

# Weimob 微盟

## WEIMOB INC. 微盟集團\*

(Incorporated in the Cayman Islands with limited liability)

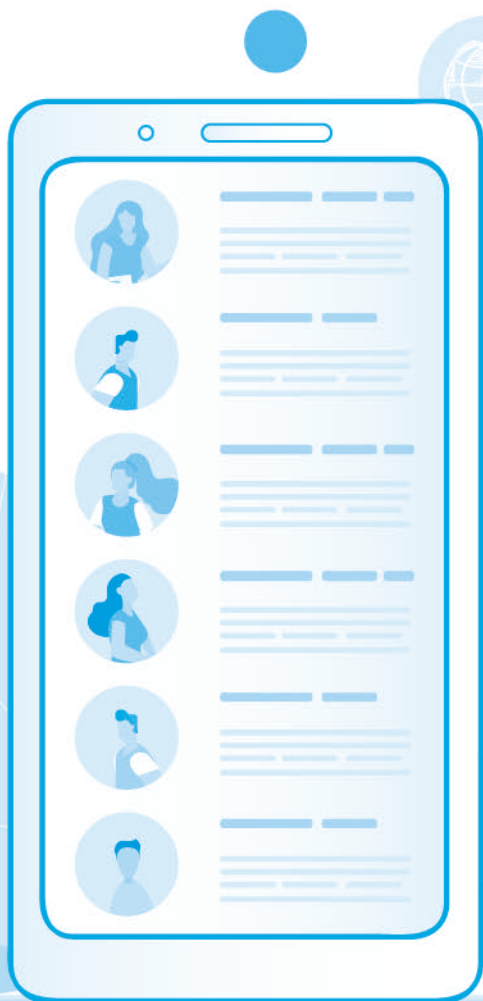
(於開曼群島註冊成立之有限公司)

Stock Code 股份代號 : 2013

Interim Report 中期報告 2021



\*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

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

## LEGAL ADVISOR

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

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

## PRINCIPAL BANKERS

Bank of Shanghai Co., Ltd.  
Pilot Free Trade Zone Branch  
1/F, China Aluminium High Building  
No. 53 Changqing North Road  
Pudong District  
Shanghai  
PRC

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

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

### **AUTHORIZED REPRESENTATIVES**

Mr. SUN Taoyong  
Ms. NG Sau Mei

### **REGISTERED OFFICE**

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

### **HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC**

Weimob Building  
No. 258, Changjiang Road  
Baoshan District  
Shanghai  
PRC

### **PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

2701, 27th Floor  
Central Plaza  
18 Harbour Road  
Wanchai  
Hong Kong

### **CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT**

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

### **HONG KONG SHARE REGISTRAR**

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

### **STOCK CODE**

2013

### **COMPANY'S WEBSITE**

[www.weimob.com](http://www.weimob.com)

# FINANCIAL HIGHLIGHTS

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS)

	<b>Six months ended June 30,</b>		
	<b>2021</b>	2020	Year-on-year
	<b>(Unaudited)</b>	(Unaudited)	change
	<i>(RMB in millions, except percentages)</i>		
Revenue	<b>1,383.1</b>	957.1	44.5%
Revenue excluding SaaS sabotage event	<b>1,383.1</b>	1,049.9	31.7%
Gross profit	<b>766.3</b>	421.5	81.8%
Gross profit excluding SaaS sabotage event	<b>766.3</b>	514.4	49.0%
Operating loss	<b>(194.9)</b>	(23.9)	(716.2%)
Operating (loss)/profit excluding SaaS sabotage event	<b>(194.9)</b>	69.0	(382.6%)
Loss before income tax	<b>(601.0)</b>	(557.5)	(7.8%)
Loss for the period	<b>(584.3)</b>	(545.7)	(7.1%)
Non-HKFRS Measures:			
Adjusted EBITDA	<b>(7.7)</b>	114.8	(106.7%)
Adjusted net (loss)/profit	<b>(118.8)</b>	52.3	(327.2%)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<b>As of</b>	As of	Change
	<b>June 30,</b>	December 31,	
	<b>2021</b>	2020	
	<b>(Unaudited)</b>	(Audited)	
	<i>(RMB in millions)</i>		
Assets			
Non-current assets	<b>2,115.2</b>	1,633.2	29.5%
Current assets	<b>7,550.9</b>	4,221.0	78.9%
Total assets	<b>9,666.1</b>	5,854.2	65.1%
Equity			
Capital and reserves attributable to the equity holders of the Company	<b>2,807.3</b>	1,048.0	167.9%
Non-controlling interests	<b>190.3</b>	204.5	(6.9%)
Total equity	<b>2,997.6</b>	1,252.5	139.3%
Liabilities			
Non-current liabilities	<b>4,411.8</b>	2,231.7	97.7%
Current liabilities	<b>2,256.8</b>	2,370.0	(4.8%)
Total liabilities	<b>6,668.6</b>	4,601.7	44.9%
Total equity and liabilities	<b>9,666.1</b>	5,854.2	65.1%

## RESULTS HIGHLIGHTS FOR THE FIRST HALF OF 2021

In the first half of 2021, under proactive and sound macroeconomic control policies, China's economy has been steadily recovering with the digital economy booming in particular. Under the background of acceleration of enterprise digital transformation, based on our continuous investment in product research and development, accurate grasp of customer needs, and effective market development and customer penetration, the operating income of the Company has been rapidly growing. During the period, to enhance our research and development capabilities and supplement funds for potential investments and mergers and acquisitions, we completed the placement of new shares and the issue of convertible bonds in an aggregate principal amount of approximately US\$600 million. Our Group's three major strategies of "moving up-market (大客化)", "ecosystem build-up (生態化)" and "globalization (國際化)" continued to be deeply implemented, and we have achieved significant results.

In the first half of 2021, our total revenue reached RMB1,383 million, representing an increase of 44.5% as compared with RMB957 million in the first half of 2020, and an increase of 31.7% as compared with the adjusted total revenue for the same period of last year, and the overall adjusted gross margin increased from 49.0% to 55.4%. Revenue from our Digital Commerce business increased rapidly by 107.6% from RMB462 million in the first half of 2020 to RMB959 million, with an increase of 72.8% in the adjusted revenue. Revenue from Subscription Solutions in Digital Commerce increased significantly by 159.2% as compared with the same period of last year, with an increase of 80.3% in the adjusted revenue. Revenue from Smart Retail business was RMB183 million in the first half of 2021, representing a year-on-year increase of 298.3%, and reaching a proportion of 33.4% of revenue from Subscription Solutions. Our revenue from Merchant Solutions also increased rapidly by 63.8% year-on-year. In the first half of 2021, with the implementation of the three major strategies of "moving up-market", "ecosystem build-up" and "globalization", we strengthened investments in research and development and the development of new products. As a result, the adjusted net profit changed to a loss of RMB119 million in the first half of this year from a profit of RMB52 million in the same period of last year. As of June 30, 2021, our cash and cash equivalents reached RMB4,963 million, with abundant cash reserves and a healthy financial structure.

As of June 30, 2021, the number of paying merchants of Subscription Solutions under our Digital Commerce solutions increased by 15.2% to 101,867, and the ARPU increased by 56.5% to RMB5,395; the number of paying merchants of Merchant Solutions increased by 11.7% to 27,484, and the average spend per merchant increased by 24.2% to RMB205,223. The number of advertisers using our Digital Media solutions was 2,229, and the average spend per advertiser was RMB221,837. Through Merchant Solutions under Digital Commerce solutions and Digital Media solutions, we assisted more than 29,700 merchants in total with placement of targeted marketing to attract traffic, with a gross billing of RMB6.13 billion, representing a year-on-year increase of 33.0%.

Through continuous and deep penetration in the digital business field, we have been recognized by the capital market. We were included in the MSCI China All Shares Index in February 2021, and formally included in the Hong Kong Connect (Shanghai) in March 2021. We also won the "Annual Best Regional Commercial Power" award and the "Strategic Pioneer" award by the Channel Partner Summit of Tencent Ads, as well as the "Smart Catering Innovation Solution" award by the 10th China Catering Summit, which reflects the recognition from our industry and partners.



## CHAIRMAN'S STATEMENT

In terms of fulfilling social responsibilities, 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 addition, we launched Intelligent Party Building Solution, using information platform tool to comprehensively and efficiently support the Party branch building.

We believe that we are currently in the golden era of enterprise digital transformation. We will adhere to the mission of "Helping Digital Transformation of Enterprises", continue to improve our products and services, so that more companies can and continue to benefit from digitalization.

### BUSINESS REVIEW

In the first half of 2021, after the public health incident, the necessity and urgency of digital upgrade became the consensus of the industry. The growing demand for digital marketing, digital systems, and digital operation services from corporate customers has driven rapid development of our various businesses.

In terms of Digital Commerce, we helped merchants to realize private domain operations and business growth through products of Subscription Solutions such as Wei Mall, Smart Retail, Smart Catering and Smart Hotel, and provided them with full-chain marketing services in terms of traffic, tools, and operations through Merchant Solutions, thus helping them to achieve digital upgrades. The number of paying merchants and the revenue of Subscription Solutions continued to grow, while the scale and monetization capabilities of paying merchants of Merchant Solutions further improved.

In the social e-commerce segment, on the one hand, we deepened the ecological layout of WeChat and consolidated our leading advantages in the development of WeChat Mini Programs. We realized the connection of Mini Programs with external short links, enabling convenient redirection of short messages, emails, off-WeChat web pages, and Mini Programs; at the same time, we enhanced our investments in WeChat video accounts, and officially connected the Weimob distribution market into the WeChat video account operation matrix, thus helping merchants expand their traffic channels and providing product guarantees for WeChat video account creators. Our smart retail and Wei Mall solutions have allowed the direct redirection to video account live streaming from the Mini Program mall, thus supporting the efficient conversion of traffic for merchants. On the other hand, we also actively expanded the external traffic channels of WeChat, and completed the connection to Douyin Store and Kuaishou Store, thus providing efficient and convenient products and services for the multi-channel operation of merchants. At present, Wei Mall, smart retail and other solutions provide merchants with multiple traffic access channels such as video account, QQ, QQ browser, Douyin, Kuaishou, Baidu, and Alipay, helping customers achieve new growth in private domain. In terms of market expansion, in the first half of 2021, by participating in the "Qianfan Plan (千帆計劃)" of Tencent, we increased our customer base for ecosystem channels. We also increased the proportion of direct selling and continued to expand the coverage over high-quality direct selling cities. We believe that helping customers build decentralized brand direct selling model of DTC ("Direct To Customer" model for brand merchants) contributes to creating differentiated competitive advantages and continuously benefits us.



## CHAIRMAN'S STATEMENT

For the smart retail segment, under the new normal situation arising out of the pandemic, retail companies have been accelerating the construction of digital capabilities. Through scenario-based, digital, social, and intelligent solutions, combined with our targeted marketing, private domain operations and other services, our smart retail products empower our retail customers in their full-chain digital upgrade. In the first half of 2021, the number of new merchants in the smart retail business increased significantly compared with the first half of 2020, with the number and quality of brand merchants continuously increasing. As of June 30, 2021, the number of merchants in the smart retail business reached 4,699, and the revenue generated from the smart retail was RMB183 million, representing an increase of 298.3% from RMB46 million in the first half of 2020, and accounting for 33.4% of the revenue generated from Subscription Solutions. The number of brand merchants reached 830 and the average contract value per merchant of brand merchants reached RMB232,000. Our smart retail business accounts for over 40% of the market among China's top 100 retail companies. Through co-construction and co-creation with leading fashion retail brands, we have accumulated a wealth of industry experience and our presence in the industry is growing. Smart retail is an important growth engine for us in the future. We expect that as our market share in the fashionable shoe and clothing industries increase and our penetration into commercial real estate, commercial supermarket and convenience stores, home building materials, digital appliances, beauty products, infant and mother, and other industries, there is room for further growth of our smart retail business.

For the smart catering segment, as of June 30, 2021, the number of merchants in the catering segment reached 7,297. The revenue generated from the smart catering was RMB28 million, representing an increase of 24.4% from RMB22 million in the first half of 2020, and accounting for 5.0% of the revenue generated from Subscription Solutions. The average contract value per merchant of catering merchants was RMB15,000. We continued to update and optimize our smart catering products. In particular, we upgraded the member stored-value system, enhanced paid membership cards and invoicing stored-value orders, and optimized the dine-in order transaction process, to enhance the experience of catering customers. Meanwhile, we achieved complete data connection with WeCom, so that our catering customers can directly view WeCom data and WeChat customer group data in the backend of Weimob Smart Restaurant. Combined with the customer interaction trend analysis statistics provided by it, the process for merchants to obtain, understand, and analyze data will be convenient and efficient. We are accelerating the adoption by catering enterprises of our smart catering solutions, which integrate "Three-store in One" as the core and "WeCom Operation" as the channel, so as to help catering customers build more efficient and precise private domain operation paths.

In terms of smart hotel and tourism segments, in the first half of 2021, we continued to optimize and upgrade smart hotels and smart tourism solutions. By far, our smart hotel has achieved direct data connection upgrade with many hotels PMS, to automatically synchronize orders with real-time data to improve the overall operational efficiency of hotel orders. In the future, we will also cooperate with more PMS system vendors, and achieve deep integration of multi-dimensional data access and product functions based on membership, marketing, room status, orders, etc., to facilitate the multi-scenario efficient operation capabilities of hotels and promote revenue increase. In the first half of 2021, we and Xiangminiao Technology (向蜜鳥科技) will further exert synergies. Through the Integrated Marketing and Sales Smart Growth Solution (the "TSO"), we empowered the digital marketing and the layout of private domain traffic ecosystem in the hotel and travel industry, and achieved efficient conversion of traffic and the sustainable growth of hotel private domain traffic. As of June 30, 2021, Xiangminiao Technology has provided comprehensive digital marketing technologies and operational service solutions for more than 600 international and domestic high-end hotels in such regions as South China, East China and Southwest China.





## CHAIRMAN'S STATEMENT

While enriching the capabilities of our existing products, we also launched new products such as ShopExpress and Weimob WeCom Assistant. Among them, ShopExpress, an independent cross-border station product, provides full-chain digital overseas services for Chinese overseas brands; Weimob WeCom Assistant, a private domain operation solution we developed based on WeCom, can help enterprises efficiently operate private domain traffic.

Our Merchant Solutions serve the existing and potential merchants of our Subscription Solutions and provide merchants with integrated solutions that combine 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 the first half of 2021, we further deepened the full-chain layout, through the “horizontal and vertical layout”: horizontally, we deployed diversified traffic channels, and cooperated with multiple traffic parties such as Tencent and ByteDance; and vertically, we extended location scenarios and service scenarios, established multiple branches in many cities across the country, and covered more advertisers through regional penetration. By far, we have covered more than 20 industries including fast-moving consumer goods, e-commerce, catering, wedding dresses, home furnishing, finance, online services and education. In April 2021, we and Tencent Ads jointly launched the “Tengmeng Plan 2.0 (騰盟計劃2.0)” and released “Tengmeng Cube (騰盟魔方)” to empower enterprises to upgrade their full-chain marketing and further improve the efficiency and accuracy of corporate marketing. Through the Merchant Solutions in our Digital Commerce, we provided services for 27,484 paying merchants in the first half of 2021, and the ARPU increased by 46.6% to RMB14,909. In the first half of 2021, the gross billing generated from our targeted marketing services offered to merchants to acquire traffic was RMB5,640 million, representing an increase of 38.7% over the first half of 2020, and the revenue from Merchant Solutions was RMB410 million, representing an increase of 63.8% year-on-year.

In terms of Digital Media, capitalizing on our advantages of media resources and past placement experience, we provide merchants with advertising services with effectiveness commitment. At present, our traffic channels cover WeChat Moments, WeChat official account, QQ and Qzone, Tencent News, Tencent Video, Zhihu, Baidu, TouTiao.com 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 the first half of 2021, our revenue from Digital Media solutions was RMB424 million, representing a decrease of 14.4% compared with the first half of 2020. Our gross revenue was RMB495 million. We served a total of 2,229 advertisers, with the average spend per advertiser reaching RMB221,837.

