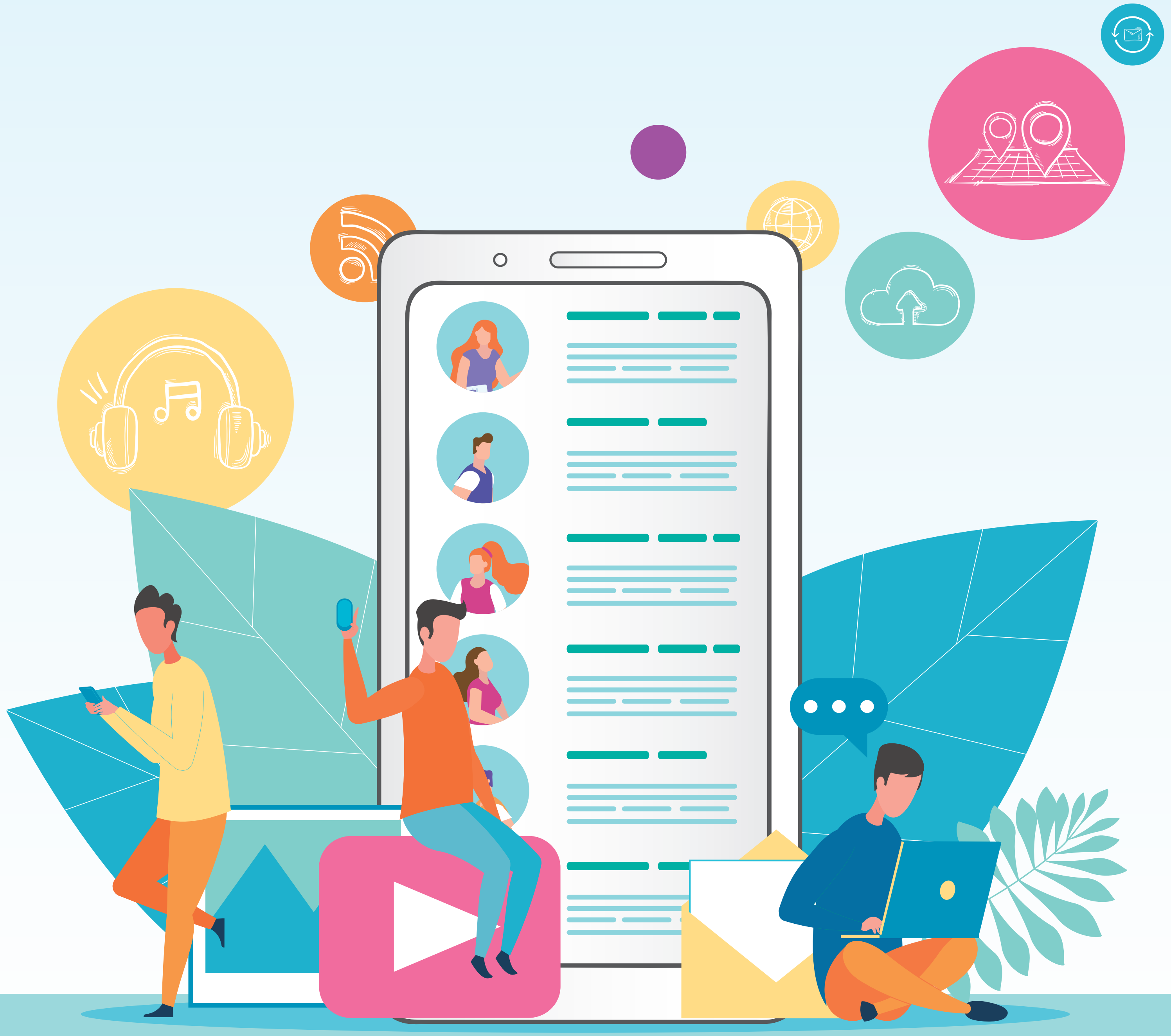
WEIMOB INC.
微盟集團*

(Incorporated in the Cayman Islands with limited liability)

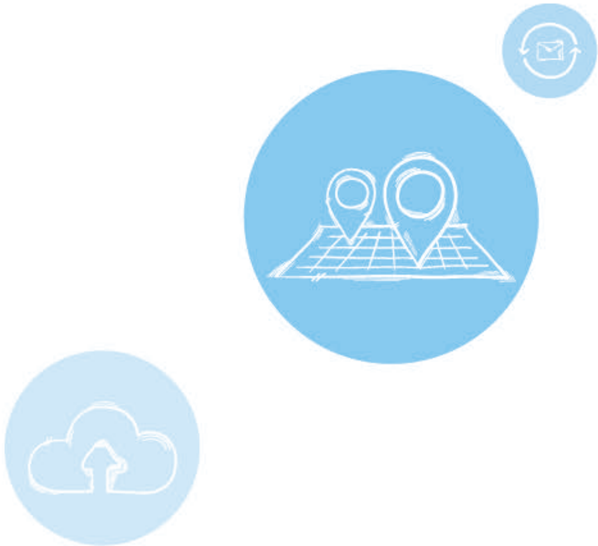
（於開曼群島註冊成立之有限公司）

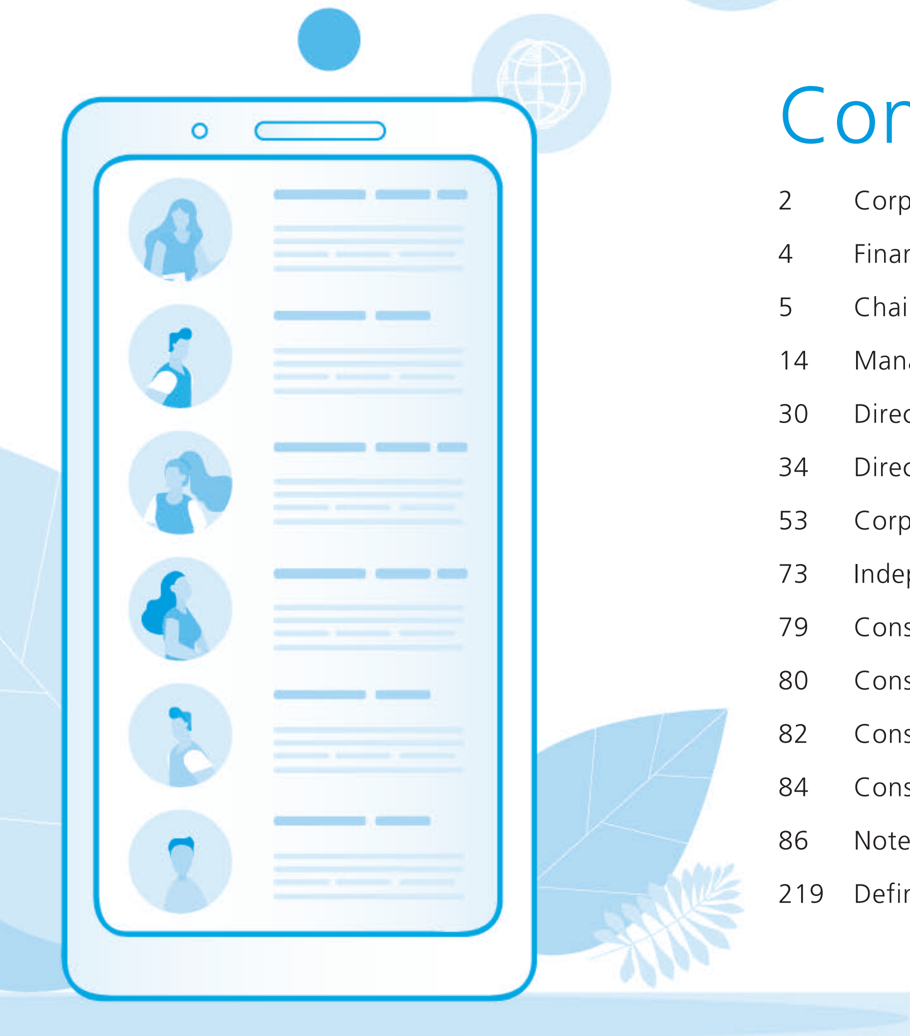
Stock Code 股份代號：2013

Annual Report 年報 2020



*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
Mr. HUANG Junwei

Independent Non-executive Directors

Dr. SUN Mingchun
Dr. LI Xufu
Mr. TANG Wei

JOINT COMPANY SECRETARIES

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

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

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Certified Public Accountants
Registered Public Interest Entity Auditor
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As to Cayman Islands law:
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Wanchai
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China Construction Bank Corporation
Shanghai Zhangmiao Branch
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CORPORATE INFORMATION

AUTHORIZED REPRESENTATIVES

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Ms. NG Sau Mei

REGISTERED OFFICE

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183 Queen's Road East
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Hong Kong

STOCK CODE

2013

COMPANY'S WEBSITE

www.weimob.com

FINANCIAL SUMMARY AND OPERATIONAL HIGHLIGHTS

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE (LOSS)/INCOME

	Year ended December 31,				
	2020	2019	2018	2017	2016
			(RMB'000)		
Revenue	**2,064,362***	1,436,787	865,031	534,011	189,174
Gross profit	**1,098,167***	797,130	517,649	344,211	166,923
Operating profit/(loss)	**103,289***	37,767	(41,892)	2,755	(85,159)
(Loss)/profit before income tax	**(1,144,067)**	328,406	(1,090,597)	2,833	(86,088)
(Loss)/profit for the year	**(1,166,379)**	311,308	(1,091,207)	2,637	(80,946)
Total comprehensive (loss)/income for the year	**(1,166,379)**	311,308	(1,094,690)	2,637	(81,183)
Adjusted EBITDA	**299,157**	167,808	72,609	23,187	(74,021)
Adjusted net profit/(loss)	**107,504**	77,340	50,838	11,165	(76,445)

Note: *Excluding SaaS sabotage event

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Year ended December 31,				
	2020	2019	2018	2017	2016
			(RMB'000)		
Assets					
Non-current assets	**1,633,180**	448,757	234,412	180,141	134,251
Current assets	**4,221,034**	2,855,158	846,335	286,607	166,424
Total assets	**5,854,214**	3,303,915	1,080,747	466,748	300,675
Equity					
Capital and reserves attributable to equity holders of the Company	**1,048,017**	1,990,103	(2,431,382)	(217,047)	(288,501)
Non-controlling interests	**204,473**	(295)	(1,154)	2,303	1,985
Total equity/(deficit)	**1,252,490**	1,989,808	(2,432,536)	(214,744)	(286,516)
Liabilities					
Non-current liabilities	**2,231,699**	140,285	2,899,976	145,107	118,377
Current liabilities	**2,370,025**	1,173,822	613,307	536,385	468,814
Total liabilities	**4,601,724**	1,314,107	3,513,283	681,492	587,191
Total equity and liabilities	**5,854,214**	3,303,915	1,080,747	466,748	300,675

CHAIRMAN'S STATEMENT

Dear Shareholders,

I would like to thank all Shareholders of Weimob Inc. for their firm trust and support in 2020. 2020 was a year full of challenges and opportunities for the Company. Amid the global economic shock of the COVID-19 epidemic, we swung for the fences and seized the opportunities brought by the epidemic to develop online digital economy, and provided a digital business operating system for customers to facilitate their digital operations. By formulating the Group's strategy of "moving up-market" (「大客化」), "ecosystem build-up" (「生態化」) and "globalization"(「國際化」), we achieved rapid growth against the trend in spite of the impact of the epidemic in our two core businesses, Digital Commerce and Digital Media.

During the period under review, we focused on the intelligent business ecosystem and continued to increase investment in products research and development and traffic channels to meet the growing digital transformation and marketing needs of our customers, thereby enabling our Digital Commerce and Digital Media business to maintain rapid growth.

In terms of investment, acquisitions and external cooperation, we completed the acquisition of Yazuo in March 2020 to improve the layout in smart catering. In November 2020, we acquired Heading Information to expand the Company's business footprint in smart retail. We also invested in the fields such as live-streaming and short video to realize the full-chain ecological arrangements in intelligent business, which will be of great benefit to the long-term development and sustainable growth of the Group.

To better support the implementation of the Group's strategies of moving up-market, ecosystem build-up and globalization, we continue to improve the organizational structure and introduce outstanding talents. In 2020, we appointed Mr. YIN Shimin, who has rich technology and experience in multinational enterprise operations and management in the To B field, and is responsible for overall planning and implementation of the Group's strategies, upgrading and transforming our key account operation system, and promoting Weimob's open ecosystem and globalization layout. We established a smart catering company and appointed Mr. BAI Yu as the president, responsible for Weimob's smart catering business, further enhancing our comprehensive strength and industry competitiveness in the smart catering field.

I am pleased to present to the Shareholders the Company's financial position and operating highlights for the year ended December 31, 2020, review the business development in 2020, and summarize strategies and outlook of the Company for 2021.

CHAIRMAN'S STATEMENT

2020 RESULTS HIGHLIGHTS

In 2020, amid the global economic shock of the COVID-19 epidemic, we implemented the Group's strategy of moving up-market, ecosystem build-up and globalization. By comprehensively upgrading the Group's business, we empowered our merchants through Digital Commerce and Digital Media, which fully supported them in achieving digital transformation through digital system, digital marketing and digital operation, and these two businesses have achieved rapid growth. Meanwhile, we invested in and expanded our business footprint in such fields as smart retail, smart catering, live-streaming and short video to realize the full-chain, omni-channel and all-traffic-domain ecological arrangements in intelligent business, which will be of great benefit to the long-term development and sustainable growth of the Group.

In 2020, our adjusted total revenue reached RMB2,064 million, an increase of 43.7% from RMB1,437 million in 2019. Our adjusted gross profit increased by 37.8% from RMB797 million in 2019 to RMB1,098 million in 2020. Our net loss was RMB1,166 million, including the loss of RMB1,086 million due to change in fair value of convertible bonds under HKFRS and the expenses of RMB94 million under the compensation plan due to the SaaS sabotage event. Our adjusted EBITDA increased by 78.3% from RMB168 million in 2019 to RMB299 million in 2020, and adjusted net profit increased by 39.1% from RMB77 million in 2019 to RMB108 million in 2020. As of December 31, 2020, our cash and cash equivalents reached RMB1,824 million, with abundant cash reserves and a healthy financial structure.

For the year ended December 31, 2020, our revenue from Digital Commerce totaled RMB1,246 million, representing a year-on-year increase of 44.0%, with the revenue of RMB718 million from Subscription Solutions, representing a year-on-year increase of 41.6%; the number of paying merchants increased by 23.2% to 98,002; ARPU increased by 15.0% to RMB7,326. The revenue from Merchant Solutions was RMB528 million, representing a year-on-year increase of 47.4%, with the gross billing of RMB9,764 million from targeted placement, representing a year-on-year increase of 111.9%; the number of paying merchants increased by 40.8% to 45,698; ARPU increased by 4.7% to RMB11,560. Our revenue from Digital Media was RMB818 million, representing a year-on-year increase of 43.2%. The number of advertisers using our Digital Media was 2,504, and the average spend per advertiser was RMB365,612, through Merchant Solutions included in Digital Commerce and Digital Media, we assisted 48,000 merchants in total with placement of targeted marketing, with a gross billing of RMB10.68 billion, representing a year-on-year increase of 102.2%.

The rapid and sound development of our businesses has made us continue to be recognized by the capital market. We were included in the MSCI China Small Cap Index in May 2020 and selected for the first batch of Hang Seng TECH Index Constituent Stocks in July 2020. We were also officially included in the MSCI China All Shares Index in February 2021.

Through continuous exploration and innovation in intelligent business sector, we received various awards and honors in 2020, such as "Most Valuable Investment Company of the New Economy in 2020" (「2020年新經濟最具價值投資公司」) by Cls.cn（財聯社）, "Best New Economy Company" (「最佳新經濟公司」) by Zhitongcaijing.com（智通財經）, "Best Partner of the Year" (「年度最佳合作夥伴」) for regional and medium to long tail channels of Tencent Ads（騰訊廣告）, and "Top 50 Online New Economy in Shanghai" (「上海在線新經濟50強」) by Jiemian News（界面新聞）.

Note: Please refer to "Non-HKFRS Measures: Adjusted Revenue, Adjusted EBITDA and Adjusted Net Profit/(Loss)" on p.25 of this annual report. All profit and loss figure mentioned under "2020 Results Highlights" in this annual report are excluding impact from SaaS sabotage event.

We actively fulfilled our social responsibilities. During the COVID-19 pandemic, we launched a number of anti epidemic measures by leveraging our inherent advantages as a technology company, including donating RMB10 million, helping the Shanghai Charity Foundation to develop a Mini Program for charitable donations for free, providing our Mini Programs such as Wei Form (微盟表單), Weimob Food Delivery （微盟外賣）, Weimob Live (微盟直播) for enterprise merchants, extending additional service period in the smart retail segment and others. In view of our proactive measures in facilitating the prevention and control of the epidemic and in business re-opening of enterprises, in November 2020, we were acknowledged the "Shanghai Advanced Group in Fighting the COVID-19 Epidemic" (「上海市抗擊新冠肺炎疫情先進集體」) by the Shanghai Municipal People's Government. In addition, in 2020, for the third consecutive year, we participated in the development of a charitable donation Mini Program for the public welfare poverty alleviation project initiated by Shanghai youth volunteers and contributed to poverty alleviation in digital ways.

The production environment and data of our SaaS business was deliberately sabotaged in February 2020. After working with the Tencent Cloud technical team, we recovered the data, and completed the compensation to the merchants as planed within the year. After the event, we comprehensively enhanced data security governance. In addition to improving internal security management system, we fully migrated the data to the Tencent Cloud, and built the remote three-location and multi-cloud disaster backup system. We also implemented the same-city dual-active architecture project, providing technical support for business continuity. Data is the core asset of an enterprise. In the future, we will continue to enhance data security governance to provide customers with more secure and stable system services.

We firmly believe that enterprises will accelerate the process of digitalization and cloudification. We will adhere to a decentralized business model. By providing a complete set of new digital business operating system, we will help customers improve their digital infrastructure to achieve performance enhancement and business growth, thus ensuring our continuous leadership in the enterprise service sector.

BUSINESS REVIEW

In 2020, the outbreak of the COVID-19 epidemic caused a surge in customers' demands for digital operations. More and more enterprise customers have established direct connections with users through decentralized platforms such as WeChat, which has contributed to the rapid revenue growth of our Digital Commerce and Digital Media to a certain extent.

In terms of Digital Commerce, we comprehensively support enterprises in digital transformation through digital systems, digital marketing and digital operation. We provide SaaS and other software in our Subscription Solutions for e-commerce, retail, catering, hotel, local life and other industries, enabling merchants to carry out private traffic management. We help merchants obtain public domain traffic and support them to achieve digital upgrade with full-chain services and operations through our Merchant Solutions. Subscription Solutions continued to lead the market, with product functions and marketing scenarios being enriched continuously and breakthroughs achieved in WeiMall, Smart Retail, Smart Catering and other businesses. Merchant Solutions connect merchants to major top traffic platforms, and the scale and monetization capabilities has been expanded further.

CHAIRMAN'S STATEMENT

In the social e-commerce segment, we met the increasing demand of merchants for private domain e-commerce through traffic acquisition and customer management. In terms of traffic acquisition, we continued to strengthen our product deployment within the WeChat ecosystem took the lead in connecting to WeChat Mini Programs for the functions of sharing on Moments and live streaming through Wechat video account, and launch the functions including providing short links that connect to the Mini Programs, thus supporting merchants in comprehensive multi-channel traffic acquisition and private domain management in the Wechat ecosystem. We also actively expanded WeChat external traffic channels, with the Wei Mall solutions connected to QQ browser, QQ mini programs, Douyin Store（抖音小店）and other platforms, so as to assist merchants in the upgrade of omni-channel and all-traffic-domain operation. Moreover, we have launched the "Weimob Live Streaming", a Mini Program-based live-streaming platform, to explore the interaction between public and private domains, cross-industry cooperation, and other live streaming methods.

In terms of customer management, we upgraded our products in various aspects, including optimizing the visual interaction of decoration and system pages; increasing the promotion and marketing functionalities to improve the conversion rate and the average price per customer transaction; improving the breadth and depth of data analysis, and guiding the operation of merchants. We also launched the "Individual Live-streaming Store"（「個人直播小店」） solutions connected to the Weimob distribution market, so as to provide merchants with high-quality sources of goods, and lower the threshold for an individual to open a store for live streaming; we have created the "Super Alliance"（「超級聯盟」）, a platform for cross-industry private domain cooperation, to jointly construct a super private traffic ecosystem by integrating the high-quality brand resources of Weimob, and using marketing, promotion, cross-industry cooperation and other methods. Under the trend of decentralization of e-commerce and digitalization of merchants business, we helped merchants build the infrastructure for the DTC model ("**Direct To Customer**" model for brand merchants) to achieve the decentralization of e-commerce transactions. The revenue in the segment is expected to grow continuously.

In the smart retail sector, despite the adverse impact of COVID-19 epidemic on offline retail operations, our Smart Retail products have played an important role in helping retail enterprises to move operation on our cloud platform and in full-chain digital upgrades. Regarding apparel, sports, home textiles, beauty makeup and skin care, 3C (computer, communication and consumer electronics) and other industries, based on the business models, membership characteristics and marketing focus in different segments, we have launched a digital program that conforms to the corresponding business characteristics in terms of traffic subsidy, mall decoration, product layout, personnel incentives, and shop guide training, and has acquired benchmark customers in each segment.

In 2020, the number of new merchants in the smart retail business increased significantly compared with 2019, the proportion of brand merchants continued to increase, and the average price per customer transaction continued to rise. As of December 31, 2020, the number of merchants in the smart retail segment reached 3,682, and the revenue generated from the smart retail segment was RMB145.2 million, representing an increase of 224.5% from RMB44.7 million in 2019, and accounting for 20.2% of Subscription Solutions revenue. There are 618 brand merchants and the average contract value of brand merchants reached RMB282,000. At the same time, we continued to maintain good cooperation with Tencent Smart Retail（騰訊智慧零售）in customer acquisition, product research and development, and operational services to further enhance our presence in the smart retail sector. In November 2020, we acquired Shanghai Heading Information Engineering Co., Ltd. (上海海鼎信息工程股份有限公司,"**Heading Information**"). Heading Information has served more than 1,000 brand customers in the retail segments such as commercial real estate, chain supermarkets, and chain convenience stores. This transaction has helped us quickly enter into the retail areas of commercial real estate, chain supermarkets and chain convenience stores, and will significantly expand our overall layout in the smart retail sector, enhance our ability to serve medium and large chain retail customers, and strengthen the competitive advantage of our smart retail solutions and consolidating our leading position in the smart retail sector. At present, Heading Information's Qianfan（千帆）SaaS system has been connected to our Wei Mall, and business integration will be accelerated in the future. We expect that the digital upgrade demands of retail enterprises will continue to grow, and under the guidance of our strategy of moving up-market, our smart retail business will unleash the potential for further growth.

In the smart catering segment, we devised our strategic layout based on two engines of internal growth and external mergers and acquisitions. In terms of product upgrades, Smart Catering has been connected to WeChat Mini Program Live-streaming, WeCom and other functions. In addition, Weimob Smart Catering has connected with Alipay Mini Program. The full-scene technology empower the digital upgrade of catering brands. In 2020, we completed the acquisition of Yazuo（雅座）, a comprehensive solution provider in the catering sector, and invested in SYOO（商有）, a full-scene digital catering operation service provider. In May 2020, we established a smart catering company. At present, we have completed the integration with Yazuo in products, teams, and organization management. Our three-store integrated solution of "Dining + Takeaway + Mall", which we mainly promote, has been successfully implemented in chain catering brands. As of December 31, 2020, the number of merchants in the catering segment reached 6,996. The revenue generated from the smart catering segment was RMB44.8 million, representing an increase of 13.0% from RMB39.7 million in 2019, and accounting for 6.2% of Subscription Solutions revenue. Despite of the effect of the COVID-19 pandemic the revenue grew steadily. The average contract value per merchant in the catering segment was RMB19 thousand, representing an increase of 46.2%, compared with RMB13 thousand in 2019, showing the initial results of exploring the key account market. We believe that, in term of helping catering merchants achieve decentralized private domain growth, our smart catering product is the forerunner in the industry, and the digital upgrade trend of the catering industry will drive the continued growth of our smart catering business.

CHAIRMAN'S STATEMENT

In terms of smart hotel and tourism segments, we provided hotel merchants with "Mini Program + Official WeChat Account" integrated smart hotel solutions, to assist hotels with targeted direct sales and increased management efficiency. We provided tourism clients with smart travel solutions, realizing online booking, SCRM customer management and other functions. Xiangminiao Technology (向蜜鳥科技), which we invested in, is a leading digital marketing and technology service provider in China, with a focus on hotel and tourism fields. It helps enterprises construct their private domain ecosystems. Up to now, its business covers hundreds of high-end hotels in South China, East China, and Southwest China. In 2020, Xiangminiao Technology supported merchants in achieving the growth against the trend in spite of the impact of the epidemic. The average annual GMV per hotel exceeded RMB5 million for approximately one hundred full fledged hotels. With the digital solutions of Xiangminiao Technology, the transaction amount of cooperated hotels in WeChat channel accounted for 15% of the total transaction volume, and the percentage of certain hotels reached 30%. Based on DTC via WeChat private domain, Xiangminiao Technology achieved the data integration between Wei Mall and Xiaohongshu channels, and the system cooperation with TikTok, Kuaishou and other platforms were also accelerated, which will continue to promote the direct connection, and efficient conversion, from public domain to private domain, through management of diversified channels.

Our Merchant Solutions mainly provide merchants with a series of value-added services including targeted marketing and merchandise distribution. In 2020, through the Merchant Solutions in our Digital Commerce, the gross billing generated from our targeted placement services offered to merchants to acquire traffic was RMB9.7 billion, representing an increase of 111.9% over 2019. Our Merchant Solutions serve the existing and potential merchants of our Subscription Solutions, and provide merchants with integrated service solutions that combining traffic, tool and operation, as well as a one-stop closed-loop operation covering user identification, demand matching, creativity and photography, targeted placement, data analysis and post-SaaS link conversion. In 2020, we provided services for 45,698 paying merchants, and the average revenue per user increased by 4.7% to RMB11,560. The growth was due to our continued investment in channel expansion, industry penetration, and traffic diversification. In terms of channel expansion, we have further improved the regional layout. At present, we have established branches in many cities across the country. Meanwhile, we continued to penetrate in and form complete solutions for more than 20 industries such as wedding photography, education, home furnishing, FMCG, finance, tourism, online services, games, and e-commerce. In terms of traffic diversification, through in-depth cooperation with Tencent, Toutiao, Baidu and other traffic platforms, our services can meet the diversified traffic promotion needs of merchants. We also continued to strengthen ecological synergy with Subscription Solutions, explored the integrated solution of "Advertising + Mini Program", and merchants helped to win both brand recognition and customer conversion on performance through full-chain marketing upgrades.

In terms of Digital Media, capitalizing on our advantages of media resources and past placement experience, we provide merchants with advertising services with commitment, by purchasing media platform traffic. At present, our traffic channels cover WeChat Moments, WeChat official account, QQ and Qzone, Tencent News, Tencent Video, Zhihu (知乎), Baidu, TouTiao.com (今日頭條) and other various media resources. Our experienced advertising service team and our mobile marketing experience in various industries support our merchants in achieving their marketing goals efficiently. In 2020, our revenue was RMB818 million, representing an increase of 43.2% compared with 2019, and our gross billing was RMB0.9 billion. We served a total of 2,504 advertisers, with the average spend per advertiser reaching RMB365,612.

In terms of Weimob Cloud Platform, we upgraded the developer platform and provided developers with a series of infrastructures and tools including container, database storage, cache storage, message queue, micro-service governance, and web-IDE, so as to further empower ecological developers, improve the work efficiency of developers and ensure the stability of third-party applications. Meanwhile, we make the internal middle platform with cloud capacity available to ecosystem developers, in fields including but not limited to inventory, transaction, order, member, marketing, advertising, logistics, payment, data BI and decoration, which is expected to contribute to reducing the development workload of developers by over 80%. Heading（海鼎）, Demo（達摩）, Shuyun（數雲）, BAISON（百勝）and other manufacturers have carried out deep integration with Weimob through the cloud platform.

Meanwhile, Weimob Cloud Platform provides merchants with customization and integration services based on standard SaaS products of Weimob. With such services, eco-developers can conveniently carry out expansion based on standard SaaS products of Weimob through Weimob Cloud Platform, and provide customization development, system integration and other services for merchants. At present, we have provided over 100 large merchants such services.

At present, in the service market of Weimob Cloud Platform, there are over 560 active enterprise developers, who have submitted a total of over 1,000 applications. Weimob Cloud Platform is a digital practice platform for our merchants, as well as a value integration platform for our partners. We hope that through the platform our merchants can explore more digital business practices suitable for themselves, and that our partners can obtain more value. In the future, we will continuously strengthen the system capability and service capability of our cloud platform, so as to contribute to the prosperity of the Weimob Cloud ecosystem.

In 2020, we formulated the Group's core strategies of "moving up-market"（「大客化」), "ecosystem build-up"（「生態化」）and "globalization"（「國際化」）, and appointed Mr. YIN Shimin（尹世明）who is responsible for overall planning and implementation of these strategies, upgrading and transforming our key account operation system, establishing Weimob's open platform ecosystem, traffic ecosystem, and application ecosystem, and helping us accelerate international deployment leveraged by his rich experience in multinational enterprise operations. At present, our three major strategies have made significant progress.

In terms of moving up-market, driven by Smart Retail, Smart Catering and other businesses, our average price per customer transaction and brand penetration have increased significantly. In 2020, our Smart Retail service served 618 chain brand customers. According to the "2019-2020 China Top 100 Fashion Retail Enterprises List"（「2019-2020年中國時尚零售企業百強榜」）issued by the China Chain Store & Franchise Association, 34% of enterprises chose us. Through acquisition of Heading Information, we smoothly entered the areas of supermarket chains, convenience stores, and commercial real estate, further strengthening our foundation of key account business.

Our strategy of ecosystem build-up is centered around traffic ecosystem, developer ecosystem, and investment ecosystem. In terms of traffic ecosystem, we further deepened the traffic layout within the WeChat ecosystem, accessing to video accounts, and we also accessed to platforms such as QQ Mini Program and QQ Browser Mini Program to help our customers achieve omni-channel operations. Our Wei Mall and Smart Retail have officially connected with Douyin Store. In the future, Kuaishou, Xiaohongshu, Bilibili and other traffic platforms will be important directions for our traffic ecosystem deployment. In terms of developer ecosystem, we have built the SaaS ecosystem by connecting our customers, developers, and service providers via Weimob Cloud Platform and Weimob Service Market. In terms of investment ecosystem, we have now formed a diversified investment system of "Direct Investment + Mergers & Acquisitions + Industrial Funds". In 2020, we acquired Yazuo and Heading Information, and invested directly in outstanding companies in the industry chain, such as SYOO and Clipworks (秒影工場). The industrial fund we jointly established with Meridian Capital (華映資本) completed several investment projects in 2020, such as "Xiaomai Teaching Assistant" (「小麥助教」), "Goumee"（「構美」） and "Beijing Fenxiang" (「北京芬香」). Through investment and mergers and acquisitions, we have greatly enriched the product capabilities and expanded the ecosystem. In the future, we will continue to increase investment and mergers and acquisitions to build an intelligent business ecosystem service matrix.

In terms of globalization, our SaaS business has been deployed and has initial operations in more than ten countries and regions including Australia, Canada, and Japan. As of December 31, 2020, we have served more than 1,000 overseas customers. Our SaaS products currently support multiple currencies such as Hong Kong dollar, US dollar, Japanese Yen, and New Zealand dollar, to facilitate the settlement of transactions for overseas customers.

BUSINESS OUTLOOK

Looking forward to 2021, we will never forget why we started, and accomplish our mission with persistence. In the coming year, facing new opportunities and challenges of global economic recovery, we will focus on five major directions, including enhancing industry penetration and increasing the proportion of key accounts, upgrading full-chain operation capabilities, building an open ecosystem, expanding more cloud service categories, and accelerating globalization layout. Under the background of comprehensive digitalization and enterprise cloudification, we will continue to take the digital transformation of enterprises as our mission, and make active contributions and efforts by providing businesses with a new digital business operating system as the best partner for digital transformation, to provide customers with better services and achieve greater returns for shareholders, employees and society.

1. We will penetrate in industries and increase the proportion of key accounts. We will continue to expand our leading advantages in fashion retail and household daily necessities industries, and meanwhile expand in industries such as shopping malls and fresh convenience stores, to increase the proportion of key accounts.

2. We will upgrade full-chain operation capabilities, provide Integrated Marketing and Sales Smart Growth Solutions including traffic, tools and operation to help our customers achieve business growth.

3. We will continue to build an open ecosystem and increase investment in Weimob Cloud PaaS Platform to promote the Weimob Cloud Platform to become a value integrator of Digital Commerce. Meanwhile, we will enrich our traffic ecology and expand more traffic channels to help our customers achieve omni-channel operations. We will also continue to strengthen the investment ecology and explore more strategic cooperation and acquisition opportunities.

4. We will also add more cloud service categories. In commercial cloud field, we will focus on expanding the beauty industry, education and other industries; in the marketing cloud field, we will provide customers with more digital marketing tools; in terms of sales cloud, we will accelerate the market expansion of products, such as Xiaoke (銷氪).

5. We will also accelerate our globalization, including expanding overseas social platforms, accelerating the deployment of overseas service networks, and exploring international strategic mergers and acquisitions, so as to promote our international business.

Customers are the foundation of our business. Only by continuously creating value for customers can we achieve a win-win outcome with them. We will strengthen the monetization of existing customers. Our large customer base provides a solid foundation for us to benefit continuously. We will strengthen the monetization of Subscription Solutions and Merchant Solutions through cross-marketing and cross-selling between different products and services. We will always continue to empower customers in a decentralized manner, provide a series of intelligent business solutions, continuously create value for customers, and support enterprises in digital transformation, thus making business more intelligent.

Mr. SUN Taoyong
Chairman of the Board and Chief Executive Officer

MANAGEMENT DISCUSSION AND ANALYSIS

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

	Year ended December 31, 2020	2019
	(RMB'000)	
Revenue	**1,968,814**	1,436,787
Cost of sales	**(966,195)**	(639,657)
Gross profit	**1,002,619**	797,130
Selling and distribution expenses	**(919,372)**	(716,907)
General and administrative expenses	**(260,723)**	(129,936)
Net impairment losses on financial assets	**(8,597)**	(6,630)
Other income	**118,200**	67,434
Other gains, net	**76,870**	26,676
Operating gain	**8,997**	37,767
Finance costs	**(55,722)**	(13,151)
Finance income	**12,376**	1,569
Share of net (loss)/profit of associates accounted for using the equity method	**(23,408)**	3,941
Change in fair value of convertible bonds	**(1,086,310)**	–
Change in fair value of redeemable and convertible preferred shares	**–**	298,280
(Loss)/profit before income tax	**(1,144,067)**	328,406
Income tax expenses	**(22,312)**	(17,098)
(Loss)/profit and total comprehensive (loss)/income	**(1,166,379)**	311,308
(Loss)/profit and total comprehensive (loss)/income attributable to:		
– Equity holders of the Company	**(1,156,622)**	311,978
– Non-controlling interests	**(9,757)**	(670)

Key Operating Data

The following table sets forth our key operating data for the years ended/as of December 31, 2020 and 2019.

	Year ended/as of December 31,	
	2020	2019
Digital Commerce		
Subscription Solutions		
Addition in number of paying merchants	**37,506**	29,223
Number of paying merchants	**98,002**	79,546
Attrition rate[1]	**26.1%**	22.2%
Revenue[2] (RMB in millions) excluding SaaS sabotage event	**717.9**	507.0
ARPU[3] (RMB)	**7,326**	6,373
Merchant Solutions		
Number of paying merchants	**45,698**	32,458
Revenue (RMB in millions)	**528.3**	358.4
ARPU (RMB)	**11,560**	11,043
Gross billing (RMB in millions)	**9,764.3**	4,608.5
Digital Media		
Number of advertisers	**2,504**	1,684
Gross billing (RMB in millions)	**915.5**	672.6
Average spend per advertiser (RMB)	**365,612**	399,399
Revenue (RMB in millions)	**818.2**	571.4
ARPU (RMB)	**326,741**	339,300

Notes:

(1) Refers to the number of paying merchants not retained over a year divided by the number of paying merchants as of the end of the previous year.

(2) Refer to revenue for Subscription Solutions excluding SaaS sabotage event under non-HKFRS measures.

(3) Refers to the average revenue per paying merchant, which equals revenue of Subscription Solutions excluding SaaS sabotage event for the year divided by the number of paying merchants as of the end of such year.

Year ended December 31, 2020

Revenue

	Revenue (RMB in millions)	Year-on-year change
Total*	2,064.4	+43.7%
Digital Commerce*	1,246.2	+44.0%
Subscription Solutions*	717.9	+41.6%
Merchant Solutions	528.3	+47.4%
Digital Media	818.2	+43.2%

Profit

	Amount (RMB in millions)	Year-on-year change
Gross profit*	1,098.2	+37.8%
Adjusted EBITDA	299.2	+78.3%
Adjusted net profit	107.5	+39.1%

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Digital Commerce

	Subscription Solutions	Merchant Solutions
No. of paying merchants	98,002	45,698
Attrition rate	26.1%	–
ARPU (RMB)	7,326	11,560

Target marketing

	Merchant Solutions	Digital Media	Total
Gross billing (RMB in millions)	9,764.3	915.5	10,679.8
Average spend per advertiser (RMB)	213,672	365,612	221,565

* Excluding SaaS sabotage event

Key Financial Ratios

	Year ended December 31,		
	2020		2019
	%	%	%
	Per financial statements	*Excluding sabotage event*	
Total revenue growth	37.0	43.7	66.1
– Digital Commerce	33.0	44.0	57.8
– Digital Media	43.2	43.2	80.5
Gross margin(1)	50.9	53.2	55.5
– Digital Commerce	83.9	85.2	88.4
– Digital Media	4.5	4.5	5.6
Adjusted EBITDA margin(2)	14.5	14.5	11.7
Net margin(3)	(59.2)	(59.2)	21.7
Adjusted net margin(4)	5.2	5.2	5.4

Notes:

(1) Equals gross profit divided by revenue for the year and multiplied by 100%.