In terms of Weimob Cloud Platform, we upgraded Weimob Cloud Platform to provide an open PaaS cloud platform shared internally and externally for customers and partners, and equipped it with commercialized technical services for large and medium sized customers, service market for standard customers, as well as out-of-the-box solutions for industrialization. In order to better support high-quality partners in providing high-value solutions for customers, we launched Weimob Cloud “Mengyue Plan (盟約計劃)”, providing comprehensive resource support including application development technology support, full-process, accurate and exclusive service support, multi-dimensional resource support, sharing of massive business opportunities, and open learning and growth alliance, so as to contribute to the success of our partners. At present, the Weimob Cloud Platform has cooperated with manufacturers such as Heading, Demo, Shuyun, BAISON, Raycloud and Alda. We believe that the PaaS platform of Weimob Cloud will represent our core competitiveness and an important source of revenue in the future, and we will continuously increase our investment in Weimob Cloud Platform, and build a new commercial operating system based on Weimob Cloud Platform, which integrates traffic, data, transactions, users and marketing, so as to provide our customers with a one-stop operation experience.



## CHAIRMAN'S STATEMENT

In the first half of 2021, our core strategies of “moving up-market”, “ecosystem build-up” and “globalization” were steadily advanced.

In terms of moving up-market, we upgraded our key account operation system. As the number of new customers of smart retail, smart catering and other businesses continuously increased, our key account business was successfully carried out, with a continuous increase in the proportion of revenue from key accounts. Revenue from Smart Retail business was RMB183 million in the first half of 2021, accounting for 33.4% of revenue from Subscription Solutions. We have implemented TSO with approximately 30 brand merchants on a pilot basis and have significantly improved the efficiency of their private domain management. We've formed industry-specific solutions which target industries such as apparel, beauty and skin care, food, milk powder and complementary foods. In the second half of the year, our business will further expand into home furnishing materials, 3C (computer, communication and consumer electronics) and other industries.

Meanwhile, our strategy of ecosystem build-up was advanced. In terms of traffic ecosystem, we obtained access to platforms such as Douyin, Kuaishou, and initially connected to overseas mainstream media channels, including Google, Facebook, and Twitter. In terms of developer ecosystem, in the first half of 2021, the number of our developers further increased. As of June 30, 2021, our Weimob Cloud Platform had amassed over 550 third-party developers, who have submitted more than 1,500 applications in total. In terms of investment ecosystem, in January 2021, we and V Capital Co., Ltd., Beijing Industrial Development and Investment Fund for High-end, Precision and Sophisticated Industries, and Beijing Sijiqing Agriculture Industry Commerce General Company jointly established Weizhi Shuke Industrial Fund (微智數科產業基金), so as to achieve layout in cloud computing, AI, big data and other frontier fields. In March 2021, Meridian-Weimob Industry Fund (華映微盟產業基金) which we jointly established with Meridian Capital, successfully participated in the A+ round financing of “Mabang Software (馬幫軟件)”, a leading cross-border e-commerce SaaS service provider in China. Investment in Mabang Software enriches our investment arrangements and contributes to the implementation of our international strategy.

In order to accelerate our globalization strategy, we have established a globalization team and officially released ShopExpress, an independent cross-border station product in July 2021 to provide Chinese merchants going overseas with full-chain digital overseas solutions. At present, more than 100 companies have participated in the ShopExpress internal testing. We have also launched the “Sailing & Pilot Program (揚帆領航計劃)” to provide traffic assistance, SaaS station construction and operation assistance services for merchants going overseas, so as to help brands capitalize on the cross-border e-commerce development. Previously, our SaaS products and services have helped introduce thousands of overseas customers into the Chinese market. In the future, we will accelerate the expansion of our network of overseas service providers and international customers and cultivate international performance as a new growth engine.



## CHAIRMAN'S STATEMENT

### BUSINESS OUTLOOK

Under the macro background of recovery and growth, and digital transformation of enterprises, “moving up-market”, “ecosystem build-up” and “globalization” remain the long-held core strategies of the Group, and we will accelerate the the construction of the Weimob Cloud Platform and the development of our TSO business.

1. Building an open ecosystem. We will continue to build an open ecosystem, increase investment in Weimob Cloud Platform, and build a new commercial operating system integrating traffic, data, transaction, users and marketing, based on Weimob Cloud Platform. The new commercial operating system will be the digital infrastructure for private domain management of merchants in the future.
2. Increasing the proportion of key account business. We will be deeply engaged in the retail industry. While gaining advantages in the fashionable footwear and clothing industries, we will continue to penetrate commercial real estate, commercial supermarket and convenience stores, home building materials, digital appliances, beauty products, infant and mother, and other industries. Meanwhile, we will horizontally expand our business into key account markets in catering, hotel, tourism, medical and other vertical industries.
3. Upgrading the full-chain management capacity. We will deepen the industrial operation through organizational structure adjustment, provide industry vertical solutions to drive the private domain management of merchants. Meanwhile, through exploration and practice of private domain management, we will accelerate the research and development of operation automation system, so as to improve our operational efficiency.
4. Accelerating international layout. The overseas market is an important source of business growth for us in the future. We will improve and expand our overseas service provider system, strengthen our cooperation with overseas social traffic platforms, and seek international strategic investment, merger and acquisition opportunities, so as to promote our products and services in the international market.
5. Exploring more strategic cooperation opportunities. We will enrich our traffic ecosystem and secure more traffic channels to help our customers achieve omni-channel operation. We will also continue to strengthen strategic investment, mergers and acquisitions, which will not only help us rapidly enter new service fields, but also promote the development of our existing business, thus enabling us to accurately seize the opportunities from digital commerce development.

Through our continuous efforts, we are facing promising prospects. To support the digital transformation and upgrade of enterprises has always been our original vision and mission. We thank our shareholders and investors for supporting the development of Weimob Inc. In the second half of 2021, we will forge ahead and promote the digital transformation of enterprises by providing integrated digital solutions and services for merchants, thus creating greater value for our shareholders and investors.

#### **Mr. Sun Taoyong**

*Chairman and Chief Executive Officer*

# MANAGEMENT DISCUSSION AND ANALYSIS

## Six Months Ended June 30, 2021 Compared to Six Months Ended June 30, 2020

	Six months ended June 30,	
	2021	2020
	(Unaudited)	(Unaudited)
	<i>(RMB' 000)</i>	
<b>Revenue</b>	<b>1,383,080</b>	957,051
Cost of sales	<b>(616,749)</b>	(535,517)
<b>Gross profit</b>	<b>766,331</b>	421,534
Selling and distribution expenses	<b>(815,854)</b>	(386,720)
General and administrative expenses	<b>(314,125)</b>	(84,048)
Net impairment losses on financial assets	<b>(24,781)</b>	(18,095)
Other income	<b>68,037</b>	52,999
Other gains/(losses), net	<b>125,473</b>	(9,551)
<b>Operating loss</b>	<b>(194,919)</b>	(23,881)
Finance costs	<b>(27,995)</b>	(36,996)
Finance income	<b>7,404</b>	1,021
Share of net loss of associates accounted for using the equity method	<b>(84)</b>	(1,956)
Change in fair value of convertible bonds	<b>(385,406)</b>	(495,662)
<b>Loss before income tax</b>	<b>(601,000)</b>	(557,474)
Income tax credit	<b>16,670</b>	11,811
<b>Loss for the period</b>	<b>(584,330)</b>	(545,663)
<b>Loss attributable to:</b>		
– Equity holders of the Company	<b>(557,713)</b>	(543,672)
– Non-controlling interests	<b>(26,617)</b>	(1,991)
	<b>(584,330)</b>	(545,663)

## MANAGEMENT DISCUSSION AND ANALYSIS

	<b>Six months ended June 30,</b>	
	<b>2021</b>	2020
	<b>(Unaudited)</b>	(Unaudited)
	<i>(RMB' 000)</i>	
<b>Other comprehensive loss, net of tax</b>		
Items that may be subsequently reclassified to profit or loss		
Currency translation differences	<b>(10,863)</b>	–
Change in fair value of financial liabilities from own credit risk	<b>(4,864)</b>	–
<b>Total comprehensive loss for the period</b>	<b>(600,057)</b>	(545,663)
<b>Total comprehensive loss attributable to:</b>		
– Equity holders of the Company	<b>(573,440)</b>	(543,672)
– Non-controlling interests	<b>(26,617)</b>	(1,991)
	<b>(600,057)</b>	(545,663)
<b>Loss per share (expressed in RMB per share)</b>		
– Basic loss per share	<b>(0.24)</b>	(0.24)
– Diluted loss per share	<b>(0.24)</b>	(0.24)

# MANAGEMENT DISCUSSION AND ANALYSIS

## Key Operating Data

The following table sets forth our key operating data for the six months ended/as of June 30, 2021 and 2020.

	Six months ended/as of June 30,	
	2021	2020
<b>Digital Commerce</b>		
<b>Subscription Solutions</b>		
Addition in number of paying merchants	14,776	15,726
Number of paying merchants	101,867	88,463
Attrition rate <sup>(1)</sup>	11.1%	10.6%
Revenue <sup>(2)</sup> (RMB in millions) excluding SaaS sabotage event	549.6	304.9
	<b>(unaudited)</b>	(unaudited)
ARPU <sup>(3)</sup> (RMB)	5,395	3,447
<b>Merchant Solutions</b>		
Number of paying merchants	27,484	24,606
Revenue (RMB in millions)	409.8	250.2
	<b>(unaudited)</b>	(unaudited)
ARPU (RMB)	14,909	10,168
Gross billing (RMB in millions)	5,640.4	4,065.4
<b>Digital Media</b>		
Number of advertisers	2,229	1,478
Gross billing (RMB in millions)	494.5	545.5
Average spend per advertiser (RMB)	221,837	369,110
Revenue (RMB in millions)	423.7	494.8
	<b>(unaudited)</b>	(unaudited)
ARPU (RMB)	190,089	334,794

### Notes:

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## Key Financial Ratios

	Six months ended June 30,			
	2021		2020	
	Per financial statements %	Excluding sabotage event %	Per financial statements %	Excluding sabotage event %
Total revenue growth	44.5	31.7	45.7	59.9
– Digital Commerce	107.6	72.8	22.4	47.0
– Digital Media	(14.4)	(14.4)	77.3	77.3
Gross margin <sup>(1)</sup>	55.4	55.4	44.0	49.0
– Digital Commerce	79.2	79.2	81.4	84.5
– Digital Media	1.5	1.5	9.1	9.1
Adjusted EBITDA margin <sup>(2)</sup>	(0.6)	(0.6)	10.9	10.9
Net margin <sup>(3)</sup>	(42.2)	(42.2)	(57.0)	(57.0)
Adjusted net margin <sup>(4)</sup>	(8.6)	(8.6)	5.0	5.0

### Notes:

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### Revenue

Our total revenue increased by 44.5% from RMB957.1 million in the six months ended June 30, 2020 to RMB1,383.1 million in the six months ended June 30, 2021, primarily due to the increases in our revenues generated from our Digital Commerce business. Excluding SaaS sabotage event, our total revenue increased by 31.7%. The following table sets forth a breakdown of our revenue by business segment for the periods indicated.

	2021 (Unaudited)		Six months ended June 30, 2020 (Unaudited)		
	Revenue	%	Revenue per financial statement	Revenue excluding SaaS Sabotage event	%
<b>Revenue</b>					
– Subscription Solutions	549.6	39.7%	212.0	304.9	29.0%
– Merchant Solutions	409.8	29.6%	250.2	250.2	23.8%
<b>Digital Commerce</b>	<b>959.4</b>	<b>69.4%</b>	462.2	555.1	52.9%
<b>Digital Media</b>	<b>423.7</b>	<b>30.6%</b>	494.8	494.8	47.1%
<b>Total</b>	<b>1,383.1</b>	<b>100.0%</b>	957.1	1,049.9	100.0%

### 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 159.2% from RMB212.0 million in the six months ended June 30, 2020 to RMB549.6 million in the six months ended June 30, 2021. Excluding the impact from SaaS sabotage event in 2020, our Subscription Solutions revenue increased by 80.3% from RMB304.9 million in the six months ended June 30, 2020 to RMB549.6 million in the six months ended June 30, 2021 primarily due to the increased number of paying merchants from 88,463 in the six months ended June 30, 2020 to 101,867 in the six months ended June 30, 2021, and the increased ARPU from RMB3,447 in the six months ended June 30, 2020 to RMB5,395 in the six months ended June 30, 2021.

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



## MANAGEMENT DISCUSSION AND ANALYSIS

### Digital Commerce-Merchant Solutions

Merchant Solutions	Six months ended June 30,		Year-on-year change
	2021 (Unaudited)	2020 (Unaudited)	
	<i>(RMB in millions, except percentages)</i>		
Gross billing	5,640.4	4,065.4	38.7%
Revenue	409.8	250.2	63.8%

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

Gross billing from our Merchant Solutions increased significantly from RMB4,065.4 million in the six months ended June 30, 2020 to RMB5,640.4 million in the six months ended June 30, 2021, primarily due to the increase in the number of paying merchants from 24,606 in the six months ended June 30, 2020 to 27,484 in the six months ended June 30, 2021, as well as an increase in average spend per paying merchant from RMB165,219 in the six months ended June 30, 2020 to RMB205,223 in the six months ended June 30, 2021.

Revenue from Merchant Solutions represents net rebate earned from advertising platforms by providing services to enable merchants to acquire online customer traffic, commission from targeted marketing operation service as well as fees and commission from TSO service. It increased by 63.8% from RMB250.2 million in the six months ended June 30, 2020 to RMB409.8 million in the six months ended June 30, 2021, as a result of the increase in gross billing and revenue from targeted marketing operation service and TSO service.

### Digital Media

Digital Media	Six months ended June 30,		Year-on-year change
	2021 (Unaudited)	2020 (Unaudited)	
	<i>(RMB in millions, except percentages)</i>		
Gross billing	494.5	545.5	(9.3%)
Revenue	423.7	494.8	(14.4%)

Digital Media mainly comprises our advertisement placement services offered to certain merchants on a basis of specified results or actions are committed.

Gross billing from our Digital Media decreased from RMB545.5 million in the six months ended June 30, 2020 to RMB494.5 million in the six months ended June 30, 2021, primarily due to the decrease in average spend per advertiser from RMB369,110 in the six months ended June 30, 2020 to RMB221,837 in the six months ended June 30, 2021, while we had an increase in the number of advertisers from 1,478 in the six months ended June 30, 2020 to 2,229 in the six months ended June 30, 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS

Revenue from Digital Media represents revenue from advertisers for targeted marketing services recognized using gross billing net off taxes and discounts. Since 2020, the management determined to focus more on Digital Commerce business in which targeted marketing service would be provided as part of the holistic digital commerce solution to merchants, therefore the Digital Media business is to support the small batch of advertisers to buy traffic and is not expected to be a strategic focus under the Company's new strategy. It decreased by 14.4% from RMB494.8 million in the six months ended June 30, 2020 to RMB423.7 million in the six months ended June 30, 2021, in line with the decrease in gross billing.

### Cost of Sales

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

	Six months ended June 30,			
	2021 (Unaudited)		2020 (Unaudited)	
	<i>(RMB in millions, except percentages)</i>			
<b>Cost of sales</b>				
Advertising traffic cost for				
Digital Media revenue	418.2	67.8%	446.6	83.4%
Staff costs	25.7	4.2%	20.4	3.8%
Broadband and hardware costs	46.2	7.5%	19.7	3.7%
Operation services costs	54.1	8.8%	11.9	2.2%
Amortization of intangible assets	64.8	10.5%	32.5	6.1%
Taxes and surcharges	7.1	1.1%	3.9	0.7%
Depreciation and amortization	0.6	0.1%	0.5	0.1%
<b>Total</b>	<b>616.7</b>	<b>100.0%</b>	535.5	100.0%

Our cost of sales increased by 15.2% from RMB535.5 million in the six months ended June 30, 2020 to RMB616.7 million in the six months ended June 30, 2021, primarily because (i) our broadband and hardware costs increased from RMB19.7 million in the six months ended June 30, 2020 to RMB46.2 million in the six months ended June 30, 2021, (ii) our amortization of intangible assets increased from RMB32.5 million in the six months ended June 30, 2020 to RMB64.8 million in the six months ended June 30, 2021, both in line with our business growth and the acquisition of Heading, (iii) our operation services costs increased from RMB11.9 million in the six months ended June 30, 2020 to RMB54.1 million in the six months ended June 30, 2021 primarily due to the increase of our targeted marketing operation service cost for the Merchant Solutions, (iv) our advertising traffic cost decreased from RMB446.6 million in the six months ended June 30, 2020 to RMB418.2 million in the six months ended June 30, 2021, in line with the change in our Digital Media business.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

	<b>Six months ended June 30,</b>			
	<b>2021</b>		<b>2020</b>	
	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
	<i>(RMB in millions, except percentages)</i>			
<b>Cost of sales</b>				
– Subscription Solutions	<b>143.0</b>	<b>23.2%</b>	72.3	13.5%
– Merchant Solutions	<b>56.3</b>	<b>9.1%</b>	13.6	2.5%
<b>Digital Commerce</b>	<b>199.3</b>	<b>32.3%</b>	85.9	16.0%
<b>Digital Media</b>	<b>417.4</b>	<b>67.7%</b>	449.6	84.0%
<b>Total</b>	<b>616.7</b>	<b>100.0%</b>	535.5	100.0%

### *Digital Commerce – Subscription Solutions*

Cost of sales of our Subscription Solutions increased by 97.7% from RMB72.3 million in the six months ended June 30, 2020 to RMB143.0 million in the six months ended June 30, 2021, primarily due to (i) an increase of RMB26.5 million in broadband and hardware cost; (ii) an increase of RMB32.3 million in our amortization of intangible assets relating to our self-developed software for SaaS products in line with our business growth and the acquisition of Heading; (iii) an increase of RMB12.1 million in our staff cost relating to business operation.

### *Digital Commerce – Merchant Solutions*

The cost of sales of our Merchant Solutions increased by 313.8% from RMB13.6 million in the six months ended June 30, 2020 to RMB56.3 million in the six months ended June 30, 2021, primarily due to the increase of RMB40.6 million in operation services costs which was in line with the growth of revenue from targeted marketing operation services.

### *Digital Media*

Cost of sales of our Digital Media which mainly represent cost of traffic purchased decreased by 7.2% from RMB449.6 million in the six months ended June 30, 2020 to RMB417.4 million in the six months ended June 30, 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Gross Profit and Gross Margin

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

	2021			Six months ended June 30, 2020			
	Gross profit (Unaudited)	%	Gross Margin	Gross profit per financial statements	Gross profit excluding SaaS sabotage event (Unaudited)	%	Gross margin excluding SaaS sabotage event
– Subscription Solutions	406.6	53.1%	74.0%	139.7	232.6	45.2%	76.3%
– Merchant Solutions	353.4	46.1%	86.2%	236.6	236.6	46.0%	94.6%
<b>Digital Commerce</b>	<b>760.0</b>	<b>99.2%</b>	<b>79.2%</b>	376.3	469.2	91.2%	84.5%
<b>Digital Media</b>	<b>6.3</b>	<b>0.8%</b>	<b>1.5%</b>	45.2	45.2	8.8%	9.1%
<b>Total</b>	<b>766.3</b>	<b>100.0%</b>	<b>55.4%</b>	421.5	514.4	100.0%	49.0%

*(RMB in millions, except percentages)*

Our overall gross profit increased by 81.8% from RMB421.5 million in the six months ended June 30, 2020 to RMB766.3 million in the six months ended June 30, 2021. Excluding the impact from SaaS sabotage event in 2020, our overall gross profit increased by 49.0% from RMB514.4 million to RMB766.3 million in the respective comparative period.

Our overall gross margin increased from 44.0% in the six months ended June 30, 2020 to 55.4% in the six months ended June 30, 2021. Excluding the impact from SaaS sabotage event in 2020, our gross margin increased from 49.0% to 55.4% in the respective comparative period.

The gross margin of our Subscription Solutions increased from 65.9% in the six months ended June 30, 2020 to 74.0% in the six months ended June 30, 2021. Excluding the impact from the SaaS sabotage event in 2020, the gross margin of Subscription Solutions decreased from 76.3% in the six months ended June 30, 2020 to 74.0% in the six months ended June 30, 2021, primarily due to the comparatively low gross margin of the acquisition of Heading.

The gross margin of our Merchant Solutions decreased from 94.6% in the six months ended June 30, 2020 to 86.2% in the six months ended June 30, 2021 primarily due to the change in revenue mix as, in addition to targeted marketing net rebate revenue which has a high gross margin, targeted marketing operation service and TSO service revenue have relatively lower gross margin.

The gross margin of our Digital Media decreased from 9.1% in the six months ended June 30, 2020 to 1.5% in the six months ended June 30, 2021 primarily due to increased rebates provided to advertisers, which deducts revenue to Digital Media.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Selling and Distribution Expenses

Our selling and distribution expenses increased by 111.0% from RMB386.7 million in the six months ended June 30, 2020 to RMB815.9 million in the six months ended June 30, 2021, primarily due to the following items: (i) increase in staff costs for our sales and marketing personnel from RMB225.8 million in the six months ended June 30, 2020 to RMB456.5 million in the six months ended June 30, 2021 due to ①RMB9.5 million increase in staff cost as a result of the acquisition of Heading, ②RMB90.0 million increase due to annualization effect of our increased sales and marketing staff in the second half of 2020, and ③RMB102.7 million increase in additional operating staff to better support medium to large merchants in their private traffic operation, and to support merchants in connecting and tapping in traffic from various ecosystems; (ii) increase in marketing and promotion expenses from RMB30.5 million in the six months ended June 30, 2020 to RMB173.6 million in the six months ended June 30, 2021, as a result of increased expenditures on brand and targeted marketing via Tencent to enhance brand recognition, support merchant growth, and expand to more verticals and regions in retail market; and (iii) increase in contract acquisition costs from RMB99.5 million in the six months ended June 30, 2020 to RMB127.0 million in the six months ended June 30, 2021, which was in line with our business expansion.

### General and Administrative Expenses

Our general and administrative expenses increased by 273.7% from RMB84.0 million in the six months ended June 30, 2020 to RMB314.1 million in the six months ended June 30, 2021, primarily due to (i) the increase in staff cost from RMB62.0 million in the six months ended June 30, 2020 to RMB213.9 million in the six months ended June 30, 2021 as a result of strengthened investments in research and development from second half of 2020 (see below), (ii) the increase in rental and property service expenses, and (iii) the increase in depreciation and amortization, both in line with the increase in staff cost.

### Research and Development Expenditure

	<b>Six months ended/as of June 30,</b>	
	<b>2021</b>	2020
	<b>(Unaudited)</b>	(Unaudited)
	<i>(RMB in millions, except percentages)</i>	
<b>Research and Development Expenditure</b>		
Research and development expenditure capitalized in development cost & intangible assets	<b>125.9</b>	64.6
Research and development expenditure in general & administrative expenses	<b>178.1</b>	25.2
<b>Total research and development expenditure</b>	<b>304.0</b>	89.8

Research and development expenditure increased by 238.5% from RMB89.8 million in the six months ended June 30, 2020 to RMB304.0 million in the six months ended June 30, 2021 due to (i) the increase of RMB55.6 million as a result of the acquisition of Heading, (ii) the increase of RMB52.7 million due to annualization effect of our increased R&D staff in the second half of 2020, and (iii) the increase of RMB85.7 million as a result of the increase in number of R&D staff in the first half of 2021. The increase in R&D headcount in 2021 was mainly for the following purposes: ①to develop and enhance the industry vertical solutions to better serve medium to large merchants and meet their demand for sophisticated and enriched functionalities, ②to build up and upgrade Weimob Cloud, our PaaS solution for the purpose of building up our ecosystem, and ③to develop product and solutions for globalization strategy.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Net Impairment Losses on Financial Assets

We had net impairment losses on financial assets of RMB24.8 million in the six months ended June 30, 2021, 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 RMB53.0 million in the six months ended June 30, 2020 to RMB68.0 million in the six months ended June 30, 2021, primarily due to an increase of RMB5.7 million in government grants provided to us in the form of VAT refunds and an increase of RMB10.9 million in input VAT super deduction.

### Other Gains/(Losses), net

Our other net gains increased from a loss of RMB9.6 million in the six months ended June 30, 2020 to a gain of RMB125.5 million in the six months ended June 30, 2021, mainly due to other gain of RMB77.3 million in fair value change of our investments, a decrease in other losses of RMB9.8 million as there was pandemic donation incurred in the comparative period and an increase in other gains related to foreign exchange gain of RMB56.0 million.

### Operating Loss

As a result of the foregoing, our operating loss increased from RMB23.9 million in the six months ended June 30, 2020 to RMB194.9 million in the six months ended June 30, 2021.

### Finance Costs

Our finance costs decreased from RMB37.0 million in the six months ended June 30, 2020 to RMB28.0 million in the six months ended June 30, 2021, primarily due to a decrease of RMB23.8 million in issuance cost for 2020 convertible bonds offering netting off an increase of RMB14.8 million in interest expenses.

### Finance Income

Our finance income increased significantly from RMB1.0 million in the six months ended June 30, 2020 to RMB7.4 million in the six months ended June 30, 2021, 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 2021.

### Share of Net Loss of Associates Accounted for Using the Equity Method

We recorded share of net loss of associates accounted for using the equity method of RMB0.1 million as of June 30, 2021, which represented our share of loss from our contractual funds.

### Change in Fair Value of Convertible Bonds

We recorded a loss of RMB385.4 million in change in fair value of convertible bonds as of June 30, 2021 due to the change in fair value and an income of RMB21.2 million as a result of change in foreign exchange rate, which basically reflected the appreciation in value of the convertible bonds.



## MANAGEMENT DISCUSSION AND ANALYSIS

### **Income Tax Credit**

We recorded income tax credit of RMB16.7 million in the six months ended June 30, 2021, primarily due to the increase in the recognition of tax losses resulting from the increased loss in our subsidiaries in PRC.

### **Loss for the Period**

As a result of the foregoing, we recorded a loss of RMB584.3 million in the six months ended June 30, 2021 while we recorded a loss of RMB545.7 million in the six months ended June 30, 2020.

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

To supplement our condensed consolidated financial statements, which are presented in accordance with HKFRS, we also use adjusted revenue, adjusted EBITDA and adjusted net (loss)/profit as additional financial measures, which are not required by, or presented in accordance with, HKFRS. We believe these non-HKFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of items which our management considers non-indicative of our operating performance. We believe these measures provide useful information to investors and others in understanding and evaluating our combined results of operations in the same manner as they help our management.

However, our presentation of adjusted EBITDA and adjusted net (loss)/profit 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

	<b>Six months ended June 30,</b>	
	<b>2021</b>	2020
	<i>(RMB in millions)</i>	
<b>Adjusted revenue</b>		
Reconciliation of Subscription Solutions revenue per financial statements to adjusted SaaS revenue:		
Subscription Solutions revenue per financial statements	<b>549.6</b>	212.0
Add:		
Compensation for SaaS sabotage event	–	92.9
<b>Adjusted SaaS revenue</b>	<b>549.6</b>	304.9
<b>Adjusted EBITDA</b>		
Reconciliation of operating loss to EBITDA and adjusted EBITDA:		
Operating loss for the period:	<b>(194.9)</b>	(47.6)
Add:		
Depreciation	<b>32.5</b>	15.6
Amortization	<b>76.1</b>	32.7
<b>EBITDA</b>	<b>(86.3)</b>	0.7
Add:		
Share-based compensation	<b>70.9</b>	1.8
Financing and other one-off expenses <sup>(1)</sup>	<b>7.7</b>	25.4
Compensation due to SaaS sabotage event	–	86.9
<b>Adjusted EBITDA</b>	<b>(7.7)</b>	114.8
<b>Adjusted net loss</b>		
Reconciliation of net loss to adjusted net (loss)/profit:		
Net loss for the period	<b>(584.3)</b>	(545.7)
Add:		
Share-based compensation	<b>70.9</b>	1.8
Financing and other one-off expenses <sup>(1)</sup>	<b>7.7</b>	25.4
Compensation due to SaaS sabotage event	–	86.9
Change in fair value of convertible bonds	<b>385.4</b>	495.7
Amortisation of intangible assets <sup>(2)</sup>	<b>18.2</b>	–
Tax effects	<b>(16.7)</b>	(11.8)
<b>Adjusted net (loss)/profit</b>	<b>(118.8)</b>	52.3



## MANAGEMENT DISCUSSION AND ANALYSIS

### Notes:

- (1) Refers to one-off expenses related to issuance of convertible bonds in the six months ended June 30, 2020 and 2021 and SaaS sabotage event in the six months ended June 30, 2020.
- (2) Refers to amortisation resulting from acquisition. This includes amortisation of intangible assets from cost of sales RMB7.2 million and from selling and distribution expenses of RMB11 million.

### Liquidity and Financial Resources

We fund our cash requirements principally from proceeds from our business operations, bank borrowings, other debt financing and shareholder equity contribution. As of June 30, 2021, we had cash and cash equivalents of RMB4,963.0 million.

The following table sets forth our gearing ratios as of June 30, 2021 and June 30, 2020, respectively.

	<b>Six months ended June 30,</b>	
	<b>2021</b> <b>(unaudited)</b> <i>(RMB' 000)</i>	2020 (unaudited)
Net (cash)/debt	<b>(175,487)</b>	737,345
Total equity	<b>2,997,594</b>	1,252,490
Total capital	<b>N/A</b>	1,989,835
Net debt to equity ratio	<b>N/A</b>	37%

As of June 30, 2021, we had bank loan of approximately RMB525.0 million. The table below sets forth our main long-term and short-term bank loans:

<b>Bank</b>	<b>Loan Balance</b> <i>(RMB)</i>	<b>Loan Period</b>	<b>Interest Rate</b> <i>(per annum unless otherwise stated)</i>
<b>Long-term bank loan</b>			
SPD Silicon Valley Bank	32,000,000.00	2 years	5.00%
<b>Short-term bank loans</b>			
Bank of Shanghai	50,000,000.00	1 year	4.80%
Bank of Shanghai	50,000,000.00	1 year	4.79%
Bank of Shanghai	150,000,000.00	0.5 year	4.80%
Shanghai Rural Commercial Bank	100,000,000.00	1 year	4.58%
SPD Silicon Valley Bank	80,000,000.00	1 year	5.00%
The HongKong and Shanghai Banking Corporation Limited	30,000,000.00	3 months	4.60%
The HongKong and Shanghai Banking Corporation Limited	33,000,000.00	3 months	4.50%

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 periods indicated:

	Six months ended June 30,	
	2021	2020
	<i>(RMB in millions)</i>	
Fixed assets	22.7	3.4
Intangible assets	126.1	64.6
<b>Total</b>	<b>148.8</b>	68.0

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

There were no significant investments held, nor were there material acquisitions or disposals of subsidiaries, associates or joint ventures by the Group during the six months ended June 30, 2021. Apart from those disclosed in this interim report, there were no material investments or additions of capital assets authorised by the Board as at the date of this interim report.

### Pledge of Assets

As of June 30, 2021, 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 the six months ended June 30, 2021, we did not adopt any long-term contracts, currency borrowings or other means to hedge our foreign currency exposure.

### Contingent Liabilities

As of June 30, 2021, we did not have any material contingent liabilities.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Employees

As of June 30, 2021, we had 7,534 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.

### CORPORATE GOVERNANCE

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

During the six months ended June 30, 2021, 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 of the Board and the chief executive officer in Mr. Sun Taoyong is beneficial and in the interests of the Company and its shareholders as a whole. The Board will review the current structure from time to time and shall make necessary changes when appropriate and inform the shareholders accordingly.

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

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules 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 six months ended June 30, 2021.

### INTERIM DIVIDEND

The Board did not declare any interim dividend for the six months ended June 30, 2021.

### AUDIT COMMITTEE

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

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



## OTHER INFORMATION

### CHANGES TO DIRECTORS' INFORMATION

The Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save as disclosed in this interim report, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the six months ended June 30, 2021.

### ISSUE OF THE 2020 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 "**2020 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 (i.e. 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 2020 Convertible Bonds at the initial conversion price, the 2020 Convertible Bonds will be convertible into a maximum of 173,035,715 new Shares. The gross proceeds from the issue of 2020 Convertible Bonds were US\$150.0 million. The net proceeds from the issue of 2020 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 include 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 Top-up Placing, Issue of the 2020 Convertible Bonds, Placing and Issue of the 2021 Convertible Bonds" below. Based on such net proceeds and assuming the full conversion of the 2020 Convertible Bonds, the net price per new Share will be approximately HK\$6.57.

The 2020 Convertible Bonds have been offered and sold to no less than six independent placees (who are independent individual, corporate and/or institutional investors). The 2020 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 2020 Convertible Bonds, to convert the 2020 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 (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 2020 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 0.68% of the number of issued Shares as enlarged by the allotment and issue of the Conversion Shares. Save as disclosed in this interim report, there had not been any exercise of the 2020 Convertible Bonds for the six months ended June 30, 2021, and no redemption right had been exercised by the bondholders or the Company for the same period.