(2) Equals adjusted EBITDA divided by revenue excluding SaaS sabotage event for the year and multiplied by 100%. For the reconciliation from operating profit/(loss) to EBITDA and adjusted EBITDA, see " —*Non-HKFRS Measures: Adjusted EBITDA and Adjusted Net Profit/(Loss)*" below.

(3) Equals profit/(loss) divided by revenue for the year and multiplied by 100%.

(4) Equals adjusted net profit/(loss) divided by revenue excluding SaaS sabotage event for the year and multiplied by 100%. For the reconciliation from net profit/(loss) to adjusted net profit/(loss), see " —*Non-HKFRS Measures: Adjusted EBITDA and Adjusted Net Profit/(Loss)*" below.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

Our total revenue increased by 37.0% from RMB1,436.8 million in 2019 to RMB1,968.8 million in 2020, primarily due to the increases in our revenues generated from both our Digital Commerce and Digital Media which were offset by deduction from compensation due to SaaS sabotage event. Excluding SaaS sabotage event, our total revenue increased by 43.7%. The following table sets forth a breakdown of our revenue by business segment for the years indicated.

	Year ended December 31,				
	2020			2019	
	(RMB in millions, except percentages)				
Revenue	Revenue per financial statement	Revenue excluding SaaS sabotage event	%	Revenue	%
– Subscription Solutions	622.4	717.9	34.8%	507.0	35.3%
– Merchant Solutions	528.3	528.3	25.6%	358.4	24.9%
Digital Commerce	1,150.7	1,246.2	60.4%	865.4	60.2%
Digital Media	818.2	818.2	39.6%	571.4	39.8%
Total	1,968.8	2,064.4	100%	1,436.8	100%

Digital Commerce – 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.

Revenue from Subscription Solutions increased by 22.8% from RMB507.0 million in 2019 to RMB622.4 million in 2020. Excluding the impact from SaaS sabotage event, our Subscription Solutions revenue increased by 41.6% from RMB507.0 million in 2019 to RMB717.9 million in 2020, primarily due to the increased number of paying merchants for our Subscription Solutions from 79,546 in 2019 to 98,002 in 2020, and the increased ARPU of our Subscription Solutions from RMB6,373 in 2019 to RMB7,326 in 2020.

The following table sets forth a breakdown of the gross billing and revenue by business segment for the years indicated.

Digital Commerce – Merchant Solutions

Merchant Solutions	Year ended December 31, 2020	2019	Year-on-year change
	(RMB in millions, except percentages)		
Gross billing	**9,764.3**	4,608.5	111.9%
Revenue	**528.3**	358.4	47.4%

Merchant Solutions mainly comprise value-added services offered to merchants as part of the integral solutions to meet merchants' online Digital Commerce and marketing needs, including mainly targeted marketing services that enable merchants to acquire online customer traffic in various top online advertising platforms.

Gross billing from our Merchant Solutions increased significantly from RMB4,608.5 million in 2019 to RMB9,764.3 million in 2020, primarily due to the increase in the number of paying merchants from 32,458 in 2019 to 45,698 in 2020, as well as an increase in average spend per paying merchant from RMB141,983 in 2019 to RMB213,672 in 2020.

Revenue from Merchant Solutions represents net rebate earned from advertising platforms by providing services to enable merchants to acquire online customer traffic, and it increased by 47.4% from RMB358.4 million in 2019 to RMB528.3 million in 2020, in line with the increase in gross billing.

Digital Media

Digital Media	Year ended December 31, 2020	2019	Year-on-year change
	(RMB in millions, except percentages)		
Gross billing	**915.5**	672.6	36.1%
Revenue	**818.2**	571.4	43.2%

Digital Media mainly comprise our advertisement placement services offered to certain merchants in which specified results or actions are committed.

Gross billing from our Digital Media increased from RMB672.6 million in 2019 to RMB915.5 million in 2020, primarily due to the increase in the number of advertisers from 1,684 in 2019 to 2,504 in 2020, while we had a decrease in average spend per advertiser from RMB399,399 in 2019 to RMB365,612 in 2020.

Revenue from Digital Media represents revenue from advertisers for targeted marketing services recognized using gross billing net off taxes and discounts and it increased by 43.2% from RMB571.4 million in 2019 to RMB818.2 million in 2020, also in line with the increase in gross billing.

Cost of Sales

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

	Year ended December 31,			
	2020		2019	
	(RMB in millions, except percentages)			
Cost of sales				
Advertising traffic cost for Digital Media	**750.5**	**77.7%**	524.2	81.9%
Staff costs	**38.5**	**4.0%**	21.8	3.4%
Broadband and hardware costs	**50.5**	**5.2%**	31.7	5.0%
Contract operation services costs	**36.4**	**3.8%**	13.3	2.1%
Amortization of intangible assets	**83.4**	**8.6%**	41.2	6.4%
Taxes and surcharges	**6.0**	**0.6%**	6.8	1.1%
Depreciation	**0.9**	**0.1%**	0.7	0.1%
Total	**966.2**	**100.0%**	639.7	100.0%

Our cost of sales increased by 51.0% from RMB639.7 million in 2019 to RMB966.2 million in 2020, primarily because (i) our advertising traffic cost for Digital Media increased by 43.2% from RMB524.2 million in 2019 to RMB750.5 million in 2020, in line with the growth of our Digital Media business, (ii) our broadband and hardware costs increased from RMB31.7 million in 2019 to RMB50.5 million in 2020, primarily as a result of increased use of hardware and broadband services due to the business expansion of our SaaS products clients, (iii) our amortization of intangible assets increased from RMB41.2 million in 2019 to RMB83.4 million in 2020, which represents the amortization of our intangible assets relating to self-developed software, and (iv) our staff costs increased from RMB21.8 million in 2019 to RMB38.5 million in 2020, mainly due to the increase in our operation staff for Digital Media business.

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

	Year ended December 31,			
	2020		2019	
	(RMB in millions, except percentages)			
Cost of sales				
– Subscription Solutions	**183.1**	**18.9%**	98.9	15.5%
– Merchant Solutions	**1.6**	**0.2%**	1.7	0.2%
Digital Commerce	**184.7**	**19.1%**	100.6	15.7%
Digital Media	**781.5**	**80.9%**	539.1	84.3%
Total	**966.2**	**100%**	639.7	100%

Digital Commerce – Subscription Solutions

Cost of sales of our Subscription Solutions increased by 85.2% from RMB98.9 million in 2019 to RMB183.1 million in 2020, primarily due to (i) an increase of RMB18.8 million in broadband and hardware cost primarily as a result of increased use of hardware and broadband services due to business expansion, as well as database security upgrade, (ii) an increase of RMB42.2 million in our amortization of intangible assets relating to our self-developed software for SaaS products as a result of our increased investment in research and development and the corresponding increase in capitalized development costs; (iii) an increase of RMB16.7 million in our staff cost relating to business operation, and (iv) an increase of RMB23.1 million in our contract operation services cost, all in line with our business growth.

Digital Commerce – Merchant Solutions

The revenue of our Merchant Solutions was recognized using net rebate and therefore the related cost was immaterial.

Digital Media

Cost of sales of our Digital Media which mainly represent cost of traffic purchased increased by 45.0% from RMB539.1 million in 2019 to RMB781.5 million in 2020 which was in line with the growth of Digital Media 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 years indicated.

	Year ended December 31,						
	2020				2019		
	Gross profit per financial statements	Gross profit excluding SaaS sabotage event	%	Gross margin excluding SaaS sabotage event	Gross profit	%	Gross margin
	(RMB in millions, except percentages)						
– Subscription Solutions	439.2	534.8	–	74.5%	408.1	–	80.5%
– Merchant Solutions	526.7	526.7	–	99.7%	356.8	–	99.5%
Digital Commerce	965.9	1,061.5	96.7	85.2%	764.9	96.0	88.4%
Digital Media	36.7	36.7	3.3	4.5%	32.3	4.0	5.6%
Total	1,002.6	1,098.2	100.0	53.2%	797.2	100.0	55.5%

Our overall gross profit increased by 25.8% from RMB797.2 million in 2019 to RMB1,002.6 million in 2020. Excluding the impact from SaaS sabotage event, our overall gross profit increased by 37.8% to RMB1,098.2 million in 2020.

Our overall gross margin decreased from 55.5% in 2019 to 50.9% in 2020. Excluding the impact from SaaS sabotage event, our overall gross margin was 53.2% in 2020.

The gross margin of our Subscription Solutions decreased from 80.5% in 2019 to 70.6% in 2020 due to (i) compensation for SaaS sabotage event, excluding the impact from which, gross margin of SaaS products was 74.5% in 2020, and (ii) strengthened investment on research and development activities and therefore increased amortization from capitalized intangible assets.

The gross margin of our Merchant Solutions was near 100%, as net rebate was recognized as revenue and the related cost was minimal.

The gross margin of our Digital Media decreased from 5.6% in 2019 to 4.5% in 2020 primarily due to increased cost of operation staff.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 28.2% from RMB716.9 million in 2019 to RMB919.4 million in 2020, primarily due to the increases in (i) staff costs for our sales and marketing personnel from RMB399.7 million in 2019 to RMB524.0 million in 2020 mainly as a result of the annualization effect of the costs of our increased sales and marketing staff in the second half of 2019, (ii) marketing and promotion costs from RMB49.2 million in 2019 to RMB83.7 million in 2020, and (iii) contract acquisition costs from RMB197.8 million in 2019 to RMB238.1 million in 2020, all in line with business expansion.

General and Administrative Expenses

Our general and administrative expenses increased by 100.8% from RMB129.9 million in 2019 to RMB260.7 million in 2020, primarily due to the increase in staff cost from RMB65.1 million in 2019 to RMB201.2 million in 2020, which was in turn caused by the increase in number of R&D staff.

Research and Development Expenditure

	Year ended December 31,	
	2020	2019
	(RMB in millions, except percentages)	
Research and development expenditure		
Research and development expenditure capitalized in development cost & intangible assets	**161.3**	124.2
Research and development expenditure in general & administrative expenses	**89.7**	20.0
Total research and development expenditure	**251.0**	144.2

Research and development expenditure increased from RMB144.2 million in 2019 to RMB251.0 million in 2020, primarily attributable to the strengthened investment in our research and development capability.

Net Impairment Losses on Financial Assets

We had net impairment losses on financial assets of RMB8.6 million in 2020, primarily as a result of the general provision for credit loss from our trade receivables, notes receivables, other receivables and financial assets measured at fair value through other comprehensive income.

Other Income

Our other income increased significantly from RMB67.4 million in 2019 to RMB118.2 million in 2020, primarily due to an increase of RMB5.9 million in government grants provided to us in the form of VAT refunds and an increase of RMB43.9 million in input VAT super deduction.

Other Gains, Net

Our other net gains increased from RMB26.7 million in 2019 to RMB76.9 million in 2020, mainly due to an increase of RMB77.8 million in fair value change of our investments netting off donation made to the Shanghai Charity Foundation to support the COVID-19 relief of RMB10.0 million and unfavorable foreign exchange variance of RMB15.3 million.

Operating Profit

As a result of the foregoing, we had an operating profit of RMB9.0 million in 2020 while we had an operating profit of RMB37.8 million in 2019.

Finance Costs

Our finance costs increased significantly from RMB13.2 million in 2019 to RMB55.7 million in 2020, primarily due to (i) an increase of RMB10.4 million in our interest expenses from our bank borrowings due to our increased bank borrowings for business expansion and (ii) the interest expenses related to receivable management of RMB6.9 million and (iii) the convertible bonds issuance cost of RMB23.8 million.

Finance Income

Our finance income increased significantly from RMB1.6 million in 2019 to RMB12.4 million in 2020, primarily due to an increased interest income on our bank deposits as a result of an increase in the average balance of our bank deposits in 2020.

Share of Net (Loss)/Profit of Associates Accounted for Using the Equity Method

We recorded share of net loss of associates accounted for using the equity method of RMB23.4 million in 2020, which represented our share of loss from two contractual funds and an associated company.

Change in Fair Value of Convertible Bonds

We recorded a loss of RMB1,086.3 million in change in fair value of convertible bonds due to the change in fair value and an income of RMB77.1 million due to change in foreign exchange rate, which basically reflected the appreciation in value of the convertible bonds.

Change in Fair Value of Redeemable and Convertible Preferred Shares

All redeemable and convertible preferred shares have been converted into ordinary shares upon our listing in 2019. We had no redeemable and convertible preferred shares outstanding as of December 31, 2020.

Income Tax Expense

We recorded income tax expense of RMB17.1 million in 2019 while we recorded income tax expense of RMB22.3 million in 2020, primarily due to the increased fair value gain of financial assets at fair value through profit or loss, resulting in the increase in deferred income tax expense netting off the increase in the recognization of tax losses resulting from the increased loss in our subsidiaries in PRC.

(Loss)/Profit for the Year

As a result of the foregoing, we recorded a loss of RMB1,166.4 million in 2020 while we recorded a profit of RMB311.3 million in 2019.

Non-HKFRS Measures: Adjusted Revenue, Adjusted EBITDA and Adjusted Net Profit/(Loss)

To supplement our consolidated financial statements, which are presented in accordance with HKFRS, we also use adjusted EBITDA and adjusted net profit/(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 year to year 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 profit/(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 profit/(loss) for the years presented to the most directly comparable financial measures calculated and presented in accordance with HKFRS, which are operating profit/(loss) for the year and net profit/(loss) for the year:

	Year ended December 31,	
	2020	2019
	(RMB in millions)	
Adjusted revenue		
Reconciliation of Subscription Solutions revenue per financial statements to adjusted SaaS revenue:		
Subscription Solutions revenue per financial statements	**622.4**	507.0
Add:		
Compensation for SaaS sabotage event	**95.5**	–
Adjusted SaaS revenue	**717.9**	507.0
Adjusted EBITDA		
Reconciliation of operating profit to EBITDA and adjusted EBITDA:		
Operating profit for the year:	**9.0**	37.8
Add:		
Depreciation	**41.2**	28.9
Amortization	**83.7**	53.9
EBITDA	**133.9**	120.6
Add:		
Share-based compensation	**45.6**	5.6
Listing and other one-off expenses	**25.3**	41.6
Compensation due to SaaS sabotage event	**94.3**	–
Adjusted EBITDA	**299.2**	167.8
Adjusted net profit		
Reconciliation of net (loss)/profit to adjusted net profit:		
Net (loss)/profit for the year	**(1,166.4)**	311.3
Add:		
Share-based compensation	**45.6**	5.6
Listing and other one-off expenses[(1)]	**25.3**	41.6
Compensation due to SaaS sabotage event	**94.3**	–
Change in fair value of redeemable and convertible preferred shares	**–**	(298.3)
Change in fair value of convertible bonds	**1,086.3**	–
Tax effects	**22.3**	17.1
Adjusted net profit	**107.5**	77.3

Note:

(1) Refer to one-off expenses related to issuance of convertible bonds and SaaS sabotage event in 2020, and IPO expenses in 2019.

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 December 31, 2020, we had cash and cash equivalents of RMB1,824.0 million.

The following table sets forth our gearing ratios as of December 31, 2020 and December 31, 2019, respectively.

	As of December 31, 2020	As of December 31, 2019
	RMB'000, except percentages	
Net debt/(cash)	**737,345**	(895,009)
Total equity	**1,252,490**	1,989,808
Total capital	**1,989,835**	N/A
Net debt to equity ratio	**37%**	N/A

As of December 31, 2020, we had bank loan of approximately RMB465.1 million. The table below sets forth our major long-term and short-term bank loans:

Bank	**Loan Balance** *(RMB)*	**Loan Period**	**Interest Rate** ***(per annum unless otherwise stated)***
Long-term bank loan			
SPD Silicon Valley Bank	40,000,000.00	2 years	5.00%
Short-term bank loans			
Bank of Shanghai (Puxi Branch)	150,000,000.00	1 year	4.79%
China CITIC Bank	50,000,000.00	1 year	4.62%
Shanghai Rural Commercial Bank (Songnan Branch)	90,000,000.00	1 year	4.58%
China CITIC Bank	50,000,000.00	1 year	4.62%
SPD Silicon Valley Bank	80,000,000.00	1 year	5.00%
Bank of Shanghai (Baoshan Branch)	5,000,000.00	1 year	4.35%

Capital Expenditures

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

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

	Year ended December 31,	
	2020	2019
	(RMB in millions)	
Fixed assets	**15.0**	11.5
Intangible assets	**161.5**	124.6
Total	**176.5**	136.1

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 year ended December 31, 2020. Apart from those disclosed in this annual report, there were no material investments or additions of capital assets authorised by the Board as at the date of this annual report.

Pledge of Assets

As of December 31, 2020, we did not pledge any of our assets.

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 2020, we did not adopt any long-term contracts, currency borrowings or other means to hedge our foreign currency exposure.

Contingent Liabilities

As of December 31, 2020, we did not have any material contingent liabilities.

Employees

As of December 31, 2020, we had 5,796 full-time employees, the majority of whom are based in Shanghai, China.

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.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. SUN Taoyong（孫濤勇）, aged 33, is the Founder of our Group. Mr. Sun currently serves as the Chairman of the Board, executive Director and the Chief Executive Officer of our Company. Mr. Sun also serves as an executive director and the chief executive officer of Weimob Development and holds various directorships in our subsidiaries. Mr. Sun is responsible for formulation of business plans, strategies and other major decisions of our Group, as well as overall management of our Group. In recognition of his innovation, entrepreneurship and contributions, Mr. Sun has received numerous awards and recognitions, including "Top 10 Young IT Pioneers in Shanghai"（上海 IT 青年新鋭獎）by Shanghai Informatization Youth Talent Association in 2015, "100 Most Innovative Individual in PRC Business of 2015" (2015 中國商業最具創意人物 100) by Fast Company Magazine in 2016, "China E-Commerce Innovation Best Person of the Year – Service Vendor"（年度電商創新服務商人物）by International E-Commerce Innovation Association (IECIA) in 2016, "Person of the Year in Anhui Province"（安徽年度新聞人物）by Anhui TV Station in 2016, "2016 Entrepreneurs Under 30" (2016 年 30 歲以下創業新貴）by CYZone（創業邦）in 2016, and "Forbes 30 Under 30 Asia List" by Forbes in 2017（福布斯亞洲 30 歲以下傑出人物榜）, and was selected to the "2018 Shanghai Leading Talents Training Program" (2018 上海領軍人才培養計劃）. Mr. Sun was also the national champion of the first season of "I am the Founder"（我是創始人）, a competitive reality TV show for technology entrepreneurs. Mr. Sun is also a representative of the eighth Shanghai Baoshan District People's Congress.

Mr. Sun obtained his bachelor's degree in educational technology from Anqing Normal University（安慶師範大學）in June 2010. He obtained his master's degree in software engineering from Beijing Institute of Technology（北京理工大學）in February 2013.

Mr. FANG Tongshu（方桐舒）, aged 36, is the co-founder of our Group. Mr. Fang currently serves as an executive Director and president of the intelligent business career group of our Company. Mr. Fang also serves as the senior vice president at Weimob Development since September 2014. Mr. Fang is mainly responsible for overall operation and management of the software business. Prior to joining our Group, from March 2006 to March 2007, Mr. Fang served as a general sales manager at Hotsales Software Technology Co., Ltd.（上海火速軟件技術有限公司）. From April 2007 to March 2013, Mr. Fang served as a general sales and operations manager at Hotsales Network Technology Co., Ltd.（上海火速網絡科技有限公司）.

Mr. Fang graduated from Nankai University（南開大學）with a major in business administration in June 2019.

Mr. YOU Fengchun（游鳳椿）, aged 32, is the co-founder of our Group. Mr. You currently serves as an executive Director, President and president of intelligent marketing career group of our Company. Mr. You also serves as the senior vice president at Weimob Development since December 2015. Mr. You is mainly responsible for overall planning and operation of the targeted marketing business. Prior to joining our Group, Mr. You was mainly engaged in early investment and personal entrepreneurship projects.

Mr. You attended a senior executive development program in business management at Shanghai Jiao Tong University（上海交通大學）from November 2015 to March 2016.

Mr. HUANG Junwei（黃駿偉）, aged 41, is an executive Director and the Chief Technology Officer of our Company. Mr. Huang also serves as the vice president and chief technology officer of Weimob Development since September 2014. Mr. Huang is mainly responsible for overall technological policies, product research and development, and the establishment of technological platforms. Mr. Huang has over 10 years of experience in software product research and development.

Prior to joining our Group, from July 2005 to April 2010, Mr. Huang served as an software engineer at Intel Asia and Pacific R&D Ltd.（英特爾亞太研發有限公司）. From May 2010 to October 2010, Mr. Huang served as an software engineer at Google Information Technology (Shanghai) Co., Ltd.（咕果信息技術（上海）有限公司）. From October 2010 to April 2014, Mr. Huang worked at Baidu (China) Co., Ltd.（百度（中國）有限公司）, primarily responsible for product research and development.

Mr. Huang obtained his bachelor's degree in computer science and technology from Fudan University（復旦大學）in July 2002. Mr. Huang obtained his master's degree in computer architecture from Fudan University in June 2005.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. SUN Mingchun（孫明春）, aged 49, is an independent non-executive Director of our Company. Dr. Sun has over 20 years of experience in finance.

From July 1993 to August 1999, Dr. Sun served as an economist at the State Administration of Foreign Exchange of the PRC（中國國家外匯管理局）. Dr. Sun worked at Capital One Financial（美國第壹資本金融公司）in 2002, and worked as an economist at Lehman Brothers Asia Limited（雷曼兄弟（亞洲）有限公司）in 2006. From October 2008 to November 2010, Dr. Sun served as the managing director, chief China economist and head of China equity research at Nomura International (Hong Kong) Limited（野村國際（香港）有限公司）. From November 2010 to May 2013, Dr. Sun served as the managing director, head of China research and chief greater China economist at Daiwa Capital Markets Hong Kong Limited. From September 2013 to May 2014, Dr. Sun served as a senior partner and chief economist of China Broad Capital Co., Ltd.（上海博道投資管理有限公司）. Since July 2014, Dr. Sun has been serving as an independent non-executive director at HJ Capital (International) Holdings Company Limited（華金國際資本控股有限公司）, a company listed on the Stock Exchange (stock code: 0982). Since October 2014, Dr. Sun has been serving as the chairman and chief investment officer at Deepwater Capital Limited（博海資本有限公司）. Since November 2016, Dr. Sun has been serving as an independent non-executive director at Great Wall Pan Asia Holdings Limited（長城環亞控股有限公司）, a company listed on the Stock Exchange (stock code: 0583).

Dr. Sun obtained his bachelor's degree in international economics from Fudan University（復旦大學）in July 1993. He obtained his master's degree in engineering-economic systems and operations research from Stanford University in June 2001, and his doctorate degree in management science and engineering from Stanford University in June 2006. Dr. Sun has been the Vice President of the Chinese Financial Association of Hong Kong since 2012 and has been a member of the China Finance 40 Forum since 2008.

Dr. LI Xufu（李緒富）, aged 54, is an independent non-executive Director of our Company. Dr. Li was formerly known as Li Xufu（李緒付）. Dr. Li has 24 years of experience in the securities and investment industry.

After Dr. Li obtained his master's degree, he started his career as a senior manager of the investment banking department at Guotai Junan Securities Co., Ltd., until 1996 when he later joined China Southern Securities Co., Ltd.（南方證券股份有限公司）as a general manager of the investment banking department (Shanghai). In 2004, Dr. Li served as the general manager of corporate finance department at Changjiang BNP Paribas Peregrine Securities Co., Ltd, and later in 2006, Dr. Li served as a director at BNP Paribas Capital (Asia Pacific) Limited（法國巴黎融資（亞太）有限公司）. From December 2007 to August 2009, Dr. Li was a partner of Bull Consultants Limited. From September 2009 to June 2018, Dr. Li was the executive partner and managing partner in Bull Capital Partners (Hong Kong) Limited. From January 2009 to May 2014, he served as a non-executive director at JD.com, Inc.（京東集團）, a company listed on the Nasdaq Stock Exchange (stock code: JD) and the Stock Exchange (stock code: 9618). From March 2008 to March 2014, he also served as an independent director at Gemdale Holdings Co., Ltd.（金地集團股份有限公司）, a company listed on the Shanghai Stock Exchange (stock code: 600383). Dr. Li currently serves as a managing partner of Ningbo Xinli Equity Investment Management Partnership (Limited Partnership)（寧波新犁股權投資管理合夥企業（有限合夥））, formerly known as Ningbo Bull Equity Investment Management Partnership (Limited Partnership)（寧波雄牛股權投資管理合夥企業（有限合夥））.

Dr. Li obtained his bachelor's degree in German from Shanghai International Studies University（上海外國語大學）in July 1988. He obtained his master's degree in world economics from Fudan University（復旦大學）in July 1994 and his doctorate degree in international finance from Fudan University in June 2003. Dr. Li is currently a visiting professor in the department of economics at Fudan University.

Mr. TANG Wei（唐偉）, aged 45, is an independent non-executive Director of our Company.

Mr. Tang has over 10 years of experience in accounting, financial management and investment banking. Most notably, from September 2006 to September 2008 and then January 2010 to October 2014, Mr. Tang served as an associate and an executive director of the investment banking department at Goldman Sachs Gao Hua Securities Co., Ltd.（高盛高華證券有限責任公司）. From October 2008 to January 2010, Mr. Tang served as a deputy general manager in the investment banking department in China International Capital Corporation Limited（中國國際金融股份有限公司）. From June 2015 to December 2015, he served as an investment director at CNIC Co., Ltd.（國新國際（中國）投資有限公司）. From January 2016 to September 2018, Mr. Tang served as the chief financial officer of NavInfo Co., Ltd.（北京四維圖新科技股份有限公司）, a company listed on the Shenzhen Stock Exchange (stock code: 002405). Since October 2018, Mr. Tang has been serving as the chief financial officer and secretary to the board of directors of AsiaInfo Company Limited（亞信科技（成都）有限公司）.

Mr. Tang obtained his bachelor's degree in international financial management from China University of Petroleum-Beijing（中國石油大學（北京））in July 1998. He obtained his master's degree in business management from University of International Business and Economics（對外經濟貿易大學）in June 2001. Mr. Tang has been accredited as a Certified Public Accountant by the Chinese Institute of Certified Public Accountants（中國註冊會計師協會）since October 2001 and has been admitted as a Fellow of the Association of Chartered Certified Accountants (FCCA) since December 2010.

SENIOR MANAGEMENT

Mr. CAO Yi（曹懿）, aged 43, is the Chief Financial Officer of our Company and one of our joint company secretaries. Mr. Cao has also been the vice president and chief financial officer of Weimob Development since August 2016. Mr. Cao is primarily responsible for the overall financial management, financial matters and strategic development of our Group. He has 15 years of experience in the financial management and accountancy industry.

Prior to joining our Group, from August 2003 to June 2010, Mr. Cao served as a manager at KPMG Huazhen (Special General Partnership)（畢馬威華振會計師事務所（特殊普通合夥））. From June 2010 to August 2015, he served as a senior finance manager at GE (China) Co., Ltd.（通用電氣（中國）有限公司）, mainly responsible for the financial management of GE's strategic alliance with China XD Electric Co., Ltd. From August 2015 to December 2015, Mr. Cao served as the deputy chief financial officer of SPI Energy Co., Ltd. (Nasdaq: SPI)（上海美柚新能源科技有限公司）, responsible for the financial management of overseas businesses. From December 2015 to July 2016, Mr. Cao served as the finance director of Shenzhen Bincent Technology Co., Ltd.（深圳市彬訊科技有限公司）, responsible for its overall financial management.

Mr. Cao obtained his bachelor's degree in international business management from Shanghai International Studies University（上海外國語大學）in July 1999 and his master's degree in business management from Shanghai International Studies University in March 2002. He was accredited as a Certified Public Accountant by the Chinese Institute of Certified Public Accountants（中國註冊會計師協會）in December 2010. He has been a member of the Association of Chartered Certified Accountants (ACCA) since October 2013.

Mr. FEI Leiming（費雷鳴）, aged 40, is the Chief Human Resources Officer of our Company. Mr. Fei has also been the vice president and chief human resources officer of Weimob Development since January 2017. Mr. Fei is mainly responsible for the planning and operation of human resources. He has more than 10 years of experience in human resources and administration.

Prior to joining our Group, from July 2003 to February 2006, Mr. Fei worked at Zhongqi Power Technology Co., Ltd.（中企動力科技股份有限公司）, and from March 2006 to May 2012, he served as a senior human resources specialist at Alibaba (China) Network Technology Co., Ltd.（阿里巴巴（中國）網絡技術有限公司）, mainly responsible for human resources management. From May 2012 to September 2013, Mr. Fei served as a human resources director at Shanghai HongMei E-commerce Co., Ltd.（上海紅美電子商務有限公司）, responsible for overall human resources management. From April 2014 to April 2015, he worked at Suzhou Haowu Information Technology Company Limited（蘇州市好屋信息技術有限公司）, responsible for human resources and administrative affairs. From May 2015 to January 2017, he worked at Bailian Omni-channel E-commerce Co., Ltd.（上海百聯全渠道電子商務有限公司）, responsible for the general planning and management of human resources for the Internet business sector.

Mr. Fei obtained his bachelor's degree in administrative management from Shanghai Normal University（上海師範大學）in July 2003.

DIRECTORS' REPORT

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the Reporting Period.

GLOBAL OFFERING

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on January 30, 2018, the shares of which were listed on the Main Board of the Stock Exchange on January 15, 2019.

PRINCIPAL ACTIVITIES

The Group is principally engaged in provision of cloud-based commerce and marketing solutions and targeted marketing services on Tencent's social networking service platforms for merchants in China. The analysis of the Group's revenue and contribution to results by business segments are set out in notes 5 and 6 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended December 31, 2020 are set out in the consolidated statement of comprehensive (loss)/income on page 79 of this annual report.

FINAL DIVIDEND

The Board did not recommend the payment of any final dividend for the year ended December 31, 2020.

BUSINESS REVIEW

The business review and performance analysis of the Group for the Reporting Period is set out in the sections headed "Chairman's Statement" from pages 5 to 12 and "Management Discussion and Analysis" from pages 14 to 29 of this annual report. A description of the Group's future business development is set out in the section headed "Chairman's Statement" from pages 12 to 13 of this annual report.

Compliance with Laws and Regulations

During the year ended December 31, 2020, as far as the Board is aware, the Group has complied with the relevant laws and regulations that have a significant impact on the Group in all material aspects.

Environmental Policies and Performance

The Company attaches great importance to environmental protection and resource conservation, and continuously pays attention to the impact of its business operations on the environment. The Group is committed to maintaining the common development of economy, environment and society, and promoting awareness of environmental protection and resource conservation in its daily operations. The Group strictly follows the relevant environment protection laws and regulations of the PRC, and adopts various electricity-saving and water-saving management measures, including management over air-conditioning settings in office areas and enhancing management and maintenance of water equipment, thereby improving efficiency and minimizing resource consumption. During the Reporting Period, the Company did not find any environmental-related violations.

For details of the Company's environmental policies and performance, and the important relationship between the Company and its employees, customers and suppliers, please refer to the Environmental, Social and Governance Report of the Company for the year ended December 31, 2020 to be published on the website of the Stock Exchange (http://www.hkexnews.hk) and the Company's own website (http://www.weimob.com) according to the Listing Rules.

Principal Risks and Uncertainties

The Group is exposed to various risks in its business operations, primarily including: (i) reliance on Tencent's platforms and services to conduct its businesses; (ii) failure to improve and enhance the functionality, performance, reliability, design, security, and scalability of its products and services to suit its clients' evolving needs, (iii) failure to develop and maintain successful relationships with its local channel partners, and (iv) systems disruptions, distributed denial of service attacks, or other hacking and phishing attacks on its systems and security breaches.

FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 4 of this annual report. This summary does not form part of the audited consolidated financial statements.

ISSUE OF GUARANTEED CONVERTIBLE BONDS

On May 15, 2020, Weimob Investment Limited (the "**Bond Issuer**"), a wholly-owned subsidiary of the Company, completed the issue of convertible bonds in an aggregate principal amount of US$150,000,000 with the guarantee provided by the Company (the "**Convertible Bonds**"). The last closing share price of the Shares as quoted on the Stock Exchange on the trading day on which the subscription agreement was signed, namely, May 6, 2020, was HK$5.95 per Share, and the initial conversion price is HK$6.72 per Share. Based on such initial conversion price and assuming full conversion of the Convertible Bonds at the initial conversion price, the Convertible Bonds will be convertible into a maximum of 173,035,715 new Shares. The gross proceeds from the issue of Convertible Bonds were US$150.0 million. The net proceeds from the issue of Convertible Bonds were approximately US$146.6 million. The Company intends to use the net proceeds for improving the Group's comprehensive research and development capabilities which mainly includes purchasing hardware equipment and paying employees' remuneration, upgrading the Group's marketing system, establishing industry funds, supplementing working capital and general corporate purposes. For more information on the use of such net proceeds, see "Use of Proceeds from Listing, Top-up Placing and Issue of Guaranteed Convertible Bonds" below. Based on such net proceeds and assuming the full conversion of the Convertible Bonds, the net price per new Share will be approximately HK$6.57.

The Convertible Bonds have been offered and sold to no less than six independent placees (who are independent individual, corporate and/or institutional investors). The Convertible Bonds were listed on the Stock Exchange on May 18, 2020.

On June 29, 2020, July 6, 2020, July 14, 2020, July 23, 2020 and July 30, 2020, the Company received conversion notices from the bondholders in relation to the exercise of the conversion rights attached to the Convertible Bonds, to convert the Convertible Bonds in the principal amount of US$3.0 million, US$1.4 million, US$7.0 million, US$2.0 million and US$1.0 million, respectively, at the conversion price of HK$6.72 per share (the "**Conversion**"). Accordingly, 3,460,714 shares, 1,615,000 shares, 8,075,000 shares, 2,307,142 shares and 1,153,571 shares of the Company (the "**Conversion Shares**") were allotted to the respective bondholders on July 7, 2020, July 9, 2020, July 21, 2020, July 30, 2020 and August 5, 2020, respectively, pursuant to the terms and conditions of the Convertible Bonds. As a result of the Conversion, the Company allotted and issued a total of 16,611,427 Conversion Shares under the general mandate, representing approximately 0.74% of the number of issued shares of the Company as enlarged by the allotment and issue of the Conversion Shares. The Conversion Shares rank *pari passu* with all existing Shares at the date of allotment and issue, and among themselves in all respects. Save as disclosed in this annual report, there had not been any exercise of the Convertible Bonds as of December 31, 2020, and no redemption right had been exercised by the bondholders or the Company as of the same date.

As of December 31, 2020, the outstanding Convertible Bonds, with US$135,600,000 principal amount, are convertible into a maximum of 156,424,288 Shares at the initial conversion price of HK$6.72 per Share. Assuming the outstanding Convertible Bonds were fully exercised at the initial conversion price of HK$6.72 per Share on December 31, 2020, the shareholdings of the Company immediately before and after the full exercise of the outstanding Convertible Bonds are set out below for illustration purposes:

	Shareholding immediately before the full exercise of the outstanding Convertible Bonds		Assuming the outstanding Convertible Bonds are fully converted into new Shares at the initial conversion price of HK$6.72 each	
Shareholder	**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	14.24%	321,145,000	13.32%
Jeff.Fang Holding Limited[3]	18,220,000	0.81%	18,220,000	0.76%
Alter.You Holding Limited[4]	67,015,000	2.97%	67,015,000	2.78%
Sub-total:	406,380,000	18.02%	406,380,000	16.85%
Shares held by public Shareholders				
Bondholders	16,611,427	0.74%	173,035,715	7.18%
Other public Shareholders	1,831,986,000	81.24%	1,831,986,000	75.97%
Sub-total:	1,848,597,427	81.98%	2,005,021,715	83.15%
Total	2,254,977,427	100.00%	2,411,401,715	100.00%

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.

(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.

By issue of Convertible Bonds, the Company wishes to further implement its business plans, including: (i) to get prepared to carry out mergers and acquisitions at an appropriate time in the future; (ii) to continuously improve and deepen the SaaS technology, thus maintaining its market leading position; and (iii) to comprehensively optimize and enhance its targeted marketing system. The Directors consider the issue of 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 Company's existing Shareholders; and (iii) in the event that the Convertible Bonds are converted into the new Shares, the Company can improve its capital base, benefiting the long-term development of the Company.

Based on the cash and cash equivalents as at December 31, 2020 and the cash flow from operating activities of the Company, the Company has the ability to meet its redemption obligation under the Convertible Bonds.

Pursuant to the terms and conditions of the Convertible Bonds, the implied rate of return of the convertible bonds is nil.

Details of the Convertible Bonds were disclosed in the announcements of the Company dated May 7, 2020 and May 15, 2020.

USE OF PROCEEDS FROM LISTING, TOP-UP PLACING AND ISSUE OF GUARANTEED CONVERTIBLE BONDS

The Company was successfully listed on the Main Board of the Stock Exchange on January 15, 2019, the net proceeds from the global offering after deducting underwriting fees and commissions and relevant expenses payable by the Company amounted to approximately HK$758.2 million. As disclosed in the interim report for the six months ended June 30, 2020 of the Company, the net proceeds from the global offering were utilized as following and had been fully utilized as of June 30, 2020:

- Approximately HK$227.5 million for enhancing research and development capabilities and improving technology infrastructure;
- Approximately HK$189.6 million for strategic investments;
- Approximately HK$113.7 million for investments in advertising and digital marketing, hotline sales centre, and channel partner recruiting;
- Approximately HK$75.8 million for purchasing social media advertising traffic for targeted marketing business;
- Approximately HK$75.8 million for expanding the Marketing and Sales Clouds product offerings and the sales channels; and
- Approximately HK$75.8 million for working capital and general corporate use.

In August 2019, the Company completed the top-up placing of 255,000,000 new Shares and raised net proceeds of approximately HK$1,157.1 million. As of December 31, 2020, the Company had utilized approximately HK$444.1 million as intended. The Company will apply the remaining net proceeds for the purposes as disclosed in the announcement of the Company dated July 26, 2019. The Company intends to fully utilize the net proceeds by December 31, 2021.

In May 2020, the Bond Issuer completed the issue of Convertible Bonds. The net proceeds from the issue of Convertible Bonds amounted to approximately US$146.6 million. As of December 31, 2020, the Company had not utilized such proceeds. The Company will apply the net proceeds for the purposes as disclosed in the announcement of the Company dated May 7, 2020. The Company intends to fully utilize the net proceeds by December 31, 2021.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

For the year ended December 31, 2020, the transaction amounts of the Group's top five customers accounted for 55.8% (2019: 46.2%) of the Group's total revenues while the transaction amounts of our single largest customer, Beijing Dajia Internet Information Technology Co., Ltd., accounted for 19.1% (2019: Beijing Tencent Culture Media Company Limited, 22.5%) of the Group's total revenues.

Major Suppliers

For the year ended December 31, 2020, the transaction amounts of the Group's top five suppliers accounted for 67.7% (2019: 87.6%) of the total purchases while the transaction amounts of our single largest supplier, Beijing Tencent Culture Media Company Limited, accounted for 60.2% (2019: 82.8%) of the Group's total purchases.

During the Reporting Period, none of the Directors, any of their close associates or any Shareholders (which to the knowledge of the Directors owns more than 5% of the number of the issued Shares) was interested in the top five customers or suppliers of the Group.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Company and the Group during the Reporting Period are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the Reporting Period are set out in note 34 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Company and the Group during the Reporting Period are set out in the consolidated statement of changes in equity on pages 82 to 83 of this annual report. As of December 31, 2020, the Company had retained nil (2019: nil) profits under HKFRSs as reserves available for distribution to our Shareholders.

BANK BORROWINGS

Particulars of bank borrowings of the Company and the Group as of December 31, 2020 are set out in note 32 to the consolidated financial statements.

DIRECTORS

The Directors during the Reporting Period and up to the date of this annual report are as follows:

Executive Directors:
Mr. SUN Taoyong *(Chairman)*
Mr. FANG Tongshu
Mr. YOU Fengchun
Mr. HUANG Junwei

Independent Non-executive Directors:
Dr. SUN Mingchun
Dr. LI Xufu
Mr. TANG Wei

In accordance with the Article 16.19 of the Articles of Association, at every annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat.

Accordingly, Mr. SUN Taoyong, Dr. SUN Mingchun and Dr. LI Xufu shall retire by rotation at the AGM and they being eligible, offer themselves for re-election.

Details of the Directors to be re-elected at the AGM are set out in the circular to the Shareholders.

DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out on pages 30 to 33 of this annual report.

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers all of the independent non-executive Directors are independent during the Reporting Period and up to the date of this annual report.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENTS

Each of the executive Directors has entered into a service contract with the Company for an initial fixed term of three years commencing from the Listing Date and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until after the fixed term.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for an initial fixed term of three years commencing from the Listing Date and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until after the fixed term.

Save as disclosed above, none of the Directors has entered into, or has proposed to enter into, a service contract with the Group (other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

None of the Directors had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party during the year ended December 31, 2020 and up to the date of this annual report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period and up to the date of this annual report.

EMOLUMENT POLICY

A remuneration committee was set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices.

Details of the emoluments of the Directors, and the five highest paid individuals during the Reporting Period are set out in notes 8 and 41 to the consolidated financial statements.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement and employee benefits scheme of the Company are set out in notes 8 and 41 to the consolidated financial statements.

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

As of December 31, 2020, 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]; interest held jointly with other persons[2]	406,380,000 171,000,000	18.02 7.58	Long position Short position
Mr. FANG Tongshu ("**Mr. FANG**")	Interest in controlled corporation[3]; interest held jointly with other persons[2]	406,380,000 171,000,000	18.02 7.58	Long position Short position
Mr. YOU Fengchun ("**Mr. YOU**")	Settlor of a discretionary trust[4]; interest held jointly with other persons[2]	406,380,000 171,000,000	18.02 7.58	Long position Short position
Mr. HUANG Junwei	Beneficial owner	13,940,000	0.62	Long position

Notes:

(1) Mr. SUN's interest in the Company is indirectly held through Yomi.sun Holding Limited (the "**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.

(2) 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.

(3) Jeff.Fang Holding Limited (the "**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.

(4) Mr. YOU's interest in the Company is indirectly held through Alter.You Holding Limited (the "**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.

Save as disclosed above, as of December 31, 2020, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short positions 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, at no time during the Reporting Period was the Company or its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, and none of the Directors or their spouses or children under the age of 18 were granted any right to subscribe for the share capital or debt securities of the Company or any other body corporate, or had exercised any such right.

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

As of December 31, 2020, 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 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	14.24	Long position
		136,000,000	6.03	Short position
Youmi Investment Limited	Interest in controlled corporation[1]	321,145,000	14.24	Long position
		136,000,000	6.03	Short position
Sun SPV	Beneficial interest[1]	321,145,000	14.24	Long position
		136,000,000	6.03	Short position
Tencent Mobility Limited	Beneficial interest[2]	58,665,000	2.60	Long position
THL H Limited	Beneficial interest[2]	122,220,000	5.42	Long position
Tencent Holdings Limited	Interest in controlled corporation[2]	180,885,000	8.02	Long position
Credit Suisse Group AG	Interest in controlled corporation;	205,623,242	9.12	Long position
	investment manager[3]	177,306,429	7.86	Short position
JPMorgan Chase & Co.	Interest in controlled corporation;	142,983,646	6.34	Long position
	investment manager; person	72,808,170	3.23	Short position
	having a security interest in shares;	12,222,248	0.54	Lending pool
	approved lending agent[4]			
BlackRock, Inc.	Interest in controlled corporation[5]	135,858,091	6.02	Long position
		9,759,000	0.43	Short position

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 58,665,000 Shares held by Tencent Mobility Limited and 122,220,000 Shares held by THL H Limited.

(3) Credit Suisse Group AG holds equity interests in the Shares through the companies controlled or indirectly controlled by it.

(4) JPMorgan Chase & Co. holds equity interests in the Shares through the companies directly controlled by it.

(5) BlackRock, Inc holds equity interests in the Shares through the companies controlled or indirectly controlled by it.

Save as disclosed above, as of December 31, 2020, 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 recorded in the register required to be kept by the Company under section 336 of the SFO.

2018 RESTRICTED STOCK UNIT 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 2018 RSU Plan is not subject to the provisions of chapter 17 of the Listing Rules. 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. Certain principal terms and details of the RSU Plan are summarized as follows:

Effectiveness and Duration

Subject to any early termination as may be determined by the Board pursuant to terms of the 2018 RSU Plan, the 2018 RSU Plan shall be valid and effective for a period of 10 years commencing on the 2018 RSU Plan Adoption Date, after which no awards will be granted, but the provisions of this RSU Plan shall in all other respects remain in full force and effect and the awards granted during the term of the 2018 RSU Plan may continue to be valid and exercisable in accordance with their respective terms of grant.

Administration

The 2018 RSU Plan shall be subject to the administration of the administrator (the "**Administrator**"), being (i) prior to the Listing, Mr. Sun Taoyong, and (ii) immediately after the consummation of the Listing, the committee comprising of certain members appointed by the Board from time to time, in accordance with the terms and conditions of the 2018 RSU Plan. The Administrator may, from time to time, select the participants to whom a grant of a RSU (the "**Awards**") may be granted.

The Administrator shall have the sole and absolute right to (a) interpret and construe the provisions of the 2018 RSU Plan, (b) determine the persons who will be granted Awards under the 2018 RSU Plan, the terms and conditions on which Awards are granted and when the RSUs granted pursuant to the 2018 RSU Plan may vest, (c) make such appropriate and equitable adjustments to the terms of the Awards granted under the 2018 RSU Plan as it deems necessary; and (d) make such other decisions or determinations as it shall deem appropriate or desirable in respect of the foregoing (a), (b) and (c).

Who may join

Those eligible to participate in the 2018 RSU Plan (the "**2018 RSU Plan Participants**") include: (a) full-time employees (including directors, officers and members of senior management) of the Group; and (b) any person who, in the sole opinion of the Administrator, has contributed or will contribute to any member of the Group (including business partners of any member of the Group, such as suppliers, clients, or any persons who provide technical support, consultancy, advisory or other services to any member of the Group).

Maximum number of shares

The total number of Shares underlying the 2018 RSU Plan ("**2018 RSU Limit**") shall not exceed the aggregate of 14,099 Shares as of the date of adoption of the 2018 RSU Plan initially held by the Weimob Teamwork as transferred from a company wholly-owned by Mr. Sun Taoyong, representing 4.12% of the issued Shares as of the 2018 RSU Plan Adoption Date (on a fully diluted and as-converted basis assuming all the Shares underlying the 2018 RSU Plan have been issued). Immediately following the completion of the capitalization issue and the global offering of the Company on January 15, 2019, the aggregate number of Shares held by the Weimob Teamwork was 70,495,000 Shares, representing approximately 3.13% of the issued Shares as of December 31, 2020. Weimob Teamwork has been appointed as the trustee pursuant to the trust deed to administrate the 2018 RSU Plan.

Details of the RSUs granted under the 2018 RSU Plan

As of December 31, 2020, the aggregate number of Shares underlying the granted RSUs under the 2018 RSU Plan was 69,670,000 Shares, representing approximately 3.09% of the issued share capital of the Company as of December 31, 2020, and the aggregate number of Shares underlying the vested RSUs under the 2018 RSU Plan was 63,980,000 Shares. As of the date of this annual 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.

Details of the RSUs granted pursuant to the 2018 RSU Plan to the Director are set out below:

Name of Director	Number of Shares underlying the RSUs granted as of December 31, 2020[(1)]	Approximate percentage of shareholding as of December 31, 2020[(1)]	Grant date	Vesting period (subject to other conditions in the 2018 RSU Plan)
Mr. HUANG Junwei	13,940,000	0.62%	July 1, 2018	80% of which vested on July 6, 2018 10% of which vested on July 1, 2019 10% of which vested on July 1, 2020

Note:

(1) As of the date of this annual report, the number of Shares underlying the RSUs under the 2018 RSU Plan granted to Mr. Huang Junwei remained unchanged.

2020 RESTRICTED SHARE UNIT SCHEME

The 2020 restricted share unit scheme (the "**2020 RSU Scheme**") of the Company (including the RSU Scheme Annual Mandate, as defined below) 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 (the "**2020 RSU Scheme Adoption Date**"). The 2020 RSU Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of the Company. 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 announcement and the circular of the Company dated May 25, 2020 and May 28, 2020, respectively. Certain principal terms and details of the 2020 RSU Scheme are summarized as follows:

Effectiveness and Duration

Subject to any early termination as may be determined by the Board pursuant to terms of the 2020 RSU Scheme, the 2020 RSU Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which no awards will be granted, but the provisions of the 2020 RSU Scheme shall in all other respects remain in full force and effect and the awards granted during the term of the 2020 RSU Scheme may continue to be valid and exercisable in accordance with their respective terms of grant.

Administration

The 2020 RSU Scheme shall be subject to the administration of the administrator (the "**2020 RSU Scheme Administrator**"), being the Board or a committee comprising of certain members appointed by the Board from time to time, in accordance with the terms and conditions of the 2020 RSU Scheme. The 2020 RSU Scheme Administrator may, from time to time, select the participants to whom a grant of a restricted stock unit (the "**2020 RSU Awards**") may be granted.

The 2020 RSU Scheme Administrator shall have the sole and absolute right to (a) interpret and construe the provisions of the 2020 RSU Scheme, (b) determine the persons who will be granted 2020 RSU Awards under the 2020 RSU Scheme, the terms and conditions on which 2020 RSU Awards are granted and when the RSUs granted pursuant to the 2020 RSU Scheme may vest, (c) make such appropriate and equitable adjustments to the terms of the 2020 RSU Awards granted under the 2020 RSU Scheme as it deems necessary; and (d) make such other decisions or determinations as it shall deem appropriate or desirable in respect of the foregoing (a), (b) and (c). All the decisions, determinations and interpretations made by the 2020 RSU Scheme Administrator in accordance with this Scheme shall be final, conclusive and binding on all parties.

Who may join

Those eligible to participate in the 2020 RSU Scheme (the "**2020 RSU Scheme Participants**") include: (a) full-time employees (including directors, officers and members of senior management) of the Group; and (b) any person who, in the sole opinion of the 2020 RSU Scheme Administrator, has contributed or will contribute to any member of the Group (including business partners of any member of the Group, such as suppliers, clients, or any persons who provide technical support, consultancy, advisory or other services to any member of the Group).

Maximum number of Shares

No Award shall be granted pursuant to the 2020 RSU Scheme if as a result of such grant (assumed accepted), the aggregate number of Shares underlying all grants made pursuant to the 2020 RSU Scheme (excluding 2020 RSU Awards that have lapsed or been cancelled in accordance with the rules of the 2020 RSU Scheme) will exceed 3% of the total issued Shares at the relevant date of Shareholders' approval (the "**RSU Mandate Limit**").

The RSU Mandate Limit may be refreshed from time to time subject to prior approval of the Shareholders, but in any event, the total number of Shares that may underlie the 2020 RSU Awards granted following the date of approval of the refreshed limit (the "**New Approval Date**") as refreshed from time to time must not exceed 3% of the total issued Shares at the relevant date of Shareholders' approval. Shares underlying the RSUs granted pursuant to the 2020 RSU Scheme (including those outstanding, cancelled, lapsed or vested) prior to the New Approval Date will not be counted for the purpose of determining the maximum aggregate number of Shares that may underlie the RSUs granted following the New Approval Date under the limit as renewed.

To the extent that the Company may, during the Relevant Period (as defined below), grant RSUs pursuant to the 2020 RSU Scheme which may be satisfied by the Company allotting and issuing new Shares upon the vesting of the RSUs, the Company shall at its general meeting propose for the Shareholders to consider and, if thought fit, pass an ordinary resolution approving a mandate specifying:

(i) the maximum number of new Shares that may underlie RSUs granted pursuant to the 2020 RSU Scheme during the Relevant Period; and

(ii) that the Board has the power to allot and issue Shares, procure the transfer of Shares and otherwise deal with Shares pursuant to the vesting of RSUs that are granted pursuant to the 2020 RSU Scheme during the Relevant Period as and when the RSUs vest.

The above mandate shall remain in effect during the period commencing from the date of the general meeting at which the ordinary resolution granting the mandate is passed until the earliest of:

(a) the conclusion of the first annual general meeting of the Company following the passing of the above resolution;

(b) the end of the period within which the Company is required by any applicable laws or by the memorandum and articles of association of the Company to hold the next annual general meeting of the Company; and

(c) the date on which such mandate is varied or revoked by an ordinary resolution of the Shareholders in a general meeting,

(the "**Relevant Period**").

Details of the RSUs granted under the 2020 RSU Scheme

Pursuant to the RSU Scheme Annual Mandate approved by the Shareholders at the annual general meeting held on June 29, 2020, the Company is authorised to allot and issue up to 44,767,320 new Shares to satisfy the grant of 2020 RSU Awards, representing approximately 2% of the total number of the issued Shares as at the date of the annual general meeting.

As disclosed in the announcement of the Company dated October 15, 2020, the Board approved the grant of 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 was subject to acceptance by the grantees. 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 of December 31, 2020, the aggregate number of Shares underlying the outstanding RSUs under the 2020 RSU Scheme was 17,603,600 Shares, representing approximately 0.78% of the issued share capital of the Company as of December 31, 2020.

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	Number of Shares underlying the RSUs outstanding as of December 31, 2019	Granted during the Reporting Period	Grant date	Vested during the Reporting Period	Lapsed during the Reporting Period	Number of Shares underlying the RSUs outstanding as of December 31, 2020	Vesting Period (subject to other conditions in the 2020 RSU Scheme)	Approximate percentage of shareholding as of December 31, 2020
Employees	–	20,350,000	October 15, 2020	2,746,400	–	17,603,600	Within four years	0.78%

EQUITY-LINKED AGREEMENT

Save as disclosed in the Prospectus, there was no equity-linked agreement entered into by the Company or any of its subsidiaries during the Reporting Period.

PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended December 31, 2020.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands that would oblige the Company to offer new shares on a pro-rata basis to the existing Shareholders.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the Reporting Period, none of the Directors or their respective associates had any interests in business, which compete or are likely to compete either directly or indirectly, with the business of the Group.

CONTINUING CONNECTED TRANSACTIONS

During the Reporting Period, the Group conducted the following continuing connected transactions:

Non-exempt Continuing Connected Transactions

As disclosed in the Prospectus, the following transactions of the Group constituted continuing connected transactions of the Company. For further details of the continuing connected transactions, please refer to the section headed "Connected Transactions – Non-exempt Continuing Connected Transaction" on pages 221 to 223 of the Prospectus.

On December 5, 2018, the Company (for itself and on behalf of its subsidiaries) entered into a framework agreement with Shanghai Weimob Enterprise Co., Ltd. ("**Weimob Enterprise**") and Shanghai Xiaomeng Investment Management Company Limited ("**Xiaomeng Investment**") (for themselves and on behalf of their respective subsidiaries) (together with their respective subsidiaries, the "**WE Group**"), pursuant to which, the Group shall provide targeted marketing services to WE Group through (i) its digital marketing platform integrated with analytics and optimization technology and (ii) premium media sources (the "**Advertising Cooperation Framework Agreement**"). The precise scope of service, fee calculation, method of payment and other details of the service arrangement will be agreed between the relevant parties separately. The term of the Advertising Cooperation Framework Agreement commenced on the Listing Date and will expire on December 31, 2020. Xiaomeng Investment and Weimob Enterprise were previously associates of Mr. Sun Taoyong and therefore connected persons of the Company under Rule 14A.07(4) of the Listing Rules. As at the date of this annual report, Xiaomeng Investment and Weimob Enterprise are no longer associates of Mr. Sun Taoyong, and therefore do not constitute the connected persons of the Company due to their shareholding changes in June 2020.

In consideration for the advertising services provided by the Company, the Company will charge WE Group following the costs charged to it by the relevant media publishers and using different pricing models such as CPC or CPM, or a combination of these two models, depending on the means of cooperation and the platforms where the advertising services are provided. And the Company will recognize rebates subsequently received from the media publisher as its revenue. Such pricing policy is normally applicable to the Company's other advertisers using its targeted marketing services which are independent from the Company at the time of the transactions.

The proposed annual caps for the purchase of advertising traffic on behalf of WE Group under the Advertising Cooperation Framework Agreement for the three years ended/ending December 31, 2020 are RMB18.2 million, RMB18.2 million and RMB18.2 million, respectively. The actual transaction amount for the year ended December 31, 2020 was nil.

During the Reporting Period, the independent non-executive Directors reviewed the above non-exempted continuing connected transactions and confirmed that such transactions were entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) in accordance with the agreements for such transactions, the terms of which are fair and reasonable, and are in the interest of the Shareholders as a whole.

The auditor of the Company was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor of the Company has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in this annual report in accordance with Rule 14A.56 of the Listing Rules.

Certain connected party transactions mentioned in note 40 to the consolidated financial statements constituted the connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules, and are in compliance with the disclosure requirements in Chapter 14A of the Listing Rules.

Save as disclosed in this annual report, during the Reporting Period, there were no connected transactions or continuing connected transactions which are required to be disclosed by the Company in accordance with the provisions concerning the disclosure of connected transactions under Chapter 14A of the Listing Rules.

DONATIONS

During the Reporting Period, the charitable and other donations made by the Group amounted to RMB10 million.

MATERIAL LEGAL PROCEEDINGS

During the Reporting Period, the Company was not involved in any material legal proceeding or arbitration. To the best knowledge of the Directors, there is no material legal proceeding or claim which is pending or threatened against the Company.

PERMITTED INDEMNITY PROVISIONS

During the Reporting Period and up to the date of this annual report, there were no permitted indemnity provisions which were or are currently in force, and are beneficial to the Directors (whether they were entered into by the Company or others) or any directors of the Company's connected companies (if they were entered into by the Company). The Company has purchased appropriate liability insurance for its Directors and senior staff members.

EVENTS AFTER THE BALANCE SHEET DATE

Details of significant events occurring after the balance sheet date are set out in note 43 to the consolidated financial statements.

Save as disclosed in this annual report, there were no other significant events that might affect the Group after December 31, 2020 and up to the date of this annual report.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has, together with the senior management of the Company and the external auditor of the Company, reviewed the accounting principles and practices adopted by the Group as well as the audited consolidated financial statements of the Group for the year ended December 31, 2020.

CORPORATE GOVERNANCE

The Company is committed to maintaining high level of corporate governance practices. Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 53 to 72 of this annual report.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, at least 25% (being the minimum public float prescribed by the Stock Exchange and the Listing Rules) of the Company's entire issued share capital were held by the public at any time during the Reporting Period and up to the date of this annual report.

AUDITOR

PricewaterhouseCoopers is appointed as auditor of the Company for the year ended December 31, 2020. PricewaterhouseCoopers has audited the accompanying financial statements which were prepared in accordance with the HKFRS.

PricewaterhouseCoopers is subject to retirement and, being eligible, offers itself for re-appointment at the AGM. A resolution for re-appointment of PricewaterhouseCoopers as auditor of the Company will be proposed at the AGM. There have been no other changes of auditor in the past three years.

By order of the Board
Sun Taoyong
Chairman of the Board

Shanghai, March 17, 2021

CORPORATE GOVERNANCE PRACTICES

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.

During the Reporting Period, the Company has complied with all the applicable code provisions under the Corporate Governance Code with the exception for the deviation from code provision A.2.1 of the Corporate Governance Code.

Code provision A.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 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.

BOARD OF DIRECTORS

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees, including the Audit Committee, the remuneration committee (the "**Remuneration Committee**") and the nomination committee (the "**Nomination Committee**") (collectively, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors shall ensure that they carry out their duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its shareholders at all times.

The Company has arranged appropriate insurance coverage in respect of liability arising from legal action against its Directors, and will conduct annual review on such insurance coverage.

BOARD COMPOSITION

As at the date of this annual report, the Board comprised four executive Directors and three independent non-executive Directors as set out below:

Executive Directors:

Mr. SUN Taoyong
Mr. FANG Tongshu
Mr. YOU Fengchun
Mr. HUANG Junwei

Independent Non-executive Directors:

Dr. SUN Mingchun
Dr. LI Xufu
Mr. TANG Wei

The biographies of the Directors are set out under the section headed "Directors and Senior Management" of this annual report.

During the Reporting Period, the Board has met the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has also complied with Rule 3.10A of the Listing Rules, which relates to the appointment of independent non-executive directors representing at least one-third of the Board.

Each of the independent non-executive Directors has confirmed his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers each of them to be independent.

Save as disclosed in the biographies of the Directors as set out in the section headed "Directors and Senior Management" of this annual report, none of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Directors or any chief executive.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and expertise to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

As regards the code provision under the Corporate Governance Code requiring directors to disclose the number and nature of offices held in public companies or organizations and other significant commitments as well as their identity and the time involved to the issuer, the Directors have agreed to disclose their commitments to the Company in a timely manner.

BOARD DIVERSITY POLICY

The Company believes that the diversity of Board members will be immensely beneficial for the enhancement of the Company's performance. Therefore, the Company has adopted a board diversity policy (the "**Board Diversity Policy**") to ensure that the Company will, when determining the composition of the Board, consider board diversity in terms of, among other things, age, cultural and educational background, professional experience, skills and knowledge. All appointments by the Board will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The Board Diversity Policy is summarized as follows:

The Company has adopted a Board Diversity Policy which sets out the objective and provides that all appointments of the members of the Board should be made on merit, in the content of the talents, skills and experience the Board as a whole requires to be effective. The Nomination Committee will review and assess the composition of the Board and make recommendations to the Board on appointment of members of the Board. Meanwhile, the Nomination Committee will consider the benefits of all aspects of diversity, including without limitation, professional experience, skills, knowledge, education background, age, gender, cultural and ethnicity and length of service, in order to maintain an appropriate range and balance of talents, skills, experience and diversity of perspectives on the Board. Since Listing, the Nomination Committee has reviewed the Board Diversity Policy and its compliance with the Corporate Governance Code to ensure its continued effectiveness and the Company will disclose in its corporate governance report about the implementation of the Board Diversity Policy on annual basis.

Having reviewed the Board composition, the Nomination Committee recognizes the importance and benefits of the gender diversity at the Board level and shall continue to take initiatives to identify at least one female candidate to enhance the gender diversity among the Board members.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

All newly appointed Directors would be provided with necessary induction and information to ensure that they have a proper understanding of the Company's operations and businesses as well as their responsibilities under relevant statutes, laws, rules and regulations. The Company also arranges regular seminars to provide the Directors with updates on the latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

The Company encourages continuous professional development training for all the Directors to develop and refresh their knowledge and skills. The joint company secretaries of the Company update and provide the Directors with written training materials in relation to their roles, functions and duties from time to time.

Based on the information provided by the Directors, during the year ended December 31, 2020, a summary of training received by the Directors is as follows:

Name of Director	Nature of Continuous Professional Development
Mr. SUN Taoyong	A, B, C and D
Mr. FANG Tongshu	A, B, C and D
Mr. YOU Fengchun	A, B, C and D
Mr. HUANG Junwei	A, B, C and D
Dr. SUN Mingchun	A and B
Dr. LI Xufu	A and B
Mr. TANG Wei	A and B

Notes:

A: attending seminars and/or conferences and/or forums and/or briefings

B: making speeches at seminars and/or conferences and/or forums

C: participating in training provided by law firms and that relating to the business of the Company

D: reading materials on various topics, including corporate governance matters, directors' duties and responsibilities, Listing Rules and other relevant laws

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under code provision A.2.1 of the Corporate Governance Code, the roles of chairman of the Board and chief executive officer should be separate and should not be performed by the same individual.

Mr. SUN Taoyong currently serves as the Chairman of the Board and chief executive officer of the Company. He is responsible for formulation of business plans, strategies and other major decisions of the Group, as well as overall management of the Group. The Board believes that at the current stage of development of the Group, vesting the roles of both Chairman and the Chief Executive Officer in the same person provides the Company with strong and consistent leadership, and allows for effective and efficient planning and implementation of business decisions and strategies. The Board also meets regularly on a quarterly basis to review the operations of the Company led by Mr. SUN. Accordingly, the Board believes that this arrangement will not impact on the balance of power and authorizations between the Board and the management of the Company.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors has entered into a service contract with the Company for an initial fixed term of three years commencing from the Listing Date and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until after the fixed term.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for an initial fixed term of one year commencing from the Listing Date and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until after the fixed term.

Save as disclosed above, none of the Directors has entered into, or has proposed to enter into, a service contract with the Group (other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

Pursuant to the Articles of Association, at every annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Any Director appointed pursuant to Article 16.2 or Article 16.3 shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, and for making recommendations to the Board on the appointment, re-appointment of Directors and succession plans for the Directors.

BOARD MEETINGS

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of no less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board meetings and Board Committee meetings, reasonable notice is generally given by the Company. The agenda and accompanying Board papers are dispatched to the Directors or Board Committee members at least three days before the Board meetings or Board Committee meetings to ensure that the Directors have sufficient time to review the papers and be adequately prepared for the Board meetings or Board Committee meetings. When Directors or Board Committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting. Minutes of meetings shall be kept by the joint company secretaries with copies circulated to all Directors for information and records.

Minutes of the Board meetings and Board Committee meetings are recorded in sufficient detail on the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. The minutes of the Board meetings are open for inspection by all Directors.

During the year ended December 31, 2020, four Board meetings were held and one general meeting was convened. Attendance of each Director at the Board meetings and the annual general meeting of the Company held on June 29, 2020 is set out below:

Director	Board Meetings Attended/Eligible to Attend	General Meeting Attended/Eligible to attend
Mr. SUN Taoyong	4/4	1/1
Mr. FANG Tongshu	4/4	1/1
Mr. YOU Fengchun	4/4	1/1
Mr. HUANG Junwei	4/4	1/1
Dr. SUN Mingchun	4/4	1/1
Dr. LI Xufu	4/4	1/1
Mr. TANG Wei	4/4	1/1

Apart from regular Board meetings, the Chairman of the Board also holds meetings with the independent non-executive Directors without the presence of other Directors during each year.

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 has complied with the required standards as set out in the Model Code during the Reporting Period.

DELEGATION BY THE BOARD

The Board reserves for its decision on all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. The Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense. The Directors are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

CORPORATE GOVERNANCE FUNCTIONS

The Board confirmed that corporate governance is a collective responsibility of the Directors, whose corporate governance functions include:

(a) review and monitor the Company's policies and practices in complying with legal and regulatory requirements;

(b) review and monitor the training and continuous professional development of the Directors and senior management;

(c) develop, review and monitor the code of conduct and compliance manual applicable to employees and the Directors;

(d) develop and review the Company's corporate governance and practices, make recommendations and report on related issues to the Board;

(e) review the Company's compliance with the corporate governance and disclosures in the Corporate Governance Report; and

(f) review and monitor the Company's compliance with its whistleblowing policy.

THE BOARD COMMITTEES

Audit Committee

The Audit Committee currently consists of Dr. SUN Mingchun, Dr. LI Xufu and Mr. TANG Wei, being all independent non-executive Directors. The Audit Committee is chaired by Mr. TANG Wei.

The primary duties of the Audit Committee are:

Relationship with the Company's auditors

(a) being primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor; and approving the remuneration and terms of engagement of the external auditor, and considering any questions of its resignation or dismissal;

(b) reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

(c) developing and implementing policies on engaging an external auditor to supply non-audit services (for this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally) and reporting to the Board and making recommendations on any matters where action or improvement is needed;

(d) discussing with the external auditor the nature and scope of the audit and relevant reporting obligations, and ensuring co-ordination where more than one audit firm is involved before the audit commences;

Review of the Company's financial information

(e) monitoring integrity of the Company's financial statements, annual reports and accounts, half-year reports and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgments contained therein. In reviewing these statements and reports before submission to the Board, the Audit Committee shall focus particularly on:

(i) any changes in accounting policies and practices;

(ii) major judgmental areas;

(iii) significant adjustments resulting from audit;

(iv) the going concern assumptions and any qualifications;

(v) compliance with accounting standards; and

(vi) compliance with the Listing Rules and any requirements from the Stock Exchange and legal requirements in relation to financial reporting;

(f) regarding (e) above: (i) liaising with the Board and the senior management; (ii) meeting at least twice a year with the Company's auditors; and (iii) considering any significant or unusual items that are, or may need to be, reflected in the financial reports and accounts and giving due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors;

Oversight of the Company's financial reporting system, risk management and internal control systems

(g) reviewing the Company's financial controls, risk management and internal control systems;

(h) discussing the risk management and internal control systems with the senior management, ensuring that the senior management has performed their duties to establish effective systems and to review annually the effectiveness, adequacy and appropriateness of those systems. This review should include adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function;

(i) conducting research on major investigation findings of risk management and internal control matters and the senior management's response to these findings on its own initiative or as delegated by the Board;

(j) ensuring co-ordination between the internal and external auditors, ensuring that the internal audit function is adequately resourced to operate and has appropriate standing within the Company, and reviewing and monitoring its effectiveness;

(k) reviewing the Company's financial and accounting policies and practices;

(l) reviewing the external auditor's management letter, any material queries raised by the auditor to the senior management about accounting records, financial accounts or systems of control and senior management's response;

(m) ensuring that the Board will provide a timely response to the issues raised in the external auditor's management letter;

(n) reporting to the Board on the matters in the terms of reference;

(o) reviewing the following arrangements set by the Company: employees of the Company can raise concerns about possible improprieties in financial reporting, internal control or other matters in confidence; and ensuring that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up actions by the Company;

(p) acting as the key representative body for overseeing the Company's relations with the external auditor;

(q) formulating a whistle-blowing policy and system by the Audit Committee to allow employees and those who have dealings with the Company (such as customers and suppliers) to raise, in confidence, any concern regarding any possible improprieties about the Company to the Audit Committee; and

(r) conducting any other matters related to the Audit Committee in accordance with the instructions from the Board from time to time.

Terms of reference of Audit Committee are available on the websites of the Stock Exchange and the Company.

Two meetings were held by the Audit Committee during the year ended December 31, 2020 and the attendance of each Audit Committee member at the Audit Committee meetings is set out in the table below:

Director	Attended/Eligible to attend
Mr. TANG Wei	2/2
Dr. LI Xufu	2/2
Dr. SUN Mingchun	2/2

During the meetings, the Audit Committee:

- reviewed the annual results of the Group for the year ended December 31, 2019 and the interim results of the Group for the six months ended June 30, 2020 as well as the relevant financial reports;

- reviewed the audit report prepared by the auditor relating to accounting issues and major findings in course of audit; and

- reviewed the financial reporting system, compliance procedures, risk management and internal control systems (including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function), risk management systems and processes and the re-appointment of the auditor; the Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of the auditor.

Nomination Committee

The Nomination Committee currently consists of independent non-executive Directors, Dr. SUN Mingchun and Dr. LI Xufu and executive Director, Mr. SUN Taoyong. The Nomination Committee is chaired by Mr. SUN Taoyong.

The primary duties of the Nomination Committee are:

(a) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(b) making recommendations to the Board on the appointment or re-appointment of Directors and succession plans for Directors, in particular the chairman and the chief executive officer. The Nomination Committee shall make recommendations on appointment of Directors with due regard to the diversity policy of the Company and in accordance with the challenges and opportunities faced by the Company;

(c) identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorship;

(d) assessing the independence of independent non-executive Directors;

(e) before making any appointment recommendations to the Board, evaluating the balance of Directors based on (including but not limited to) gender, age, cultural and educational background or professional experience, and, in light of this evaluation, preparing a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the Nomination Committee shall:

    (i) use open advertising or the services of external advisors to facilitate the search;

    (ii) consider candidates from a wide range of backgrounds; and

    (iii) consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;

(f) reviewing annually the time required from the non-executive Directors. Performance evaluations should be used to assess whether the non-executive Directors are spending enough time in fulfilling their duties; and

(g) ensuring that the Directors receive a formal letter of appointment from the Board setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings.

The Nominating Committee assesses candidates or incumbents on the basis of integrity, experience, skills and time and effort devoted in the performance of their duties. The recommendations of the Nominating Committee will then be submitted to the Board for decision. The terms of reference of Nomination Committee are available on the websites of the Stock Exchange and the Company.

One meeting was held by the Nomination Committee during the year ended December 31, 2020 and the attendance of each Nomination Committee member at the Nomination Committee meeting is set out in the table below:

Director	Attended/Eligible to attend
Mr. SUN Taoyong	1/1
Dr. SUN Mingchun	1/1
Dr. LI Xufu	1/1

During the meetings, the Nomination Committee:

- reviewed the structure, size and composition of the Board;
- assessed independence of the independent non-executive Directors;
- reviewed the Nomination Policy;
- reviewed the Board Diversity Policy; and
- considered the re-appointment of the retiring Directors.

Nomination Policy

The Nomination Committee reviews the information and documents provided by the nominated candidate as required by the Nomination Policy for Directorship available on the website of the Company and conducts the following process (in accordance with the following criteria) with a view to assessing and evaluating whether such candidate is suitably qualified to be appointed as a Director before making recommendations to the Board:

1. to assess such candidate's qualifications, skills, knowledge, ability and experience and also potential time commitment and attention to perform director's duties under common law, legislation and applicable rules, regulations and guidance (including without limitation the Listing Rules and the "Guidance for Boards and Directors" published by the Stock Exchange (the "**Guidance for Boards and Directors**")), with reference to the corresponding professional knowledge and industry experience which may be relevant to the Company and also the potential contributions that such candidate could bring to the Board (including potential contributions in terms of qualifications, skills, experience, independence and gender diversity);

2. in addition and without prejudice to Paragraph 1 above, to assess such candidate's personal ethics, integrity and reputation (including without limitation to conduct appropriate background checks and other verification processes against such candidate);

3. with reference to the Board Diversity Policy (as adopted and amended by the Board from time to time), to take into account the then current structure, size and composition (including without limitation the balancing of the skills, knowledge, ability, experience and diversity of perspectives appropriate to the requirements of the Company's business) of the Board and the Company's corporate strategy, with due regard for the benefits of the appropriate diversity of the Board and also such candidate's potential contributions thereto;

4. to consider Board succession planning considerations and the long-term needs of the Company;

5. in case of a candidate for an independent non-executive Director, to assess: (i) the independence of such candidate with reference to, among other things, the independence criteria as set out in Rule 3.13 of the Listing Rules; and (ii) the guidance and requirements relating to independent non-executive directors set out in Code Provision A.5.5 of Appendix 14 to the Listing Rules and in the Guidance for Boards and Directors; and

6. to consider any other factors and matters as the Nomination Committee may consider appropriate.