## OTHER INFORMATION

As of June 30, 2021, the outstanding 2020 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 2020 Convertible Bonds were fully exercised at the initial conversion price of HK\$6.72 per Share on June 30, 2021, the shareholdings of the Company immediately before and after the full exercise of the outstanding 2020 Convertible Bonds are set out below for illustration purposes:

Shareholder	Shareholding immediately before the full exercise of the 2020 Convertible Bonds		Assuming the 2020 Convertible Bonds are fully converted into new Shares at the initial conversion price of HK\$6.72 each	
	No. of Shares	% of issued ordinary share capital of the Company	No. of Shares	% of issued ordinary share capital of the Company
<b>Shares held by Substantial Shareholders Group<sup>(1)</sup></b>				
Yomi.sun Holding Limited <sup>(2)</sup>	321,145,000	13.2%	321,145,000	12.4%
Jeff.Fang Holding Limited <sup>(3)</sup>	18,220,000	0.7%	18,220,000	0.7%
Alter.You Holding Limited <sup>(4)</sup>	67,015,000	2.8%	67,015,000	2.6%
<b>Sub-total:</b>	406,380,000	16.7%	406,380,000	15.7%
<b>Shares held by public Shareholders</b>				
Bondholders	16,611,427	0.7%	173,035,715	6.7%
Other public Shareholders	2,008,606,000	82.6%	2,008,606,000	77.6%
<b>Sub-total:</b>	2,025,217,427	83.3%	2,181,641,715	84.3%
<b>Total</b>	2,431,597,427	100.0%	2,588,021,715	100.0%

*Notes:*

- (1) Mr. Sun Taoyong, Mr. Fang Tongshu and Mr. You Fengchun are parties acting in concert (having the meaning ascribed thereto in the Hong Kong Code on Takeovers and Mergers) and form the Substantial Shareholders Group. As such, each of Mr. Sun Taoyong, Mr. Fang Tongshu and Mr. You Fengchun is deemed to be interested in the Shares held by other members of the Substantial Shareholders Group. As disclosed in the announcement of the Company dated 7 May 2020 in relation to the proposed issue of the 2020 Convertible Bonds, Credit Suisse (Hong Kong) Limited (the "**Borrower**") as borrower entered into stock borrowing and lending agreements with each of Yomi.sun Holding Limited, Alter.You Holding Limited and Jeff.Fang Holding Limited, as Shareholders of the Guarantor as lenders (collectively, the "**Lenders**"), each dated 6 May 2020 (collectively, the "**Stock Borrowing and Lending Agreements**"), to allow the Lenders to provide stock lending to the Borrower in respect of 115,000,000 Shares (the "**Borrowed Shares**") upon and subject to the terms and conditions stated in the Stock Borrowing and Lending Agreements. According to the Stock Borrowing and Lending Agreements, the Lenders are entitled to terminate a loan and to call for the delivery of all or any Borrowed Shares if the 2020 Convertible Bonds have been converted in full. The Borrower is also entitled at any time to terminate a loan or any part thereof under the Stock Borrowing and Lending Agreements by giving not less than one business day's advance notice to the Lenders.



## OTHER INFORMATION

- (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.

The Company has completed the proposed offer for conversion of the outstanding 2020 Convertible Bonds in July, 2021, see below “SUBSEQUENT EVENTS” for more details.

By issue of 2020 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 2020 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 2020 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 June 30, 2021 and the cash flow from operating activities of the Company, the Company has the ability to meet its redemption obligation under the 2020 Convertible Bonds.

Pursuant to the terms and conditions of the 2020 Convertible Bonds, the implied rate of return of the 2020 Convertible Bonds is 3.5%.

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

### ISSUE OF THE 2021 CONVERTIBLE BONDS

Reference is made to the announcements of the Company dated May 25, 2021 and June 7, 2021, respectively. On June 7, 2021, the Bond Issuer completed the issue of convertible bonds (the “**2021 Convertible Bonds**”) in an aggregate principal amount of US\$300,000,000 with the guarantee provided by the Company. The last closing share price of the Shares as quoted on the Stock Exchange on the trading day on which the subscription agreement was signed (i.e. May 24, 2021) was HK\$16.06 per Share, and the initial conversion price is HK\$21.00 per Share. Based on such initial conversion price and assuming full conversion of the 2021 Convertible Bonds at the initial conversion price, the 2021 Convertible Bonds will be convertible into a maximum of 110,914,285 new Shares. The gross proceeds from the issue of the 2021 Convertible Bonds were US\$300 million. The net proceeds from the issue of the 2021 Convertible Bonds were approximately US\$293.6 million. For more information on the use of such net proceeds, see “Use of Proceeds from Top-up Placing, Issue of the 2020 Convertible Bonds, Placing and Issue of the 2021 Convertible Bonds” below. Based on such net proceeds and assuming the full conversion of the 2021 Convertible Bonds, the net price per new Share will be approximately HK\$20.57.

## OTHER INFORMATION

The 2021 Convertible Bonds have been offered and sold to no less than six independent placees (who are independent individual, corporate and/or institutional investors). The 2021 Convertible Bonds were listed on the Stock Exchange on June 8, 2021. In light of the continued digitalization transformation of businesses in China and given the current macroeconomic situation, the Company believes that the issue of the 2021 Convertible Bonds provides additional capital to (i) continuously improve and deepen the Company's SaaS technology, thus maintaining its product leading position and (ii) comprehensively optimize and enhance its marketing system to strengthen market leadership. The Directors consider the issue of the 2021 Convertible Bonds is an appropriate means of raising additional capital since (i) it can provide the Company with additional funds at lower funding cost for the said purposes; (ii) it will not have an immediate dilution effect on the shareholding of the existing Shareholders; and (iii) in the event that the 2021 Convertible Bonds are converted into new Shares, the Company can improve its capital base, benefiting the long-term development of the Company.

There had not been any exercise of the 2021 Convertible Bonds for the period ended June 30, 2021, and no redemption right had been exercised by the bondholders or the Company for the period ended June 30, 2021. Assuming the outstanding 2021 Convertible Bonds were fully exercised at the initial conversion price of HK\$21.00 per Share on June 30, 2021, the shareholdings of the Company immediately before and after the full exercise of the outstanding 2021 Convertible Bonds are set out below for illustration purposes:

Shareholder	Shareholding immediately before the full exercise of the 2021 Convertible Bonds		Assuming the 2021 Convertible Bonds are fully converted into new Shares at the initial conversion price of HK\$21.00 each	
	No. of Shares	% of issued ordinary share capital of the Company	No. of Shares	% of issued ordinary share capital of the Company
<b>Shares held by Substantial Shareholders Group<sup>(1)</sup></b>				
Yomi.sun Holding Limited <sup>(2)</sup>	321,145,000	13.2%	321,145,000	12.6%
Jeff.Fang Holding Limited <sup>(3)</sup>	18,220,000	0.7%	18,220,000	0.7%
Alter.You Holding Limited <sup>(4)</sup>	67,015,000	2.8%	67,015,000	2.6%
<b>Sub-total:</b>	406,380,000	16.7%	406,380,000	16.0%
<b>Shares held by public Shareholders</b>				
Bondholders	–	–	110,914,285	4.4%
Other public Shareholders	2,025,217,427	83.3%	2,025,217,427	79.6%
<b>Sub-total:</b>	2,025,217,427	83.3%	2,136,131,712	84.0%
<b>Total</b>	2,431,597,427	100.0%	2,542,511,712	100.0%





## OTHER INFORMATION

### 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.

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

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

## PLACING OF NEW SHARES UNDER THE GENERAL MANDATE

Reference is made to the announcements of the Company dated May 25, 2021 and June 1, 2021, respectively. On June 1, 2021, the Company completed the placing of a total of 156,000,000 new Shares (the “**Placing**”). The last closing share price of the Shares as quoted on the Stock Exchange on the trading day on which the placing agreement was signed (i.e. May 24, 2021) was HK\$16.06 per Share, and the placing price was HK\$15.00 per Share. The gross proceeds from the Placing were approximately HK\$2,340.0 million. The net proceeds from the Placing were approximately HK\$2,315.6 million. The net price per Share for the Placing after deducting related fees and expenses was approximately HK\$14.81 per Share. For more information on the use of such net proceeds, see “Use of Proceeds from Top-up Placing, Issue of the 2020 Convertible Bonds, Placing and Issue of the 2021 Convertible Bonds” below.

The new Shares were placed to not less than six professional investors who, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, together with their respective ultimate beneficial owners, are independent third parties. None of the placees and their ultimate beneficial owners become a substantial Shareholder as a result of the Placing. The Placing was undertaken to strengthen the Company’s financial position and supplement the Group’s long term funding of its expansion and growth plan. The intended use of proceeds was in line with the Company’s strategic focus on enhancing its technological advantages and strengthening its leadership in targeted marketing. The Directors consider that the Placing will also provide an opportunity to raise further capital for the Company whilst broadening the shareholder base and the capital base of the Company.

### USE OF PROCEEDS FROM TOP-UP PLACING, ISSUE OF THE 2020 CONVERTIBLE BONDS, PLACING AND ISSUE OF THE 2021 CONVERTIBLE BONDS

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 June 30, 2021, the Company had utilized approximately HK\$1,026.1 million as intended. The Company will apply the remaining net proceeds for the purposes of pursuing strategic cooperation. The Company intends to fully utilize the net proceeds by December 31, 2021. The table below sets out the details of actual usage of the net proceeds as of June 30, 2021:

Use of proceeds	Net proceeds utilized up to June 30, 2021 <i>(HK\$ million)</i>	Unutilized net proceeds as of June 30, 2021 <i>(HK\$ million)</i>	Expected timeline of full utilization
Pursuing strategic cooperation and potential investment and acquisition	614.3	131.0	By December 31, 2021
Supporting the post-acquisition integration and operations	411.8	–	By December 31, 2021

In May 2020, the Bond Issuer completed the issue of 2020 Convertible Bonds, and raised net proceeds of approximately US\$146.6 million. As of June 30, 2021, the Company had not utilized such proceeds. As disclosed in the announcement of the Company dated May 7, 2020, the Company intends to use the net proceeds from the 2020 Convertible Bond Issue 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. The Company intends to fully utilize the net proceeds by December 31, 2021.

In June 2021, the Company completed the placing of 156,000,000 new shares and raised net proceeds of approximately HK\$2,315.6 million. As of June 30, 2021, the Company had not utilized such proceeds. As disclosed in the announcement of the Company dated May 25, 2021, the Company will apply the net proceeds for improving the Group's comprehensive research and development capabilities, upgrading the Group's marketing system, supplementing capital for potential strategic investment and merger and acquisition and working capital and general corporate purposes. The Company intends to fully utilize the net proceeds by December 31, 2023.

In June 2021, the Bond Issuer completed the issue of the 2021 Convertible Bonds and raised net proceeds of approximately US\$293.6 million. As of June 30, 2021, the Company had not utilized such proceeds. As disclosed in the announcement of the Company dated May 25, 2021, the Company will apply the net proceeds for improving the Group's comprehensive research and development capabilities, upgrading the Group's marketing system, supplementing working capital and general corporate purposes. The Company intends to fully utilize the net proceeds by December 31, 2023.

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

## OTHER INFORMATION

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

As of June 30, 2021, 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 <sup>(1)</sup> ;	406,380,000	16.71	Long position
	interest held jointly with other persons <sup>(2)</sup>	171,000,000	7.03	Short position
Mr. Fang Tongshu ("Mr. Fang")	Interest in controlled corporation <sup>(3)</sup> ;	406,380,000	16.71	Long position
	interest held jointly with other persons <sup>(2)</sup>	171,000,000	7.03	Short position
Mr. You Fengchun ("Mr. You")	Settlor of a discretionary trust <sup>(4)</sup> ;	406,380,000	16.71	Long position
	interest held jointly with other persons <sup>(2)</sup>	171,000,000	7.03	Short position
Mr. Huang Junwei	Beneficial owner	13,940,000	0.57	Long position

#### Notes:

- 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.
- Mr. Sun, Mr. Fang and Mr. You are parties acting in concert (having the meaning ascribed thereto in the Hong Kong Code on Takeovers and Mergers) and form the Substantial Shareholders Group. As such, each of Mr. Sun, Mr. Fang and Mr. You is deemed to be interested in the Shares held by other members of the Substantial Shareholders Group.
- Jeff.Fang Holding Limited (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.
- 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 June 30, 2021, 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.

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

As of June 30, 2021, to the best knowledge of the Directors, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under section 336 of the SFO:

### Interests in Shares

Name of Shareholder	Capacity/Nature of Interest	Number of Shares	Approximate Percentage of Shareholding (%)	Long/short position
Cantrust (Far East) Limited	Trustee <sup>(1)</sup>	321,145,000	13.21	Long position
		136,000,000	5.59	Short position
Youmi Investment Limited	Interest in controlled corporation <sup>(1)</sup>	321,145,000	13.21	Long position
		136,000,000	5.59	Short position
Sun SPV	Beneficial interest <sup>(1)</sup>	321,145,000	13.21	Long position
		136,000,000	5.59	Short position
Tencent Mobility Limited	Beneficial interest <sup>(2)</sup>	84,306,000	3.47	Long position
THL H Limited	Beneficial interest <sup>(2)</sup>	122,220,000	5.03	Long position
Tencent Holdings Limited	Interest in controlled corporation <sup>(2)</sup>	206,526,000	8.49	Long position
Credit Suisse Group AG	Interest in controlled corporation; investment manager <sup>(3)</sup>	169,633,106	6.98	Long position
		132,281,059	5.44	Short position
JPMorgan Chase & Co.	Interest in controlled corporation; investment manager; person having a security interest in shares; approved lending agent <sup>(4)</sup>	237,549,897	9.77	Long position
		162,511,721	6.68	Short position
		48,537,236	2.00	Lending pool
BlackRock, Inc.	Interest in controlled corporation <sup>(5)</sup>	150,005,814	6.17	Long position
		9,687,000	0.40	Short position
UBS Group AG	Interest in controlled corporation <sup>(6)</sup>	172,660,554	7.10	Long position
		185,499,500	7.63	Short position

### Notes:

- 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.
- Tencent Mobility Limited and THL H Limited are wholly-owned subsidiaries of Tencent Holdings Limited. Under the SFO, Tencent Holdings Limited is deemed to be interested in 84,306,000 Shares held by Tencent Mobility Limited and 122,220,000 Shares held by THL H Limited.
- Credit Suisse Group AG holds equity interests in the Shares through the companies directly controlled by it.
- JPMorgan Chase & Co. holds equity interests in the Shares through the companies directly controlled by it.
- BlackRock, Inc. holds equity interests in the Shares through the companies directly controlled by it.
- UBS Group AG holds equity interests in the Shares through the companies controlled or indirectly controlled by it.

Save as disclosed above, as of June 30, 2021, 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.



## OTHER INFORMATION

### 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 “**2018 RSU 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 2018 RSU Awards under the 2018 RSU Plan, the terms and conditions on which 2018 RSU 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 2018 RSU 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).

## OTHER INFORMATION

### 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. As of June 30, 2021, the aggregate number of Shares held by the Weimob Teamwork was 26,950,850 Shares, representing approximately 1.11% of the issued Shares as of June 30, 2021. 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 disclosed in the announcement of the Company dated May 28, 2021, the Board approved the grant of 2018 RSU Awards in respect of an aggregate of 1,900,000 underlying Shares to five grantees for nil consideration under the 2018 RSU Scheme, which was subject to acceptance by the grantees. All of the grantees are employees of the Company and none of them are Directors or other connected persons of the Company.

As of June 30, 2021, the aggregate number of Shares underlying the granted RSUs under the 2018 RSU Plan was 70,495,000 Shares, representing approximately 2.90% of the issued share capital of the Company as of June 30, 2021, and the aggregate number of Shares underlying the vested RSUs under the 2018 RSU Plan was 67,709,250 Shares. As of the date of this interim report, the aggregate number of Shares underlying the granted RSUs and the aggregate number of Shares underlying the vested RSUs under the 2018 RSU Plan remained unchanged.

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

Category of grantee	Number of Shares underlying the RSUs outstanding as of December 31, 2020	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 June 30, 2021	Vesting Period (subject to other conditions in the 2020 RSU Scheme)	Approximate percentage of shareholding as of June 30, 2021
Employee	6,664,500	1,900,000	May 28, 2021	3,878,750	33,000	2,785,750	Within four years	0.11%

### 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:



## OTHER INFORMATION

### 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.



## OTHER INFORMATION

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 2020 annual general meeting held on June 29, 2021, the Company is authorised to allot and issue new Shares up to approximately 2% of the total number of the issued Shares as at the date of the 2020 annual general meeting to satisfy the grant of 2020 RSU Awards.

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

As of June 30, 2021, the aggregate number of Shares underlying the outstanding RSUs under the 2020 RSU Scheme was 32,311,850 Shares, representing approximately 1.33% of the issued share capital of the Company as of June 30, 2021.