Remuneration Committee

The Remuneration Committee currently consists of independent non-executive Directors, Dr. SUN Mingchun and Dr. LI Xufu and executive Director, Mr. SUN Taoyong. The Remuneration Committee is chaired by Dr. SUN Mingchun.

The primary duties of the Remuneration Committee are:

(a) making recommendations to the Board on all the Company's remuneration policy and structure for the Directors and senior management and on the establishment of formal and transparent procedures for developing remuneration policy;

(b) being responsible for either (i) determining, with delegated responsibility by the Board, the remuneration packages of the individual executive Directors and senior management; or (ii) making recommendations to the Board on the remuneration packages of individual executive Directors and senior management (this should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of office or appointment);

(c) making recommendations to the Board on the remuneration of non-executive Directors;

(d) considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company;

(e) reviewing and approving the senior management's remuneration proposals with reference to the Board's corporate goals and objectives;

(f) reviewing and approving compensation payable to the executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and reasonable and not excessive;

(g) reviewing and approving compensation arrangements relating to dismissal or removal of the Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

(h) ensuring that no Director or any of his/her associates is involved in deciding his/her own remuneration;

(i) advising the Shareholders on how to vote with respect to any service contracts of the Directors that require the Shareholders' approval under the Listing Rules; and

(j) reviewing the Company's policy on expense reimbursements for the Directors and senior management.

Terms of reference of Remuneration Committee are available on the websites of the Stock Exchange and the Company.

One meeting was held by the Remuneration Committee during the year ended December 31, 2020 and the attendance of each Remuneration Committee member at the Remuneration Committee meeting is set out in the table below:

Director	**Attended/Eligible to attend**
Dr. SUN Mingchun	1/1
Mr. SUN Taoyong	1/1
Dr. LI Xufu	1/1

During the meeting, the Remuneration Committee discussed and reviewed the remuneration packages for Directors and senior management of the Company, and made recommendations to the Board on the remuneration packages of individual Directors and senior management.

Remuneration of Directors and Senior Management

The remuneration of Directors and senior management of the Company (whose biographies are set out on pages 30 to 33 of this annual report) by band for the year ended December 31, 2020 is set out below:

Band of remuneration (RMB)	**Number of individuals**
1 – 500,000	3
500,001 – 1,000,000	4
> 1,000,000	2

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2020 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company has provided all members of the Board with monthly updates on the Company's performance, positions and prospects.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the auditor regarding its reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on page 77 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group is exposed to various risks in its business operations, primarily including: (i) reliance on Tencent's platforms and services to conduct its businesses; (ii) failure to improve and enhance the functionality, performance, reliability, design, security, and scalability of its products and services to suit its clients' evolving needs, (iii) failure to develop and maintain successful relationships with its local channel partners, and (iv) systems disruptions, distributed denial of service attacks, or other hacking and phishing attacks on its systems and security breaches.

The Board acknowledges that it is its responsibility to ensure that the Company establishes and maintains sound risk management and internal control systems within the Group and to review the effectiveness of the systems. Such systems are designed to manage and mitigate risks inherent in the Group's business faced by the Group to an acceptable level, but not eliminating the risk of failure to achieve business objectives, and can only provide reasonable assurance against material misstatement, loss or fraud.

The executive Directors, with the coordination of the management of the Group, strive to develop, implement and maintain an internal control and risk management system by conducting on-going business reviews; evaluating significant risks faced by the Group; formulating appropriate policies, programs and authorization criteria; conducting business variance analyses of actual result versus business plan; undertaking critical path analyses to identify the impediments in attaining the corporate goals and initiating corrective measures; following up on isolated cases; identifying inherent deficiencies in the internal control system; and making timely remedies and adjustments to avoid recurrence of problems.

The Board has entrusted the Audit Committee with the responsibility to oversee the risk management and internal control systems of the Group on an on-going basis and to review the effectiveness of the systems annually. The review covered all material controls, including financial, operational and compliance controls.

Under the Company's risk management and internal control structure, the management is responsible for the design, implementation and maintenance of risk management and internal control systems to ensure, amongst others, (i) appropriate policies and control procedures have been designed and established to safeguard the Group's assets against improper use or disposal; (ii) relevant laws, rules and regulations are adhered to and complied with; and (iii) reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements.

The main features of risk management and internal control structure of the Company are as follows:

- Heads of major operation units or departments manage risks through identification and mitigating risks identified in accordance with the internal guidelines approved by the Board and the Audit Committee; and

- The management ensures appropriate actions are taken on major risks affecting the Group's businesses and operations.

During the Reporting Period, major works performed by the management in relation to risk management and internal control include the followings:

- each major operation unit or department was responsible for daily risk management activities, including identifying major risks that may impact on the Group's performance; assessing and evaluating the identified risks according to their likely impacts and the likelihood of occurrence; formulating and implementing measures, controls and response plans to manage and mitigate such risks;

- the management, together with the finance department, monitored and reviewed the risk management and internal control systems on an ongoing basis and reported to the Audit Committee regarding the status of the systems;

- the management periodically followed up and reviewed the implementation of the measures, controls and response plans to major risks identified in order to make sure that sufficient attention, monitor and responses were paid to all major risks identified; the management reviewed the risk management and internal control systems periodically to identify process and control deficiencies, and designed and implemented corrective actions to address such deficiencies; and

- the management ensured appropriate procedures and measures such as safeguarding assets against unauthorized use or disposition, controlling capital expenditure, maintaining proper accounting records and ensuring the reliability of financial information used for business and publications, etc. are in place.

The internal audit function of the Company monitored the internal governance of the Company and provided independent assurances as to the adequacy and effectiveness of the Company's risk management and internal control systems. The senior executive in charge of the internal audit function reported directly to the Audit Committee. The internal audit reports on control effectiveness were submitted to the Audit Committee in line with agreed audit plan approved by the Board. During the Reporting Period, the internal audit function carried out an analysis and independent appraisal of the adequacy and effectiveness of the risk management and internal control systems of the Company through, amongst others, examination of risk-related documentation prepared by operation units and the management and conducting interviews with employees at all levels. The senior executives in charge of the internal audit function attended meetings of the Audit Committee to explain the internal audit findings and responded to queries from members of the Audit Committee.

The Company has maintained internal guidelines for ensuring that inside information is disseminated to the public in an equal and timely manner in accordance with the applicable laws and regulations. Senior executives of the investor relations, corporate affairs and financial control functions of the Group are delegated with responsibilities to control and monitor the proper procedures to be observed on the disclosure of inside information. Access to inside information is at all times confined to relevant senior executives and confined on "need-to-know" basis. Relevant personnel and other professional parties involved are reminded to preserve confidentiality of the inside information until it is publicly disclosed. Other procedures such as pre-clearance on dealing in the Company's securities by Directors and designated members of the management, notification of regular blackout period and securities dealing restrictions to Directors and employees, and identification of project by code name have also been implemented by the Company to guard against possible mishandling of inside information within the Group.

The Company has adopted arrangement to facilitate employees and other stakeholders to raise concerns, in confidence, about possible improprieties in financial reporting, internal control or other matters. The Audit Committee reviewed such arrangement regularly and ensured that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

During the Reporting Period, the Audit Committee reviewed the effectiveness of the risk management and internal control systems of the Company. The annual review included works such as (i) review of reports submitted by the external professional firm regarding the implementation of the risk management and internal control systems, as well as the respective internal audit findings; (ii) periodic discussions with the management and senior executives regarding the effectiveness of the risk management and internal control systems and the works of the internal audit function. Such discussions include the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting, internal audit and financial reporting functions; (iii) evaluation on the scope and quality of the management's ongoing monitoring of the risks management and internal control systems; (iv) review of the effectiveness of the internal audit function to ensure coordination within the Group and between the Company's internal and external auditors and to ensure the internal audit function is adequately resourced and has appropriate standing within the Group; and (v) provision of recommendations to the Board and the management on the scope and quality of the management's ongoing monitoring of the risk management and internal control systems.

On the basis of the aforesaid, the Audit Committee was not aware of any significant issues that would have an adverse impact on the effectiveness and adequacy of the risk management and internal control of the Company.

The Board believes that, in the absence of any evidence to the contrary, the system of internal controls maintained by the Group throughout the Reporting Period provides reasonable assurance against material financial misstatements or loss, and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risks.

The Board, through the reviews made by the Audit Committee, had reviewed the effectiveness and the adequacy of the internal control systems of the Group and considered them to have been implemented effectively. Considerations were also given to the adequacy of resources, qualifications, and experience of staff of the Company's accounting and financial reporting function, and their training programs and budget.

AUDITOR'S REMUNERATION

The auditor's approximate remuneration in respect of the audit and non-audit services provided to the Company for the year ended December 31, 2020 is as follows:

Type of services	**Amount** *(RMB'000)*
Audit services	6,302
Non-audit services (internal control consulting and tax consulting and financial due diligence consulting)	1,087
Total	**7,389**

JOINT COMPANY SECRETARIES

Mr. CAO Yi ("**Mr. Cao**") is the joint company secretary of the Company and is responsible for advising the Board on corporate governance matters and ensuring that Board policy and procedures, and applicable laws, rules and regulations are followed.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company also engages Ms. NG Sau Mei ("**Ms. Ng**"), an associate director of TMF Hong Kong Limited (a company secretarial service provider), as another joint company secretary of the Company to assist Mr. Cao to discharge his duties as company secretary of the Company. Mr. Cao is her primary contact person in the Company.

During the Reporting Period, Mr. Cao and Ms. Ng have undertaken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONSHIP

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information on the Company for the Shareholders and investors to make informed investment decisions.

The annual general meetings of the Company provide opportunity for Shareholders to communicate directly with the Directors. The chairman of the Company and the chairmen of the Board Committees will attend the annual general meetings to answer the Shareholders' questions. The auditor will also attend the annual general meetings to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor's independence.

To promote effective communication and to build an inter-relationship and communication channel between the Company and the Shareholders, the Company adopts a shareholders' communication policy and maintains a website at www.weimob.com, where the up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

SHAREHOLDERS' RIGHTS

To safeguard the Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and the poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

DIVIDEND POLICY

As advised by the Company's Cayman Islands legal advisor, under Cayman Islands law, a position of accumulated losses and net liabilities does not necessarily restrict the Company from declaring and paying dividends to its shareholders out of either its profit or its share premium account, provided that this would not result in the Company being unable to pay its debts as they fall due in the ordinary course of business. As the Company is a holding company incorporated under the laws of the Cayman Islands, the payment and amount of any future dividends will also depend on the availability of dividends received from its subsidiaries. The PRC laws require that dividends be paid only out of the profit for the year calculated according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including HKFRS. Any dividends the Company pays will be determined at the absolute discretion of the Board, taking into account factors including the Company's actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors that the Board deems to be appropriate. The Shareholders may approve, in a general meeting, any declaration of dividends, which must not exceed the amount recommended by the Board.

CONVENING AN EXTRAORDINARY GENERAL MEETING AND PUTTING FORWARD PROPOSALS

Pursuant to the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any two or more members deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as of the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any one member which is a recognized clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as of the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

As regards proposing a person for election as a Director, the procedures are available on the website of the Company.

ENQUIRIES TO THE BOARD

Shareholders who intend to put forward their enquiries about the Company to the Board may send their enquiries to the headquarters of the Company at Weimob Building, 258 Changjiang Road, Baoshan District, Shanghai, the PRC through mail (or email box ir@weimob.com).

AMENDMENTS TO CONSTITUTIONAL DOCUMENTS

During the Reporting Period, there was no change on the Articles of Association.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Weimob Inc.
(incorporated in the Cayman Islands with limited liability by shares)

OPINION

What we have audited

The consolidated financial statements of Weimob Inc. (the "Company") and its subsidiaries (the "Group") set out on pages 79 to 218, which comprise:

- the consolidated statement of financial position as at December 31, 2020;
- the consolidated statement of comprehensive (loss)/income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Revenue recognition of advertising services
- Purchase price allocation for business combinations

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition of advertising services Refer to Note 2.26, Note 4(a) and Note 6 to the consolidated financial statements. For the year ended December 31, 2020, the Group recognised revenue of RMB1,346 million from provision of advertising services including RMB818 million presented in digital media and RMB528 million presented in merchant solutions as part of the digital commerce. The Group's advertising services mainly comprises of (a) agreed rebates earned from certain media publishers for which revenue is recognised on net basis, and (b) agreed consideration earned from advertisers for which revenue is recognised on gross basis. The determination of whether revenue should be reported on a gross or net basis is based on the assessment of whether the Group acts as a principal or an agent in the transactions, taking into account of the nature of specified services and whether the Group obtains controls of the specified services before transferring to advertisers. Management considers together whether (a) the Group is primarily responsible for fulfilling the promise to provide the advertising services; (b) the Group bears certain inventory risk, and (c) the Group has discretion in establishing the price. We focused on this area because the judgements involved in determining the Group's role as a principal or an agent in recognising advertising services is subject to high degree of judgements. The inherent risk in relation to the determination of revenue recognition on gross or net basis is considered significant due to the management's judgements are subjective.	We have performed the following procedures to address this key audit matter: i. We discussed with management and understood the indicators and judgement management considered when assessing the revenue recognition on gross or net basis under each different circumstance, assessed the inherent risk of material misstatement by considering the level of complexity and other inherent risk factors. ii. We understood, evaluated and tested the key controls over the management's assessment of revenue recognition, including management approval and review of sales contracts. iii. We selected sales contracts, on a sample basis, reviewed the relevant contract terms and corroborated with management explanations and other supporting documents regarding the judgement applied for the selected sales contracts. iv. We conducted interviews with different advertisers, on a sample basis, to corroborate the management's explanations of the Group's business arrangements with them. v. We considered whether the judgements made by management in assessing gross versus net would give rise to indicators of possible management bias. Based on the above, we considered that management's judgements applied in determination of revenue recognition on gross or net basis are supportable by the evidences obtained and procedures performed.

Key Audit Matter	How our audit addressed the Key Audit Matter
Purchase price allocation for business combinations Refer to Note 2.3, Note 4(h), Note 19 and Note 37 to the consolidated financial statements. For the year ended December 31, 2020, the Group completed three business combinations at a total purchase price of RMB725 million. As a result, intangible assets of RMB821 million including goodwill of RMB538 million were recognized at the acquisition dates, representing the excess of considerations transferred and the amount of non-controlling interests in the acquirees over the fair value of identified net assets acquired. Management performed fair value assessments to the assets and liabilities acquired in the acquisitions, including the valuation of intangible assets with the assistance of an external independent appraiser. Intangible assets mainly included customer relationships and self-developed software identified on the acquisition dates. The determination of intangible assets' respective fair values required significant management's judgements on the assumptions including customer churn rates, royalty rates, discount rates, revenue growth rates, economic useful lives etc. We focused on this area because the fair valuation of purchase price allocation for business combinations is subject to high degree of estimation uncertainty. The inherent risk in relation to the fair valuation of purchase price allocation is considered significant due to the subjectivity of the significant assumptions applied by management.	We have performed the following procedures to address this key audit matter: i. We understood management's internal control and fair value assessment process of assets acquired and liabilities assumed at acquisition dates and assessed the inherent risk of material misstatement by considering the degree of complexity and subjectivity etc. ii. We assessed the appropriateness of the accounting treatments by reviewing the key terms of the acquisition agreements and other relevant documents. iii. We assessed the competency, capabilities and objectivity of the external independent appraiser engaged by the Group. iv. We assessed the valuation methodologies and the assumptions used in the valuation such as customer churn rates, royalty rates, discount rates and economic useful lives with the involvement of our internal valuation specialists by reviewing the historical attrition rate, purchase price allocation research results, comparable market royalty rate range and other relevant documents, considered whether the judgements made would give rise to indicators of possible management bias. v. We assessed the reasonableness of the forecast cash flows applied by management by comparing them with historical business performance and future development plan of the acquirees. Based on the above, we considered that management's judgements and assumptions applied in purchase price allocation for business combinations are supportable by the evidences obtained and procedures performed.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the management discussion and analysis (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the corporate governance report and report of the directors, which are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the corporate governance report and report of the directors, if we conclude that there is a material misstatement therein, we are required to communicate the matter to Audit Committee and take appropriate action considering our legal rights and obligations.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chan Chiu Kong, Edmond.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, March 17, 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE (LOSS)/INCOME

FOR THE YEAR ENDED DECEMBER 31, 2020

		Year ended December 31	
		2020	2019
	Note	**RMB'000**	RMB'000
Revenue	*6*	**1,968,814**	1,436,787
Cost of sales	*7*	**(966,195)**	(639,657)
Gross profit		**1,002,619**	797,130
Selling and distribution expenses	*7*	**(919,372)**	(716,907)
General and administrative expenses	*7*	**(260,723)**	(129,936)
Net impairment losses on financial assets	*3.1*	**(8,597)**	(6,630)
Other income	*9*	**118,200**	67,434
Other gains, net	*10*	**76,870**	26,676
Operating gain		**8,997**	37,767
Finance costs	*11*	**(55,722)**	(13,151)
Finance income	*12*	**12,376**	1,569
Share of net (loss)/profit of associates accounted for using the equity method	*22*	**(23,408)**	3,941
Change in fair value of convertible bonds	*26(iii)*	**(1,086,310)**	–
Change in fair value of redeemable and convertible preferred shares	*3.3*	**–**	298,280
(Loss)/profit before income tax		**(1,144,067)**	328,406
Income tax expenses	*13*	**(22,312)**	(17,098)
(Loss)/profit and total comprehensive (loss)/income		**(1,166,379)**	311,308
(Loss)/profit and total comprehensive (loss)/income attributable to:			
– Equity holders of the Company		**(1,156,622)**	311,978
– Non-controlling interests		**(9,757)**	(670)
		(1,166,379)	311,308
(Loss)/earnings per share (expressed in RMB per share)			
– Basic (loss)/earnings per share	*15*	**(0.52)**	0.15
– Diluted (loss)/earnings per share	*15*	**(0.52)**	0.01

The notes on pages 86 to 218 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

		As at December 31	
		2020	2019
	Note	**RMB'000**	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	*16*	**63,645**	21,024
Right-of-use assets	*17*	**114,229**	61,176
Investment properties	*18*	**32,401**	–
Intangible assets	*19*	**1,015,779**	138,787
Development costs	*20*	**38,701**	16,944
Deferred income tax assets	*27*	**44,370**	45,184
Contract acquisition cost	*6*	**40,841**	39,549
Investments accounted for using the equity method	*22*	**47,033**	66,441
Financial assets at fair value through profit or loss	*3.3, 26*	**215,094**	40,885
Prepayments, deposits and other assets	*29*	**4,087**	1,767
Other non-current assets	*28*	**17,000**	17,000
Total non-current assets		**1,633,180**	448,757
Current assets			
Trade and notes receivables	*30*	**239,478**	156,386
Contract acquisition cost	*6*	**156,746**	147,578
Prepayments, deposits and other assets	*29*	**1,758,204**	1,226,502
Financial assets at fair value through profit or loss	*3.3, 26*	**182,328**	61,364
Financial assets at fair value through other comprehensive income	*24*	**44,834**	–
Derivative financial instruments	*25*	**15,468**	–
Term deposits	*31*	**–**	393,000
Cash and cash equivalents	*31*	**1,823,976**	870,328
Total current assets		**4,221,034**	2,855,158
Total assets		**5,854,214**	3,303,915
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	*34*	**1,529**	1,531
Treasury shares	*34*	**–**	(63,143)
Shares held for RSU scheme	*34*	**(15,819)**	(38,582)
Share premium	*34*	**4,278,775**	4,171,056
Other reserves	*35*	**(1,106,251)**	(1,127,164)
Accumulated losses		**(2,110,217)**	(953,595)
		1,048,017	1,990,103
Non-controlling interests		**204,473**	(295)
Total equity		**1,252,490**	1,989,808

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

	Note	As at December 31 2020 RMB'000	2019 RMB'000
LIABILITIES			
Non-current liabilities			
Bank borrowings	*32*	**40,000**	–
Financial liabilities measured at fair value through profit or loss	*3.3, 26*	**1,947,553**	18,076
Lease liabilities	*17*	**71,260**	35,230
Contract liabilities	*6*	**105,098**	85,179
Deferred income tax liabilities	*27*	**67,188**	–
Other non-current liabilities	*33(ii)*	**600**	1,800
Total non-current liabilities		**2,231,699**	140,285
Current liabilities			
Bank borrowings	*32*	**425,050**	300,000
Lease liabilities	*17*	**31,093**	15,013
Trade and other payables	*33*	**1,490,440**	562,674
Contract liabilities	*6*	**376,256**	293,488
Current income tax liabilities		**821**	2,647
Financial liabilities measured at fair value through profit or loss	*3.3, 26*	**46,365**	–
Total current liabilities		**2,370,025**	1,173,822
Total liabilities		**4,601,724**	1,314,107
Total equity and liabilities		**5,854,214**	3,303,915

The notes on pages 86 to 218 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 79 to 218 were approved by the Board of Directors on March 17, 2021 and were signed on its behalf:

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2020

		Attributable to equity holders of the Company								
	Note	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Shares held for RSU scheme RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
As at January 1, 2020		1,531	4,171,056	(63,143)	(38,582)	(1,127,164)	(953,595)	1,990,103	(295)	1,989,808
Comprehensive loss										
Loss for the year		–	–	–	–	–	(1,156,622)	(1,156,622)	(9,757)	(1,166,379)
Total comprehensive loss for the year		–	–	–	–	–	(1,156,622)	(1,156,622)	(9,757)	(1,166,379)
Transaction with owners										
Cancellation of buy-back shares	*34*	(14)	(63,129)	63,143	–	–	–	–	–	–
Conversion of convertible bonds	*34*	12	170,848	–	–	–	–	170,860	–	170,860
Transfer of vested RSUs	*36(a)*	–	–	–	22,763	(22,763)	–	–	–	–
Share-based compensation expenses for employees	*36(a)*	–	–	–	–	42,544	–	42,544	3,071	45,615
Capital injection from non-controlling interests		–	–	–	–	–	–	–	1,000	1,000
Transaction with non-controlling interests	*36(b)*	–	–	–	–	1,132	–	1,132	(1,132)	–
Non-controlling interests from acquisition of subsidiaries	*37*	–	–	–	–	–	–	–	211,586	211,586
Transactions with owners in their capacity for the year		(2)	107,719	63,143	22,763	20,913	–	214,536	214,525	429,061
As at December 31, 2020		1,529	4,278,775	–	(15,819)	(1,106,251)	(2,110,217)	1,048,017	204,473	1,252,490

* The relevant amounts are all less than RMB1,000.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2020

		Attributable to equity holders of the Company								
	Note	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Shares held for RSU scheme RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
As at January 1, 2019		–*	1,049	–	–	(1,170,341)	(1,262,090)	(2,431,382)	(1,154)	(2,432,536)
Comprehensive income/(loss)										
Profit/(loss) for the year		–	–	–	–	–	311,978	311,978	(670)	311,308
Total comprehensive income/(loss) for the year		–	–	–	–	–	311,978	311,978	(670)	311,308
Transaction with owners										
Conversion of convertible redeemable preferred share into ordinary shares	*34*	–*	2,471,625	–	–	3,483	(3,483)	2,471,625	–	2,471,625
Share capitalisation	*34*	1,155	(1,155)	–	–	–	–	–	–	–
Issuance of ordinary shares	*34*	381	1,769,185	–	–	–	–	1,769,566	–	1,769,566
Share issuance costs	*34*	–	(42,550)	–	–	–	–	(42,550)	–	(42,550)
Buy-back of shares	*34*	–	–	(90,246)	–	–	–	(90,246)	–	(90,246)
Cancellation of buy-back shares	*34*	(5)	(27,098)	27,103	–	–	–	–	–	–
Contribution from a shareholder in relation to RSU Scheme Trust	*34, 36*	–	–	–	(61,333)	61,333	–	–	–	–
Transfer of vested RSUs	*34, 36*	–	–	–	22,751	(22,751)	–	–	–	–
Share-based compensation expenses	*36*	–	–	–	–	5,641	–	5,641	–	5,641
Acquisition of non-controlling interests	*33(ii)*	–	–	–	–	(4,529)	–	(4,529)	1,529	(3,000)
Transactions with owners in their capacity for the year		1,531	4,170,007	(63,143)	(38,582)	43,177	(3,483)	4,109,507	1,529	4,111,036
As at December 31, 2019		1,531	4,171,056	(63,143)	(38,582)	(1,127,164)	(953,595)	1,990,103	(295)	1,989,808

* The relevant amounts are all less than RMB1,000.

The notes on pages 86 to 218 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	Year ended December 31 2020 RMB'000	 2019 RMB'000
Cash flows from operating activities			
Cash used in operations	*38*	**(24,592)**	(439,408)
Interest received	*12*	**12,376**	1,569
Interest paid		**(33,630)**	(12,964)
Income tax paid		**(2,059)**	(542)
Net cash used in operating activities		**(47,905)**	(451,345)
Cash flows from investing activities			
Placements of term deposits		**–**	(724,607)
Receipt from term deposits		**393,000**	331,607
Purchase of investments measured at fair value through profit or loss	*26*	**(110,900)**	(84,224)
Proceeds from disposals of investments measured at fair value through profit or loss	*3.3*	**–**	11,485
Interest received from term deposits and loan to third parties		**5,590**	6,495
Payment to invest in associates	*22, 38(b)*	**(4,000)**	(62,500)
Payment for acquisition of subsidiaries, net of cash acquired	*37*	**(210,151)**	–
Prepayment for equity investment	*28*	**–**	(7,300)
Purchase of property, plant and equipment		**(14,133)**	(11,459)
Proceeds from disposal of property, plant and equipment	*38(a)*	**123**	143
Purchase of intangible assets	*19*	**(195)**	(421)
Payment for development cost		**(156,314)**	(116,505)
Loan to third parties		**(8,400)**	(12,550)
Principle repayment of loan from third parties	*38(b)*	**22,600**	2,175
Loan to related parties	*40(b)*	**(24,000)**	–
Net cash used in investing activities		**(106,780)**	(667,661)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	Year ended December 31 **2020** **RMB'000**	 2019 RMB'000
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	*34(a)(b)*	**–**	1,769,566
Proceeds from issuance of convertible bonds	*26(iii)*	**1,064,040**	–
Issuance costs of convertible bonds	*7*	**(23,754)**	–
Buy-back of shares	*34(d)*	**–**	(90,246)
Proceeds from bank borrowings	*38(c)*	**610,000**	330,000
Repayments of bank borrowings	*38(c)*	**(450,128)**	(110,000)
Borrowing from a third party	*26(ii)*	**2,500**	12,500
Principal elements of lease payments	*38*	**(25,880)**	(12,510)
Redemption of preferred shares in a subsidiary	*37(c)*	**(11,110)**	–
Payment of listing expenses		**–**	(39,423)
Acquisition of equity interest from non-controlling interests	*33(ii)*	**(3,080)**	(3,659)
Capital contribution from non-controlling shareholders		**1,000**	–
Net cash generated from financing activities		**1,163,588**	1,856,228
Net increase in cash and cash equivalents		**1,008,903**	737,222
Effect on exchange rate difference		**(55,255)**	5,521
Cash and cash equivalents at beginning of the year		**870,328**	127,585
Cash and cash equivalents at end of the year		**1,823,976**	870,328

The notes on pages 86 to 218 are an integral part of these consolidated financial statements.

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 leading digital commerce and media services for merchants in the People's Republic of China (the "PRC"). The Group offers integrated digital commerce services to merchants including software as a service ("SaaS") products offering, customised software development, operation and marketing support services etc. The Group also offer digital media services through its targeted marketing services.

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").

These consolidated financial statements are presented in Renminbi ("RMB") unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on March 17, 2021.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared on a historical cost basis, except for investment properties and certain financial assets and liabilities measured at fair value.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 below.

New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2020:

- Definition of Material – amendments to HKAS 1 and HKAS 8
- Definition of a Business – amendments to HKFRS 3
- Interest Rate Benchmark Reform – amendments to HKFRS 9, HKAS 39 and HKFRS 7
- Revised Conceptual Framework for Financial Reporting

For Amendments to HKAS 16 – Covid-19-related Rent Concessions which is effective for annual periods beginning on or after June 1, 2020, the Group have not early adopted the amendments and treat the rent concessions as leases modification (Note 17). The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

New standards and interpretations not yet adopted

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on January 1, 2020 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2	January 1, 2021
Accounting Guideline 5 (revised)	Revised Accounting Guideline 5 Merger	January 1, 2022
Annual improvement project	Annual improvements to HKFRSs 2018-2020	January 1, 2022
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments	January 1, 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	January 1, 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	January 1, 2022
Amendments to HKFRS 17	Amendments to HKFRS 17	January 1, 2023
Amendments to HKAS 1	Classification of liabilities as current or non-current	January 1, 2023
HKFRS 17	Insurance contracts	January 1, 2023
Hong Kong Interpretation 5 (2020)	Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	January 1, 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

For the amendment which is effective after January 1, 2021, the Group has assessed and concluded that it has no material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods. For those amendments which have not been effective as of the report date, the Group is still assessing the likely impact of adopting the above new standards. The management of the Group plans to adopt these new standards and amendments to existing standards when they become effective.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Principle of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group (refer to Note 2.3).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive (loss)/income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iii) below), after initially being recognised at cost.

The exemption from using the equity method is available if the investments are measured at fair value through profit or loss in accordance with HKFRS 9. The Group makes this election separately for each associate at initial recognition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Principle of consolidation and equity accounting (Continued)

(iii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group, unless the investment in associate is held indirectly through venture capital organisations, or mutual funds, unit trusts and similar entities including investment-linked insurance funds, which all qualifies for the investment entities disclosed in Note 2.10. For investment entity associate, the Group could elect to retain the fair value measurement applied by that associate to its interests in subsidiaries. This election is made separately for each investment entity associate, at the latest of the date on which (a) the investment entity associate is initially recognised, (b) the associate becomes an investment entity, and (c) the investment entity associate first becomes a parent.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.11.

(iv) Changes in ownership interests in subsidiaries without change of control

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed off as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of the subsidiaries are accounted for by the Company on the basis of dividend and receivable.

Impairment testing of the investments in the subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the year the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the financial information of the investee's net assets including goodwill.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions.

2.6 Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's primary subsidiaries are incorporated in the PRC and these subsidiaries consider RMB as their functional currency. Acting as extension of subsidiaries, the Company and the intermediate investment holding companies elected RMB as their functional currency. The functional currency of its overseas operation subsidiary is United States Dollars ("USD"). The consolidated financial statements are presented in RMB, which is the Company's and the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

All foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within "Other gains, net".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Foreign currencies (Continued)

(iii) Group companies

The results and financial position of all the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(1) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(2) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(3) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as asset and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive (loss)/income during the year in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Property, plant and equipment (Continued)

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term as follows:

Buildings	20-30 years
Computer and electronic equipment	3-5 years
Furniture and fixtures	5 years
Vehicles	5 years
Leasehold improvement	Shorter of estimated useful lives or remaining lease terms

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.11).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other gains, net" in the consolidated statement of comprehensive (loss)/ income.

2.8 Investment properties

Investment properties, principally residential real estate, are held for long-term rental yields and are not occupied by the Group. Investment property acquired in a business combination is initially measured at fair value at the acquisition date. Subsequently, they are carried at fair value. Changes in fair value are recognised within "Other gains, net" in the consolidated statement of comprehensive (loss)/income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Intangible assets

(i) Goodwill

Goodwill is measured as described in Note 2.3. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments. Impairment losses recognised in respect of goodwill are not permitted to be reversed.

(ii) Trademarks

Separately acquired trademark is shown at historical cost.

The trademark used to identify and distinguish ("Weimob"; carrying amount of RMB3,398,000) has a remaining legal life of 3.5 years as at December 31, 2020 but is renewable every ten years at little cost and is well established. The Group intends to renew the trademark continuously and evidence supports its ability to do so. An analysis of the Group's business performance provides evidence that the Weimob brand will generate net cash inflows for the Group for an indefinite period. Therefore, the trademark is carried at cost without amortisation, but is tested for impairment in accordance with Note 2.11.

(iii) Self-developed software and capitalisation of development cost

Costs associated with maintaining software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Intangible assets (Continued)

(iii) Self-developed software and capitalisation of development cost (Continued)

- it can be demonstrated how the software will generate probable future economic benefits;

- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and

- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. The management determines the estimated useful lives and related amortisation charges for the Group's development costs with reference to the estimated periods that the Group intends to derive future economic benefits from the use of these assets. Management will revise the amortisation charges where useful lives are different to that of previously estimated, or it will write-off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Costs incurred but relevant intangible assets are not ready for use are recognised as a separate line item of "Development cost" in the consolidated statement of financial position.

Research expenditure and development expenditure that do not meet the criteria in above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(iv) Acquired software licenses

Acquired software licenses represent financial system software license purchased from external vendor, which are measured at cost. The acquired software is well-developed off the shelf software used for financial reporting, there is no expiry date of these software licenses, and the Group can use the software as long as it can meet the Group's financial reporting needs. Based on the current functionalities equipped by this software and the daily operation needs, the Group considers a useful life of 10 years is the best estimation under current financial reporting needs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Intangible assets (Continued)

(v) Other intangible assets acquired in business combination

Other intangible assets acquired in business combination, mainly including self-developed software and customer relationships, are recognized initially at fair value at the acquisition date and subsequently carried at the amount initially recognized less accumulated amortization and impairment losses, if any. Amortization is calculated using the straight-line method to allocate the costs of acquired intangible assets over the estimated useful lives.

(vi) Amortisation methods and periods

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

Acquired software licenses	10 years
Customer relationships	5-10 years
Self-developed software	3-5 years

2.10 Investment entities

An investment entity is an entity that:

- obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- measures and evaluates the performance of substantially all of its investments on a fair value basis.

An investment entity shall measure an investment in a subsidiary at fair value through profit or loss in accordance with HKFRS 9. A parent of an investment entity shall consolidate all entities that it controls, including those controlled through an investment entity subsidiary, unless the parent itself is an investment entity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.12 Financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Financial assets (Continued)

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in "Other income" using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "Other gains, net" together with foreign exchange gains and losses. Impairment losses are presented in "Net impairment losses on financial assets" in the consolidated statement of comprehensive (loss)/income.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the consolidated statement of comprehensive (loss)/income and recognised in "Other gains, net". Interest income from these financial assets is included in "Other income" using the effective interest rate method.

- FVPL: Assets that do not meet the criteria for amortised cost or financial assets at FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in "Other gains, net" in the period in which it arises.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Financial assets (Continued)

(iii) Measurement (Continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investments. Dividends from such investments continue to be recognised in "Other income" when the Group's right to receive payments is established.

Changes in the fair value of financial assets measured at FVPL are recognised in "Other gains, net" as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The Group assesses the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI on a forward-looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 3.1 for further details.

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

The Group's derivative instrument represents the call options derived from investment (Note 25), which does not qualify for hedge accounting. Changes in the fair value of derivative instrument that does not qualify for hedge accounting are recognised immediately in the consolidated statement of comprehensive (loss)/income and are included in "Other gains, net".

2.15 Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.16 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.17 Share capital and shares held for employee share scheme

Ordinary shares are classified as equity. Redeemable and convertible preferred shares are classified as liabilities.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as "Treasury shares" until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

Shares held by the Company employee share trust are disclosed as "Shares held for RSU scheme" and deducted from equity attributable to the owners of the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in statement of comprehensive (loss)/income over the period of the borrowings using the effective interest method.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in statement of comprehensive (loss)/income as finance costs.

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

2.19 Borrowings costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2.20 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Financial liabilities measured at fair value through profit or losses

(i) Redeemable and convertible preferred shares

The Company issued certain series of instruments to investors. The instrument holders have the right to require the Group to redeem all the instruments held by the instrument holders at guaranteed predetermined fixed amount at certain redemption events, which are out of the control of the Group. Upon the listing of the Company's shares on the Stock Exchange of Hong Kong Limited, all the fully-paid instrument had been automatically converted into fully paid ordinary shares at par.

Pursuant to HKFRS 9, the instrument issued to investors are accounted for in their entirety as financial liabilities through profit and loss, with fair value changes reflected in "Change in fair value of redeemable and convertible preferred shares" within the consolidated statement of comprehensive (loss)/income, except for the portion attributable to credit risk change that should be charged to other comprehensive income. Accordingly, the embedded conversion features do not require future evaluation, bifurcation, and separate accounting as embedded derivatives as the change in fair value of embedded features are reflected in the change in fair value in the compound instrument under such "whole instrument" approach. Issue costs that are directly attributable to the issue of the instruments, designated as financial liabilities at fair value through profit or loss, are recognized immediately in the consolidated statement of comprehensive (loss)/income. The instruments are classified as non-current liabilities unless the Group has an obligation to settle the liability within 12 months after the end of the reporting period.

(ii) Convertible bonds

Convertible bonds that can be converted into ordinary shares at the option of the holder, where the number of shares to be issued is not fixed, are accounted for as compound derivative financial instruments.

At initial recognition the convertible bonds are measured at fair value as a whole. Transaction cost related to the issuance is charged to profit and loss immediately.

Subsequent to initial recognition, the convertible bonds are measured at fair value with "Change in fair value of convertible bonds" recognised in profit or loss, except for the portion attributed to the foreign change presented in "Other gains, net" and the portion attributed to the own credit risk presented in other comprehensive income.

If the bonds are converted, any difference between the fair value of the bonds as of conversion date and the amount of the share capital is recognised in share premium. If the bonds are redeemed, any difference between the amount paid and the carrying amounts of the convertible bonds is recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Financial liabilities measured at fair value through profit or losses (Continued)

(iii) Other financial liabilities at FVPL

Other financial liabilities at FVPL consist of (i) investment from a venture capital in a fund consolidated by the Company and the variable returns belonging to the venture capital given the three-year limited life of the fund, which was subsequently measured based on the fair value of the underlying investment and the predetermined profit distribution mechanism that set out in the fund agreement (Note 26(ii)), (ii) contingent payables for investments, and (iii) minority shareholders' interest in subsidiaries that does not meet the definition of equity because of the preferential rights attached.

Financial liabilities measured at fair value through profit or losses are classified as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

2.22 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet dates in the countries where the Company and its subsidiaries and associates operate and generate taxable income.

(ii) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Current and deferred income tax (Continued)

(ii) Deferred income tax (Continued)

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.23 Employee benefits

(a) Pension obligations

The Group only operate defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the governments.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Employee benefits (Continued)

(b) Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of reporting period are discounted to their present value.

(d) Employee leave entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Share-based payment

The Group operates an equity-settled share-based compensation plan, under which the Group receives service from its employees in exchange for the equity instruments of the Company. As disclosed in Note 36, Shanghai Weimob Enterprise Co., Ltd. ("Weimob Enterprise") granted RSUs and equity-settled share options to certain employees, which was subsequently replaced by the RSUs granted by the Company. The fair value of the employee service received in exchange for the grant of share options and 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.

Non-market performance and service conditions are included in assumptions about the number of equity instruments that are expected to vest. 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.

In addition, in some circumstance employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

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.

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).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Share-based payment (Continued)

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.

Equity-settled share-based payments to parties other than employees are measured at the fair value of the goods or services received or, if the fair value of the goods or services received cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group obtains the goods or receives the services.

If the identifiable consideration received by the Group is less than the fair value of the equity instruments granted, the difference, being the unidentifiable goods or services received is charged to the consolidated statement of comprehensive (loss)/income at the grant date.

2.25 Provision

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 Revenue recognition

The Group provides digital commerce and media services for small and medium businesses in the PRC. Revenue from providing services is recognised in the accounting period in which the services are rendered.

1) Digital commerce services offering

The Group offers integrated digital commerce services to merchants including SaaS products offering, customised software development, operation and marketing support services etc.

1.1) Subscription solutions

1.1.1) Standard cloud-hosted software offering:

The Group offers SaaS products which are cloud-hosted software. The Group sells SaaS products to customers, i.e. the SaaS products user, through its direct sales force or through its channel partners. The Group is responsible for delivering the cloud-hosted software, paying server fees to external cloud server vendors to ensure the cloud-hosted software is accessible and stable, and the Group has discretion in establishing the prices for SaaS products. The channel partners have the contractual obligation to follow the Group's pricing guidance and has no significant performance obligation towards the customer. Therefore, the Group is the principal and recognises revenue at the gross amount billed to the customers by the channel partners. The differences between the gross amount billed to the customer by the channel partners and the amount billed to channel partners by the Group are recognised as contract acquisition cost. The Group also capitalizes sales commissions paid to its direct sales force that had a direct and incremental relationship to a specific new revenue contract as contract acquisition cost and amortizes the capitalized amounts when the related revenue is recognized.

SaaS revenues primarily consist of fees that provide customers access to one or more of the cloud applications for e-commerce, marketing, customer management etc. with routine customer support. The Group does not have other right to consideration in exchange for goods or service that the Group has transferred to a customer when that right is conditioned on something other than the passage of time. Revenue is generally recognized over time on a ratable basis over the contract term beginning on the date that the service is made available to the customer. And the contract acquisition costs are charged into selling and distribution expenses on a ratable basis which is in line with the revenue recognition.

The Group periodically evaluates whether there have been any changes in its business, the market conditions in which it operates or other events which would indicate that its amortization period of contract acquisition cost should be changed or if there are potential indicators of impairment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 Revenue recognition (Continued)

1) Digital commerce services offering (Continued)

1.1) Subscription solutions (Continued)

1.1.2) Customised software development:

The Group develops and sells customised software, which are self-hosted software. Revenue is recognised when control over the customised software has been transferred to the customer. The customers cannot receive and consume the benefits simultaneously from the Group as well as control the customized software until the software delivered to the customer. The customised software generally has no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until customised software transfer to customer. Therefore, revenue is recognised at a point in time when the customised software is passed to the customer.

The Group recognises an asset in relation to costs to fulfil its customised software development contracts. The costs relate directly to the contract, generate resources that will be used in satisfying the contract and are expected to be recovered. The contract fulfilment costs are recorded as cost of sales when the customised software is passed to the customer and the revenue is recognised.

1.1.3) Software related services:

The Group provides merchant operation service to its software users (either cloud-base or customised) and separate service contracts are signed for these services. The service fee is predetermined based on the regular labor cost and reasonable margin and is recognised as revenue evenly over the service period. The Group also provides technical support service to other SaaS companies, and recognises revenue when relevant service has been rendered.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 Revenue recognition (Continued)

1) Digital commerce services offering (Continued)

1.2) Merchant solutions services

The Group also provides online marketing support services to merchants. The merchants (the advertisers) can purchase advertising traffic on various media platforms through the Group. The Group charges the advertisers based on cost per mille ("CPM") or cost per click ("CPC"), which is the same pricing mechanism as how the media publishers will charge to the Group. The Group provides limited free advertising support services to the advertisers and earns rebates from media publishers. Media publishers grant to the Group rebates in the form of prepayments for the media publishers' services or cash mainly based on the gross spend of the advertisers.

The determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether the Group is acting as the principal or an agent in the transactions. In determining whether the Group acts as the principal or an agent, the Group follows the accounting guidance for principal-agent considerations in HKFRS 15. Such determination involves judgment and is based on an evaluation of the terms of each arrangement as described below.

While none of the factors individually are considered presumptive or determinative, the Group is not the principal in this arrangement as it does not control the specified service before that service is transferred to an advertiser, because (i) the specified service being purchased by the advertiser is the viewership (CPM) or click (CPC) of its advertisement. Media publisher, rather than the Group, is primarily responsible for providing the media publishing service. The Group does not have any commitment to the advertiser about the effectiveness of advertisement; (ii) the media advertisement space is not owned by the Group, and the Group does not have any commitments to purchase the advertising space. As such the Group does not have inventory risk; and (iii) The Group charges the advertisers based on CPM or CPC, which is the same pricing mechanism that the media publishers charge the Group. Although the Group has some discretion in determining the price charged to the advertisers in the form of discounts and rebates given to the advertisers, the Group determines it is the agent in the transaction based on the weight of the aforementioned factors. The Group acts as an intermediary in executing transactions with third parties.

As the Group is not the principal in executing advertising activities and is acting on behalf of the media publishers. The Group reports the amount received from the advertisers and the amounts paid to the media publishers related to these transactions on a net basis and recognises the rebate earned from media publishers as revenue.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 Revenue recognition (Continued)

1) Digital commerce services offering (Continued)

1.2) Merchant solutions services (Continued)

Certain rebates granted by the media publishers are variable because the rebate amount is determined at the discretion of the media publishers (Note(4)(b)). The Group only recognises the rebates if it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Actual amount may vary from the estimation and the difference will be recorded at the period when such rebates are received.

The Group also offers discounts or rebates to the advertisers as part of its promotion activities. Incentives offered to the advertisers are recognised as a deduction of revenue at the time incentives are granted.

2) Digital media services offering

The Group provides digital media services to certain customers by providing comprehensive advertisement placement services to the advertisers. The Group charges the advertisers based on or adjusted by specified action such as download, installation or registration of the mobile device user ("cost per action" or "CPA") and the media publishers charge the Group based on CPM or CPC.

While none of the factors individually are considered presumptive or determinative, the Group is the principal in this arrangement and controls the specified service before that service is transferred to a customer in this arrangement because:

(i) The specified service being purchased by the advertiser is a successful acquisition or specific action from the mobile device users. The Group is primarily responsible for delivering the specified service to the advertisers. The Group has the discretion to decide which media publisher to use and what type of the advertisement to be placed. The media publishers provide media publishing service to the Group. The Group obtains control of the right to their service and directs that service to be provided on the Group's behalf in order to obtain a successful action from the mobile device user, and has the discretion in determining how much to pay the media publishers based on CPM or CPC.

(ii) The Group is subject to certain risk of loss to the extent that the cost paid to the media publishers for clicks or impressions cannot be compensated by the total consideration obtained from the advertisers according to acquisition or specific actions. This is similar to inventory risk.

(iii) The Group has the latitude to determine the cost per action charged to the advertiser, and the Group's margin varies as the costs incurred to deliver successful action might vary.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 Revenue recognition (Continued)

2) Digital media services offering (Continued)

Therefore, under these arrangements, the Group reports revenue earned from the advertisers and costs paid to the media publishers related to these transactions on a gross basis. The rebates earned from the media publishers in the form of either prepayments for the media publishers' services or cash are recorded as reduction of cost of sales.

The Group also offers discounts or rebates to the advertisers as part of its promotion activities, these incentives offered to the advertisers are recognised as a deduction of revenue at the time incentives are granted.

3) Contract assets and liabilities

When either party to a contract has performed, the Group presents the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the Group's performance and the customer's payment. A contract asset is the Group's right to consideration in exchange for services that the Group has transferred to a customer.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers services to the customer, the Group has a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer services to a customer for which the Group has received consideration from the customer. A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. For leases of real estate for which the Group is a lessee, it has elected to separate lease and non-lease components and recognizes right-of-use asset and a corresponding liability based on lease components.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 Leases (Continued)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

If a readily observable amortising loan rate is not available, the Group uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.28 Dividend distribution

Dividends distribution to the Company's shareholders is recognized as a liability in the Group's and the Company's financial information in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.29 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

2.30 Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest income on bank deposits is presented as "Finance income" where it is earned from financial assets that are held for cash management purposes. Interest income from term deposits and loan to third parties and related parties are presented as "Other income". Interest income from investments measured at FVPL are presented as "Other gains, net".

2.31 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company

- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: mainly market risk (including foreign exchange risk and fair value interest rate risk), price risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(i) Market risk

(a) Foreign exchange risk

Apart from one oversea operation subsidiary whose functional currency is USD, the functional currency of the Company and majority of its subsidiaries is RMB. The majority of the revenues of the Group are derived from operations in the PRC.

Foreign exchange risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect its financial position and results of operations. The foreign exchange risk facing the Group mainly comes from cash and cash equivalents, short-term investments measured at FVPL and convertible bonds in the Company dominated in USD or HKD.

The Group does not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

As at December 31, 2020, if USD had strengthened/weakened by 5% against RMB with all other variables held constant, the loss for the year ended December 31, 2020 would have approximately RMB5,879,000 (2019: RMB30,387,000) lower/higher, as a result of net foreign exchange gains/(losses) on translation of net monetary assets denominated in USD.

As at December 31, 2020, if HKD had strengthened/weakened by 5% against RMB with all other variables held constant, the loss for the year ended December 31, 2020 would have approximately RMB2,219,000 (2019: RMB2,458,000) lower/higher, as a result of net foreign exchange gains/(losses) on translation of net monetary assets denominated in HKD.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(i) Market risk (Continued)

(b) Fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates and the Group has no significant interest-bearing assets except for cash and cash equivalents, term deposits and loan to related parties and third parties, details of which have been disclosed in Note 31 and Note 29.

The Group's exposure to changes in interest rates is also attributable to its borrowings, details of which have been disclosed in Note 32. All the Group's borrowings were carried at fixed rates, which expose the Group to fair value interest-rate risk.

(ii) Price risk

The Group's exposure to price risk arises from its investment in a Hong Kong listed company ("Listed Company") which is classified as financial asset at FVPL (Note 26(i)). The investment in the Listed Company was made for strategic purposes.

Sensitivity analysis is performed by management to assess the exposure of the Group's financial results to equity price risk of FVPL at the end of each reporting period. As of December 31, 2020, if the share price of the Listed Company is 5% lower/higher and all other variables are held constant, the Group's post-tax loss for the year ended December 31, 2020 would have been approximately RMB1,829,400 higher/lower (2019: RMB3,068,200).

(iii) Credit risk

The Group is exposed to credit risk in relation to its cash, term deposits and wealth management product at banks, trade and notes receivables, other receivables as well as financial assets carried at FVOCI. The carrying amounts of each class of the above financial assets represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group has four types of financial assets that are subject to HKFRS 9's expected credit loss model:

- Cash and term deposit at banks
- Trade and notes receivables
- Other receivables, and
- Financial assets carried at FVOCI

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(iii) Credit risk (Continued)

(a) Credit risk of cash and term deposit at banks

To manage this risk, the Group only makes transactions with state-owned banks in the PRC and reputable international banks outside of the PRC. There has been no recent history of default in relation to these banks. The expected credit loss is closed to zero.

(b) Credit risk of trade and notes receivables

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and notes receivables.

The following table summarized customers with greater than 10% of the trade and notes receivables:

	As at December 31	
	2020	2019
	RMB'000	RMB'000
Hubei Toutiao Technology Co., Ltd. ("Toutiao")	**43%**	22%
Tencent Cloud Computing (Beijing) Co., Ltd. ("Tencent Cloud ")	**11%**	18%
Guangzhou Gewailink Information Technology Co., Ltd. ("Gewailink")	**0%**	15%
	54%	55%

Except for the revenue generated from Toutiao, Tencent Cloud, and Gewailink (collectively the "Major Customers"), where the Group earned rebate, provided customized software product and comprehensive advertising services to those Major Customers, the Group has a large number of customers and there is no concentration of credit risk. Given the strong business relationship with above Major Customers and their good reputation, the management does not expect that there will be any significant losses from non-performance by Major Customers.

To measure the expected credit losses, trade and notes receivables have been grouped based on shared credit risk characteristics and the days past due.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(iii) Credit risk (Continued)

(b) Credit risk of trade and notes receivables (Continued)

On that basis, the loss allowance as at December 31, 2019 and 2020 was determined as follows:

	Within credit term	Credit term – 30 days	31 – 90 days	91 days – 120 days	Over 120 days	Total
December 31, 2020						
Expected loss rate (i)	**0.22%**	**1.00%**	**3.03%**	**20.00%**	**35.71%**	
Gross carrying amount – trade and notes receivables (in RMB'000)	**224,809**	**251**	**595**	**8,437**	**11,798**	**245,890**
Loss allowance (in RMB'000)	**491**	**3**	**18**	**1,687**	**4,213**	**6,412**

	Within credit term	Credit term – 30 days	31 – 90 days	91 days – 120 days	Over 120 days	Total
December 31, 2019						
Expected loss rate	0.10%	0.24%	0.99%	43.44%	94.74%	
Gross carrying amount – trade and notes receivables (in RMB'000)	136,623	17,117	2,761	63	995	157,559
Loss allowance (in RMB'000)	135	41	27	27	943	1,173

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(iii) Credit risk (Continued)

(b) Credit risk of trade and notes receivables (Continued)

(i) The decrease of expected loss rate for trade and notes receivables over 90 days was due to decrease of risk of a default occurring on the asset as at the reporting date.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information including but not limited to China gross national product ("GDP") and China total retail sales of consumer goods ("RSCG"). Especially the following indicators are incorporated:

- internal credit rating;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations; and
- actual or expected significant changes in the operating results of customers.

The loss allowances for trade and notes receivables as at December 31 reconcile to the opening loss allowances as follows:

	2020 RMB'000	2019 RMB'000
At the beginning of the year	1,173	–
Provision for doubtful receivables	5,239	1,173
At the end of the year	6,412	1,173

Trade and notes receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade and notes receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(iii) Credit risk (Continued)

(c) Credit risk of other receivables

Other receivables mainly comprise other receivables in relation to payment on behalf of advertisers, deposits, other receivables related to SaaS sabotage event bore by executive directors, other loan receivables due from third parties and related parties. The directors of the Company consider the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk on an ongoing basis for the year. To assess whether there is a significant increase in credit risk the Group compares risk of a default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial economic conditions that are expected to cause a significant change to the third party's ability to meet its obligations;

- actual or expected significant changes in the operating results of the third party;

- significant changes in the expected performance and behavior of the third party, including changes in the payment status of the third party.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment/repayable demanded.

A default on a financial asset is when the counterparty fails to make contractual payments/repayable demanded within 90 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categories a loan or receivable for write off when a debtor fails to make contractual payments repayable demanded greater than 120 days past due. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(iii) Credit risk (Continued)

(c) Credit risk of other receivables (Continued)

To measure the expected credit losses, other receivables have been grouped based on shared credit risk characteristics and the days past due.

For other receivables, the management considers the credit risk of other receivables is insignificant when they have a low risk of default and the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and the loss allowance recognised is therefore limited to 12 months expected losses.

Movements on the Group's allowance for impairment of other receivables as at December 31 are as follows:

	Other receivables in relation to payment on behalf of advertisers As at December 31,	
	2020	2019
	RMB'000	RMB'000
At the beginning of the year	**5,457**	–
Provision for doubtful receivables	**3,259**	5,457
At the end of the year	**8,716**	5,457

No significant changes to estimation techniques or assumptions were made during the years ended December 31, 2019 and 2020.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(iii) Credit risk (Continued)

(d) Credit risk of financial assets carried at FVOCI

The Group's financial asset carried at FVOCI represents debt instrument in relation to digital media service where the contractual cash flows are solely principal, and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets (factoring). Considering those debtors are all advertisers with high reputation or long-term business relationship with Group, the Group's debt investment at FVOCI are considered to have low credit risk since the issuers' credit rating are high.

Movements on the Group's allowance for impairment of debt instruments carried at FVOCI as at December 31 are as follows:

	Debt instruments carried at FVOCI	
	As at December 31,	
	2020	2019
	RMB'000	RMB'000
At the beginning of the year	**–**	–
Provision for doubtful receivables	**99**	–
At the end of the year	**99**	–

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(iv) 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	Over 5 years RMB'000	Total RMB'000
As at December 31, 2020					
Trade and other payables (excluding staff costs and welfare accruals, advance from advertisers and other tax payable) *(Note 33)*	678,867	–	–	–	678,867
Bank borrowing (including interest accrual up to maturity) *(Note 32)*	435,344	43,661	–	–	479,005
Lease liabilities *(Note 17)*	32,612	31,133	41,984	–	105,729
Total	1,146,823	74,794	41,984	–	1,263,601

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(iv) Liquidity risk (Continued)

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at December 31, 2019					
Trade and other payables (excluding staff costs and welfare accruals, advance from advertisers and other tax payable) *(Note 33)*	253,342	–	–	–	253,342
Bank borrowing (including interest accrual up to maturity) *(Note 32)*	308,881	–	–	–	308,881
Lease liabilities *(Note 17)*	16,024	10,363	29,812	1,557	57,756
Total	578,247	10,363	29,812	1,557	619,979

As at December 31, 2020 and 2019, the Group's financial liabilities at fair value through profit or loss (current and non-current portion) amounted to RMB1,993,918,000 and RMB18,076,000, respectively (Note 26). 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. These liabilities are managed on a fair value basis rather than by maturity date.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total debt less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debt.

The gearing ratios at December 31, 2019 and 2020 were as follows:

	As at December 31	
	2020	2019
	RMB'000	RMB'000
Net debt/(cash) *(Note 38)*	**737,345**	(895,009)
Total equity	**1,252,490**	1,989,808
Total capital	**1,989,835**	N/A
Net debt to equity ratio	**37%**	N/A

As at December 31, 2019, the Group has a net cash position. As at December 31, 2020, the Group changed to a net debt position due to issuance of convertible bonds (Note 26(iii)).

3.3 Fair value 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:

(i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

(ii) 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).

(iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value as at December 31, 2020.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Financial assets measured at FVPL				
– Non-current *(Note 26(ii))*	–	–	215,094	215,094
– Current *(Note 26(i))*	36,588	–	145,740	182,328
Financial assets measured at FVOCI				
– Current *(Note 24)*	–	–	44,834	44,834
Derivative financial instrument				
– Current *(Note 25)*	–	–	15,468	15,468
	36,588	–	421,136	457,724
Liabilities				
Financial liabilities measured at FVPL				
– Non-current *(Note 26(iii))*	1,895,634	–	51,919	1,947,553
– Current *(Note 26(ii))*	–	–	46,365	46,365
	1,895,634	–	98,284	1,993,918

The following table presents the Group's financial assets and liabilities that are measured at fair value as at December 31, 2019.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Financial assets measured at FVPL				
– Non-current *(Note 26(ii))*	–	–	40,885	40,885
– Current *(Note 26(i))*	61,364	–	–	61,364
	61,364	–	40,885	102,249
Liabilities				
Financial liabilities measured at FVPL				
– Non-current *(Note 26(ii))*	–	–	18,076	18,076

There were no transfers of financial assets and liabilities between level 1, level 2 and level 3 during the year ended December 31, 2019 and 2020.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

Financial instruments in level 1

Level 1 financial asset as at December 31, 2020 and 2019 represented Hong Kong listed equity securities (Note 26(i)).

Level 1 financial liability as at December 31, 2020 represented convertible bonds with quoted price in Hong Kong active market (Note 26(iii)).

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.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

Financial instruments in level 3 (Continued)

The following table presents the changes in level 3 financial instruments for the years ended December 31, 2019 and 2020. 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 at FVPL *(1)* RMB'000	Non-current financial assets at FVPL *(Note 26(ii))* RMB'000	Financial assets at FVOCI *(Note 24)* RMB'000	Derivative financial instrument *(Note 25)* RMB'000	Current financial liability measured at FVPL *(Note 26(ii))* RMB'000	Non-current financial liabilities measured at FVPL *(Note 26(ii))* RMB'000	Total RMB'000
Opening balance as at January 1, 2020	–	40,885	–	–	–	(18,076)	22,809
Addition	58,900	58,000	–	–	–	(12,500)	104,400
Business combination *(Note 37)*	86,208	–	–	–	(22,220)	(51,919)	12,069
Changes in fair value	632	116,209	–	15,468	–	(13,679)	118,630
Settlements	–	–	–	–	11,110	–	11,110
Transferred to other payables	–	–	–	–	–	9,000	9,000
Reclassification from trade receivables to financial assets at FVOCI	–	–	44,834	–	–	–	44,834
Reclassification from non-current liabilities to current liabilities	–	–	–	–	(35,255)	35,255	–
Closing balance as at December 31, 2020	145,740	215,094	44,834	15,468	(46,365)	(51,919)	322,852
Net unrealized gains/(losses) for the year	632	116,209	–	15,468	–	(13,679)	118,630

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

Financial instruments in level 3 (Continued)

	Current financial assets at FVPL *(1)* RMB'000	Non-current financial assets at FVPL *(Note 26(ii))* RMB'000	Non-current financial liabilities measured at FVPL *(Note 26(ii))* RMB'000	Redeemable and convertible preferred shares *(2)* RMB'000	Total RMB'000
Opening balance as at January 1, 2019	–	–	–	(2,769,905)	(2,769,905)
Addition	10,000	30,000	(12,500)	–	27,500
Changes in fair value	212	10,885	(5,576)	298,280	303,801
Disposals	(10,212)	–	–	–	(10,212)
Conversion of financial liability into equity	–	–	–	2,471,625	2,471,625
Closing balance as at December 31, 2019	–	40,885	(18,076)	–	22,809
Net unrealized gains/(losses) for the year	–	10,885	(5,576)	–	5,309

(1) Level 3 current financial assets at FVPL represented bank wealth management products with non-guaranteed principal and floating return. Fair value gain from the investment had been recognised in "Other gains, net" in the consolidated statement of comprehensive (loss)/income.

(2) All the Company's redeemable and convertible preferred shares had been converted into ordinary shares of the Company upon the completion of Listing on January 15, 2019.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

Financial instruments in level 3 (Continued)

(i) *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 31 Dec 2020 RMB'000	Fair value at 31 Dec 2019 RMB'000	Significant un-observable inputs	Range of inputs (probability-weighted average) 2020	Range of inputs (probability-weighted average) 2019	Relationship of unobservable inputs to fair value
Assets						
Investment in non-public entities *(a)*	215,094	40,885	Expected volatility	41.30%-51.30%	40.02%	The higher the expected volatility, DLOM and WACC, the lower the fair value.
			Discount for lack of marketability ("DLOM")	25.00%-30.00%	25.00%	
			Weighted average cost of capital ("WACC")	26.00%-30.00%	28.00%	
Call option – Zhejiang Demo Network Technology Co. Ltd. ("Demo") *(c)*	15,468	–	Expected volatility	40.00%	40.00%	The higher the risk-free rate and expected volatility, the higher the fair value. The higher the dividend yield, the lower the fair value
			Risk free rate	1.73%	2.34%	
			Dividend yield	0%	0%	
Short-term investment at FVPL *(b)*	145,740	–	Expected yield	1.8%-3.2%	NA	Positive correlation
Financial assets at FVOCI *(Note 24)*	44,834	–	Discount rate	6.97%	NA	Negative correlation
Liabilities						
Other current and non-current financial liabilities at FVPL-Demo *(c)*	35,255	18,076	*Note c*			
Other current and non-current financial liabilities at FVPL – Yunxin Investment Management Co., Ltd. ("Yunxin") *(d)*	14,324	–	Expected volatility	46.3%	NA	The higher the expected volatility and WACC, the lower the fair value.
			WACC	26.00%	NA	
Other current and non-current financial liabilities at FVPL – Shanghai Jingxin Information Technology Co., Ltd. ("Jingxin") *(d)*	11,110	–	*Note d*			
Contingent payable – Shanghai Heading Information Engineering Co., Ltd. ("Heading") *(e)*	37,595	–	Discount rate	4.00%	NA	Negative correlation

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

Financial instruments in level 3 (Continued)

(i) Valuation inputs and relationships to fair value (Continued)

(a) Investment in non-public entities

As disclosed in Note 26(ii), the Group made investment in several non-public companies ("Non-public Companies") directly or indirectly in 2019 and 2020, all of which are classified as financial assets at FVPL. The fair value of the investments in Non-public Companies were calculated using the equity allocation method.

(b) Short-term investment at FVPL

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

(c) Call option and other current/non-current financial liabilities at FVPL-Demo

As disclosed in Note 26(ii), the Group established and consolidated a 3-year contractual based fund (the "Fund") with a venture capital to invest in a SaaS company, Demo, which is a non-public entity. The Demo investment is accounted for as financial assets at FVPL (Note a). The financing from venture capital is recorded as non-current financial liabilities measured at FVPL as of December 31, 2019 and classified as current financial liabilities as of December 31, 2020 due to the anticipated settlement within one year.

The Group determined the fair value of the current/non-current financial liabilities at FVPL based on the fair value of the underlying Demo Investment and the predetermined profit distribution mechanism that set out in the Fund agreement. Therefore, the significant unobservable input of the current/non-current financial liability is as same as that used in the valuation of underlying Demo investment.

In addition, the Group also has the right to acquire all the 27% equity interests in Demo held by the Fund. The call option is classified as derivative financial instrument and is carried at fair value. The fair value of the call option was calculated using the binomial valuation model by assuming the present value of gross development value for Demo. As at December 31, 2019, the directors of the Company assessed that the fair value of the call option was immaterial. As at December 31, 2020, the fair value of call option is RMB15,468,000.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

Financial instruments in level 3 (Continued)

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

(d) *Other non-current financial liabilities at FVPL*

As disclosed in Note 37, the Group acquired several entities ("Acquirees") in 2020. The minority shareholders' interests in these Acquirees do not meet the definition of equity, given certain preference rights attached, including but not limited to, redemption rights and liquidation preference etc. Therefore, the Acquirees recorded the investments from these minority shareholders as non-current financial liabilities at FVPL, which had been taken by the Group upon the completion of acquisition.

As at December 31, 2020, the fair value of the preference shares held by Wuxi Yazuo Zaixian Technology Co., Ltd. ("Wuxi Yazuo")'s minority shareholder, Yunxin, was RMB14,324,000, which was developed through the application of the valuation technique which has taken into account purchase price allocation method.

As at December 31, 2020, the fair value of the preference shares held by Jingxin's minority shareholders was RMB11,110,000, which made reference to subsequent settlement amount and did not apply any valuation model.

(e) *Contingent payable – Heading*

As disclosed in Note 37(b), 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 consideration upon the achievement of certain business performance targets. The contingent payment is recorded as non-current financial liabilities measured at FVPL as it is expected to be settled in 2022.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

Financial instruments in level 3 (Continued)

(ii) *Sensitivity analysis*

For the fair value of the Group's level 3 instruments, namely investment in unlisted companies, bank wealth management products, call option, financial assets at FVOCI, other current and non-current financial liabilities at FVPL and contingent payable, reasonably possible changes at December 31, 2020 and 2019 to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

	Increase/(Decrease) in fair value (in RMB'000) As at December 31,			
	2020		2019	
Investment in Non-public Companies				
– Expected volatility (5% increase/ decrease)	**(168)**	**114**	(383)	378
– DLOM (5% increase/decrease)	**(3,235)**	**3,235**	(345)	343
– WACC (5% increase/decrease)	**(13,951)**	**15,567**	(2,148)	2,331
Current financial liability at FVPL-Demo				
– Expected volatility (5% increase/ decrease)	**(22)**	**19**	(115)	113
– DLOM (5% increase/decrease)	**(455)**	**455**	(104)	103
– WACC (5% increase/decrease)	**(1,627)**	**1,831**	(644)	699
Call option-Demo				
– Expected volatility (5% increase/ decrease)	**–**	**–**	–	–
– Dividend yield (5% increase/decrease)	**–**	**–**	–	–
– Risk-free rate (5% increase/decrease)	**1**	**(1)**	–	–
Other current financial liability-Yunxin				
– Expected volatility (5% increase/ decrease)	**(28)**	**28**	–	–
– WACC (5% increase/decrease)	**(855)**	**969**	–	–
Contingent payable				
– Discount rate (5% increase/decrease)	**(133)**	**134**	–	–
Financial assets at FVOCI				
– Discount rate (5% increase/decrease)	**(136)**	**137**	–	–

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

Financial instruments in level 3 (Continued)

(iii) Valuation processes

The Group engaged an external, independent and qualified appraiser to carry out the fair value valuation of investments 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 29), bank borrowings (non-current portion) and other non-current liabilities (Note 33(ii)), the Group's financial assets and liabilities include cash and cash equivalents, term deposits, trade and notes receivables, other receivables, bank borrowings (current portion), lease liabilities, 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, bank borrowings (non-current portion) and other non-current liabilities approximates its fair values since it bears an interest rate which approximates market interest rate.

3.4 Offsetting financial assets and financial liabilities

The following table presents the recognised financial instruments that are offset as at December 31, 2020.

	Effects of offsetting on the balance sheet		
	Gross amounts	Gross amounts set off in the balance sheet	Net amounts presented in the balance sheet
As at December 31, 2020			
Financial assets			
Other loan receivables due from third parties	19,953	(16,903)	3,050
Financial liabilities			
Other loan payables to a third party	16,903	(16,903)	–

Weimob Development, a wholly-owned subsidiary of the Company had a loan receivable due from Weimob Enterprise of RMB19,953,000. Jingxin, another wholly-owned subsidiary of the Company, had a loan payable due to Shanghai Xiaomeng Investment Management Co., Ltd. ("Xiaomeng Investment"), which is the parent company of Weimob Enterprise of RMB16,903,000.

In December 2020, Weimob Development and Jingxin, together as the Group, Weimob Enterprise and Xiaomeng Investment, together as the Xiaomeng Group, entered into an agreement, pursuant to which the two groups agreed to offset the payables against the receivables of RMB16,903,000. The relevant amounts have therefore been presented net in the balance sheet.

4 CRITICAL ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances and the difference could be material.

(a) Gross vs. net judgement in revenue recognition

As disclosed in Note 2.26, the Group provides different level of advertising services to various advertisers, which involves the assessment of revenue recognition on a gross or net basis, i.e. principal vs. agent assessment in different business models. The Group follows the accounting guidance for principal-agent considerations to assess whether the Group controls the specified service before it is transferred to the customer, the indicators of which including but not limited to (a) whether the entity is primarily responsible for fulfilling the promise to provide the specified service; (b) whether the entity has inventory risk before the specified service has been transferred to a customer; and (c) whether the entity has discretion in establishing the prices for the specified goods or service. The management considers the above factors in totality, as none of the factors individually are considered presumptive or determinative and applies judgment when assessing the indicators depending on each different circumstance. The Group reported advertising revenue on a gross basis in digital media revenue and reported advertising-traffic-driven rebate revenue on a net basis in merchant solutions revenue.

(b) Estimation of the rebates earned from media publishers

In the Group's merchant solutions and digital media revenue, certain rebates granted by the media publishers are variable and outside the entity's influence. In some circumstances, such as launch of a new rebate program, whereby the management cannot reasonably estimate the amount of rebates that the Group is expected to earn, the Group only recognises the minimum amount of rebates as agreed by the media publishers, which is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Management updates its estimate at each reporting date when additional information becomes available.

(c) Estimation of the fair value of certain financial assets and liabilities

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Changes in these assumptions and estimates could materially affect the respective fair value of these financial assets and liabilities (Note 3.3).

4 CRITICAL ESTIMATES AND JUDGEMENTS (Continued)

(d) Current and deferred income taxes

The Group is principally subject to income taxes in the PRC. Judgement is required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilized. The outcome of their actual utilization may be different.

(e) Capitalisation, amortisation and impairment assessment of development costs

Costs incurred on development projects are recognized as intangible assets when it is probable that the projects will be successful considering the criteria set out in in Notes 2.9(iii) and 20. Significant judgment is involved in assessing whether the criteria have been met, including the likelihood of the project delivering sufficient future economic benefits, and whether costs, including employment costs, were directly attributable to relevant projects.

Capitalised development costs are amortised from the point at which the asset is ready for use on a straight-line basis over their estimated useful lives. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore amortisation expense in future periods.

Capitalized development costs are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. These calculations require the use of judgements and estimates. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the consolidated statement of comprehensive (loss)/income.

4 CRITICAL ESTIMATES AND JUDGEMENTS (Continued)

(f) Classification of investments

The Group made certain investments in the form of investments in mutual funds, partnership companies as general partnership or limited partnership or ordinary shares with preferential rights of investee companies. The Group makes significant judgement on whether the Group controls and should consolidate these funds, whether these investments are in substance existing ownership interests, and whether they are accounted for as hybrid financial instruments, which should be measured at fair value through profit or loss. Different conclusions around these judgements may affect how these investments presented and measured in the consolidated statement of financial position of the Group.

(g) Impairment of receivables

The loss allowances for receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3.1.

(h) Business combination

The Group accounts for business combinations by using acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The determination and allocation of fair values to the identifiable assets acquired and liabilities assumed is based on various assumptions and valuation methodologies requiring considerable management judgment. The most significant variables in these valuations are discount rates, the forecasted cash flows and terminal values, as well as the assumptions and estimates used based on the risk inherent in the related activity's current business model and industry comparisons.

(i) Estimation of goodwill impairment

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of cash-generating units ("CGU") was determined based on value-in-use calculations which require the use of key assumptions including gross margin, annual growth rate, and discount rate etc. The calculations use cash flow projections based on financial budgets approved by management. Changing the assumptions selected by management in assessing impairment could materially affect the result of the impairment test and as a result affect the Group's financial condition and results of operations.

5 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the 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 is principally engaged in the provision of SaaS products and targeted marketing services in the PRC. Prior to year 2020, the executive directors of the Company reviewed the operating results of SaaS products and targeted marketing service separately, based on which the Group assessed performance and allocated resources. Therefore, the Group had the following two reporting segments: (i) SaaS products; (ii) targeted marketing services for the year ended December 31, 2019.

Since late 2020, the Group restructured its operating segments and enhanced 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 re-organized its operating segment to "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 commerce and marketing SaaS products, customised software such as ERP solutions 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 and marketing needs, including assisting merchants to purchase online advertising traffic in various media platforms. "Digital media" mainly comprise advertisement placement services offered to certain merchants in which specified results or actions are committed. The comparative figures in the consolidated income statement and the notes have been restated to conform with the new presentation. The Board believes that the above changes in segment information better reflect the resource allocation and future business development of the Group.

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. Cost of sales for Digital media segment primarily comprised of traffic purchase cost.

5 SEGMENT INFORMATION (Continued)

As at December 31, 2019 and 2020, 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 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.

	Subscription solutions *(Note a)*	**Merchant solutions**	**Digital media**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2020				
Segment revenue *(Note a)*	**622,384**	**528,271**	**818,159**	**1,968,814**
Segment cost of sales	**(183,130)**	**(1,603)**	**(781,462)**	**(966,195)**
Gross profit	**439,254**	**526,668**	**36,697**	**1,002,619**
Year ended December 31, 2019 (restated)				
Segment revenue	506,959	358,446	571,382	1,436,787
Segment cost of sales	(98,858)	(1,694)	(539,105)	(639,657)
Gross profit	408,101	356,752	32,277	797,130

Note a: A deduction of approximately RMB95,548,000 has been reflected in subscription solutions revenue due to SaaS sabotage event (Note 10(ii)) for the year ended December 31, 2020.

5 SEGMENT INFORMATION (Continued)

The following table summarized customers contributing to more than 10% of the total revenue recognized by the Group:

	Year ended December 31	
	2020	2019
	RMB'000	RMB'000
Beijing Dajia Internet Information Technology Co., Ltd. ("Dajia")	**19.1%**	–
Beijing Tencent Culture Media Company Limited ("Tencent")	**19.0%**	22.5%
	38.1%	22.5%

Except for the revenue generated from Tencent where the Group provides merchant solutions to advertisers acting as the agent of Tencent and earns rebate, and revenue generated from Dajia, where the Group provides digital media services and earns advertising service revenue, there is no concentration risk as no revenue from a single external customer was more than 10% of the Group's total revenue for the years ended December 31, 2019 and 2020, respectively.