## OTHER INFORMATION

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

Category of grantee	Number of Shares underlying the RSUs outstanding as of December 31, 2020	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 June 30, 2021	Vesting Period (subject to other conditions in the 2020 RSU Scheme)	Approximate percentage of shareholding as of June 30, 2021
Employee	17,603,600	16,154,500	May 28, 2021	100,000	1,446,250	32,211,850	Within four years	1.32%

## SUBSEQUENT EVENTS

References are made to the announcements of the Company dated July 6, July 7, July 11, and July 16, 2021 respectively in relation to the Conversion Offer in respect of the outstanding 2020 Convertible Bonds. The Company had completed the delivery of 136,006,063 Conversion Shares in respect of the 2020 Convertible Bonds in aggregate principal amount of US\$117,900,000 for which it received Conversion Notices, to the relevant 2020 Bondholders in accordance with the terms and conditions of the 2020 Convertible Bonds, representing 78.6% of the aggregate principal amount of the 2020 Convertible Bonds originally issued. On July 16, 2021, the Issuer completed the payment of the Early Cash Incentive and the Cash Incentive to the relevant 2020 Bondholders.

As of the date of this interim report, the remaining outstanding principal amount of 2020 Convertible Bonds amounts to US\$17,700,000, representing 11.8% of the aggregate principal amount of the 2020 Convertible Bonds originally issued.

Save as disclosed in this interim report, there were no other significant events that might affect the Group after June 30, 2021 and up to the date of this interim report.

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

FOR THE SIX MONTHS ENDED JUNE 30, 2021

	Note	Six months ended June 30, 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
<b>Revenue</b>	7	<b>1,383,080</b>	957,051
Cost of sales	8	<b>(616,749)</b>	(535,517)
<b>Gross profit</b>		<b>766,331</b>	421,534
Selling and distribution expenses	8	<b>(815,854)</b>	(386,720)
General and administrative expenses	8	<b>(314,125)</b>	(84,048)
Net impairment losses on financial assets	21, 25, 26	<b>(24,781)</b>	(18,095)
Other income	9	<b>68,037</b>	52,999
Other gains/(losses), net	10	<b>125,473</b>	(9,551)
<b>Operating loss</b>		<b>(194,919)</b>	(23,881)
Finance costs	11	<b>(27,995)</b>	(36,996)
Finance income	12	<b>7,404</b>	1,021
Share of net loss of associates accounted for using the equity method	20	<b>(84)</b>	(1,956)
Change in fair value of convertible bonds	23(d)	<b>(385,406)</b>	(495,662)
<b>Loss before income tax</b>		<b>(601,000)</b>	(557,474)
Income tax credit	13	<b>16,670</b>	11,811
<b>Loss for the period</b>		<b>(584,330)</b>	(545,663)
<b>Loss attributable to:</b>			
– Equity holders of the Company		<b>(557,713)</b>	(543,672)
– Non-controlling interests		<b>(26,617)</b>	(1,991)
		<b>(584,330)</b>	(545,663)
<b>Other comprehensive loss, net of tax</b>			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Currency translation differences		<b>(10,863)</b>	–
Change in fair value of financial liabilities from own credit risk		<b>(4,864)</b>	–
<b>Total comprehensive loss for the period</b>		<b>(600,057)</b>	(545,663)
<b>Total comprehensive loss attributable to:</b>			
– Equity holders of the Company		<b>(573,440)</b>	(543,672)
– Non-controlling interests		<b>(26,617)</b>	(1,991)
		<b>(600,057)</b>	(545,663)
<b>Loss per share (expressed in RMB per share)</b>			
– Basic loss per share	15(a)	<b>(0.24)</b>	(0.24)
– Diluted loss per share	15(b)	<b>(0.24)</b>	(0.24)

The accompanying notes on pages 48 to 100 form an integral part of this interim financial information.

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2021

	Note	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	16	76,905	63,645
Right-of-use assets	17	183,626	114,229
Investment properties		32,401	32,401
Intangible assets	18	1,052,790	1,015,779
Development costs	19	101,229	38,701
Deferred income tax assets		55,480	44,370
Contract acquisition cost	7	44,487	40,841
Investments accounted for using the equity method	20	46,949	47,033
Financial assets at fair value through profit or loss	5.3, 23	510,484	215,094
Prepayments, deposits and other assets	25	10,852	4,087
Other non-current assets		–	17,000
<b>Total non-current assets</b>		<b>2,115,203</b>	1,633,180
<b>Current assets</b>			
Trade and notes receivables	26	289,229	239,478
Contract acquisition cost	7	108,309	156,746
Prepayments, deposits and other assets	25	1,973,804	1,758,204
Financial assets at fair value through profit or loss	5.3, 23	142,823	182,328
Financial assets at fair value through other comprehensive income	21	69,935	44,834
Derivative financial instruments	22	–	15,468
Restricted cash	27(b)	3,816	–
Cash and cash equivalents	27(a)	4,963,027	1,823,976
<b>Total current assets</b>		<b>7,550,943</b>	4,221,034
<b>Total assets</b>		<b>9,666,146</b>	5,854,214
<b>EQUITY</b>			
<b>Capital and reserves attributable to the equity holders of the Company</b>			
Share capital	30	1,641	1,529
Shares held for RSU Scheme	30	(6,121)	(15,819)
Share premium	30	6,175,420	4,278,775
Equity component of convertible bonds	24	366,482	–
Other reserves	31	(1,062,208)	(1,106,251)
Accumulated losses		(2,667,930)	(2,110,217)
<b>Non-controlling interests</b>		<b>2,807,284</b>	1,048,017
		<b>190,310</b>	204,473
<b>Total equity</b>		<b>2,997,594</b>	1,252,490

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2021

	<i>Note</i>	<b>As at June 30, 2021 RMB'000 (Unaudited)</b>	As at December 31, 2020 RMB'000 (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bank borrowings	28	32,000	40,000
Financial liabilities measured at fair value through profit or loss	5.3, 23	2,552,982	1,947,553
Financial liabilities measured at amortised cost	24	1,537,242	–
Lease liabilities	17	116,761	71,260
Contract liabilities	7	106,391	105,098
Deferred income tax liabilities		62,909	67,188
Other non-current liabilities		3,506	600
<b>Total non-current liabilities</b>		<b>4,411,791</b>	2,231,699
<b>Current liabilities</b>			
Bank borrowings	28	493,000	425,050
Lease liabilities	17	55,506	31,093
Trade and other payables	29	1,370,571	1,490,440
Contract liabilities	7	337,669	376,256
Current income tax liabilities		15	821
Financial liabilities measured at fair value through profit or loss	5.3, 23	–	46,365
<b>Total current liabilities</b>		<b>2,256,761</b>	2,370,025
<b>Total liabilities</b>		<b>6,668,552</b>	4,601,724
<b>Total equity and liabilities</b>		<b>9,666,146</b>	5,854,214

The accompanying notes on pages 48 to 100 form an integral part of this interim financial information.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2021

		Attributable to equity holders of the Company								
		Share capital	Share premium	Shares held for RSU scheme	Equity component of convertible bonds	Other reserves	Accumulated losses	Sub-total	Non-controlling interests	Total
<i>Note</i>		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>(Unaudited)</b>										
<b>As at January 1, 2021</b>		<b>1,529</b>	<b>4,278,775</b>	<b>(15,819)</b>	<b>-</b>	<b>(1,106,251)</b>	<b>(2,110,217)</b>	<b>1,048,017</b>	<b>204,473</b>	<b>1,252,490</b>
<b>Comprehensive loss</b>										
Loss for the period		-	-	-	-	-	(557,713)	(557,713)	(26,617)	(584,330)
Currency translation differences		-	-	-	-	(10,863)	-	(10,863)	-	(10,863)
Change in fair value of financial liabilities from own credit risk		-	-	-	-	(4,864)	-	(4,864)	-	(4,864)
<b>Total comprehensive loss for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15,727)</b>	<b>(557,713)</b>	<b>(573,440)</b>	<b>(26,617)</b>	<b>(600,057)</b>
<b>Transaction with owners</b>										
Issuance of ordinary shares		30	99	1,916,595	-	-	-	1,916,694	-	1,916,694
Share issuance costs		30	-	(19,950)	-	-	-	(19,950)	-	(19,950)
Recognition of equity component of convertible bonds		24	-	-	-	366,482	-	366,482	-	366,482
Transfer of vested RSUs		30, 32	-	-	9,711	-	(9,711)	-	-	-
Issuance of ordinary shares for share-based compensation		30, 32	13	-	(13)	-	-	-	-	-
Share-based compensation expenses for employees		32	-	-	-	-	68,427	68,427	2,496	70,923
Transaction with non-controlling interests		32(b)	-	-	-	-	1,054	1,054	(1,054)	-
Capital injection from non-controlling interests			-	-	-	-	-	-	7,000	7,000
Non-controlling interests on acquisition of a subsidiary		36	-	-	-	-	-	-	4,012	4,012
<b>Transactions with owners in their capacity for the period</b>		<b>112</b>	<b>1,896,645</b>	<b>9,698</b>	<b>366,482</b>	<b>59,770</b>	<b>-</b>	<b>2,332,707</b>	<b>12,454</b>	<b>2,345,161</b>
<b>As at June 30, 2021</b>		<b>1,641</b>	<b>6,175,420</b>	<b>(6,121)</b>	<b>366,482</b>	<b>(1,062,208)</b>	<b>(2,667,930)</b>	<b>2,807,284</b>	<b>190,310</b>	<b>2,997,594</b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2021

	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
<b>(Unaudited)</b>										
<b>As at January 1, 2020</b>		1,531	4,171,056	(63,143)	(38,582)	(1,127,164)	(953,595)	1,990,103	(295)	1,989,808
<b>Comprehensive loss</b>										
Loss for the period		-	-	-	-	-	(543,672)	(543,672)	(1,991)	(545,663)
<b>Total comprehensive loss for the period</b>		-	-	-	-	-	(543,672)	(543,672)	(1,991)	(545,663)
<b>Transaction with owners</b>										
Cancellation of buy-back shares	30	(14)	(63,129)	63,143	-	-	-	-	-	-
Transfer of vested RSUs	30, 32	-	-	-	16,747	(16,747)	-	-	-	-
Share-based compensation expenses for employees	32	-	-	-	-	1,438	-	1,438	352	1,790
Transaction with non-controlling interests	32(b)	-	-	-	-	74	-	74	(74)	-
Non-controlling interests on acquisition of a subsidiary		-	-	-	-	-	-	-	3,443	3,443
<b>Transactions with owners in their capacity for the period</b>		(14)	(63,129)	63,143	16,747	(15,235)	-	1,512	3,721	5,233
<b>As at June 30, 2020</b>		1,517	4,107,927	-	(21,835)	(1,142,399)	(1,497,267)	1,447,943	1,435	1,449,378

The accompanying notes on pages 48 to 100 form an integral part of this interim financial information.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2021

	Note	Six months ended June 30,	
		2021	2020
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
<b>Cash flows used in operating activities</b>			
Cash used in operations		(472,719)	(131,683)
Interest received		7,404	1,021
Interest paid		(32,591)	(10,761)
Income tax paid		(556)	(1,792)
<b>Net cash used in operating activities</b>		<b>(498,462)</b>	<b>(143,215)</b>
<b>Cash flows from investing activities</b>			
Receipt from term deposits		–	393,000
Purchase of investments measured at fair value through profit or loss (current and non-current portion)	23(b)	(258,300)	(34,000)
Proceeds from disposal of investments measured at fair value through profit or loss		92,866	–
Interest received from term deposits and loan to third parties		279	5,809
Payment to invest in associates		–	(4,000)
Proceeds from disposals of investments in an associate	23(b)(iii)	321	–
Payment for acquisition of subsidiaries, net of cash acquired		(6,640)	(1,180)
Purchase of property, plant and equipment		(24,560)	(3,428)
Proceeds from disposal of property, plant and equipment		1,349	5
Purchase of intangible assets		(135)	–
Payment for development costs		(126,524)	(76,592)
Loan to third parties		–	(6,000)
Loan to related parties	34(b)	(40,619)	(4,000)
Repayment from a related party	34(b)	4,000	–
Repayment from third parties		–	15,000
<b>Net cash (used in)/generated from investing activities</b>		<b>(357,963)</b>	<b>284,614</b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2021

	Note	Six months ended June 30,	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
<b>Cash flows from financing activities</b>			
Proceeds from issuance of ordinary shares	30(a)	1,916,694	–
Transaction costs of share issuance	30(b)	(19,950)	–
Proceeds from issuance of convertible bonds	24	1,929,930	1,064,040
Issuance costs of convertible bonds	24	(40,297)	(20,674)
Proceeds from bank borrowings		543,000	365,000
Repayments of bank borrowings		(483,050)	(275,053)
Borrowing from third parties	23(b)(ii)	241,500	2,500
Settlement of financial liabilities measured at FVPL	5.3(a)(iv), 23(b)	(49,721)	–
Principal elements of lease payments		(23,617)	(9,020)
Acquisition of equity interests from non-controlling interests		–	(3,080)
Capital injection from non-controlling interests		7,000	–
<b>Net cash generated from financing activities</b>		<b>4,021,489</b>	<b>1,123,713</b>
<b>Net increase in cash and cash equivalents</b>		<b>3,165,064</b>	<b>1,265,112</b>
Effect on exchange rate difference		(26,013)	12,674
<b>Cash and cash equivalents at beginning of the period</b>		<b>1,823,976</b>	<b>870,328</b>
<b>Cash and cash equivalents at end of the period</b>		<b>4,963,027</b>	<b>2,148,114</b>

The accompanying notes on pages 48 to 100 form an integral part of this interim financial information.



# NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

## 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 Law (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 digital commerce services to merchants including software as a service (“SaaS”) products offering, customised software development, software related services, online marketing support services and in-depth operation and marketing services etc. The Group also offer digital media services by providing advertisement placement service.

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

The condensed consolidated interim financial information comprises the condensed consolidated statement of financial position as at June 30, 2021, the related condensed consolidated statement of comprehensive loss for the six-month period then ended, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the “Interim Financial Information”). The Interim Financial Information is presented in Renminbi (“RMB”), unless otherwise stated.

The Interim Financial Information has been approved for issue by the Board of Directors on August 16, 2021.

## 2 BASIS OF PREPARATION

The Interim Financial Information has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 ‘Interim Financial Reporting’ issued by the Hong Kong Accounting Standards Board and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended December 31, 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), as set out in the 2020 annual report of the Company dated March 17, 2021 (the “2020 Financial Statements”).

## 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with those used in the 2020 Financial Statements, as described in those annual financial statements, except for the adoption of new and amended standards as set out below.

### 3.1 New and amended standards adopted by the Group

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

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

A number of new standards and amendments to standards have not come into effect for the financial year beginning January 1, 2021 and have not been early adopted by the Group in preparing the condensed consolidated financial statements. None of these is expected to have a significant effect on the condensed consolidated financial statements of the Group.

# NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

## 4 ESTIMATES

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

In preparing this Interim Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2020 Financial Statements.

## 5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### 5.1 Financial risk factors

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

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's 2020 Financial Statements.

There have been no changes in the risk management policies during the six months ended June 30, 2021.

### 5.2 Liquidity risk

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

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

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
<b>(Unaudited)</b>					
<b>As at June 30, 2021</b>					
Trade and other payables (excluding staff costs and welfare accruals, advance from advertisers and other tax payable) (Note 29)	639,106	-	-	-	639,106
Bank borrowing (including interest accrual up to maturity) (Note 28)	504,170	34,120	-	-	538,290
Lease liabilities (Note 17)	59,025	60,660	71,283	-	190,968
<b>Total</b>	<b>1,202,301</b>	<b>94,780</b>	<b>71,283</b>	<b>-</b>	<b>1,368,364</b>

# NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

## 5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

### 5.2 Liquidity risk (Continued)

	Less than 1 years RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
<b>(Audited)</b>					
<b>As at December 31, 2020</b>					
Trade and other payables (excluding staff costs and welfare accruals, advance from advertisers and other tax payable) (Note 29)	678,867	-	-	-	678,867
Bank borrowing (including interest accrual up to maturity) (Note 28)	435,344	43,661	-	-	479,005
Lease liabilities (Note 17)	32,612	31,133	41,984	-	105,729
<b>Total</b>	<b>1,146,823</b>	<b>74,794</b>	<b>41,984</b>	<b>-</b>	<b>1,263,601</b>

As at June 30, 2021 and December 31, 2020, the Group's financial liabilities at fair value through profit or loss ("FVPL") (current and non-current portion) amounted to RMB2,552,982,000 and RMB1,993,918,000, respectively (Note 23). 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.