6 REVENUE

Revenue mainly comprises of proceeds from providing subscription solutions, merchants solutions and digital media services. An analysis of the Group's revenue by category for the years ended December 31, 2019 and 2020, is as follows:

6 REVENUE (Continued)

6.1 Disaggregation of revenue from contracts with customers

	Year ended December 31	
	2020	2019
	RMB'000	RMB'000
Digital commerce		
– Subscription solutions		
Revenue before deducting compensation for SaaS sabotage event *(Note 10(ii))*	**717,932**	506,959
Less: compensation deducted from revenue due to SaaS sabotage event *(Note 10(ii))*	**(95,548)**	–
– Merchant solutions	**528,271**	358,446
	1,150,655	865,405
Digital media	**818,159**	571,382
	1,968,814	1,436,787

	Year ended December 31	
	2020	2019
	RMB'000	RMB'000
Timing of revenue recognition		
– At a point in time	**1,471,239**	989,335
– Over time	**593,123**	447,452
Total revenue before deducting compensation for SaaS sabotage event	**2,064,362**	1,436,787
Less: compensation deducted from revenue due to SaaS sabotage event *(Note 10(ii))*	**(95,548)**	–
Total revenue	**1,968,814**	1,436,787

6 REVENUE (Continued)

6.2 Assets and liabilities related to contract with customers

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

	As at December 31	
	2020	2019
	RMB'000	RMB'000
Contract acquisition cost (current)	**156,746**	147,578
Contract acquisition cost (non-current)	**40,841**	39,549
Total assets related to contracts with customers	**197,587**	187,127
Contract liabilities (current)	**376,256**	293,488
Contract liabilities (non-current)	**105,098**	85,179
Total contract liabilities	**481,354**	378,667

(i) Significant changes in contract liabilities

Contract liabilities of the Group mainly arise from the non-refundable advance payments in relation to subscription solutions services.

(ii) Revenue recognised in relation to contract liabilities

	Year ended December 31	
	2020	2019
	RMB'000	RMB'000
Beginning balance	**378,667**	392,863
Addition	**758,224**	416,792
Business combination *(Note 37)*	**61,964**	–
Recognized in revenue	**(717,501)**	(430,988)
Ending balance	**481,354**	378,667

6 REVENUE (Continued)

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

(ii) Revenue recognised in relation to contract liabilities (Continued)

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

	Year ended December 31	
	2020	2019
	RMB'000	RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	**293,488**	262,792

(iii) Unsatisfied performance obligations

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

	As at December 31	
	2020	2019
	RMB'000	RMB'000
Subscription solutions related	**481,354**	378,667

The Company expects that out of total unsatisfied performance obligations as at December 31, 2020, approximately RMB376,256,000 (December 31, 2019: RMB293,488,000) will be recognized as revenue within 1 year. The remaining approximately RMB105,098,000 (December 31, 2019: RMB85,179,000) will be recognized as revenue within one to three years. For the Group's provision of digital media services, contracts are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied performance obligations are not disclosed.

6 REVENUE (Continued)

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

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

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

	Year ended December 31	
	2020	2019
	RMB'000	RMB'000
Amortisation recognized as selling expenses related to subscription solutions during the year	**238,070**	197,823

(v) Assets recognised from costs to fulfil a contract

The Group has also recognised an asset in relation to costs to fulfil its subscription solutions contracts. This is presented within "Prepayments, deposits and other assets" in the consolidated statement of financial position.

	Year ended December 31	
	2020	2019
	RMB'000	RMB'000
Beginning balance	**1,313**	–
Addition	**24,114**	14,650
Business combination *(Note 37)*	**12,238**	–
Recognised as cost of providing subscription solutions during the year	**(23,541)**	(13,337)
Ending balance	**14,124**	1,313

7 EXPENSES BY NATURE

	Year ended December 31	
	2020	2019
	RMB'000	RMB'000
Employee benefits expenses *(Note 8)*	**763,644**	486,643
Advertising traffic cost for digital media	**750,504**	524,207
Promotion and advertising expenses including amortisation of contract acquisition cost	**321,750**	260,491
Depreciation and amortisation	**94,251**	61,187
Server and SMS charges related to subscription solutions revenue	**50,455**	31,721
Utilities and office expenses	**39,951**	31,690
Outsourced service fee	**36,424**	13,272
Depreciation of right-of-use assets	**30,648**	21,640
Travelling and entertainment expenses	**24,374**	10,994
Other consulting fees	**11,821**	6,013
Auditors' remuneration	**6,302**	5,405
Listing expenses	**–**	18,958
Others	**16,166**	14,279
	2,146,290	1,486,500

8 EMPLOYEE BENEFIT EXPENSES

	Year ended December 31	
	2020	2019
	RMB'000	RMB'000
Wages, salaries and bonuses	**633,957**	384,225
Other social security costs, housing benefits and other employee benefits	**52,116**	60,925
Pension costs-defined contribution plans	**31,956**	35,852
Share-based compensation expenses for employees	**45,615**	5,641
	763,644	486,643

8 EMPLOYEE BENEFIT EXPENSES (Continued)

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended December 31, 2019 and 2020 include three and two directors whose emoluments are reflected in the analysis shown in Note 41. The emoluments payable to the remaining two and three individuals for the years ended December 31, 2019 and 2020 as follows:

	Year ended December 31	
	2020	2019
	RMB'000	RMB'000
Salaries and wages	**2,266**	1,088
Bonuses	**540**	100
Pension costs-defined contribution plans	**24**	98
Other social security costs, housing benefits and other employee benefits	**147**	136
Share-based compensation	**966**	1,903
	3,943	3,325

The emoluments fell within the following bands:

	Year ended December 31	
	2020	2019
	RMB'000	RMB'000
HK$1,000,001 to HK$1,500,000	**1**	–
HK$1,500,001 to HK$2,000,000	**2**	1
HK$2,000,001 to HK$2,500,000	**–**	1
	3	2

9 OTHER INCOME

	Year ended December 31	
	2020	2019
	RMB'000	RMB'000
Super deduction of input VAT *(i)*	**82,014**	38,083
Government grants *(ii)*	**32,528**	19,364
Interest income from term deposits and loan to related and third parties	**3,658**	9,987
	118,200	67,434

(i) 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, the Group, as a service company, qualifies for additional 10% deduction of input value-added tax ("Super Deduction of input VAT") from output VAT since April 1, 2019.

(ii) Government grants mainly represent VAT refund entitlement.

10 OTHER GAINS, NET

	Year ended December 31	
	2020	2019
	RMB'000	RMB'000
Fair value change of non-current financial assets *(Note 26(ii))*	**116,209**	10,885
Fair value gain on derivative financial instruments *(Note 26(ii))*	**15,468**	–
Fair value change of financial liabilities measured at FVPL *(Note 26(ii))*	**(13,679)**	(5,576)
Realised gain from transfer equity interest of Shanghai Mengyou Network Technology Co., Ltd ("Mengyou") to Shanghai Syoo Network Technology Co., Ltd. ("Syoo") *(Note 26(ii))*	**2,000**	–
Fair value (losses)/gains from short-term investments measured at FVPL *(Note 26(i))*	**(24,144)**	12,140
Gains from disposal of short-term investments measured at FVPL	**–**	1,485
Bank charges	**(1,436)**	(780)
Foreign exchange (losses)/gain, net	**(6,533)**	8,745
Donation *(i)*	**(10,000)**	–
Expenses related to SaaS sabotage event *(ii)*	**(827)**	–
Others, net	**(188)**	(223)
	76,870	26,676

10 OTHER GAINS, NET (Continued)

(i) On January 28, 2020, the Group donated RMB10,000,000 to support Shanghai Charity Foundation.

(ii) On February 23, 2020, one employee deliberately sabotaged the Group's production environment and data of SaaS business, resulted in SaaS products being temporarily unavailable to customers ("SaaS sabotage event"). The Group announced its compensation plan on March 2, 2020 and offered two options for the affected SaaS business merchants. Each merchant could choose either (i) cash compensation plan, under which the Group will compensate for the contribution margin of the merchants during the system unavailable period or (ii) traffic compensation plan, under which the Group will offer 50,000 times of advertisement exposure on Tencent and extend the validity period of SaaS services by two months. The Group's executive directors were committed to bear 1/3 of the potential cash and traffic compensation up to RMB50 million arisen from such event.

The compensation plan offered to the merchants was treated as contract modification of the existing SaaS service. Therefore, the Group accounted for the modification prospectively in accordance with HKFRS 15 and recognised the fair value of compensation in profit and loss when the compensation plan being announced. The fair value of compensation was recorded as deduction of revenue to the extent of the contract amount. The excessive compensation over the contract amount and the amount bore by executive directors, was recorded as expenses included in "Other gains, net". For those merchants who selected option (ii) "traffic compensation plan", the contract acquisition cost and contract liabilities immediately before SaaS sabotage event occurred, were recognised over the remaining contract period and the two-month extension under traffic compensation plan.

The total impact of SaaS sabotage event has been summarised as following:

Year ended December 31 2020	Total RMB'000	SaaS products revenue deduction RMB'000	Selling and distribution expenses RMB'000	Other gains, net RMB'000
Total fair value of compensation	(116,210)	(76,902)	–	(39,308)
Revenue impact due to the two-month extension of SaaS services	(18,646)	(18,646)	–	–
Less: decrease in amortisation of contract acquisition cost due to the two-month extension of SaaS services	2,083	–	2,083	–
Less: portion bore by executive directors	38,481	–	–	38,481
Net impact on net (loss)/profit	(94,292)	(95,548)	2,083	(827)

As at December 31, 2020, the executive directors have paid RMB11,544,000 compensation to the Group and the remaining RMB26,937,000 (Note 29) has been settled in March 2021.

11 FINANCE COSTS

	Year ended December 31	
	2020	2019
	RMB'000	RMB'000
Issuance cost for convertible bonds offering	**23,754**	–
Interest expenses on borrowings	**20,324**	9,955
Interest expenses on factoring *(Note 30)*	**6,873**	–
Interest expenses on lease liabilities *(Note 17)*	**4,771**	3,196
	55,722	13,151

12 FINANCE INCOME

	Year ended December 31	
	2020	2019
	RMB'000	RMB'000
Interest income on bank deposits held for cash management purpose	**12,376**	1,569

13 TAXATION

(a) Value added tax

The Group is mainly subject to 6% and 13% VAT, and surcharges on VAT payments according to PRC tax law. The Group enjoyed Super Deduction of input VAT since April 2019 (Note 9(i)).

(b) Income tax

(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 year ended December 31, 2020.

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 including Weimob Development and Heading and Shanghai Heading Information Technology Co., Ltd. ("Heading Technology") are qualified as "high and new technology enterprises" and they were subject to a preferential income tax rate of 15% for the years ended December 31, 2019 and 2020.

(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 years ended December 31, 2019 and 2020 as majority subsidiaries incorporated in the PRC have accumulated losses as at December 31, 2019 and 2020.

	Year ended December 31	
	2020	2019
	RMB'000	RMB'000
Current tax	**233**	2,977
Deferred income tax *(Note 27)*	**22,079**	14,121
Income tax expenses	**22,312**	17,098

13 TAXATION (Continued)

(b) Income tax (Continued)

(iv) PRC withholding Tax (Continued)

The tax on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the tax rate of 25% for the years ended December 31, 2019 and 2020, being the tax rate of the major subsidiaries of the Group.

	Year ended December 31	
	2020	2019
	RMB'000	RMB'000
(Loss)/profit before income tax	**(1,144,067)**	328,406
Tax calculated at PRC statutory income tax rate of 25%	**(286,017)**	82,102
Effects of preferential tax rates applicable to high and new technology enterprises	**(8,516)**	(12,681)
Accelerated research and development deductible expenses	**(19,712)**	(7,217)
Fair value changes in redeemable and convertible preferred shares not deductible for taxation purpose	**–**	(74,570)
Fair value changes in convertible bonds not deductible for taxation purpose	**271,577**	–
Expenses not deductible for taxation purpose	**24,545**	7,151
Temporary differences and tax losses for which no deferred income tax asset was recognized	**40,435**	22,313
Income tax expenses	**22,312**	17,098

14 DIVIDENDS

No dividends have been paid or declared by the Company for the years ended December 31, 2019 and 2020.

15 (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic earnings/(loss) per share for the years ended December 31, 2019 and 2020 are calculated by dividing the profit/(loss) attributable to the Company's equity holders by the weighted average number of ordinary shares and ordinary shares deemed to be in issue during the respective years.

	Year ended December 31	
	2020	2019
Net (loss)/profit attributable to the equity holders of the Company (RMB'000)	**(1,156,622)**	311,978
Weighted average numbers of ordinary shares in issue	**2,234,377,308**	2,046,727,879
Basic (loss)/earnings per share (expressed in RMB per share)	**(0.52)**	0.15

15 (LOSS)/EARNINGS PER SHARE (Continued)

(b) Diluted

Diluted (loss)/profit 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 year ended December 31, 2019, redeemable and convertible preferred shares issued by the Company and RSUs granted to employees (Note 36) are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share from their date of issue. For the RSUs, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding RSUs. The RSUs are assumed to have been fully vested and released from restrictions with no impact on earnings.

	Year ended December 31, 2019
Net profit attributable to the equity holders of the Company (RMB'000)	311,978
Impact of change in fair value of redeemable and convertible preferred shares (RMB'000)	(298,280)
Net profit used to determine earnings per share (RMB'000)	13,698
Weighted average number of ordinary shares in issue	2,046,727,879
Adjustments for redeemable and convertible preferred shares	39,316,603
Adjustments for RSUs	18,205,214
Weighted average number of ordinary shares for diluted earnings per share	2,104,249,696
Diluted earnings per share (expressed in RMB per share)	0.01

For the year ended December 31, 2020, convertible bonds (Note 26(iii)) issued by the Company and RSUs granted to employees (Note 36) are considered to be potential ordinary shares. As the Group incurred losses for the year ended December 31, 2020, 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.

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	Total RMB'000
Cost						
At January 1, 2020	13,187	3,912	2,360	–	16,825	36,284
Additions	6,045	883	–	–	8,120	15,048
Business combination *(Note 37)*	1,868	398	481	35,500	41	38,288
Disposals	(206)	(79)	–	–	–	(285)
At December 31, 2020	20,894	5,114	2,841	35,500	24,986	89,335
Accumulated depreciation						
At January 1, 2020	(5,984)	(1,532)	(812)	–	(6,932)	(15,260)
Depreciation	(4,253)	(860)	(412)	(239)	(4,789)	(10,553)
Disposals	95	28	–	–	–	123
At December 31, 2020	(10,142)	(2,364)	(1,224)	(239)	(11,721)	(25,690)
Net carrying amount						
At January 1, 2020	7,203	2,380	1,548	–	9,893	21,024
At December 31, 2020	10,752	2,750	1,617	35,261	13,265	63,645
Cost						
At January 1, 2019	8,739	2,662	809	–	12,815	25,025
Additions	4,693	1,254	1,551	–	4,010	11,508
Disposals	(245)	(4)	–	–	–	(249)
At December 31, 2019	13,187	3,912	2,360	–	16,825	36,284
Accumulated depreciation						
At January 1, 2019	(3,423)	(991)	(600)	–	(3,097)	(8,111)
Depreciation	(2,677)	(541)	(212)	–	(3,835)	(7,265)
Disposals	116	–	–	–	–	116
At December 31, 2019	(5,984)	(1,532)	(812)	–	(6,932)	(15,260)
Net carrying amount						
At January 1, 2019	5,316	1,671	209	–	9,718	16,914
At December 31, 2019	7,203	2,380	1,548	–	9,893	21,024

16 PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation of the Group's property, plant and equipment has been recognised as follows:

	Year ended December 31	
	2020	2019
	RMB'000	RMB'000
Cost of sales	**908**	699
Administrative expenses	**2,379**	1,677
Selling and marketing expenses	**7,266**	4,889
	10,553	7,265

17 LEASES

(i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
Right-of-use assets		
Land-use rights	**9,948**	–
Buildings	**104,281**	61,176
	114,229	61,176
Lease liability		
Current	**31,093**	15,013
Non-current	**71,260**	35,230
	102,353	50,243

Additions to the right-of-use assets for the year ended December 31, 2020 were approximately RMB87,816,000, including RMB14,621,000 addition upon business acquisition (2019 addition: RMB18,679,000). Disposals of the right-of-use assets for the year ended December 31, 2020 were approximately RMB3,219,000 due to the early termination of leases agreements. Decrease to the right-of-use assets for the year ended December 31, 2020 were approximately RMB896,000 due to the modification for rent concessions.

17 LEASES (Continued)

(ii) Amounts recognised in the consolidated statement of comprehensive (loss)/income

The consolidated statement of comprehensive (loss)/income shows the following amounts relating to leases:

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
Depreciation charge of right-of-use assets *(Note 7)*		
Land-use rights	**52**	–
Buildings	**30,596**	21,640
	30,648	21,640
Interest expense (included in finance cost) *(Note 11)*	**4,771**	3,196
Expense relating to short-term leases (included in administrative expenses)	**10,113**	4,217

The total cash outflow for long-term leases including principal elements and interest expenses as well as short-term leases for the year ended December 31, 2020 was approximately RMB40,764,000 (2019：RMB18,525,000).

(iii) The Group's leasing activities and how these are accounted for

The Group leases office buildings. Rental contracts are typically made for fixed periods of 1 to 7 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants.

(iv) Accounting for a lessor with operating leases

The Group owned certain residential real estates leased to tenants under operating leases, which meets the definition of investment properties. The information of investment properties is disclosed in Note 18.

18 INVESTMENT PROPERTIES

	Year ended December 31	
	2020	2019
	RMB'000	RMB'000
Opening balance at January 1	**–**	–
Business combination *(Note 37(b))*	**32,401**	–
Closing balance at December 31	**32,401**	–

(i) Amounts recognised in the consolidated statement of comprehensive (loss)/income for investment properties

	Year ended December 31	
	2020	2019
	RMB'000	RMB'000
Rental income from operating leases	**57**	–
Direct operating expenses from property that generated rental income	**9**	–

(ii) Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly. There are no other variable lease payments that depend on an index or rate.

For minimum lease payments receivable on leases of investment properties, refer to Note 39.

(iii) Valuation processes of the Group

The Group's policy is to recognise change of fair value hierarchy levels as of the date of the event or change in circumstances that caused the change. As at December 31, 2020, the Group had only level 3 investment properties.

The Group's investment properties were acquired on November 9, 2020 through business combination of Heading (Note 37(b)) and were valued by an external, independent and qualified appraiser on the acquisition date. For all investment properties, their current use equates the highest and best use.

As at December 31, 2020, the directors of the Company assessed the fair value of the investment properties approximates the fair value on the acquisition date of RMB32,401,000 as the acquisition was close to year end.

18 INVESTMENT PROPERTIES (Continued)

(iv) Valuation techniques

Valuation are based on direct comparison approach assuming sale of each of these properties in its existing status with the benefit of vacant possession. By making reference to sales transactions as available in the relevant market, comparable properties in close proximity have been selected and adjustments have been made to account for the difference in factors such as locations and property size. There were no changes to the valuation techniques during the year.

Information about fair value measurements using significant unobservable inputs (level 3)

Description	Fair value as at December 31, 2020 RMB'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties	32,401	Direct comparison	Adjusted market price (RMB/square meter)	RMB49,168-RMB49,688	The higher market price, the higher fair value.

19 INTANGIBLE ASSETS

	Goodwill	Trademarks	Self-developed software	Acquired software licenses	Customer relationships	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost						
At January 1, 2020	–	3,398	213,540	866	–	217,804
Business combination *(Note 37)*	538,382	–	70,562	1,075	210,885	820,904
Capitalisation of development costs *(Note 20)*	–	–	139,591	–	–	139,591
Other additions	–	–	–	195	–	195
At December 31, 2020	538,382	3,398	423,693	2,136	210,885	1,178,494
Accumulated amortization						
At January 1, 2020	–	–	(78,791)	(226)	–	(79,017)
Amortisation	–	–	(79,971)	(310)	(3,417)	(83,698)
At December 31, 2020	–	–	(158,762)	(536)	(3,417)	(162,715)
Net carrying amount						
At January 1, 2020	–	3,398	134,749	640	–	138,787
At December 31, 2020	538,382	3,398	264,931	1,600	207,468	1,015,779
Cost						
At January 1, 2019	–	3,398	78,306	449	–	82,153
Other additions	–	–	–	421	–	421
Capitalisation of development costs *(Note 20)*	–	–	135,234	–	–	135,234
Disposals	–	–	–	(4)	–	(4)
At December 31, 2019	–	3,398	213,540	866	–	217,804
Accumulated amortization						
At January 1, 2019	–	–	(25,002)	(97)	–	(25,099)
Amortisation	–	–	(53,789)	(133)	–	(53,922)
Disposals	–	–	–	4	–	4
At December 31, 2019	–	–	(78,791)	(226)	–	(79,017)
Net carrying amount						
At January 1, 2019	–	3,398	53,304	352	–	57,054
At December 31, 2019	–	3,398	134,749	640	–	138,787

19 INTANGIBLE ASSETS (Continued)

Amortisation of the Group's intangible assets has been recognised as follows:

	Year ended December 31	
	2020	2019
	RMB'000	RMB'000
Cost of sales	**83,388**	41,242
General and administrative expenses	**310**	12,680
	83,698	53,922

Impairment tests for goodwill

Goodwill is monitored by management at the level of operating segment before aggregation. As at December 31, 2020, goodwill of RMB538,382,000 represented the excess of total consideration over identifiable net assets arisen from the acquisitions of Wuxi Yazuo, Heading and Jingxin ("Acquirees") in 2020. The initial allocation of goodwill has not been completed before December 31, 2020 as the Group restructured its operating segments since late 2020 and need more time to perform the goodwill allocation for the Acquirees. Considering the fair value less cost of disposals of these subsidiaries can cover the net assets acquired plus goodwill, the management is of the view that there is no impairment indicator for goodwill balance as at December 31, 2020 and therefore did not conduct the goodwill impairment test as at December 31, 2020. The initial allocation would be completed before the end of the first annual period beginning after the acquisition dates.

Impairment tests on trademark

The Group carries out its impairment test on trademark ("Weimob", carrying amount of RMB3,398,000) by comparing the recoverable amounts to the carrying amounts as of the end of each reporting period. The recoverable amount was determined based on fair value less costs of disposals calculations. These calculations used post-tax cash flow projections based on financial budgets approved by management. The accuracy and reliability of the information is reasonably assured by the appropriate budgeting, forecast and control process established by the Group. The management leveraged their extensive experiences in the industry and provided forecast based on past performance and their business plan and expectation of the market development.

The Group reviews the trademark at the whole Group level (CGU), because the trademark is widely used on the Group's entire business.

19 INTANGIBLE ASSETS (Continued)

Impairment tests on trademark (Continued)

Impairment test on trademark of the Group has been conducted by the management as at December 31, 2019 and 2020, according to HKAS 36 "Impairment of Assets". For the purposes of impairment test, the recoverable amount is determined based on fair value less costs of disposals calculations, which is included in level 3 fair value hierarchy inputs. The key assumptions used in calculating recoverable amount of trademark includes post-tax discount rate and royalty rate as follows:

	As at December 31	
	2020	2019
Post-tax discount rate	**19%**	19%
Relief from royalty	**5%**	5%

Recoverable amounts of trademark are determined by the management based on past performance and adjusted for its expectation for market development. The expected sales performance adopted for the recoverable amount determination is consistent with the business plan of the Group. Post-tax discount rates reflect market assessments of the time values and the specific risks relating to the trademark.

No impairment is considered necessary based on the impairment tests performed as at December 31, 2019 and 2020.

As the headroom is far larger than the carrying amount of trademark, the reasonable possible changes in key assumptions would not lead to any impairment as at December 31, 2019 and 2020.

Impairment of other intangible assets

There is no impairment indicator noted for self-developed software, acquired software licenses, customer relationships and land-use rights as at December 31, 2019 and 2020.

20 DEVELOPMENT COSTS

Development costs that do not meet the criteria in Note 2.9 (iii) are recognised as an expense as incurred. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. The self-developed software with development costs occurred but not ready for use is presented in a separate line item "Development costs" in the statement of financial position and subject to impairment test at each year end.

	Year ended December 31	
	2020	2019
	RMB'000	RMB'000
As at January 1	**16,944**	27,963
Development costs capitalized during the year	**161,348**	124,215
Transfer to intangible assets	**(139,591)**	(135,234)
As at December 31	**38,701**	16,944

There is no impairment indicator noted for development cost as at December 31, 2019 and 2020.

21 SUBSIDIARIES

As at December 31, 2020, the Company had direct and indirect interests in the following subsidiaries (including controlled structured entities):

Company name	Place of incorporation/ establishment and operation	Date of incorporation/ establishment	Registered capital	Percentage of attributable equity interest As at December 31, 2020	As at December 31, 2019	Principal activities
Direct interest:						
Weimob Holding Limited	British Virgin Islands ("BVI")	February 7, 2018	USD50,000	100%	100%	Investment holding
Indirect interest:						
Weimob Technology HK Limited ("Weimob HK")	Hong Kong	March 6, 2018	HKD10,000	100%	100%	Investment holding
Weimob Investment Limited	BVI	March 6, 2020	HKD50,000	100%	NA	Investment holding
Weimob Global Limited	Hong Kong	December 17, 2020	HKD10,000	100%	NA	Subscription solutions
Weimob Development (上海微盟企業發展有限公司)	The PRC	September 10, 2014	RMB929,352,237	100%	100%	Subscription solutions
Beijing Weimob Information Technology Co., Ltd. (北京為盟信息科技有限公司) ("Beijing Weimob")	The PRC	September 9, 2015	RMB1,000,000	100%	100%	Subscription and merchant solutions
Hangzhou Weimob Information Technology Co., Ltd. (杭州為盟信息科技有限公司) ("Hangzhou Weimob")	The PRC	August 21, 2015	RMB1,000,000	100%	100%	Subscription and merchant solutions
Guangzhou Weimob Information Technology Co, Ltd. (廣州微盟信息技術有限公司)	The PRC	August 24, 2015	RMB1,000,000	100%	100%	Subscription and merchant solutions
Shenzhen Weimob Information Technology Co, Ltd. (深圳微盟信息科技有限公司)	The PRC	December 22, 2015	RMB1,000,000	100%	100%	Subscription and merchant solutions
Sichuan Weimob Enterprise Management Co., Ltd. (四川微盟企業管理有限公司)	The PRC	December 31, 2015	RMB1,000,000	100%	100%	Subscription and merchant solutions
Shanghai Mengju Weimob Information Technology Co., Ltd. (上海盟聚信息科技有限公司) ("Shanghai Mengju")	The PRC	December 29, 2015	RMB700,000,000	100%	100%	Digital media and merchant solutions
Suzhou Weimob Information Technology Co., Ltd. (蘇州盟邦信息科技有限公司)	The PRC	March 29, 2016	RMB1,000,000	100%	100%	Subscription and merchant solutions
Nanjing Huishuo Information Technology Co., Ltd. (南京暉碩信息科技有限公司) ("Nanjing Huishuo") *(Note 33(ii))*	The PRC	April 21, 2016	RMB1,000,000	100%	100%	Subscription and merchant solutions

21 SUBSIDIARIES (Continued)

Company name	Place of incorporation/ establishment and operation	Date of incorporation/ establishment	Registered capital	Percentage of attributable equity interest As at December 31, 2020	As at December 31, 2019	Principal activities
Shanghai Mengyao Weimob Information Technology Co, Ltd. (上海盟耀信息科技有限公司) ("Shanghai Mengyao")	The PRC	February 1, 2016	RMB100,000,000	100%	100%	Merchant solutions
Shanghai Meimeng Weimob Software Technology Co, Ltd. (上海美萌軟件科技有限公司)	The PRC	June 30, 2016	RMB1,000,000	80%	80%	Subscription solutions
Susong Weimob Software Technology Co., Ltd. (宿松微盟企業發展有限公司)	The PRC	December 27, 2016	RMB1,000,000	100%	100%	Subscription and merchant solutions
Tianjin Weimob Information Technology Co., Ltd. (天津為盟信息科技有限公司)	The PRC	January 25, 2018	RMB1,000,000	100%	100%	Subscription and merchant solutions
Anhui Sumeng Software Technology Co., Ltd. (安徽速盟軟件科技有限公司)	The PRC	May 28, 2018	RMB5,000,000	100%	100%	Subscription and merchant solutions
Shanghai Weimob Culture Media Co., Ltd. (上海微盟文化傳媒有限公司)	The PRC	February 28, 2019	RMB50,000,000	100%	100%	Digital media and merchant solutions
Shanghai Mengzhun Information Technology Co., Ltd. (上海盟准信息科技有限公司)	The PRC	March 21, 2019	RMB50,000,000	100%	100%	Merchant solutions
Shanghai Weimob Yunbing Information Technology Co., Ltd. (上海微盟雲冰信息科技有限公司) ("Weimob Yunbing")	The PRC	May 10, 2019	RMB100,000,000	100%	100%	Investment activities
Shanghai Weimob Zhiling Information Technology Co., Ltd. (上海微盟智零信息科技有限公司) ("Weimob Zhiling")	The PRC	May 10, 2019	RMB10,000,000	100%	100%	Subscription solutions
Shanghai Mengxiao Information Technology Co., Ltd. (上海盟效信息科技有限公司)	The PRC	May 31, 2019	RMB50,000,000	70%	70%	Merchant solutions
Shanghai Weimob Huini Information Technology Co., Ltd. (上海微盟慧霓信息科技有限公司)	The PRC	June 19, 2019	RMB10,000,000	100%	100%	Subscription solutions
Shanghai Weimob Canlin Information Technology Co., Ltd. (上海微盟餐林信息科技有限公司) ("Weimob Canlin")	The PRC	June 19, 2019	RMB10,000,000	100%	100%	Subscription solutions
Beijing Juke Information Technology Co., Ltd. (北京聚客科技有限公司)	The PRC	August 19, 2019	RMB50,000,000	100%	100%	Merchant solutions
Shanghai Mengzhi Information Technology Co., Ltd. (上海盟致信息科技有限公司)	The PRC	January 4, 2019	RMB100,000,000	100%	100%	Onshore cash pooling
Shanghai Mengchi Information Technology Co., Ltd. (上海盟馳信息科技有限公司)	The PRC	January 16, 2020	RMB10,000,000	100%	NA	Subscription solutions

21 SUBSIDIARIES (Continued)

Company name	Place of incorporation/ establishment and operation	Date of incorporation/ establishment	Registered capital	Percentage of attributable equity interest As at December 31, 2020	Percentage of attributable equity interest As at December 31, 2019	Principal activities
Anhui weimob Technology Co., Ltd.(安徽微盟科技有限公司)	The PRC	January 2, 2020	RMB300,000,000	100%	NA	Subscription and merchant solutions
Shanghai Mengqu Information Technology Co., Ltd.(上海盟趣信息科技有限公司)	The PRC	April 23, 2020	RMB10,000,000	100%	NA	Subscription and merchant solutions
Shanghai Mengyi Network Technology Co., Ltd.(上海盟羿信息科技有限公司)	The PRC	May 20, 2020	RMB1,000,000	80%	NA	Subscription solutions
Shanghai Mengze Information Technology Co., Ltd.(上海盟則信息科技有限公司)	The PRC	January 16, 2020	RMB10,000,000	100%	NA	Subscription and merchant solutions
Wuxi Yazuo(無錫雅座在線科技股份有限公司)	The PRC	March 17, 2020	RMB80,325,000	79.76%	NA	Subscription solutions
Yazuo online (Beijing) Technology Development Co., Ltd.(雅座在線(北京)科技發展有限公司)	The PRC	March 17, 2020	RMB10,562,500	79.76%	NA	Subscription solutions
Wuxi Yashe Information Technology Co., Ltd.(無錫雅舍信息技術有限公司)	The PRC	March 17, 2020	RMB1,000,000	79.76%	NA	Subscription solutions
Wuxi Daoli Technology Co., Ltd.(無錫道莅科技有限公司)	The PRC	March 17, 2020	RMB1,000,000	79.76%	NA	Subscription solutions
Zhengzhou Menghuang Information Technology Co., Ltd.(鄭州盟煌信息科技有限公司)	The PRC	October 29, 2020	RMB1,000,000	100%	NA	Subscription and merchant solutions
Jinan Mengding Information Technology Co., Ltd.(濟南盟鼎信息科技有限公司)	The PRC	October 12, 2020	RMB1,000,000	85%	NA	Subscription and merchant solutions
Wuhan Weimob Information Technology Co., Ltd.(武漢為盟信息科技有限公司)	The PRC	September 18, 2020	RMB1,000,000	80%	NA	Subscription and merchant solutions
Xi'an Mengding Information Technology Co., Ltd.(西安盟鼎信息科技有限公司)	The PRC	October 15, 2020	RMB1,000,000	70%	NA	Subscription and merchant solutions
Chongqing Mengchang Information Technology Co., Ltd.(重慶盟昌信息科技有限公司)	The PRC	September 17, 2020	RMB1,000,000	70%	NA	Subscription and merchant solutions
Beijing Weimob Enterprise Development Co., Ltd(北京微盟企業發展有限公司)	The PRC	December 2, 2020	RMB100,000,000	100%	NA	Subscription and merchant solutions
Heading(上海海鼎信息工程股份有限公司)	The PRC	November 9, 2020	RMB37,324,463	51%	NA	Subscription solutions
Heading Technology(上海海鼎信息科技有限公司)	The PRC	November 9, 2020	RMB31,000,000	37.8%	NA	Subscription solutions

21 SUBSIDIARIES (Continued)

Company name	Place of incorporation/ establishment and operation	Date of incorporation/ establishment	Registered capital	Percentage of attributable equity interest As at December 31, 2020	Percentage of attributable equity interest As at December 31, 2019	Principal activities
Shanghai Haiding Software Engineering Co., Ltd.（上海海鼎軟體工程有限公司）	The PRC	November 9, 2020	RMB500,000	51%	NA	Subscription solutions
Shanghai Haiding Network Information Co., Ltd.（上海海鼎網路信息有限責任公司）	The PRC	November 9, 2020	RMB8,000,000	51%	NA	Subscription solutions
Jingxin（上海鯨心信息科技有限公司）	The PRC	December 23, 2020	RMB1,222,200	100%	9.09%	Subscription solutions
Beijing Weizhi Management Consulting Co., Ltd.（北京微智管理諮詢有限公司）	The PRC	November 24, 2020	RMB10,000,000	60%	NA	Investment activities
Beijing Weicun Zhike Investment Management Co., Ltd.（北京微村智科投資管理有限公司）	The PRC	October 9, 2020	RMB10,000,000	60%	NA	Fund management
Consolidated structured entities:						
Weimob Teamwork (PTC) Limited *(Note 36)*	BVI	January 15, 2019	N/A	100%	100%	RSU scheme trust
Chuangshi Weimob Yicun Tiered Private Equity Investment Funds（創世微盟一村分級私募股權投資基金）*(Note 26(ii))*	The PRC	January 23, 2019	N/A	50%	50%	Investment activities
Shanghai Weimob Ruanyun Enterprise Development Center (Limited Partnership)（上海微盟軟雲企業發展中心（有限合夥））*(a)*	The PRC	November 8, 2019	RMB1,000,000,000	25.67%	25.67%	Investment activities

(a) On November 4, 2019, Weimob Yunbing and Weimob Development, wholly-owned subsidiaries of the Company, entered into a limited partnership agreement with certain third investors to establish a limited partnership ("Partnership"). The total amount of capital to be contributed to the Partnership is RMB1,000,000,000, out of which Weimob Yunbing, as one of the general partners, Weimob Development, as one of the limited partners will contribute RMB6,700,000 and RMB250,000,000, respectively. Considering i) Weimob Yunbing was the executive partner of the Partnership who execute the affairs on behalf of the Partnership; ii) The Group holds two out of three seats in the investment committee of the Partnership; and iii) the Group is exposed to a greater degree of variability of returns and could use its power over the Partnership to affect the amount of the partners' returns, the Group concludes that it controls the Partnership and hence consolidates the Partnership. As at December 31, 2020, the Partnership did not receive any capital injection and did not make any investment. The investment commitment of RMB256,700,000 has been disclosed in Note 39.

22 ASSOCIATES

	As at December 31,	
	2020	2019
	RMB'000	RMB'000
Investments in associates accounted for using the equity method	**47,033**	66,441

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
Chuangshi Yicun Weixin Private Equity Investment Funds ("Weixin") *(i)*	**19,727**	38,938
Nanjing Chuangyi Meridian Weimob Emerging Industry Equity Investment Fund Partnership (Limited Partnership) ("Nanjing Chuangyi") *(ii)*	**27,306**	27,503
Shanghai Xiaoke Information Technology Co., Ltd. ("Xiaoke") *(iii)*	**–**	–
	47,033	66,441

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.