### 5.3 Fair values estimation

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

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

## NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

### 5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

#### 5.3 Fair values estimation (Continued)

The following table presents the Group's financial assets and liabilities that are measured at fair values as at June 30, 2021.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>(Unaudited)</b>				
<b>Assets</b>				
Financial assets measured at FPVL				
– Non-current ( <i>Note 23(b)</i> )	–	–	510,484	510,484
– Current ( <i>Note 23(a)</i> )	47,669	–	95,154	142,823
Financial assets measured at fair value through other comprehensive income ("FVOCI")				
– Current ( <i>Note 21</i> )	–	–	69,935	69,935
	47,669	–	675,573	723,242
<b>Liabilities</b>				
Financial liabilities measured at FVPL				
– Non-current ( <i>Note 23(b)(c)(d)</i> )	2,270,565	–	282,417	2,552,982

# NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

## 5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

### 5.3 Fair values estimation (Continued)

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

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>(Audited)</b>				
<b>Assets</b>				
Financial assets measured at FVPL				
– Non-current (Note 23(b))	–	–	215,094	215,094
– Current (Note 23(a))	36,588	–	145,740	182,328
Financial assets measured at FVOCI				
– Current (Note 21)	–	–	44,834	44,834
Derivative financial instrument				
– Current (Note 22)	–	–	15,468	15,468
	36,588	–	421,136	457,724
<b>(Audited)</b>				
<b>Liabilities</b>				
Financial liabilities measured at FVPL				
– Non-current (Note 23(c)(d))	1,895,634	–	51,919	1,947,553
– Current (Note 23)	–	–	46,365	46,365
	1,895,634	–	98,284	1,993,918

There were no transfers of financial assets and liabilities between level 1, level 2 and level 3 during the six months ended June 30, 2020 and 2021.

#### Financial instruments in level 1

Level 1 financial assets as at June 30, 2021 and December 31, 2020 represented Hong Kong listed equity securities (Note 23(a)).

Level 1 financial liability as at June 30, 2021 and December 31, 2020 represented 2020 Convertible bonds with quoted price in Hong Kong active market (Note 23(d)).

## NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

### 5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

#### 5.3 Fair values estimation (Continued)

##### *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.

The following table presents the changes in level 3 financial instruments for the six months ended June 30, 2020 and 2021. As one or more of the significant inputs used in the valuation of these instruments is not based on observable market data, the instruments are included in level 3.

	Current financial assets measured at FVPL (Note 23(a)) RMB'000	Non-current financial assets measured at FVPL (Note 23(b)) RMB'000	Financial assets at FVOCI (Note 21) RMB'000	Derivative financial instrument (Note 22) RMB'000	Current financial liabilities measured at FVPL (Note 23(b)) RMB'000	Non-current financial liabilities measured at FVPL (Note 23(b)(c)) RMB'000	Total RMB'000
<b>(Unaudited)</b>							
Balance as at January 1, 2021	145,740	215,094	44,834	15,468	(46,365)	(51,919)	322,852
Addition	40,500	223,800	998,772	-	-	(241,500)	1,021,572
Changes in fair value	1,780	71,590	(7,915)	-	-	(7,822)	57,633
Settlements	(92,866)	-	(965,756)	(15,468)	46,365	18,824	(1,008,901)
<b>Balance as at June 30, 2021</b>	<b>95,154</b>	<b>510,484</b>	<b>69,935</b>	<b>-</b>	<b>-</b>	<b>(282,417)</b>	<b>393,156</b>
Net unrealized gains for the period	613	71,590	-	-	-	(1,174)	71,029
<b>(Unaudited)</b>							
Balance as at January 1, 2020	-	40,885	-	-	-	(18,076)	22,809
Addition	-	52,000	-	-	-	(26,824)	25,176
<b>Balance as at June 30, 2020</b>	<b>-</b>	<b>92,885</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(44,900)</b>	<b>47,985</b>
Net unrealized gains for the period	-	-	-	-	-	-	-

## NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

### 5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

#### 5.3 Fair values estimation (Continued)

##### Financial instruments in level 3 (Continued)

##### (a) Valuation inputs and relationships to fair value

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

Description	Fair value at		Significant unobservable inputs	Range of inputs (probability-weighted average)		Relationship of unobservable inputs to fair value
	30 Jun 2021	31 Dec 2020		30 Jun 2021	31 Dec 2020	
	RMB'000	RMB'000				
<b>Assets</b>						
Investment in non-public entities (i)	510,484	215,094	Expected volatility	41.30%-51.60%	41.30%-51.30%	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%-30.00%	
			Weighted average cost of capital ("WACC")	26.00%-30.00%	26.00%-30.00%	
Call option- Zhejiang Demo Network Technology Co. Ltd. ("Demo") (iii)	-	15,468	Expected volatility	-	40.00%	The higher the risk-free rate and expected volatility, the higher the fair value.
			Risk free rate	-	1.73%	
			Dividend yield	-	0%	The higher the dividend yield, the lower the fair value.
Short-term investment at FVPL (ii)	95,154	145,740	Expected yield	1.8%-3.2%	1.8%-3.2%	Positive correlation
Financial assets at FVOCI (Note 21)	69,935	44,834	Discount rate	6.97%	6.97%	Negative correlation
<b>Liabilities</b>						
Other current financial liabilities at FVPL-Demo (iii)	-	35,255	Note iii			
Other non-current financial liabilities at FVPL- Yunxin Investment Management Co., Ltd. ("Yunxin") (iv)	3,322	14,324	Expected volatility	-	46.3%	The higher the expected volatility and WACC, the lower the fair value.
			WACC	-	26.00%	
Other current financial liabilities at FVPL- Shanghai Jingxin Information Technology Co., Ltd. ("Jingxin") (iv)	-	11,110	Note iv			
Contingent payable- Shanghai Heading Information Engineering Co., Ltd. ("Heading") (v)	37,595	37,595	Discount rate	4.00%	4.00%	Negative correlation
Other non-current financial liabilities at FVPL- Beijing Weizhi Shuke Investment Center (Limited Partnership) ("Weizhi Shuke") (vi)	241,500	-	Note vi			

# NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

## 5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

### 5.3 Fair values estimation (Continued)

#### *Financial instruments in level 3 (Continued)*

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

###### (i) Investment in non-public entities

As disclosed in Note 23(b), the Group made investment in several non-public companies ("Non-public Companies") directly or indirectly in 2020 and 2021, 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 or by reference to the latest transaction amount if any.

###### (ii) Short-term investment at FVPL

Short-term investments 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.

###### (iii) Call option and other current financial liabilities at FVPL-Demo

As disclosed in Note 23(b)(i), the Group established and consolidated a 3-year contractual based fund (the "Fund") with a venture capital to invest in a private SaaS company, Demo. The Demo investment is accounted for as financial assets at FVPL (Note 5.3(a)(i)). The financing from venture capital is recorded as current financial liabilities at FVPL. Meanwhile, 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% redeemable preferred shares 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 Group determined the fair value of the 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 financial liability is as same as that used in the valuation of underlying Demo investment.

In January 2021, the Group fully exercised the call option and acquired all the 27% redeemable preferred shares of Demo held by the Fund, immediately after which the Fund was dissolved.



# NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

## 5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

### 5.3 Fair values estimation (Continued)

#### *Financial instruments in level 3 (Continued)*

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

##### (iv) Other current and non-current financial liabilities at FVPL

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 accounted for by the Group upon the completion of acquisitions.

Preference shares held by Wuxi Yazuo Zaixian Technology Co., Ltd. (“Wuxi Yazuo”)’s minority shareholder, Yunxin

As at December 31, 2020, the fair value of the preference shares held by Wuxi Yazuo’s minority shareholder, Yunxin, was RMB14,324,000, which was developed through the application of the valuation technique, taken into account purchase price allocation method.

In March 2021, the Group acquired certain preference shares of Yunxin for total consideration of RMB18,824,000. As at June 30, 2021, the fair value of remaining preference shares of Yunxin was made reference to the aforementioned acquisition price, and the Group did not apply any valuation model.

Preference shares held by Jingxin’s minority shareholders

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. The payable has been fully settled in March 2021.

##### (v) Contingent consideration – Heading

The Group acquired 51% equity interests of Heading in November 2020 at a total consideration of RMB510,000,000, among which RMB37,595,000 is contingent 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.

##### (vi) Other non-current financial liabilities at FVPL – Weizhi Shuke

As disclosed in Note 23(b)(ii), the Group established and consolidated a 5-year contractual based fund, Weizhi Shuke with three venture capitals to invest in unlisted cloud computing and big data companies. The investment in the portfolio companies are accounted for as financial assets at FVPL (Note 5.3(a)(i)). The financing from venture capitals are recorded as non-current financial liabilities at FVPL.

# NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

## 5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

### 5.3 Fair values estimation (Continued)

#### *Financial instruments in level 3 (Continued)*

##### *(b) Valuation processes*

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

Except for the level 3 instruments mentioned above, long-term deposits (Note 25), bank borrowings (non-current portion), financial liabilities measured at amortised cost (Note 24) and other non-current liabilities, the Group's financial assets and liabilities include cash and cash equivalents, restricted cash, trade and notes receivables, other receivables, bank borrowings (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), financial liabilities measured at amortised cost and other non-current liabilities approximates its fair values since it bears an interest rate which approximates market interest rate.

## 6 SEGMENT INFORMATION

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

The Group is principally engaged in the provision of SaaS products and targeted marketing services in the PRC. The executive directors of the Company used to review 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 and ii) targeted marketing services for the six months ended June 30, 2020.

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 operation to three segments, including "Subscription solutions" and "Merchant solutions" as the core, and "Digital media" as the supplement, both in the internal reports to CODM and in the consolidated financial statements of the Group. "Subscription solutions" mainly comprise the Group's standard cloud-hosted SaaS products, customised software and other software related services. "Merchant solutions" mainly comprise value-added services offered to merchants as part of the holistic solutions to meet merchants' online digital commerce and marketing needs, including assisting merchants to purchase online advertising traffic in various media platforms and providing in-depth operation and marketing services. "Digital media" mainly comprise advertisement placement services offered to certain merchants in which specified results or actions are committed. The comparative figures in the condensed 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.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

### 6 SEGMENT INFORMATION (Continued)

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

As at June 30, 2021 and December 31, 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 condensed consolidated financial statements. There were no separate segment assets and segment liabilities information provided to the CODM, as CODM does not use this information to allocate resources to or evaluate the performance of the operating segments.

	<b>Subscription solutions (Note a) RMB'000</b>	<b>Merchant solutions RMB'000</b>	<b>Digital media RMB'000</b>	<b>Total RMB'000</b>
<b>(Unaudited)</b>				
<b>Six months ended June 30, 2021</b>				
Segment revenue	549,617	409,755	423,708	1,383,080
Segment cost of sales	(142,987)	(56,374)	(417,388)	(616,749)
Gross profit	406,630	353,381	6,320	766,331
<b>(Unaudited)</b>				
<b>Six months ended June 30, 2020 (restated)</b>				
Segment revenue (Note a)	212,026	250,200	494,825	957,051
Segment cost of sales	(72,332)	(13,625)	(449,560)	(535,517)
Gross profit	139,694	236,575	45,265	421,534

Note a: A deduction of approximately RMB92,865,000 has been reflected in SaaS products revenue due to SaaS sabotage event for the six months ended June 30, 2020.

# NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

## 7 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 six months ended June 30, 2020 and 2021 was as follows:

### 7.1 Disaggregation of revenue from contracts with customers

	Six months ended June 30	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Digital commerce		
– Subscription solutions		
Revenue before deducting compensation for SaaS sabotage event	549,617	304,891
Less: compensation deducted from revenue due to SaaS sabotage event	–	(92,865)
– Merchant solutions	409,755	250,200
	959,372	462,226
Digital media	423,708	494,825
Total revenue	1,383,080	957,051
	Six months ended June 30	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Timing of revenue recognition		
– At a point in time	1,040,081	777,533
– Over time	342,999	272,383
Total revenue before deducting compensation for SaaS sabotage event	1,383,080	1,049,916
Less: compensation deducted from revenue due to SaaS sabotage event	–	(92,865)
	1,383,080	957,051

## NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

### 7 REVENUE (Continued)

#### 7.2 Assets and liabilities related to contract with customers

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

	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
Contract acquisition cost (current)	108,309	156,746
Contract acquisition cost (non-current)	44,487	40,841
<b>Total assets related to contracts with customers</b>	<b>152,796</b>	197,587
Contract liabilities (current)	337,669	376,256
Contract liabilities (non-current)	106,391	105,098
<b>Total contract liabilities</b>	<b>444,060</b>	481,354

(a) *Changes in contract liabilities*

Contract liabilities of the Group mainly arise from the non-refundable advance payments in relation to subscription solutions services. Increase in contract liabilities was mainly attributed to growth of subscription solutions revenue.

(b) *Revenue recognised in relation to contract liabilities*

	Six months ended at June 30 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Beginning balance	481,354	378,667
Addition	375,262	268,078
Recognised in revenue	(412,556)	(246,374)
<b>Ending balance</b>	<b>444,060</b>	400,371

## NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

### 7 REVENUE (Continued)

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

##### (b) 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.

	Six months ended June 30	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue recognised that was included in the balance of contract liabilities at the beginning of the period	238,302	172,058

##### (c) Unsatisfied performance obligations

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

	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
Subscription solutions related	444,060	481,354

The Company expects that out of total unsatisfied performance obligations as at June 30, 2021, approximately RMB337,669,000 (December 31, 2020: RMB376,256,000) will be recognised as revenue within 1 year. The remaining approximately RMB106,391,000 (December 31, 2020: RMB105,098,000) will be recognised as revenue within one to three years. For the Group's provision of merchant solutions and 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.

# NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

## 7 REVENUE (Continued)

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

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

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

	Six months ended June 30	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Amortisation recognised as selling expenses related to SaaS products offering during the period	127,010	99,466

#### (e) Assets recognised from costs to fulfil a contract

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

	Six months ended June 30	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Beginning balance	14,124	1,313
Addition	50,175	6,746
Recognised as cost of providing customised software development service during the period	(32,192)	(6,262)
Ending balance	32,107	1,797

# NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

## 8 EXPENSES BY NATURE

	Six months ended June 30,	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Employee benefits expenses	736,061	308,161
Advertising traffic cost for digital media	418,200	446,648
Promotion and advertising expenses including amortisation of contract acquisition cost (a)	300,638	129,929
Depreciation and amortisation	84,454	36,931
Outsourced service fee	54,178	11,898
Server and SMS charges related to subscription solutions revenue	46,221	20,225
Utilities and office expenses	32,228	18,351
Depreciation of right-of-use assets	24,134	11,402
Travelling and entertainment expenses	19,625	8,064
Taxes and surcharges	7,075	3,880
Other consulting fees	7,253	7,353
Auditors' remuneration	2,407	2,000
Others	14,254	1,443
	<b>1,746,728</b>	1,006,285

(a) Promotion and advertising expenses for six months ended June 30, 2020 and 2021 mainly consists of i) RMB99,466,000 and RMB126,282,000 amortisation expenses of contract acquisition cost; and ii) RMB29,924,000 and RMB155,494,000 advertising expenses, which were mainly paid and payable to Beijing Tencent Culture Media Company Limited.



## NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

### 8 EXPENSES BY NATURE (Continued)

#### Key management compensation

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

	Six months ended June 30	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Salaries, wages and bonus	2,139	2,081
Other social security costs, housing benefits and other employee benefits	280	148
Pension cost – defined contribution plan	242	24
Share-based compensation	1,983	490
	4,644	2,743

### 9 OTHER INCOME

	Six months ended June 30	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Super deduction of input VAT	45,892	35,013
Government grants (a)	20,702	15,018
Interest income from term deposits and loan to related and third parties	1,443	2,968
	68,037	52,999

(a) Government grants mainly represent VAT refund entitlement.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

### 10 OTHER GAINS/(LOSSES), NET

	Six months ended June 30	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Foreign exchange gain, net	57,861	1,827
Fair value change of non-current financial assets measured at FVPL (Note 23(b)(iii)(iv))	71,590	–
Fair value change of listed equity security investment (Note 23(a))	11,081	(1,881)
Gains from disposal of short-term investments measured at FVPL	1,167	–
Fair value change of short-term investment measured at FVPL	613	–
Donation	(186)	(10,000)
Fair value change of non-current financial liabilities measured at FVPL (Note 23(c))	(7,822)	–
Losses on disposals of financial assets measured at FVOCI (Note 5.3)	(7,915)	–
Expenses related to SaaS sabotage event	–	(659)
Realised gain from transfer equity interest of Shanghai Mengyou Network Technology Co., Ltd (“Mengyou”) to Shanghai Syoo Network Technology Co., Ltd. (“Syoo”)	–	2,000
Others, net	(916)	(838)
	<b>125,473</b>	<b>(9,551)</b>

### 11 FINANCE COSTS

	Six months ended June 30	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Interest expenses on borrowings	15,026	9,459
Interest expenses on liability component of 2021 Convertible bonds (Note 24)	7,745	–
Interest expenses on lease liabilities (Note 17)	5,224	1,410
Interest expenses on factoring (Note 26)	–	2,373
Issuance cost for 2020 Convertible bonds offering	–	23,754
	<b>27,995</b>	<b>36,996</b>

# NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

## 12 FINANCE INCOME

	Six months ended June 30	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Interest income on bank deposits held for cash management purpose	7,404	1,021

## 13 TAXATION

### (a) Value added tax

The Group is principally subject to 6% and 13% VAT, and surcharges on VAT payments according to PRC tax law. The Group enjoyed Super Deduction of input VAT since April 2019.