Name	Date of incorporation	Particulars of issued shares held (thousand)	Place of incorporation and principal places of business	Percentage of ownership interest attribution to the Group As at December 31, 2020	2019	Principal activities	Accounting method
Weixin *(i)*	June 4, 2019	RMB35,000	China	**63.6%**	63.6%	Investment	Equity method
Nanjing Chuangyi *(ii)*	October 1, 2019	RMB27,500	China	**25.25%**	25.25%	Investment	Equity method
Xiaoke *(iii)*	November 27, 2019	RMB3,000	China	**30%**	100%	Subscription solutions	Equity method
Demo *(Note 26(ii))*	February 11, 2015	RMB30,000	China	**27%**	27%	Subscription solutions	Fair value
Syoo *(Note 26(ii))*	November 20, 2017	RMB46,000	China	**40%**	NA	Subscription solutions	Fair value
Mengyou *(Note 26(ii))*	November 2, 2018	RMB2,000	China	**40%**	NA	Subscription solutions	Fair value
Clipworks *(Note 26(ii))*	January 15, 2020	RMB6,000	China	**15%**	NA	Subscription solutions	Fair value
Fenfenzhong *(Note 26(ii))*	October 22, 2018	RMB6,000	China	**15%**	NA	Subscription solutions	Fair value

22 ASSOCIATES (Continued)

(i) On June 4, 2019, Weimob Development entered into an investment fund agreement with an individual investor and a venture capital to establish a contractual fund to invest in a portfolio of companies (the "Portfolio Companies"), all of which belonged to the e-commerce business (the "Excluded Business"). In preparation of the IPO, the Group went through a reorganisation and sold the Excluded Business to a 3rd party.

Pursuant to the investment fund agreement, Weimob Development, the individual investor and the venture capital holds 63.6%, 27.3% and 9.1% of the equity interest, respectively and each enjoys pro rata share of the fund's net assets. The venture capital is the fund manager and responsible for all of the investment affairs. Weimob Development has significant influence in the investment fund, and hence the Group has accounted for the investment using equity method. As at December 31, 2020, Weimob Development has made a total investment of RMB35,000,000 (December 31, 2019: RMB35,000,000).

The investment fund qualifies for the definition of investment entity (Note 2.10), and hence its investment in the Portfolio Companies is measured at FVPL in accordance with HKFRS 9. As at December 31, 2019 and 2020, the aggregate fair value of Portfolio Companies is RMB334,459,000 and RMB222,377,000 and the net profit/(loss) of the fund for the year ended December 31, 2019 and 2020 is RMB6,188,000 and (RMB30,188,000) respectively, mainly arising from fair value change for the Portfolio Companies. Share of profit/(loss) of this fund for the year ended December 31, 2019 and 2020 was RMB3,938,000 and (RMB19,211,000), respectively.

(ii) On November 30, 2019, Weimob Yunbing invested in a limited partnership ("Nanjing Chuangyi") through another two limited partnership, Changshu Meridian Weimob Technology Investment Center (Limited Partnership) ("Changshu Huaying") and Nanjing Meridian Equity Investment Management Partnership (Limited Partnership) ("Nanjing Meridian"), to invest in SaaS companies and respective upstream and downstream sectors. As at December 31, 2020, Weimob Yunbing has made a total investment of RMB28,500,000 to Nanjing Chuangyi through Changshu Huaying and Nanjing Meridian, and indirectly holds 25.25% of the equity interest of Nanjing Chuangyi. Among the total investment of RMB28,500,000, RMB27,500,000 and RMB1,000,000 have been paid by Weimob Yunbing during the year ended December 31, 2019 and 2020, respectively.

Meridian Capital Management Co., Ltd. ("Meridian Capital"), an independent third party, is the general partner and responsible for all of the investment affairs of Nanjing Chuangyi, Changshu Huaying and Nanjing Meridian. Weimob Yunbing is the limited partner which has significant influence in the three partnership companies, and hence the Group has accounted for the investments using equity method.

The partnership companies followed the predetermined profit distribution mechanism that set out in the investment agreement, depending on Nanjing Chuangyi's performance. Therefore, the Group determined the share of Nanjing Chuangyi based on economic share rather than the equity participation. As at December 31, 2020, the Group has 25.7% of Nanjing Chuangyi's economic interest (December 31, 2019: 25.3%).

Nanjing Chuangyi qualifies for the definition of investment entity, and hence its investments in the portfolio companies are measured at FVPL in accordance with HKFRS 9. For the year ended December 31, 2019, Nanjing Chuangyi did not invest any portfolio company. For the year ended December 31, 2020, Nanjing Chuangyi has invested three portfolio companies with an aggregate fair value of RMB47,600,000 as at December 31, 2020. The net profit/(loss) of Nanjing Chuangyi for the year ended December 31, 2019 and 2020 are RMB12,000 and (RMB4,646,000), respectively. Share of profit/(loss) of Nanjing Chuangyi attributable to the Group for the year ended December 31, 2019 and 2020 are RMB3,000 and (RMB1,197,000), respectively.

22 ASSOCIATES (Continued)

(iii) On November 27, 2019, Weimob Development established a subsidiary, Xiaoke with original registered capital of RMB10,000,000 and planned principal activities of development and selling Customer Relationship Management ("CRM") products. The Company did not make any investment to Xiaoke as at December 31, 2019.

On March 17, 2020, Weimob Development reached a share transfer agreement with a third party, Shanghai Binsong Technology Information Co., Ltd. ("Binsong"). Pursuant to the agreement, Weimob Development sold 70% equity interest of Xiaoke to Binsong with nil consideration as Xiaoke remained dormant without any operations at that time.

As at December 31, 2020, Weimob Development and Binsong has made capital injection of RMB3,000,000 and RMB7,000,000 to Xiaoke, respectively. The net loss of Xiaoke for the year ended December 31, 2020 was RMB19,263,000. Based on the agreement, Weimob Development and Binsong share the net assets of Xiaoke according to the proportion of paid in capital contribution. As share of loss of Xiaoke attributable to the Group was beyond the investment cost, the Group recognised a loss to the extent of the investment cost of RMB3,000,000 for the year ended December 31, 2020. The excessive loss of RMB2,779,000 was not recognised as at December 31, 2020 by taking reference to the Xiaoke's subsequent financing and business plan.

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

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
At the beginning of the year	**66,441**	–
Additions	**4,000**	62,500
The Group's share of (loss)/profit	**(23,408)**	3,941
At the end of the year	**47,033**	66,441

23 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

		As at December 31,	
		2020	2019
	Note	**RMB'000**	RMB'000
Financial assets			
Financial assets at FVPL (current)	*26(i)*	**182,328**	61,364
Financial assets at FVPL (non-current)	*26(ii)*	**215,094**	40,885
Financial assets at FVOCI (current)	*24*	**44,834**	–
Financial assets at amortised cost:			
– Trade and notes receivables	*30*	**239,478**	156,386
– Other receivables (current and non-current portions)	*29*	**995,894**	605,407
– Term deposits	*31*	**–**	393,000
– Cash and cash equivalents	*31*	**1,823,976**	870,328
Derivative financial instruments	*25*	**15,468**	–
		3,517,072	2,127,370
Financial liabilities			
Financial liabilities at FVPL (current)	*26(ii)*	**46,365**	–
Financial liabilities at FVPL (non-current)	*26(ii)*	**1,947,553**	18,076
Financial liabilities at amortized cost:			
– Trade and other payables (excluding advances from advertisers, payroll and welfare payables and other taxes payable)	*33*	**678,867**	253,342
– Bank borrowings (current and non-current portions)	*32*	**465,050**	300,000
– Lease liabilities (current and non-current portions)	*17*	**102,353**	50,243
		1,246,270	603,585

24 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at December 31,	
	2020	2019
	RMB'000	RMB'000
Trade and other receivables at FVOCI	**44,933**	–
Less: Provision for impairment of trade and other receivables at FVOCI	**(99)**	–
	44,834	–

	For the year ended December 31,	
	2020	2019
	RMB'000	RMB'000
As at January 1	**–**	–
Additions	**44,834**	–
As at December 31	**44,834**	–

For trade and other receivables due from advertisers with high reputation or long-term business relationship with Group, the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets by factoring (Note 30(i)). Hence the Group accounted for those receivables at FVOCI. Movements on the Group's allowance for impairment of debt instruments carried at FVOCI as at December 31 were disclosed in Note 3.3(d).

As of December 31, 2020, the directors of the Company assessed the carrying amount of trade and other receivables at FVOCI approximated its fair values due to short maturities.

25 DERIVATIVE FINANCIAL INSTRUMENTS

	As at December 31,	
	2020	2019
	RMB'000	RMB'000
Call option related to investment in Demo	**15,468**	–

(i) Fair value measurement

For details of call option, please refer to Note 26(ii). For information about the methods and assumptions used in determining the fair value of derivatives, please refer to Note 3.3(c).

(ii) Amounts recognised in profit or loss

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
Net gain on call options	**15,468**	–

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

The Group classifies the following financial assets and liabilities at fair value through profit or loss:

- debt instruments that do not qualify for measurement at either amortised cost or at fair value through other comprehensive income;
- equity investments that are held for trading; and
- equity investments for which the entity has not elected to recognise fair value gains or losses through other comprehensive income.

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

Financial assets and liabilities measured at FVPL include the following:

	As at December 31,	
	2020	2019
	RMB'000	RMB'000
Current assets		
Short-term investments measured at FVPL (i)	**182,328**	61,364
Non-current assets		
Long-term investments measured at FVPL – Demo (ii)	**91,218**	40,885
Long-term investments measured at FVPL – Syoo (ii)	**82,019**	–
Long-term investments measured at FVPL – Clipworks (ii)	**35,857**	–
Long-term investments measured at FVPL – Fenfenzhong (ii)	**6,000**	–
Total financial assets	**397,422**	102,249
Current liabilities		
Other financial liabilities measured at FVPL – Demo (ii)	**35,255**	–
Other financial liabilities measured at FVPL – Jingxin *(Note 37(c))*	**11,110**	–
Non-current liabilities		
Convertible bonds (iii)	**1,895,634**	–
Contingent payable for the acquisition of Heading *(Note 37(b))*	**37,595**	–
Other financial liabilities measured at FVPL – Wuxi Yazuo *(Note 37(a))*	**14,324**	–
Other financial liabilities measured at FVPL – Demo (ii)	**–**	18,076
Total financial liabilities:	**1,993,918**	18,076

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

(i) On December 10, 2019, the Group purchased 8,800,000 ordinary shares of a Listed Company with total consideration of approximately HKD54,736,000 (equivalent to approximately RMB49,224,000), which accounted for 0.93% of the Listed Company's issued and outstanding ordinary shares. As at December 31, 2019 and 2020, the fair value of the investment in the Listed Company was HKD68,288,000 (equivalent to approximately RMB61,364,000) and HKD43,472,000 (equivalent to approximately RMB36,588,000), respectively, which was calculated based on its closing share price on December 31, 2019 and 2020. The fair value gain of RMB12,140,000 and loss of RMB24,776,000 was recorded in "Other gains, net" for the year ended December 31, 2019 and 2020.

In addition, Heading purchased certain bank wealth management products of RMB86,208,000 with non-guaranteed principal and floating return, which was taken up by the Group arising from Heading's acquisition in November 2020. During period from the acquisition date to December 31, 2020, Heading purchased additional bank wealth management products of RMB58,900,000 with non-guaranteed principal and floating return. As at December 31, 2020, the fair value of the investment in bank wealth management products was RMB145,740,000, which was calculated based on its expected yield with the fair value gain of RMB632,000 recorded in "Other gains, net".

(ii) Long-term investments measured at FVPL

Investment in a SaaS Company – "Demo"

In January 2019, Weimob Development established a three-year limited life Fund with a venture capital to invest in Demo. According to the investment fund agreement ("Fund Agreement"), Weimob Development takes the subordinate tranche and the venture capital takes the senior tranche. The Fund designated one of the Company's directors as the sole director of Demo. The Company concludes that it controls and hence consolidates the Fund. The investment from the venture capital and the variable returns belonging to the venture capital is recorded as a financial liability given the three-year limited life of the Fund. Management designated this financial liability as measured at FVPL as the designation significantly reduces accounting mismatch that would otherwise arise from measuring the investment made by the Fund on different basis. As at December 31, 2020, Weimob Development and the venture capital have each made RMB15,000,000 investment into the Fund (December 31, 2019: RMB12,500,000).

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

(ii) Long-term investments measured at FVPL (Continued)

Investment in a SaaS Company – "Demo" (Continued)

In February 2019, the Fund acquired 27% equity interest of a SaaS company, Demo with a total consideration of RMB30,000,000, including a contingent consideration of RMB10,000,000 upon Demo's achievement of certain business performance targets in 2019. Demo achieved the target business performance in 2019. Therefore, the Fund paid to Demo RMB5,000,000 in 2019 and the remaining RMB5,000,000 has been paid in February 2020. In February 2019, the Group and the venture capital entered into a call option agreement ("Call Option Agreement"), pursuant to which, the Group has the right to acquire all the 27% equity interests in Demo held by the Fund at a price calculated by the formulation provided under the Call Option Agreement before February 20, 2021. This call option is classified as derivative financial instrument and is carried at fair value.

The equity interest acquired by the Fund enjoys certain preferential rights including, but not limited to, redemption rights and liquidation preference etc. Therefore, the investment in Demo is accounted for as financial assets at FVPL. As at December 31, 2019 and 2020, the directors of the Company assessed the fair value of this investment to be approximately RMB40,885,000 and RMB91,218,000, respectively. The Group recognised RMB10,885,000 and RMB50,333,000 gain in "Other gains, net" for the year ended December 31, 2019 and 2020, respectively.

As at December 31, 2019, the director of the Company has no intention to exercise the call option and assessed that the fair value of the call option was immaterial. Therefore, the Group classified the investment from the venture capital and its variable return as non-current financial liabilities at FVPL given the three-year limited life of the Fund. As at December 31, 2020, the director of the Company decided to exercise the call option, thus reclassed the above financial liability from non-current to current.

As at December 31, 2019 and 2020, the non-current/current financial liabilities at FVPL was RMB18,076,000 and RMB35,255,000, which includes the investment cost from the venture capital of RMB12,500,000 and RMB15,000,000 and the variable return attributable to the venture capital of RMB5,576,000 and RMB20,255,000, respectively. The Group recognised RMB5,576,000 and RMB14,679,000 loss in "Other gains, net" for the year ended December 31, 2019 and 2020, respectively.The fair value of the call option as at December 31, 2020 was RMB15,468,000.

In January 2021, the Group exercised the call option and entered a purchase agreement with the Fund to acquire all the 27% equity interest in Demo at a total consideration of RMB35,000,000. On February 19, 2021, the Group entered into an agreement with the selling shareholders and Demo to purchase certain equity interest in Demo with total consideration of RMB120,000,000. Upon completion of the transaction, the Group will own 55.83% of the total equity interest in Demo and Demo will become a subsidiary of the Company.

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

(ii) Long-term investments measured at FVPL (Continued)

Investment in a SaaS company – "Syoo"

In April 2020, Weimob Canlin acquired 40% equity interest of another SaaS company, Syoo with a total consideration of RMB46,000,000 including RMB44,000,000 in cash and 40% equity interests of Mengyou valued at RMB2,000,000. After the transaction, Mengyou became a wholly-owned subsidiary of Syoo. Weimob Canlin had two out of five board seats in Syoo.

The equity interest acquired by Weimob Canlin enjoys certain preferential rights including, but not limited to, redemption rights and liquidation preference etc. Therefore, the investment in Syoo is accounted for as financial assets at FVPL. As at December 31, 2020, the directors of the Company assessed the fair value of this investment to be approximately RMB82,019,000 with RMB36,019,000 gain recognized in "Other gains, net" for the year ended December 31, 2020.

As at December 31, 2020, 40% equity interests of Mengyou has been transferred from Weimob Canlin to Syoo and Weimob Canlin recognised a gain of RMB2,000,000 upon the transfer as the original equity investment cost of Mengyou was nil (Note 10).

Out of the total cash consideration of RMB44,000,000, RMB10,000,000 is contingent upon the achievement of certain business performance targets in the period from May 2020 to April 2021 by Syoo. In September 2020, Weimob Canlin modified the terms of business performance targets given the impact of COVID-19 and the contingent consideration was reduced from RMB10,000,000 to RMB9,000,000 accordingly. Syoo achieved this revised business performance target, therefore Weimob Canlin paid RMB4,000,000 in December 2020 and the remaining RMB5,000,000 has been paid in January 2021. The change in contingent consideration amounting RMB1,000,000 was recorded in "Other gains, net" for the year ended December 31, 2020.

Investment in a short-video-making company – "Clipworks"

In April 2020, Weimob Yunbing acquired 15% equity interest of a short video making company, Clipworks (Beijing) Technology Co., Ltd. ("Clipworks") with a total consideration of RMB6,000,000 in cash. Weimob Yunbing had one out of five board seats in Clipworks.

The equity interest acquired by Weimob Yunbing enjoys certain preferential rights including, but not limited to, redemption rights and liquidation preference etc. Therefore, the investment in Clipworks is accounted for as financial assets at FVPL. As at December 31, 2020, the directors of the Company assessed the fair value of this investment to be approximately RMB35,857,000 with RMB29,857,000 gain recognized in "Other gains, net" for the year ended December 31, 2020.

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

(ii) Long-term investments measured at FVPL (Continued)

Investment in a SaaS company – "Fenfenzhong"

In November 2020, Weimob Canlin acquired 15% equity interest of another SaaS company, Shanghai Fenfenzhong Network Technology Co., Ltd. ("Fenfenzhong") with a total consideration of RMB6,000,000 in cash. Weimob Canlin had one out of three board seats in Fenfenzhong.

The equity interest acquired by Weimob Canlin enjoys certain preferential rights including, but not limited to, redemption rights and liquidation preference etc. Therefore, the investment in Fenfenzhong is accounted for as financial assets at FVPL. As at December 31, 2020, the directors of the Company assessed the fair value of this investment approximates the initial consideration of RMB6,000,000.

As at December 31, 2020, Weimob Canlin has paid RMB3,000,000 and the remaining payment of RMB3,000,000 has been recorded as "Trade and other payables".

(iii) Convertible bonds

On May 15, 2020 ("Issue Date"), Weimob Investment Limited ("Bond Issuer"), a wholly-owned subsidiary of the Company ("Guarantor") issued USD150 million (equal to approximately RMB1,064,040,000) of guaranteed convertible bonds (the "Bonds"), which matured on May 15, 2025 ("Maturity Date"). The interest rate was 1.5% per annum payable semi-annually in arrears on May 15 and November 15 in each year.

Conversion price

Initial conversion price is HKD6.72 per share, which is subject to adjustment for consolidation, subdivision, redesignation or reclassification of shares, and other events as described in the terms and conditions of the Bonds.

Redemption for delisting or change of control

The Bonds holders have the option to require the Group to repurchase the Bonds, in whole or in part, in the event of i) when the shares cease to be listed or admitted to trading or suspended for trading for a period equal to or exceeding 30 consecutive trading days on the Hong Kong Stock Exchange; or ii) when there is a change of control (collectively as "Relevant Events") for an amount equal to the 100% of the principal amount and any accrued and unpaid interest in the Relevant Events occurs. Management assessed that the likelihood of Relevant Events is remote.

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

(iii) Convertible bonds (Continued)

Redemption at the option of the Bonds holders

The Bonds holders will 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.

Redemption at the option of the Bond Issuer

The Bond Issuer will have the right to repurchase for cash in whole i) may at any time after May 29, 2023 and prior to the Maturity Date redeem in whole, but not in part, the Bonds for the time being outstanding at the early redemption amount, together with interest accrued but unpaid to but excluding the date fixed for redemption, provided that the closing price of the shares for each of 20 out of 30 consecutive trading days, the last of which occurs not more than five trading days prior to the date upon which notice of such redemption is published was at least 130% of the applicable early redemption amount for each bond divided by the conversion ratio then applicable; or ii) may at any time prior to the Maturity Date redeem in whole, but not in part, the Bonds for the time being outstanding at the early redemption amount, together with interest accrued but unpaid to but excluding the date fixed for redemption, provided that prior to the date of such notice at least 90% in principal amount of the Bonds originally issued has already been converted, redeemed or purchased and cancelled.

Final Redemption

Unless previously redeemed, converted or purchased and cancelled, the Bond Issuer will redeem each Bond at 110.83% of its principal amount together with accrued and unpaid interest thereon on the Maturity Date.

Accounting for the Bonds

The issuer had the contractual obligation to repay the principal upon maturity if the holders chose not to exercise the conversion option. Therefore, the host contract of the Bonds should be classified as a financial liability.

The conversion feature is an embedded derivative, since it cannot be contractually transferable independently which is not considered closely related to the host contract. 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 features of the Bonds violate the equity classification.

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

(iii) Convertible bonds (Continued)

Accounting for the Bonds (Continued)

The redemption option by the holders/issuers involves both the host contract and the derivative conversion feature, the redemption option and conversion feature are considered interdependent with each other and should be treated as a single compound embedded derivative.

Therefore, the Bonds are considered as having a host debt instrument and a single compound embedded derivative which is not closely related to the debt host. In accordance with HKFRS, the Group could designate the whole Bonds at fair value through profit or loss or bifurcate the embedded derivative at fair value through profit or loss and host debt at amortised costs. The Group elected to measure the Bonds in its entirety at fair value initially. Transaction cost related to the issuance is charged to profit and loss immediately.

Subsequent to initial recognition, the Bonds are measured at fair value with changes in fair value recognised in the profit and loss, except that the fair value change due to the foreign exchange presented in "Other gains, net" and the fair value change due to the own credit risk presented in other comprehensive income.

For the year ended December 31, 2020, convertible bonds amounting to USD14,400,000 were converted into ordinary shares of the Company at conversion price of HKD6.72 per ordinary share. The fair value of the convertible bonds immediately before the conversion was RMB170,860,000, and the conversion resulted in the increase in share capital of RMB12,000 and share premium of approximately RMB170,848,000.

As at December 31, 2020, by taking reference to the average quoted bid and ask price in Hong Kong active market, the estimated fair value of the Bonds, which have not been converted, amounted to approximately RMB1,895,634,000, which increased by 214% compared to that on Issue Date. The directors of the Company assessed there was no significant fair value change due to the own credit risk.

The Company recorded in loss from change in fair value of the Bonds of RMB1,086,310,000 in "Change in fair value of convertible bonds", including RMB70,096,000 realized upon conversion, and RMB1,016,214,000 unrealized remained in the balance of convertible bonds, and the income from change in foreign exchange rate of RMB77,115,000 was recognised in "other gains, net" for the year ended December 31, 2020.

Movement of financial assets and liabilities at fair value through profit or loss has been analysed in Note 3.3.

27 DEFERRED INCOME TAX

Deferred income taxes are calculated in full on temporary differences under the liability method using the tax rates which are expected to apply at the time of reversal of the temporary differences.

The following amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position:

	As at December 31	
	2020	2019
	RMB'000	RMB'000
The balance comprises temporary differences attributable to:		
– Tax losses	**48,490**	25,579
– Contract liabilities	**41,373**	50,293
– Others	**12,583**	8,751
Total gross deferred tax assets	**102,446**	84,623
Set-off of deferred tax assets pursuant to set-off provisions	**(58,076)**	(39,439)
Net deferred tax assets	**44,370**	45,184

	As at December 31	
	2020	2019
	RMB'000	RMB'000
Net deferred tax assets:		
to be recovered after more than 12 months	**30,671**	9,257
to be recovered within 12 months	**13,699**	35,927
	44,370	45,184

27 DEFERRED INCOME TAX (Continued)

	As at December 31	
	2020	2019
	RMB'000	RMB'000
The balance comprises temporary differences attributable to:		
– Intangible assets arising from business combinations	**(53,024)**	–
– Contract acquisition cost	**(30,081)**	(28,951)
– Unrealized investment income	**(30,518)**	(1,919)
– Others	**(11,641)**	(8,569)
Total gross deferred tax liabilities	**(125,264)**	(39,439)
Set-off of deferred tax liabilities pursuant to set-off provisions	**58,076**	39,439
Net deferred tax liabilities	**(67,188)**	–

	As at December 31	
	2020	2019
	RMB'000	RMB'000
Deferred income tax liabilities:		
to be recovered after more than 12 months	**(48,267)**	–
to be recovered within 12 months	**(18,921)**	–
	(67,188)	–

27 DEFERRED INCOME TAX (Continued)

The movements in deferred income tax assets and liabilities for each of the years ended December 31, 2019 and 2020 without taking into consideration the offsetting of balances within the same jurisdiction are as follows:

Deferred income tax assets

	Tax losses	Contract liabilities	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2020	**25,579**	**50,293**	**8,751**	**84,623**
Business combination *(Note 37)*	**8,300**	**–**	**–**	**8,300**
Recognized in the profit or loss	**14,611**	**(8,920)**	**3,832**	**9,523**
As at December 31, 2020	**48,490**	**41,373**	**12,583**	**102,446**
As at January 1, 2019	24,863	60,063	6,195	91,121
Recognized in the profit or loss	716	(9,770)	2,556	(6,498)
As at December 31, 2019	25,579	50,293	8,751	84,623

Deferred income tax assets are recognized for tax losses carrying forwards and deductible temporary differences to the extent that realisation of the related tax benefits through the future taxable profits is probable. As at December 31, 2020, the Group did not recognise net deferred income tax assets in respect of losses and deductible temporary differences of RMB531,647,215 (2019: RMB97,634,193) and RMB148,850,934 (2019: RMB81,021,037) respectively. These tax losses will expire from 2021 to 2030.

27 DEFERRED INCOME TAX (Continued)

Deferred income tax liabilities

	Contract acquisition cost RMB'000	Investment income RMB'000	Intangible assets arising from business combination RMB'000	Others RMB'000	Total RMB'000
As at January 1, 2020	**(28,951)**	**(1,919)**	**–**	**(8,569)**	**(39,439)**
Business combination *(Note 37)*	**–**	**–**	**(54,223)**	**–**	**(54,223)**
Recognised in the profit or loss	**(1,130)**	**(28,599)**	**1,199**	**(3,072)**	**(31,602)**
As at December 31, 2020	**(30,081)**	**(30,518)**	**(53,024)**	**(11,641)**	**(125,264)**
As at January 1, 2019	(29,096)	–	–	(2,720)	(31,816)
Recognised in the profit or loss	145	(1,919)	–	(5,849)	(7,623)
As at December 31, 2019	(28,951)	(1,919)	–	(8,569)	(39,439)

28 OTHER NON-CURRENT ASSETS

On May 16, 2018, Weimob Development entered into a share transfer and capital injection agreement (the "Original Agreement") with Guangzhou Xiangminiao Internet Technology Co., Ltd. ("Guangzhou Xiangminiao") and its shareholders. Pursuant to the Original Agreement, Weimob Development agreed to acquire certain equity interests from the shareholders of Guangzhou Xiangminiao for RMB6,000,000 and make capital injection into Guangzhou Xiangminiao of RMB11,000,000 in order to obtain a total 51.50% equity interest in Guangzhou Xiangminiao. As at December 31, 2019 and 2020, the aggregate cash payment by Weimob Development of RMB17,000,000 was recorded in the non-current assets as an advance payment for the long-term investment since the closing condition had not been fulfilled as at December 31, 2019 and 2020.

The management is of the review that there is no impairment indicator for the advance payment as at December 31, 2019 and 2020.

29 PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	As at December 31	
	2020	2019
	RMB'000	RMB'000
Non-current		
Deposits – third parties	**4,087**	1,767
Current		
Other receivables in relation to payment on behalf of advertisers – third parties *(i)*	**912,740**	555,034
Prepayments for purchasing advertising traffic	**665,183**	563,677
Recoverable value-added tax	**36,142**	34,970
Other receivable related to SaaS sabotage event bore by executive directors *(Note 10(ii))*	**26,937**	–
Other loan receivables due from third parties *(Note 3.4)*	**8,858**	40,995
Other loan receivables due from related parties *(Note 40 (c))*	**25,102**	–
Deposits – third parties	**22,155**	10,729
Receivables in relation to value-added tax refund *(Note 9(ii))*	**21,788**	7,632
Contract fulfillment cost *(Note 6.2(v))*	**14,124**	1,313
Prepayments for contract operation service costs	**8,084**	3,605
Prepayments for rent and property management fee	**4,401**	1,419
Prepayments for purchasing advertising services	**2,225**	2,358
Prepayment to a related party *(Note 40(c))*	**2,060**	–
Prepayments to other vendors	**12,390**	7,888
Others	**4,731**	2,339
Less: provision for impairment of other receivables	**(8,716)**	(5,457)
	1,758,204	1,226,502

(i) The Group usually receives advance payment from advertisers before the Group makes prepayment to the media publishers to purchase advertising traffic. Sometimes, the Group makes prepayments to the media publishers on behalf of the advertisers, and subject to internal approval. These prepayments on behalf of advertisers are recognised as other receivables.

30 TRADE AND NOTES RECEIVABLES

	As at December 31	
	2020	2019
	RMB'000	RMB'000
Trade receivables	**243,382**	153,242
Notes receivables	**2,508**	4,317
Less: provision for impairment of trade and notes receivables	**(6,412)**	(1,173)
	239,478	156,386

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 December 31	
	2020	2019
	RMB'000	RMB'000
0 – 90 days	**225,132**	156,261
90 – 180 days	**6,660**	77
over 180 days	**7,686**	48
	239,478	156,386

(i) Derecognition of financial assets

During the year ended December 31, 2020, the Group entered into certain factoring agreements with Sinopharm Rosino (Shanghai) Commercial Factoring Co., Ltd. (the "Factor"). Pursuant to these agreements, the Group transferred the risk and rewards of certain trade receivables with an aggregated amount of RMB490,951,000 to the Factor in exchange for equivalent amount of cash. As substantially all the risks and rewards of ownership of these receivables were transferred to the Factor, the Group therefore derecognised these receivables in its consolidated statement of financial position. The finance cost of RMB6,873,000 related to the factoring are paid or payable to the Factor and are expensed off as "Finance cost".

30 TRADE AND NOTES RECEIVABLES (Continued)

(ii) Impairment of trade and notes receivables

Beginning from January 1, 2018, the Group has applied the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognized 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.

Movements on the Group's allowance for impairment of trade and notes receivable have been disclosed in Note 3.1(ii).

As at December 31, 2019 and 2020, the carrying amounts of trade and notes receivables were primarily denominated in RMB and approximated their fair values at each of the reporting dates.

31 CASH AND BANK BALANCES

(a) Cash and cash equivalents

	As at December 31	
	2020	2019
	RMB'000	RMB'000
Cash at bank	**1,811,715**	858,435
Cash equivalents *(i)*	**12,173**	11,799
Cash on hand	**88**	94
	1,823,976	870,328
Maximum exposure to credit risk	**1,823,888**	870,234

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

31 CASH AND BANK BALANCES (Continued)

(a) Cash and cash equivalents (Continued)

Cash and cash equivalents are denominated in the following currencies:

	As at December 31	
	2020	2019
	RMB'000	RMB'000
RMB	**813,739**	534,526
USD	**1,002,436**	335,670
HKD	**7,801**	132

(b) Term deposits

An analysis of the Group's term deposits as at December 31, 2019 and 2020 are listed as below:

	As at December 31	
	2020	2019
	RMB'000	RMB'000
Term deposits denominated in USD	**–**	293,000
Term deposits denominated in RMB	**–**	100,000
	–	393,000

As at December 31, 2019, term deposits with initial terms of over three months were neither past due nor impaired, the carrying amounts of the term deposits with initial terms of over three months approximated their fair values. The effective interest rate for year ended December 31, 2019 was 2.52%.

32 BANK BORROWING

	As at December 31	
	2020	2019
	RMB'000	RMB'000
Short-term bank borrowings	**425,050**	300,000
Long-term bank borrowings	**40,000**	–
	465,050	300,000

During the year ended December 31, 2020, the Group settled short-term bank borrowings as at December 31, 2019 amounting to RMB300,000,000. The outstanding borrowings as at December 31, 2020 consists of the followings:

i) Loans borrowed by the Group

In June and July 2020, the Group entered into unsecured one-year loan agreements with Shanghai Rural Commercial Bank, Bank of Shanghai and China CITIC Bank, and borrowed RMB90,000,000, RMB150,000,000 and RMB100,000,000, bearing an interest rate of 4.58%, 4.79% and 4.62%, respectively per annum. These loans are for the sole purpose of purchasing advertising traffic.

On July 31, 2020, the Group entered into a two-year agreement and a 30-month agreement with SPD Silicon Valley Bank, respectively where loans facility up to RMB80,000,000 and RMB40,000,000 was made available to the Group. In September and October 2020, the Group borrowed an unsecured one-year loan of RMB80,000,000 and an unsecured two-year loan of RMB40,000,000 from SPD Silicon Valley Bank bearing an interest rate of 5.0 % and 5.0%, respectively per annum. The Group has fully utilized these facilities as at December 31, 2020.

ii) Loans taken up by the Group from business combination during the year, which included

- Unsecured two-year loan carried from Wuxi Yazuo with outstanding amount of RMB50,000 as at December 31, 2020, which will be due in April 2021 and bearing an interest rate of 0.05% per day.

- Unsecured one-year loan carried from Jingxin with outstanding amount of RMB5,000,000, as at December 31, 2020, which will be due in June 2021 and bearing an interest rate of 4.35% per annum.

33 TRADE AND OTHER PAYABLES

	As at December 31	
	2020	2019
	RMB'000	RMB'000
Advance from advertisers-third party	**507,941**	144,892
Trade payables for purchasing advertising traffic *(i)*	**322,023**	222,175
Payable related to investments	**279,093**	5,000
Payroll and welfare payables	**239,278**	144,695
Other taxes payable	**64,354**	19,745
Amount due to related parties *(Note 40(c))*	**11,934**	–
Payment received from end customers through e-commerce platform on behalf of merchants	**9,678**	–
Commission payable to merchants	**9,470**	–
Deposits	**6,869**	5,467
Payable related to factoring cost *(Note 30)*	**4,500**	–
Auditors' remuneration accrual	**4,342**	2,250
Payable related to purchase non-controlling interests (current portion) *(ii)*	**1,741**	3,621
Other payables and accruals	**29,217**	14,829
	1,490,440	562,674

(i) As at December 31, 2019 and 2020, the aging of the trade payables is all within 3 months.

(ii) Acquisition of non-controlling shareholders

During the year ended December 31, 2019, the Group acquired non-controlling interests in the Group's non-wholly owned subsidiary, Nanjing Huishuo, for total consideration of RMB3,000,000, and the aggregate net excess of carrying amounts of acquired net non-controlling interests over the considerations, being approximately RMB4,529,000, was recognised directly in equity. As at December 31, 2020, RMB659,000 has been paid to non-controlling interests and remaining RMB1,741,000, RMB600,000 will be due for payment in 2021 and 2022, respectively. The remaining payment of RMB1,741,000 and RMB600,000 have been recorded as "Trade and other payables" and "Other non-current liabilities" as at December 31, 2020, respectively.

During the year ended December 31, 2018, the Group acquired non-controlling interests in the Group's non-wholly owned subsidiaries, Beijing Weimob and Hangzhou Weimob for total consideration of RMB18,900,000. The Company paid RMB12,820,000, RMB3,000,000 and RMB3,080,000 in 2018, 2019 and 2020, respectively.

34 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	Total RMB'000
As at January 1, 2020	**2,258,362,000**	**1,531**	**4,171,056**	**(38,582)**	**(63,143)**	**4,070,862**
Conversion of convertible bonds into ordinary shares *(e)*	**16,611,427**	**12**	**170,848**	**–**	**–**	**170,860**
Cancellation of buy-back shares *(d)*	**(19,996,000)**	**(14)**	**(63,129)**	**–**	**63,143**	**–**
Transfer of vested RSUs *(Note 36)*	**–**	**–**	**–**	**22,763**	**–**	**22,763**
As at December 31, 2020	**2,254,977,427**	**1,529**	**4,278,775**	**(15,819)**	**–**	**4,264,485**

	Number of ordinary shares	Share capital RMB'000	Share premium RMB'000	Shares held for RSU scheme RMB'000	Treasury shares RMB'000	Total RMB'000
As at January 1, 2019	136,923	–*	1,049	–	–	1,049
Conversion of convertible redeemable preferred shares into ordinary shares *(a)*	205,008	–*	2,471,625	–	–	2,471,625
Share capitalisation *(a)*	1,709,313,069	1,155	(1,155)	–	–	–
Issuance of ordinary shares-upon listing *(a)*	301,700,000	204	727,270	–	–	727,474
Issuance of ordinary shares -in the form of vendor placing *(b)*	255,000,000	177	1,041,915	–	–	1,042,092
Share issuance costs *(c)*	–	–	(42,550)	–	–	(42,550)
Buy-back of shares *(d)*	–	–	–	–	(90,246)	(90,246)
Cancellation of buy-back shares *(d)*	(7,993,000)	(5)	(27,098)	–	27,103	–
Contribution from a shareholder in relation to RSU Scheme Trust *(Note 36)*	–	–	–	(61,333)	–	(61,333)
Transfer of vested RSUs *(Note 36)*	–	–	–	22,751	–	22,751
As at December 31, 2019	2,258,362,000	1,531	4,171,056	(38,582)	(63,143)	4,070,862

* The relevant amounts are all less than RMB1,000.

34 SHARE CAPITAL, SHARES HELD FOR RSU SCHEME, TREASURY SHARES AND SHARE PREMIUM (Continued)

(a) On January 15, 2019, all of the 205,008 redeemable and convertible preferred shares were converted into the same number of ordinary shares. The fair value of the Preferred Shares immediately before the conversion was RMB2,471,625,000, and the conversion resulted in the increase in share capital of RMB138 and share premium of approximately RMB2,471,625,000.

On January 15, 2019, the Company further issued 1,709,313,069 shares to the then shareholders by way of 1:5000 capitalisation of US$170,931 (equivalent to approximately RMB1,155,000) out of the share premium of the Company. The number of total ordinary shares immediately after the capitalisation issue is 1,709,655,000, being the total ordinary shares of 341,931 immediately before the new share offering multiplied by 5,000.

Upon the listing on the Main Board of the Stock Exchange of Hong Kong Limited on January 15, 2019, the Company issued 301,700,000 new ordinary shares at par value of USD0.0001 per share for cash consideration of HKD2.80 each, and raised gross proceeds of approximately HKD844,760,000 (equivalent to approximately RMB727,474,000). The respective share capital amount was approximately RMB204,000 and share premium arising from the issuance was approximately RMB727,270,000.