### (b) Income tax

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

#### (i) Cayman Islands Income Tax

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

#### (ii) Hong Kong Profits Tax

No provision for Hong Kong profits tax was made as the Group did not have any assessable income subject to Hong Kong profits tax for the six months ended June 30, 2021.

#### (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 Shanghai Weimob Enterprise Development Co., Ltd. ("Weimob Development") and Shanghai Heading Information Engineering Co., Ltd. ("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% from 2020 to 2023.

#### (iv) PRC withholding Tax

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after January 1, 2008 are generally subject to a 10% withholding income tax. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%. There is no provision of withholding tax made for the six months ended June 30, 2020 and 2021 as majority of subsidiaries incorporated in the PRC have accumulated losses as at 30 June 2020 and 2021.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

### 13 TAXATION (Continued)

#### (b) Income tax (Continued)

(iv) PRC withholding Tax (Continued)

	Six months ended June 30	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Current tax	(250)	68
Deferred income tax	(16,420)	(11,879)
Income tax credit	(16,670)	(11,811)

### 14 DIVIDENDS

No dividends have been paid or declared by the Company for the six months ended June 30, 2020 and 2021.

### 15 LOSS PER SHARE

#### (a) Basic

Basic loss per share for the six months ended June 30, 2020 and 2021 are calculated by dividing the loss attribute to the Company's equity holders by the weighted average number of ordinary shares excluding those restricted ordinary shares not granted or vested during the respective periods.

	Six months ended June 30	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Net loss attributable to the equity holders of the Company (RMB'000)	(557,713)	(543,672)
Weighted average numbers of ordinary shares in issue	2,277,432,865	2,222,390,024
Basic loss per share (expressed in RMB per share)	(0.24)	(0.24)

#### (b) Diluted

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

For the six months ended June 30, 2020 and 2021, convertible bonds (Note 23(d) and Note 24) issued by the Company and restricted shares units ("RSUs") granted to employees (Note 32) are considered to be potential ordinary shares. As the Group incurred losses for the six months ended June 30, 2020 and 2021, the dilutive potential ordinary shares of convertible bonds and RSUs were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the six months ended June 30, 2020 and 2021 was the same as basic loss per share of the respective period.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

### 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
<b>(Unaudited)</b>						
<b>Cost</b>						
At January 1, 2021	20,894	5,114	2,841	35,500	24,986	89,335
Additions	9,892	566	1,510	–	10,732	22,700
Business combination <i>(Note 36)</i>	6	5	–	–	–	11
Disposals	(82)	–	(1,851)	–	–	(1,933)
At June 30, 2021	30,710	5,685	2,500	35,500	35,718	110,113
<b>Accumulated depreciation</b>						
At January 1, 2021	(10,142)	(2,364)	(1,224)	(239)	(11,721)	(25,690)
Depreciation	(4,055)	(399)	(222)	–	(3,709)	(8,385)
Disposals	41	–	826	–	–	867
At June 30, 2021	(14,156)	(2,763)	(620)	(239)	(15,430)	(33,208)
<b>Net carrying amount</b>						
At January 1, 2021	10,752	2,750	1,617	35,261	13,265	63,645
At June 30, 2021	16,554	2,922	1,880	35,261	20,288	76,905
<b>(Unaudited)</b>						
<b>Cost</b>						
At January 1, 2020	13,187	3,912	2,360	–	16,825	36,284
Additions	1,505	20	–	–	1,854	3,379
Business combination	184	305	–	–	41	530
Disposals	(11)	(3)	–	–	–	(14)
At June 30, 2020	14,865	4,234	2,360	–	18,720	40,179
<b>Accumulated depreciation</b>						
At January 1, 2020	(5,984)	(1,532)	(812)	–	(6,932)	(15,260)
Depreciation	(1,815)	(386)	(189)	–	(1,793)	(4,183)
Disposals	11	1	–	–	–	12
At June 30, 2020	(7,788)	(1,917)	(1,001)	–	(8,725)	(19,431)
<b>Net carrying amount</b>						
At January 1, 2020	7,203	2,380	1,548	–	9,893	21,024
At June 30, 2020	7,077	2,317	1,359	–	9,995	20,748

## NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

### 17 LEASES

#### (a) Amounts recognised in the condensed balance sheet

The condensed consolidated statement of financial position shows the following amounts relating to leases:

	<b>As at June 30, 2021 RMB'000 (Unaudited)</b>	As at December 31, 2020 RMB'000 (Audited)
<b>Right-of-use assets</b>		
Land-use rights	9,791	9,948
Buildings	173,835	104,281
	<b>183,626</b>	114,229
<b>Lease liability</b>		
Current	55,506	31,093
Non-current	116,761	71,260
	<b>172,267</b>	102,353

Additions to the right-of-use assets for the six months ended June 30, 2020 and 2021 were approximately RMB14,360,000 and RMB95,873,000, respectively. Disposals of the right-of-use assets for the six months ended June 30, 2020 and 2021 were approximately RMB nil and RMB2,342,000, respectively, due to the early termination of leases agreements.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

### 17 LEASES (Continued)

**(b) Amounts recognised in the condensed consolidated statement of comprehensive loss**

The condensed consolidated statement of comprehensive loss shows the following amounts relating to leases:

	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation charge of right-of-use assets ( <i>Note 8</i> )		
Land-use rights	156	–
Buildings	23,978	11,402
	24,134	11,402
Interest expenses (included in finance cost) ( <i>Note 11</i> )	5,224	1,410
Expense relating to short-term leases (included in administrative expenses)	6,682	3,915

The total cash outflow for long-term leases including principal elements and interest expenses as well as short-term leases for the six months ended June 30, 2020 and 2021 was approximately RMB14,345,000 and RMB35,523,000, respectively.

**(c) 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.

**(d) 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.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

### 18 INTANGIBLE ASSETS

	Goodwill RMB'000	Trademarks RMB'000	Self- developed software RMB'000	Acquired software licenses RMB'000	Customer relationships RMB'000	Total RMB'000
<b>(Unaudited)</b>						
<b>Cost</b>						
At January 1, 2021	538,382	3,398	423,693	2,136	210,885	1,178,494
Additions	-	-	-	135	-	135
Business combination (Note 36)	24,758	-	9,387	-	15,410	49,555
Capitalisation of development costs (Note 19)	-	-	63,390	-	-	63,390
At June 30, 2021	563,140	3,398	496,470	2,271	226,295	1,291,574
<b>Accumulated amortisation</b>						
At January 1, 2021	-	-	(158,762)	(536)	(3,417)	(162,715)
Amortisation	-	-	(64,799)	(303)	(10,967)	(76,069)
At June 30, 2021	-	-	(223,561)	(839)	(14,384)	(238,784)
<b>Net carrying amount</b>						
At January 1, 2021	538,382	3,398	264,931	1,600	207,468	1,015,779
At June 30, 2021	563,140	3,398	272,909	1,432	211,911	1,052,790
<b>(Unaudited)</b>						
<b>Cost</b>						
At January 1, 2020	-	3,398	213,540	866	-	217,804
Additions	-	-	-	-	-	-
Business combination	99,962	-	16,702	158	-	116,822
Capitalisation of development costs (Note 19)	-	-	11,903	-	-	11,903
At June 30, 2020	99,962	3,398	242,145	1,024	-	346,529
<b>Accumulated amortisation</b>						
At January 1, 2020	-	-	(78,791)	(226)	-	(79,017)
Amortisation	-	-	(32,615)	(133)	-	(32,748)
At June 30, 2020	-	-	(111,406)	(359)	-	(111,765)
<b>Net carrying amount</b>						
At January 1, 2020	-	3,398	134,749	640	-	138,787
At June 30, 2020	99,962	3,398	130,739	665	-	234,764



# NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

## 18 INTANGIBLE ASSETS (Continued)

### Impairment tests for goodwill

Goodwill is monitored by management at the level of operating segment before aggregation. As at June 30, 2021, goodwill of RMB563,140,000 represented the excess of total consideration over identifiable net assets arisen from the acquisitions of Wuxi Yazuo, Heading, Jingxin and Guangzhou Xiangminiao Internet Technology Co., Ltd. (“Xiangminiao”) in March 2020, November 2020, December 2020 and May 2021, respectively. All goodwill are allocated to the Group’s subscription solution cash-generating unit (“CGU”).

Management conducted impairment review on the goodwill according to HKAS 36 “Impairment of assets” as at June 30, 2021. For the purposes of impairment review, the recoverable amount of goodwill is determined based on the higher of the amount of the fair value less cost of disposal (“FVLCD”) and value-in-use calculations.

As at June 30, 2021, the recoverable amount of goodwill was determined based on value-in-use calculations. The value-in-use calculations use cash flow projections based on business plan for the purpose of impairment reviews covering a nine-year period. 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 experiences in the industries and provided forecast based on past performance and their expectation of future business plans and market developments.

The Group has engaged an independent external appraiser for performing the goodwill impairment assessments. Based on the results of the impairment assessments, no impairment loss on the goodwill was recognised as at June 30, 2021.

The following table sets out the key assumptions for the subscription solution CGU that have significant goodwill allocated to them:

<b>As at June 30, 2021</b>	<b>Subscription solutions</b>
Gross margin (%)	From 66.3% to 88%
Annual growth rate (%)	From 7.6% to 43.2%
Terminal growth rate (%)	2.5%
Pre-tax discount rate (%)	17%

The budgeted gross margins used in the goodwill impairment testing, were determined by the management based on past performance and its expectation for market development. The expected revenue growth rate is based on the business plan approved by the Company. Discount rates reflect market assessments of the time value and the specific risks relating to the industry. The management of the Group has not identified that reasonable possible change in any of the key assumptions that could cause the carrying amount to exceed the recoverable amount.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

### 18 INTANGIBLE ASSETS (Continued)

#### Impairment tests for goodwill (Continued)

The recoverable amount of the goodwill is shown as below:

	As at June 30, 2021 RMB'000 (Unaudited)
Recoverable amount	10,365,203

The headroom of the goodwill is shown as below:

	As at June 30, 2021 RMB'000 (Unaudited)
Headroom	9,802,063

As the headroom is far larger than the carrying amount of goodwill, the reasonable possible changes in key assumptions would not lead to any impairment as at June 30, 2021.

#### Impairment test on trademark

No impairment indicator for trademark was noted as at June 30, 2021 and December 31, 2020.

### 19 DEVELOPMENT COSTS

	Six months ended June 30,	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
As at January 1	38,701	16,944
Development costs capitalised during the period	125,918	64,597
Transfer to intangible assets ( <i>Note 18</i> )	(63,390)	(11,903)
As at June 30	101,229	69,638

No impairment indicator for development cost was noted as at June 30, 2021 and December 31, 2020.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

### 20 ASSOCIATES

	<b>As at June 30, 2021 RMB'000 (Unaudited)</b>	As at December 31, 2020 RMB'000 (Audited)
Investments in associates accounted for using the equity method	<b>46,949</b>	47,033
	<b>As at June 30, 2021 RMB'000 (Unaudited)</b>	As at December 31, 2020 RMB'000 (Audited)
Nanjing Chuangyi Meridian Weimob Emerging Industry Equity Investment Fund Partnership (Limited Partnership) ("Nanjing Chuangyi")	<b>27,474</b>	27,306
Chuangshi Yicun Weixin Private Equity Investment Funds ("Weixin")	<b>19,475</b>	19,727
Shanghai Xiaoke Information Technology Co., Ltd. ("Xiaoke") <i>(Note 23(b)(iii))</i>	<b>N/A</b>	–
	<b>46,949</b>	47,033

## NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

### 20 ASSOCIATES (Continued)

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		Principal activities	Accounting method
				As at June 30, 2021	As at December 31, 2020		
Weixin	June 4, 2019	RMB35,000	China	63.6%	63.6%	Investment	Equity method
Nanjing Chuangyi	October 1, 2019	RMB27,500	China	25.25%	25.25%	Investment	Equity method
Xiaoke (Note 23(b)(iii))	November 27, 2019	RMB12,000	China	27.27%	30%	Subscription solutions	Fair value*
Demo (Note 23(b)(ii))	February 11, 2015	RMB49,800	China	32.38%	27%	Subscription solutions	Fair value*
Syoo	November 20, 2017	RMB46,000	China	40%	40%	Subscription solutions	Fair value*
Mengyou	November 2, 2018	RMB2,000	China	40%	40%	Subscription solutions	Fair value*
Clipworks (Beijing) Technology Co., Ltd. ("Clipworks")	January 15, 2020	RMB6,000	China	15%	15%	Subscription solutions	Fair value*
Shanghai Fenfenzhong Network Technology Co., Ltd. ("Fenfenzhong")	October 22, 2018	RMB6,000	China	15%	15%	Subscription solutions	Fair value*
Weizhi Shuke portfolio company A (Note 23(b)(ii))	September 19, 2007	RMB45,000	China	18.37%	-	Cloud Computing and big data	Fair value*
Weizhi Shuke portfolio company B (Note 23(b)(ii))	April 8, 2020	RMB30,000	China	4.70%	-	Software	Fair value*

\* The Group has significant influence over these investments based on its representation on the respective board of directors. As the Group only holds redeemable preferred shares in these investees, these investment are not qualified for equity accounting and have been accounted for under financial assets through profit or loss (note 23) in the condensed consolidated statement of financial position of the Group.

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

	Six months ended June 30,	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
At the beginning of the period	47,033	66,441
Additions	-	4,000
The Group's share of loss	(84)	(1,956)
At the end of the period	46,949	68,485

## NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

### 21 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
Trade and other receivables at FVOCI	70,479	44,933
Less: provision for impairment of trade and other receivables at FVOCI	(544)	(99)
	<b>69,935</b>	44,834

Trade and other receivables due from certain advertisers with high reputation or long-term business relationship with Group are held for collection of contractual cash flows and for selling the financial assets by factoring, and are measured at FVOCI. Movements on the trade and other receivables measured at FVOCI for the six months ended June 30, 2021 were disclosed in Note 5.3.

During the six months ended June 30, 2021, the Group entered into certain factoring agreements with Sinopharm Rosino (Shanghai) Commercial Factoring Co., Ltd. (the "Factor"). Pursuant to the agreements, the Group has transferred the relevant receivables amounting to RMB288,933,000 in total and substantially all the risks and rewards of ownership of those receivables to the Factor in exchange for cash of RMB288,933,000. The Group therefore derecognised the transferred assets in their entirety and the service charge of RMB7,915,000 related to the factoring are recognised as fair value change of financial assets measured at FVOCI and recycled to "Other gains/(losses), net" in the period in which those financial assets are disposed.

As at June 30, 2021 and 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.