(b) On July 30, 2019, a total of 255,000,000 shares held by Yomi.Sun Holding Limited, Alter.You Holding Limited and Weimob Teamwork (PTC) Limited, each being a shareholder of the Company (collectively, the "Top-up Vendors") have been placed at the price of HK$4.60 per share to several investors. In connection with this vendor placing, on August 6, 2019, the Company issued a total of 255,000,000 shares to the Top-up Vendors at the same price of HK$4.60 per share and raised gross proceeds of approximately HKD1,173,000,000 (equivalent to approximately RMB1,042,092,000). The respective share capital amount was approximately RMB177,000 and share premium arising from the issuance was approximately RMB1,041,915,000.

(c) Share issuance costs mainly include share underwriting commissions, lawyers' fees, reporting accountant's fee and other related costs associated with the Listing and vendor placing. Incremental costs that are directly attributable to the issue of the new shares amounting to approximately RMB42,550,000 which were accounted for a deduction against the share premium arising from the issuance.

(d) During the year ended December 31, 2019, the Group bought back a total of 27,989,000 ordinary shares that listed on The Stock Exchange of Hong Kong Limited. As at December 31, 2019, 7,993,000 out of 27,989,000 bought back ordinary shares were cancelled and deducted from the share capital and share premium within shareholders' equity, and the remaining 19,996,000 shares was recorded as "Treasury Shares".

As at December 31, 2020, the remaining 19,996,000 out of 27,989,000 bought back ordinary shares were cancelled and deducted from the share capital, share premium and treasury shares within shareholders' equity.

(e) For the year ended December 31, 2020, convertible bonds amounting to USD14,400,000 were converted into 16,611,427 ordinary shares of the Company at conversion price of HKD6.72 per ordinary share. The fair value of the convertible bonds immediately before the conversion was RMB170,860,000, and the conversion resulted in the increase in share capital of RMB12,000 and share premium of approximately RMB170,848,000.

35 OTHER RESERVES

	Capital reserves RMB'000	Financial liability measured at fair value RMB'000	Share-based payments RMB'000	Others	Total RMB'000
As at January 1, 2020	**(1,177,418)**	**–**	**50,254**	**–**	**(1,127,164)**
Transfer of vested RSUs *(Note 36(a))*	**–**	**–**	**(22,763)**	**–**	**(22,763)**
Share-based compensation expenses for employees *(Note 36(a))*	**–**	**–**	**42,544**	**–**	**42,544**
Acquisition of non-controlling interests *(Note 36(b))*	**–**	**–**	**1,132**	**–**	**1,132**
As at December 31, 2020	**(1,177,418)**	**–**	**71,167**	**–**	**(1,106,251)**
As at January 1, 2019	(1,234,222)	(3,483)	67,364	–	(1,170,341)
Transfer unvested RSUs to structured entity of RSU Scheme Trust *(Note 36(a))*	61,333	–	–	–	61,333
Transfer of vested RSUs *(Note 36(a))*	–	–	(22,751)	–	(22,751)
Share-based compensation expenses for employees *(Note 36(a))*	–	–	5,641	–	5,641
Transfer other comprehensive loss into retained earnings	–	3,483	–	–	3,483
Acquisition of non-controlling interests *(Note 36(b))*	(4,529)	–	–	–	(4,529)
As at December 31, 2019	(1,177,418)	–	50,254	–	(1,127,164)

36 SHARE-BASED PAYMENTS

(a) Share-based compensation plans of the Company

Weimob Enterprise adopted a share option plan (the "Original Option Plan") since June 30, 2016, under which Weimob Enterprise granted share options to its qualified employees on semi-annual basis. The vesting period of the share options under the Original Option Plan varies from 4 to 6 years. Once vested, the share options remain exercisable until 6 months after the grantee leaves Weimob Enterprise or its subsidiaries. The exercise price of the share options granted under the Original Option Plan is nil.

As part of the reorganisation, the Original Option Plan was replaced by the newly adopted Restricted Share Unit Scheme of the Company pursuant to a resolution of the Board on July 1, 2018. The vesting conditions of the RSU remained the same and there was no significant incremental cost upon the modification. The total number of shares underlying the RSU plan shall not exceed the aggregate of 14,099 shares as of the date of adoption of the RSU plan. The vesting period of the RSU plan varies from 2 years to 4 years.

During the reorganisation, 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. On June 27, 2018, Yomi.Sun Holding Limited transferred 14,099 ordinary shares to Weimob Teamwork for nil consideration for the purposes of the establishment of the RSU Plan. 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. 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".

On May 25, 2020, the board of the Company approved the adoption of the 2020 Restricted Share Unit Scheme (the "2020 RSU Scheme") to grant awards through RSU Scheme Trust to the Group's employees and business partners including suppliers, customers or any persons who provide the technical support, consultancy or other services to the Group.

The number of new shares issued under the 2020 RSU Scheme will be no more than 44,767,320 shares, representing approximate 2% of the total number of the Company's issued shares. On October 15, 2020, 20,350,000 shares were only granted to certain employees of the Group under the 2020 RSU Scheme and did not grant to suppliers, customers and any other persons who provide service to the Group. The vesting period of the 2020 RSU Scheme is 4 years subject to employees' continuous service to the Company and the exercise price of the RSUs granted under 2020 RSU Scheme is nil. The RSUs granted are vested by four or five tranches within 4 years vesting period.

36 SHARE-BASED PAYMENTS (Continued)

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

The share-based compensation expenses recognised for the year ended December 31, 2019 and 2020 are summarised in the following table:

	Year ended December 31	
	2020	2019
	RMB'000	RMB'000
Share-based compensation expenses for employees	**42,544**	5,641

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

	Number of RSUs
As at January 1, 2020	**14,315,000**
Granted *(i)*	**20,350,000**
Vested	**(12,186,400)**
Forfeited	**(192,500)**
As at December 31, 2020	**22,286,100**
As at January 1, 2019	4,913
Adjusted for the capitalisation issue	24,560,087
Vested	(9,435,000)
Forfeited	(815,000)
As at December 31, 2019	14,315,000

(i) The fair value of RSUs granted on October 15, 2020 was HK$10.82 per RSU. 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 years ended December 31, 2019 and 2020.

As at December 31, 2020, the Company granted 90,020,000 RSUs, among which 66,726,400 shares were vested and exercisable and 1,007,500 shares were forfeited.

36 SHARE-BASED PAYMENTS (Continued)

(b) Share-based compensation plan of Wuxi Yazuo

On February 19, 2020, Weimob Canlin entered into a share purchase agreement with selling shareholders and Wuxi Yazuo to acquire 63.83% of total shares in Wuxi Yazuo (Note 37(a)). The acquisition was consummated on March 17, 2020 (the "Wuxi Yazuo Acquisition Date").

Pursuant to the share purchase and subscription agreement, the co-founders of Wuxi Yazuo committed a five-years post-combination services period. If the co-founders resign from Wuxi Yazuo before March 17, 2025, they shall transfer certain common shares of Wuxi Yazuo to Weimob Canlin for free. The number of shares subject to transfer is calculated on a time proportion basis. Immediately after the acquisition, the co-founders hold 8.93% common shares of Wuxi Yazuo. The post-combination services commitment was treated as service condition of the share-based compensation to the co-founders, and the fair value of the common shares held by the co-founders at the Wuxi Yazuo Acquisition Date will be amortised into profit and loss during the 5-year period since Wuxi Yazuo Acquisition Date.

The fair value of the common shares on the Wuxi Yazuo Acquisition Date was developed through the application of the valuation technique which has taken into account purchase price allocation method.

For the year ended December 31, 2020, the co-founders have earned back 1.5% common shares of Wuxi Yazuo, the service expenses amounting to approximately RMB3,071,000 (for the period from March 17, 2020 to December 31, 2020) was charged to "general and administrative expenses" in the consolidated statement of comprehensive (loss)/income and credited to "Non-controlling interests" as consideration settled by equity of Wuxi Yazuo instead of the Company's common shares.

The difference of RMB1,132,000 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.

37 BUSINESS COMBINATION

(a) Acquisition of Wuxi Yazuo

On February 19, 2020, Weimob Canlin, a wholly-owned subsidiary of the Company, entered into an agreement with the selling shareholders and Wuxi Yazuo to purchase 63.83% of the total shares in Wuxi Yazuo. According to the agreement, the consideration payable is RMB114,886,000 including the consideration for purchasing the shares held by existing shareholders of RMB34,886,000 and the consideration for subscribing the new shares of Wuxi Yazuo with the amount of RMB80,000,000. Upon the completion of the transaction on March 17, 2020, Weimob Canlin owns 63.83% of the total shares in Wuxi Yazuo, and Wuxi Yazuo became a subsidiary of the Company.

As mentioned in Note 36(b), the co-founders of Wuxi Yazuo hold 8.93% common share of Wuxi Yazuo after the transaction. Due to their post-combination service commitment, the 8.93% common share was deemed as being transferred to Weimob Canlin at the acquisition date.

As mentioned in Note 3.3(d), one of the minority shareholders of Wuxi Yazuo, Yunxin holds 10.46% shares in Wuxi Yazuo, enjoys certain preferential rights, which resulted in a debt classification in Wuxi Yazuo's financial position. The fair value of financial liability related to Yunxin was RMB14,324,000 as at December 31, 2020.

As at December 31, 2020, Weimob Canlin has paid RMB55,000,000 for the new shares subscription and RMB23,415,000 for purchasing existing shares. The unpaid RMB25,000,000 consideration for subscribing for the new shares was eliminated at Group level and the Group accounted for remaining unpaid consideration of RMB11,471,000 for purchasing existing shares as "Trade and other payables".

Details of the purchase consideration, the net assets acquired and goodwill are as follows. The net assets include the subscription amount of RMB80,000,000 as part of the acquisition transaction.

	RMB'000
Purchase consideration	114,886

37 BUSINESS COMBINATION (Continued)

(a) Acquisition of Wuxi Yazuo (Continued)

The assets and liabilities recognised as a result of the acquisition are as follows:

	As at March 17, 2020 Fair value RMB'000
Cash and cash equivalents	938
Prepayments, deposits and other assets	81,578
Trade and notes receivable	858
Property, plant and equipment	530
Right-of-use assets	324
Intangible assets	158
Self-developed software (i)	16,702
Bank borrowings (current portion)	(178)
Trade and other payables and accruals	(60,100)
Financial liabilities measured at FVPL *(Note 3.3(d))*	(14,324)
Contract liabilities (current and non-current portion)	(6,692)
Lease liabilities (current and non-current portion)	(1,427)
Total identifiable net assets	18,367
Less: non-controlling interests	(3,443)
Add: goodwill	99,962
	114,886

37 BUSINESS COMBINATION (Continued)

(a) Acquisition of Wuxi Yazuo (Continued)

The goodwill is attributable to Wuxi Yazuo's strong position in SaaS catering sector and synergies expected to arise after the acquisition. It remains unallocated before the end of the annual period in which the combination is effected. None of the goodwill is expected to be deductible for tax purposes.

(i) Identified intangible assets

The identified intangible assets for the acquisition represented self-developed software of approximately RMB16,702,000, which are initially recognised and measured at fair value. The recognition of self-developed software as part of the acquisition arose mainly from the cost saving by owing the self-developed software rather than licensing it. The fair value of self-developed software was developed through the application of the valuation technique which has taken into account the replacement cost method. The Group recognised deferred tax asset and deferred tax liabilities of RMB4,176,000, which has been fully offset on Wuxi Yazuo entity level.

(ii) Revenue and profit contribution

The acquired business contributed revenues of RMB24,407,000 and net loss of RMB8,085,000 to the Group for the period from March 18 to December 31, 2020.

If the acquisition had occurred on January 1, 2020, consolidated pro-forma revenue and loss for the year ended December 31, 2020 would have been RMB1,976,024,000 and RMB1,186,478,000 respectively. These amounts have been calculated using the subsidiary's results and adjusting them for the additional amortisation that would have been charged assuming the fair value adjustments to intangible assets had applied from January 1, 2020, together with the consequential tax effects.

37 BUSINESS COMBINATION (Continued)

(b) Acquisition of Heading

On November 6, 2020, Weimob Development, a wholly-owned subsidiary of the Company, entered into an agreement with the selling shareholders and Heading to purchase 51% of the total shares in Heading. According to the agreement, the consideration payable is RMB510,000,000 including the consideration for purchasing the shares held by existing shareholders of RMB410,000,000 and the consideration for subscribing the new shares of Heading with the amount of RMB100,000,000. Upon the completion of the transaction on November 9, 2020, Weimob Development owns 51% of the total shares in Heading, and Heading became a subsidiary of the Company.

Out of the cash consideration of RMB510,000,000, RMB47,595,000 is contingent upon the achievement of certain business performance targets by Heading. The contingent consideration includes RMB37,595,000 for purchasing sales shares and RMB10,000,000 subscribing for the new shares, which was eliminated at Group level.

As at December 31, 2020, Weimob Development has paid RMB112,783,000 for purchasing the existing shares and RMB30,000,000 for subscribing for the new shares. The unpaid RMB70,000,000 consideration for subscribing for the new shares was eliminated at Group level and the Group accounted for unpaid consideration of RMB259,622,000 for purchasing the existing shares as "Trade and other payables". The contingent consideration of RMB37,595,000 for purchasing the existing shares in 2022 with its fair value is recorded as "Non-current financial liabilities at FVPL".

Details of the purchase consideration, the net assets acquired and goodwill are as follows. The net assets include the subscription amount of RMB100,000,000 as part of the acquisition transaction.

The assets and liabilities recognised as a result of the acquisition are as follows:

	RMB'000
Purchase consideration	510,000

37 BUSINESS COMBINATION (Continued)

(b) Acquisition of Heading (Continued)

	As at November 9, 2020 Fair value RMB'000
Cash and cash equivalents	24,714
Prepayments, deposits and other assets (ii)	116,615
Trade and notes receivable	44,706
Financial assets at fair value through profit or loss (current portion)	86,208
Property, plant and equipment	37,758
Investment properties	32,401
Right-of-use assets	1,417
Land-use rights (i)	10,000
Intangible assets	917
Customer relationships (i)	205,000
Self-developed software (i)	53,860
Trade and other payables and accruals	(83,202)
Contract liabilities (current and non-current portion)	(55,272)
Lease liabilities (current and non-current portion)	(4,418)
Deferred income tax liabilities	(45,923)
Total identifiable net assets	424,781
Less: non-controlling interests	(208,143)
Add: goodwill	293,362
	510,000

The goodwill is attributable to Heading's strong position in SaaS retail sector and synergies expected to arise after the acquisition. It remains unallocated before the end of the annual period in which the combination is effected. None of the goodwill is expected to be deductible for tax purposes.

37 BUSINESS COMBINATION (Continued)

(b) Acquisition of Heading (Continued)

(i) Identified intangible assets

The identified intangible assets for the acquisition primarily consist of self-developed software of approximately RMB53,860,000, customer relationship of RMB205,000,000 and land use right of RMB10,000,000. They are initially recognised and measured at fair value. The recognition of self-developed software as part of the acquisition arose mainly from the cost saving by owing the self-developed software rather than licensing it. The fair value of self-developed software was developed through the application of the valuation technique which has taken into account the relief from royalty method and is amortised on straight-line basis over the estimated useful life of 5 years by taking reference to comparable companies. The customer relationship represents the present value of the future cash flow attributed to established customer base and other business relationships built up by Heading in retail and commercial properties area and has a definite useful life and is amortised on straight-line basis over the estimated useful life of 10 years. Land use right was taken reference to the market fair value and is amortised on straight-line basis over the remaining useful life of 32 years. The Company recognized deferred tax asset and deferred tax liability of RMB2,653,000 and RMB48,576,000, which has been partially offset on Heading entity level.

(ii) Revenue and profit contribution

The acquired business contributed revenues of RMB53,284,000 and net loss of RMB3,121,000 to the Group for the period from November 9 to December 31, 2020.

If the acquisition had occurred on January 1, 2020, consolidated pro-forma revenue and loss for the year ended December 31, 2020 would have been RMB2,169,656,000 and RMB1,183,449,000 respectively. These amounts have been calculated using the subsidiary's results and adjusting them for the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from January 1, 2020, together with the consequential tax effects.

37 BUSINESS COMBINATION (Continued)

(c) Acquisition of Jingxin

On December 8, 2020, Weimob Zhiling, a wholly-owned subsidiary of the Company, entered into an agreement with the selling shareholders and Jingxin to purchase 100% of the total shares in Jingxin with total consideration of RMB122,220,000. Among which, RMB100,000,000 is to be paid to the existing controlling shareholder of Jingxin and the remaining RMB22,220,000 is to be paid to minority shareholders of Jingxin. As mentioned in Note 3.3(d), the minority shareholders of Jingxin held 18.18% shares in Jingxin in total and enjoyed certain preferential rights including, but not limited to, redemption rights and liquidation preference etc., which resulted in a debt classification in Jingxin's financial position.

As at December 31, 2020, Weimob Zhiling has paid RMB100,000,000 to the controlling shareholder of Jingxin and has paid RMB11,110,000 (50% of the relevant consideration) to the minority shareholders of Jingxin. Upon the closing of transaction with the controlling shareholder on December 23, 2020, Jingxin became a wholly-owned subsidiary of the Company. As full settlement of consideration is the closing condition of transaction with minority shareholders, the equity interests held by the minority shareholders pending for Weimob Zhiling to buy out was recognised as current financial liability at FVPL as at December 31, 2020, amounting to RMB11,110,000, which was paid on March 8, 2021.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	RMB'000
Purchase consideration	100,000

37 BUSINESS COMBINATION (Continued)

(c) Acquisition of Jingxin (Continued)

The assets and liabilities recognised as a result of the acquisition are as follows:

	As at December 23, 2020 Fair value RMB' 000
Cash and cash equivalents	395
Prepayments, deposits and other assets	6,051
Trade and notes receivable	1,713
Right-of-use assets	2,880
Intangible assets (i)	5,885
Bank borrowings (current portion)	(5,000)
Trade and other payables and accruals	(31,696)
Financial liabilities measured at FVPL (current portion)	(22,220)
Lease liabilities (current and non-current portion)	(3,066)
Total identifiable net assets	(45,058)
Less: non-controlling interests	–
Add: goodwill	145,058
	100,000

The goodwill is attributable to Jingxin's strong position in e-commerce retail sector and synergies expected to arise after the acquisition. It remains unallocated before the end of the annual period in which the combination is effected. None of the goodwill is expected to be deductible for tax purposes.

(i) Identified intangible assets

The identified intangible assets for the acquisition mainly consist of customer relationship of RMB5,885,000. They are initially recognised and measured at fair value. The customer relationship represents the present value of the future cash flow attributed to established customer base and other business relationships built up by Jingxin in e-commerce industry and has a definite useful life and is amortised on straight-line basis over the estimated useful life of 5 years. The Group recognise deferred tax assets and deferred tax liabilities of RMB1,471,000, which has been fully offset on Jingxin entity level.

37 BUSINESS COMBINATION (Continued)

(c) Acquisition of Jingxin (Continued)

(ii) Revenue and profit contribution

The acquired business contributed revenues of RMB326,000 and net loss of RMB213,000 to the Group for the period from December 23 to December 31, 2020.

If the acquisition had occurred on January 1, 2020, consolidated pro-forma revenue and loss for the year ended December 31, 2020 would have been RMB1,985,493,000 and RMB1,178,466,000 respectively. These amounts have been calculated using the subsidiary's results and adjusting them for the additional amortisation that would have been charged assuming the fair value adjustments to intangible assets had applied from January 1, 2020, together with the consequential tax effects.

(d) Non-controlling interests

The group has chosen to recognise the non-controlling interest at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

(e) Purchase consideration – cash flow

	RMB' 000
Outflow of cash to acquire subsidiaries, net of cash acquired	
Cash consideration	724,886
Less: balance of cash acquired	(26,047)
Less: subscription for new shares of the subsidiaries which eliminated at Group level	(180,000)
Less: investment payable for acquisitions *(Note 33)*	(271,093)
Less: contingent consideration related to acquisition *(Note 26(ii))*	(37,595)
Net outflow of cash – investing activities	210,151

(f) Acquisition related costs

Acquisition-related costs of RMB4,700,000 are included in general and administrative expenses in profit or loss.

38 NET CASH USED IN OPERATION

(a) Cash used in operations

	Year ended December 31	
	2020	2019
	RMB'000	RMB'000
(Loss)/profit before income tax	**(1,144,067)**	328,406
Adjustment for:		
Depreciation of property, plant and equipment *(Note 16)*	**10,553**	7,265
Depreciation of right-of-use assets *(Note 17)*	**30,648**	21,640
Amortisation of intangible assets *(Note 19)*	**83,698**	53,922
Loss/(gain) on disposal of property, plant and equipment	**39**	(10)
Fair value gain on redeemable and convertible preferred shares	**–**	(298,280)
Fair value gain on derivative financial instruments *(Note 25)*	**(15,468)**	–
Fair value loss on convertible bonds *(Note 26(iii))*	**1,086,310**	–
Net fair value gain on other financial assets and liabilities at FVPL *(Note 10)*	**(78,386)**	(18,934)
Share-based payment expenses *(Notes 8)*	**45,615**	5,641
Interest expenses *(Note 11)*	**31,968**	13,151
Interest income on bank deposits held for cash management purpose *(Note 12)*	**(12,376)**	(1,569)
Interest income on term deposits and loan to third and related parties *(Note 9)*	**(3,658)**	(9,987)
Issuance costs of convertible bonds	**23,754**	–
Foreign exchange gain, net	**(21,858)**	(5,521)
Net impairment losses on financial assets *(Note 3.1(ii))*	**8,597**	6,630
Share of net loss/(profit) of investments accounted for using equity method *(Note 22)*	**23,408**	(3,941)
Realised gain from transfer equity interest of Mengyou to Syoo *(Note 10)*	**(2,000)**	–
	66,777	98,413
Changes in working capital:		
Increase in trade and notes receivables	**(41,054)**	(78,272)
Increase/(decrease) in contract liabilities	**40,723**	(14,196)
Increase in financial assets at FVOCI	**(44,933)**	–
Increase in prepayments, deposits and other assets	**(522,072)**	(737,483)
(Increase)/decrease in contract acquisition cost	**(10,460)**	6,844
Increase in trade and other payables	**486,427**	285,286
Cash used in operations	**(24,592)**	(439,408)

38 NET CASH USED IN OPERATION (Continued)

(a) Cash used in operations (Continued)

In the consolidated statement of cash flow, proceeds from disposal of property, plant and equipment comprise:

	Year ended December 31	
	2020	2019
	RMB'000	RMB'000
Net book amount	**162**	133
Net (loss)/gain on disposal of property, plant and equipment	**(39)**	10
Proceeds from disposal of property, plant and equipment	**123**	143

(b) Non-cash investing and financing activities

	Year ended December 31	
	2020	2019
	RMB'000	RMB'000
Offsetting receivables and payables *(Note 3.4)*	**16,903**	–
Settlement of investment by equity interests *(Note 26(ii))*	**2,000**	–

(c) Net debt reconciliation

	Year ended December 31	
	2020	2019
	RMB'000	RMB'000
Cash and cash equivalents	**1,823,976**	870,328
Term deposits	**–**	393,000
Financial liabilities at FVPL (current and non-current)	**(98,284)**	(18,076)
Bank borrowings (current and non-current)	**(465,050)**	(300,000)
Convertible bonds	**(1,895,634)**	–
Lease liabilities (current and non-current)	**(102,353)**	(50,243)
Net debt	**(737,345)**	895,009

38 NET CASH USED IN OPERATION (Continued)

(c) Net debt reconciliation (Continued)

	Cash and cash equivalents RMB'000	Term deposits RMB'000	Leases (principal elements) RMB'000	Borrowings (current and non-current) RMB'000	Convertible bonds RMB'000	Financial liabilities at FVPL (current and non-current) *(Note 26)* RMB'000	Redeemable and convertible preferred shares RMB'000	Total RMB'000
Net debt as at January 1, 2020	**870,328**	**393,000**	**(50,243)**	**(300,000)**	**–**	**(18,076)**	**–**	**895,009**
Cash flows	**982,856**	**(393,000)**	**25,880**	**(159,872)**	**(1,057,299)**	**8,610**	**–**	**(592,825)**
Business Combination	**26,047**	**–**	**(8,911)**	**(5,178)**	**–**	**(74,139)**	**–**	**(62,181)**
Foreign exchange	**(55,255)**	**–**	**–**	**–**	**77,115**	**–**	**–**	**21,860**
Fair value changes	**–**	**–**	**–**	**–**	**(1,086,310)**	**(13,679)**	**–**	**(1,099,989)**
Conversion of convertible bonds	**–**	**–**	**–**	**–**	**170,860**	**–**	**–**	**170,860**
Other non-cash movement *(i)*	**–**	**–**	**(69,079)**	**–**	**–**	**(1,000)**	**–**	**(70,079)**
Net debt as at December 31, 2020	**1,823,976**	**–**	**(102,353)**	**(465,050)**	**(1,895,634)**	**(98,284)**	**–**	**(737,345)**
Net debt as at January 1, 2019	127,585	–	–	(80,000)	–	–	(2,769,905)	(2,722,320)
Recognised on adoption of HKFRS 16	–	–	(44,074)	–	–	–	–	(44,074)
Cash flows	737,222	393,000	12,510	(220,000)	–	(12,500)	–	910,232
Foreign exchange	5,521	–	–	–	–	–	–	5,521
Fair value changes	–	–	–	–	–	(5,576)	298,280	292,704
Other non-cash movement *(i)*	–	–	(18,679)	–	–	–	2,471,625	2,452,946
Net debt as at December 31, 2019	870,328	393,000	(50,243)	(300,000)	–	(18,076)	–	895,009

(i) Other major non-cash movement includes conversion of convertible redeemable preferred shares and convertible bonds into ordinary shares, addition of lease liabilities and addition and conversion of contingent payable to trade and other payables.

39 CAPITAL COMMITMENTS

Commitments for capital expenditures

Significant capital expenditure contracted for at as December 31, 2019 and 2020 but not recognised as liabilities is as follows:

	As at December 31	
	2020	2019
	RMB'000	RMB'000
Long-term investment	**279,200**	279,200

40 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 years ended December 31, 2019 and 2020:

Name of related parties	Relationship with the Group
Xiaoke	Associate of the Group since March 17, 2020 *(i)*
Syoo	Associate of the Group since April 10, 2020 *(i)*
Shanghai Beyond Science Technology Co., Ltd. ("Beyond Science")	Non-controlling shareholder of Heading *(ii)*
Mr. Sun	Executive director of the Group
Mr. You	Executive director of the Group
Mr. Fang	Executive director of the Group
Mr. Huang	Executive director of the Group

(i) As discussed in Note 22(iii) and Note 26(ii), Xiaoke and Syoo became the Group's associates since March 17, 2020 and April 10, 2020, respectively. The following disclosure of transactions with these two entities only covered period from March 17, 2020 to December 31, 2020 and April 10, 2020 to December 31, 2020, respectively.

(ii) As disclosed in Note 37(b), the Group acquired 51% of the total shares in Heading, and Heading became a subsidiary of the Company on November 9, 2020. The minority shareholder of Heading, Beyond Science held 29.95% shares in Heading and became the Group's related party since November 9, 2020. The following disclosure of transactions with Beyond Science only covered period from November 9, 2020 to December 31, 2020.

(b) Transactions with related parties

Operating activities:

	Year ended December 31	
	2020	2019
	RMB'000	RMB'000
Provide subscription solutions service to related parties		
Xiaoke	**7,856**	–
Syoo	**7,475**	–
	15,331	–
Technology service fee charged by a related party		
Xiaoke	**2,285**	–

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

40 RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties (Continued)

Non-operating Activities:

	Year ended December 31	
	2020	2019
	RMB'000	RMB'000
Loan to related parties		
Xiaoke	20,000	–
Syoo	4,000	–
	24,000	–
Interest income from related parties		
Xiaoke	700	–
Syoo	402	–
	1,102	–
Compensation charged to executive directors related to SaaS sabotage event		
Mr. Sun	26,937	–
Mr. You	3,848	–
Mr. Fang	3,848	–
Mr. Huang	3,848	–
	38,481	–
Compensation received from executive directors related to SaaS sabotage event		
Mr. You	3,848	–
Mr. Fang	3,848	–
Mr. Huang	3,848	–
	11,544	–

40 RELATED PARTY TRANSACTIONS (Continued)

(c) Year-end balances with related parties

	As at December 31	
	2020	2019
	RMB'000	RMB'000
Trade receivables from related parties		
Xiaoke	8,328	–
Syoo	3,962	–
	12,290	–
Other loan receivables from related parties		
Xiaoke	20,700	–
Syoo	4,402	–
	25,102	–
Other receivables from executive directors related to SaaS sabotage event		
Mr. Sun	26,937	–
Prepayments for outsourcing service fee to a related party		
Xiaoke	2,060	–

40 RELATED PARTY TRANSACTIONS (Continued)

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

	As at December 31	
	2020	2019
	RMB'000	RMB'000
Other loan payable due to a related party		
Beyond Science	**7,200**	–
Dividend payable		
Beyond Science	**4,711**	–

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

Other receivables from Xiaoke and Syoo of RMB25,102,000 were non-trade in nature and unsecured, bearing a fixed interest rate of 7% per annum and repayable in June 2021 and December 2021, respectively. Other receivables from Syoo has been settled in January 2021. Other receivable from Mr. Sun was non-trade in nature, unsecured, interest-free and has been settled on March 5, 2021.

Trade payable to Beyond Science was attributed to technology service fee and was unsecured, interest-free and repayable on demand, among which RMB7,189,000 was related to transactions before the Group's acquisition of Heading.

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

The amounts due from and to 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.

40 RELATED PARTY TRANSACTIONS (Continued)

(d) 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:

	Year ended December 31 2020 RMB'000	2019 RMB'000
Salaries and wages	**3,596**	3,220
Bonuses	**657**	367
Other social security costs, housing benefits and other employee benefits	**383**	408
Pension cost – defined contribution plan	**71**	294
Share-based compensation	**981**	1,951
	5,688	6,240

41 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

Remuneration of every director and the chief executive's is set out below:

	Directors' fees RMB'000	Salaries and wages RMB'000	Bonuses RMB'000	Other social security costs housing benefits and other employee benefits RMB'000	Pension cost-defined contribution plan RMB'000	Share-based Compensation RMB'000	Total RMB'000
For the year ended December 31, 2020							
Executive director:							
Mr. Sun	–	649	66	64	12	–	791
Mr. Huang	–	563	126	64	12	15	780
Mr. Fang	–	570	134	64	12	–	780
Mr. You	–	549	131	64	12	–	756
Independent non-executive directors							
Sun Mingchun	271	–	–	–	–	–	271
Li Xufu	269	–	–	–	–	–	269
Tang Wei	269	–	–	–	–	–	269
	809	2,331	457	256	48	15	3,916

41 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' and chief executive's emoluments (Continued)

	Directors' fees RMB'000	Salaries and wages RMB'000	Bonuses RMB'000	Other social security costs housing benefits and other employee benefits RMB'000	Pension cost-defined contribution plan RMB'000	Share-based Compensation RMB'000	Total RMB'000
For the year ended December 31, 2019							
Executive director:							
Mr. Sun	–	435	66	68	49	–	618
Mr. Huang	–	577	67	68	49	48	809
Mr. Fang	–	559	68	68	49	–	744
Mr. You	–	561	66	68	49	–	744
Independent non-executive directors							
Sun Mingchun	264	–	–	–	–	–	264
Li Xufu	271	–	–	–	–	–	271
Tang Wei	271	–	–	–	–	–	271
	806	2,132	267	272	196	48	3,721

(b) Directors' retirement and termination benefits

No retirement or termination benefits have been paid to the Company's directors for the years ended December 31, 2019 and 2020.

(c) Consideration provided to third parties for making available directors' services

No consideration provided to third parties for making available directors' services subsisted at the end of the year or at any time for the years ended December 31, 2019 and 2020.

(d) Information about loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors

No loans, quasi-loans or other dealings are entered into by the Company in favor of directors, controlled bodies corporate by and connected entities with such directors for the years ended December 31, 2019 and 2020.

(e) Directors' material interests in transactions, arrangements or contract

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted for the years ended December 31, 2019 and 2020.

42 CONTINGENT LIABILITIES

Saved as contingent consideration payable for acquiring Heading disclosed in Note 37(b), the Group did not have any material contingent liabilities as at December 31, 2020.

43 SUBSEQUENT EVENTS

Saved as disclosed in Notes 26(ii) and 28, there is no significant subsequent event.

44 FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Financial position of the Company

		As at December 31	
		2020	2019
	Note	**RMB'000**	RMB'000
ASSETS			
Non-current assets			
Investment in a subsidiary	*(i)*	**3,400,094**	2,923,015
Total non-current assets		**3,400,094**	2,923,015
Current assets			
Financial assets at fair value through profit or loss		**36,588**	61,364
Prepayments, deposits and other assets		**734**	3,638
Cash and cash equivalents		**1,010,071**	489,186
Total current assets		**1,047,393**	554,188
Total assets		**4,447,487**	3,477,203
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	*34*	**1,529**	1,531
Treasury shares	*34*	**–**	(63,143)
Shares held for RSU scheme	*34*	**(15,819)**	(38,582)
Share premium	*34*	**4,278,775**	4,171,056
Other reserves		**(364,108)**	(383,889)
Retained earnings		**(1,360,946)**	(212,071)
Total equity		**2,539,431**	3,474,902

44 FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(a) Financial position of the Company (continued)

	Note	As at December 31 2020 RMB'000	2019 RMB'000
Current liabilities			
Other payables and accruals		**12,422**	2,301
Total current liabilities		**12,422**	2,301
Non-current liabilities			
Financial liabilities measured at fair value through profit or loss		**1,895,634**	–
Total Non-current liabilities		**1,895,634**	–
Total liabilities		**1,908,056**	2,301
Total equity and liabilities		**4,447,487**	3,477,203

(i) Investment in a subsidiary

As part of the reorganisation in 2018, Weimob HK acquired the entire equity interest in the Weimob Development with a total consideration of RMB1,341,225,000, all of which were funded by the Company. As the Company has no intention to collect the consideration back from Weimob HK, in substance, the cash funded to Weimob HK is capital injection by the Company.

After the reorganisation, the Company made an additional capital injection of RMB1,012,073,000 to Weimob Development through Weimob HK for the year ended December 31, 2018 and 2019.

For the year ended December 31, 2020, the Company funded RMB69,380,000, RMB365,155,000 and nil, respectively to Weimob Development, Shanghai Mengju and Shanghai Mengyao to support their daily operation (2019: RMB360,746,000, RMB183,330,000 and RMB20,000,000). As the Company has no intention to collect the amount back from onshore subsidiaries, in substance, the cash transferred is recognized as investment in a subsidiary.

As disclosed in Note 36, immediately after the consummation of the IPO, Weimob Teamwork started to administer and hold the RSU Scheme and are included in the Group's consolidated statement. The RSUs grant by the Company to the employees of its subsidiaries is treated as a capital contribution to subsidiaries. Therefore, the Company recognised an increase in the investment in the subsidiaries of RMB42,544,000 during the year ended December 31, 2020 (2019: RMB5,641,000).

44 FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(b) Reserve movement of the Company

	Other reserves RMB'000	Accumulated losses RMB'000
As at January 1, 2020	**(383,889)**	**(212,071)**
Comprehensive loss		
Loss for the year	**–**	**(1,148,875)**
Total comprehensive loss for the year	**–**	**(1,148,875)**
Transfer of vested RSUs *(Note 36)*	**(22,763)**	**–**
Share-based compensation expenses for employees *(Note 36)*	**42,544**	**–**
Total transactions with owners recognized directly in equity for the year	**19,781**	**–**
As at December 31, 2020	**(364,108)**	**(1,360,946)**

	Other reserves RMB'000	Accumulated losses RMB'000
As at January 1, 2019	(431,595)	(495,228)
Comprehensive income		
Profit for the year	–	286,640
Total comprehensive income for the year	–	286,640
Transfer other comprehensive loss into retained earnings	3,483	(3,483)
Contribution from a shareholder in relation to RSU Scheme Trust *(Note 36)*	61,333	–
Transfer of vested RSUs *(Note 36)*	(22,751)	–
Share-based compensation expenses for employees *(Note 36)*	5,641	–
Total transactions with owners recognized directly in equity for the year	47,706	(3,483)
As at December 31, 2019	(383,889)	(212,071)

DEFINITIONS

"AGM"	the forthcoming annual general meeting of the Company
"Articles of Association"	the amended and restated articles of association of the Company
"Board"	the board of Directors 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"	our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require)
"HKFRS"	Hong Kong Financial Reporting Standards
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange on January 15, 2019
"Listing Date"	January 15, 2019, the date on which the Shares are listed on the Stock Exchange
"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

DEFINITIONS

"PRC" or "China"	the People's Republic of China. For the purposes of this annual 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
"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC
"Reporting Period"	the year ended December 31, 2020
"RSU"	the restricted stock unit
"SFO"	the Securities and Futures Ordinance
"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
"Tencent"	Tencent Holdings Limited, a limited liability company organized and existing under the laws of the Cayman Islands and the shares of which are listed on the Main Board (stock code: 700) and/or its subsidiaries
"Weimob Development"	Shanghai Weimob Enterprise Development Co., Ltd.*（上海微盟企業發展有限公司）, a company established under the laws of the PRC on September 10, 2014, being a wholly-owned subsidiary of our Company

* *For identification purpose only*

WEIMOB INC. 微盟集團