### 22 DERIVATIVE FINANCIAL INSTRUMENTS

	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
Call option related to investment in Demo (Note 23(b)(i))	-	15,468

## NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

### 23 FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets and liabilities measured at FVPL include the following:

	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
<b>Current assets</b>		
Short-term investments measured at FVPL (a)	142,823	182,328
<b>Non-current assets</b>		
Long-term investments measured at FVPL - Demo (b)(i)	111,018	91,218
Long-term investments measured at FVPL - Weizhi Shuke portfolio companies (b)(ii)	195,000	–
Long-term investments measured at FVPL - Syoo	82,019	82,019
Long-term investments measured at FVPL - Xiaoke (b)(iii)	88,520	–
Long-term investments measured at FVPL – Clipworks (b)(iv)	27,927	35,857
Long-term investments measured at FVPL – Fenfenzhong	6,000	6,000
<b>Total financial assets</b>	<b>653,307</b>	397,422
<b>Current liabilities</b>		
Other financial liabilities measured at FVPL – Demo (b)(i)	–	35,255
Other financial liabilities measured at FVPL – Jingxin (Note 5.3 (a)(iv))	–	11,110
<b>Non-current liabilities</b>		
2020 Convertible bonds (d)	2,270,565	1,895,634
Other financial liabilities measured at FVPL-Weizhi Shuke (b)(ii)	241,500	–
Contingent payable for the acquisition of Heading	37,595	37,595
Other financial liabilities measured at FVPL – Yunxin (c)	3,322	14,324
<b>Total financial liabilities</b>	<b>2,552,982</b>	1,993,918

#### (a) Short-term investments measured at FVPL

Short-term investments measured at FVPL represents investments in Hong Kong listed equity security of RMB47,669,000 as well as bank wealth management products with non-guaranteed principal and floating return of RMB95,154,000. Fair value gain from the investment had been recognised in “Other gains/(losses), net” (Note 10) in the condensed consolidated statement of comprehensive income.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

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

#### (b) Long-term investments and related liabilities measured at FVPL

##### (i) *Investment in a SaaS Company "Demo"*

In January 2019, Weimob Development established a Fund with a venture capital to invest in a SaaS company, Demo. The Fund was controlled and consolidated by the Company. The investment from the venture capital and the variable returns belonging to the venture capital is recorded as a financial liability at FVPL given the three-year limited life of the Fund.

In February 2019, the Fund acquired 27% redeemable preferred shares of Demo with a total consideration of RMB30,000,000. The Demo investment is accounted for as financial assets at FVPL given the preferential rights attached to the redeemable preferred shares. Meanwhile, 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% redeemable preferred shares 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 of RMB15,468,000 as at December 31, 2020.

In January 2021, the Group fully exercised the call option and entered into a purchase agreement with the Fund to acquire all its 27% redeemable preferred shares in Demo at a total consideration of RMB35,000,000. The Fund distributed all the proceeds from disposal of Demo in accordance to the predetermined profit distribution mechanism that set out in the Fund agreement and was dissolved immediately after this transaction. RMB19,787,000 was paid to the venture capital.

On April 28, 2021, the Group entered into another agreement with certain of the shareholders of Demo, pursuant to which, the Group acquired 5.38% redeemable preferred shares of Demo from its existing shareholders with a total consideration of RMB19,800,000 in May 2021. Upon completion of this transaction, the Group directly owns 32.38% redeemable preferred shares in Demo in total. Unpaid RMB5,000,000 for subscribing the new shares was recorded as "Trade and other payables" as at June 30, 2021.

As at June 30, 2021, the directors of the Company assessed the fair value of investment in Demo to be approximately RMB111,018,000 by taking reference to the latest transaction amount.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

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

#### (b) Long-term investments and related liabilities measured at FVPL (Continued)

##### (ii) *Investment in portfolio companies through “Weizhi Shuke”*

On January 20, 2021, the Group established a five-year limited-life fund-Weizhi Shuke with other three venture capitals to invest in cloud computing and big data companies and respective upstream and downstream sectors.

Pursuant to the Weizhi Shuke fund agreement, the Group is the fund manager and responsible for all of the investment affairs. In addition, the Group has three out of five investment committee seats and is able to control all investment affairs. The Group is entitled to the largest variable return from its involvement in the fund. As a result, the Company concludes that it controls and hence consolidates Weizhi Shuke. The investments from the venture capitals and the variable returns attributable to these venture capitals are recorded as financial liabilities given the limited life of Weizhi Shuke. Management designated such financial liabilities as measured at FVPL because the designation significantly reduces accounting mismatch that would otherwise arise from the measurement on different basis.

As at June 30, 2021, the Group and the other three venture capitals have made RMB108,500,000 and RMB241,500,000 investment into Weizhi Shuke, respectively. Investments from the venture capitals amounting to RMB241,500,000 was recorded as non-current financial liabilities at FVPL as at June 30, 2021.

During the six months ended June 30, 2021, Weizhi Shuke invested four portfolio companies with an aggregate investment amount of RMB195,000,000, all of which are redeemable preferred shares and measured at FVPL. Two out of four portfolio companies are the Group’s associates because the Group has board seat and has significant influence over them (Note 20). As at June 30, 2021, the directors of the Company assessed the fair value of these four investments approximates their initial investment consideration of RMB195,000,000 in total.

##### (iii) *Investment in a SaaS company – “Xiaoke”*

The Group and Shanghai Bingsong Technology Information Co., Ltd. (“Bingsong”) has made capital injection of RMB3,000,000 and RMB7,000,000 to Xiaoke, respectively. Xiaoke is one of the Company’s associates accounted for using equity method as at December 31, 2020. The net value of investment in Xiaoke was RMB nil after recognising the Group’s share of losses of Xiaoke as at December 31, 2020.

On February 8, 2021, Weimob Development and Bingsong transferred 3.21% and 7.49% equity interests to Shanghai Like Technology Partnership (Limited Partnership) (“Like”), a structured entity for Xiaoke RSU Scheme for consideration of RMB321,000 and RMB749,000, respectively. Upon completion of the transaction, the Group’s equity interests in Xiaoke decreased from 30% to 26.79%.



## NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

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

#### (b) Long-term investments and related liabilities measured at FVPL (Continued)

##### (iii) *Investment in a SaaS company – “Xiaoke” (Continued)*

In March 2021, a third-party venture capital and Weimob Development entered into an agreement with Xiaoke, and pursuant to which, subscribed 10.5% and 4.5% newly issued redeemable preferred shares of Xiaoke with a consideration of RMB21,000,000 and RMB9,000,000, respectively. The consideration of RMB9,000,000 from Weimob Development was settled by debt-equity swap (Note 34(b)). Meanwhile, all the Xiaoke’s shareholders reached a supplemental agreement to redesignate the common shares held by Weimob Development to preferred shares with same preferential rights as the newly subscribed preferred shares. Upon completion of the transaction above, the Group owned 27.27% redeemable preferred shares in Xiaoke as at June 30, 2021.

The Group accounts for its investment in Xiaoke as financial assets at FVPL. As at June 30, 2021, the directors of the Company assessed the fair value of this investment to be approximately RMB88,520,000, gain from the share re-designation and fair value changes of the investment up to June 30, 2021 was recognised in “Other gains/(losses), net”, amounting to RMB79,520,000 in total.

##### (iv) *Investment in a short-video-making company – “Clipworks”*

The fair value of investment in Clipworks decreased by RMB7,930,000 to RMB27,927,000 as at June 30, 2021, which was made reference to a transaction price close to interim balance sheet date. The fair value change of RMB7,930,000 was recorded in “Other gains/(losses), net”.

#### (c) Yunxin’s preferred shares in Wuxi Yazuo

As disclosed in Note 5.3(a)(iv), Wuxi Yazuo accounted for the investment from Yunxin as non-current financial liabilities at FVPL. As at December 31, 2020, the fair value of redeemable preferred shares held by Yunxin amounted to RMB14,324,000.

In mid 2021, the Group acquired 8.89% redeemable preferred shares of Wuxi Yazuo from Yunxin at a total consideration of RMB18,824,000. The fair value of remaining redeemable preferred shares held by Yunxin was revalued by making reference to this recent transaction price and the fair value change of RMB7,822,000 was recorded in “Other gains/(losses), net”. As at June 30, 2021, the fair value of the remaining redeemable preferred shares held by Yunxin was RMB3,322,000.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

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

#### (d) 2020 Convertible bonds

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

As at June 30, 2021, by taking reference to the average quoted bid and ask price in Hong Kong active market, the estimated fair value of the 2020 Convertible bonds, which have not been converted, amounted to approximately RMB2,270,565,000 and the Company recorded RMB385,406,000 loss from change in fair value of the 2020 Convertible bonds in "Change in fair value of convertible bonds" in the condensed consolidated statement of comprehensive loss and the gain from change in foreign exchange rate of RMB21,249,000 in "Other gains/(losses), net" for the six months ended June 30, 2021. The directors of the Company assessed the fair value change due to the own credit risk was RMB4,864,000 and was recognised in "Other comprehensive loss" for the six months ended June 30, 2021.

### 24 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

	<b>As at June 30, 2021 RMB'000 (Unaudited)</b>	As at December 31, 2020 RMB'000 (Audited)
2021 Convertible bonds	<b>1,537,242</b>	–

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

#### Conversion price

Initial conversion price is USD2.705 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 2021 Convertible bonds.

#### Redemption for delisting or change of control

The 2021 Convertible bonds holders have the option to require the Group to repurchase the 2021 Convertible 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 45 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. Management assessed that the likelihood of Relevant Events is remote.

# NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

## 24 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST (Continued)

### Redemption at the option of the 2021 Convertible bonds holders

The 2021 Convertible bonds holders will have the right to require the Group to repurchase for cash all or any portion of their 2021 Convertible bonds on June 7, 2024 at a repurchase price equal to 103.04% of the principal amount of the 2021 Convertible bonds.

### Redemption at the option of the 2021 Convertible bonds issuer

The 2021 Convertible bonds issuer will have the right to repurchase for cash in whole i) may at any time after 21 June 2024 and prior to the Maturity Date redeem in whole, but not in part, the 2021 Convertible bonds for the time being outstanding at the early redemption amount, 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, 2021 Convertible bonds for the time being outstanding at the early redemption amount, provided that prior to the date of such notice at least 90% in principal amount of the 2021 Convertible bonds originally issued has already been converted, redeemed or purchased and cancelled.

### Final Redemption

Unless previously redeemed, converted or purchased and cancelled, the 2021 Convertible bonds issuer will redeem each 2021 Convertible bond at 105.11% of its principal amount on the Maturity Date with an implied return rate of 1% per annum.

### Accounting for the 2021 Convertible bonds

Convertible bonds that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

At initial recognition, the liability component is measured at fair value based on the principal payments, discounted at the prevailing market rate of interest for similar non-convertible instruments. The remainder of the proceeds is allocated to the conversion option as the equity component. Transaction costs associated with the issuance of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of proceeds. The liability component is subsequently carried at amortised cost calculated using the effective interest method. The equity component is recognised in the convertible bonds reserve until either the convertible bonds are converted or redeemed.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

### 24 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST (Continued)

#### Accounting for the 2021 Convertible bonds (Continued)

The liability and equity components of 2021 Convertible bonds on initial recognition are presented as follows:

	RMB'000 (Unaudited)
Gross proceeds	1,929,930
Less: transaction costs	(40,297)
Net Proceeds	1,889,633
Less: equity component	(366,482)
Liability component on initial recognition	1,523,151

If the convertible bonds are converted, the convertible bonds reserve, together with the carrying amount of the liability component at the time of conversion, are transferred to share capital and share premium as consideration for the shares issued. If the convertible bonds are redeemed, the convertible bonds reserve are released directly to retained earnings/accumulated losses.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

### 25 PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
<b>Non-current</b>		
Other loan receivables due from related parties <i>(Note 34(c))</i>	5,619	–
Deposits – third parties	5,233	4,087
	<b>10,852</b>	4,087
Other receivables in relation to prepayment on behalf of advertisers – third parties	1,186,757	912,740
Prepayments for purchasing advertising traffic	566,235	665,183
Other loan receivables due from related parties <i>(Note 34(c))</i>	48,338	25,102
Recoverable value-added tax	52,701	36,142
Contract fulfilment cost <i>(Note 7.2(e))</i>	32,107	14,124
Receivables in relation to value-added tax refund <i>(Note 9)</i>	29,544	21,788
Prepayments to other vendors	21,586	12,390
Deposits – third parties	28,566	22,155
Other receivables in relation to prepayment on behalf of advertisers – a related party <i>(Note 34(c))</i>	7,469	–
Prepayments for contract operation service costs	7,422	8,084
Prepayment to related parties <i>(Note 34(c))</i>	5,998	2,060
Prepayments for rent and property management fee	4,905	4,401
Prepayments for purchasing advertising services	3,996	2,225
Other loan receivables due from third parties	3,050	8,858
Other receivable related to SaaS sabotage event bore by executive directors	–	26,937
Others	11,280	4,731
Less : Provision for impairment of other receivables	(36,150)	(8,716)
	<b>1,973,804</b>	1,758,204

## NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

### 26 TRADE AND NOTES RECEIVABLES

	<b>As at June 30, 2021 RMB'000 (Unaudited)</b>	As at December 31, 2020 RMB'000 (Audited)
Trade receivables due from third parties	<b>216,170</b>	231,092
Trade receivables due from related parties ( <i>Note 34(c)</i> )	<b>17,624</b>	12,290
Notes receivables	<b>58,749</b>	2,508
Less: Provision for impairment of trade and notes receivables	<b>(3,314)</b>	(6,412)
	<b>289,229</b>	239,478

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

	<b>As at June 30, 2021 RMB'000 (Unaudited)</b>	As at December 31, 2020 RMB'000 (Audited)
0 – 90 days	<b>269,036</b>	225,132
90 – 180 days	<b>7,797</b>	6,660
over 180 days	<b>12,396</b>	7,686
	<b>289,229</b>	239,478

As at June 30, 2021 and December 31, 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.

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

## NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

### 27 CASH AND BANK BALANCES

#### (a) Cash and cash equivalents

	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
Cash at bank	4,945,289	1,811,715
Cash equivalents (i)	17,636	12,173
Cash on hand	102	88
	<b>4,963,027</b>	1,823,976
Maximum exposure to credit risk	<b>4,962,925</b>	1,823,888

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

Cash and cash equivalents are denominated in the following currencies:

	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
USD	2,695,136	1,002,436
HKD	1,303,250	7,801
RMB	964,489	813,739
EUR	152	-

#### (b) Restricted cash

As at June 30, 2021, RMB3,816,000 (December 31, 2020: nil) were held for restriction, which is related to one on-going litigation of SaaS sabotage event and arbitration of dispute with one employee.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

### 28 BANK BORROWINGS

	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
Short-term bank borrowings	493,000	425,050
Long-term bank borrowings	32,000	40,000
	<b>525,000</b>	465,050

As at June 30, 2021, the Group borrowed unsecured loans of total amount RMB525,000,000 (2020: RMB465,050,000), which bear annual average interest rate of 4.75% (2020: 5.85%).

For the six months ended June 30, 2021, the weighted average effective rate for bank borrowings was 4.75% (2020: 4.87%).

### 29 TRADE AND OTHER PAYABLES

	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
Advance from advertisers – third parties	408,844	507,941
Trade payables for purchasing advertising traffic (a)	303,468	322,023
Payable related to investments	265,622	279,093
Payroll and welfare payables	260,514	239,278
Other taxes payable	62,107	64,354
Amount due to related parties (Note 34(c))	12,370	11,911
Deposits	10,859	6,869
Payable related to factoring cost (Note 21)	6,322	4,500
Auditors' remuneration accrual	3,275	4,342
Payable related to purchase non-controlling interests (current portion)	1,741	1,741
Payment received from end customers through e-commerce platform on behalf of merchants	–	9,678
Other payable and accruals	35,449	38,710
	<b>1,370,571</b>	1,490,440

(a) As at December 31, 2020 and June 30, 2021, the aging of the trade payables are all within 3 months.



## NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

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

	Number of ordinary shares	Share capital RMB'000	Share premium RMB'000	Shares held for RSU scheme RMB'000	Total RMB'000
<b>(Unaudited)</b>					
<b>As at January 1, 2021</b>	<b>2,254,977,427</b>	<b>1,529</b>	<b>4,278,775</b>	<b>(15,819)</b>	<b>4,264,485</b>
Issuance of ordinary shares for RSU Scheme (a)	20,620,000	13	–	(13)	–
Issuance of ordinary shares (a)	156,000,000	99	1,916,595	–	1,916,694
Share issuance costs (b)	–	–	(19,950)	–	(19,950)
Transfer of vested RSUs (Note 32)	–	–	–	9,711	9,711
<b>As at June 30, 2021</b>	<b>2,431,597,427</b>	<b>1,641</b>	<b>6,175,420</b>	<b>(6,121)</b>	<b>6,170,940</b>

	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
<b>(Unaudited)</b>						
<b>As at January 1, 2020</b>	2,258,362,000	1,531	4,171,056	(38,582)	(63,143)	4,070,862
Cancellation of buy-back shares	(19,996,000)	(14)	(63,129)	–	63,143	–
Transfer of vested RSUs (Note 32)	–	–	–	16,747	–	16,747
<b>As at June 30, 2020</b>	<b>2,238,366,000</b>	<b>1,517</b>	<b>4,107,927</b>	<b>(21,835)</b>	<b>–</b>	<b>4,087,609</b>

(a) On January 11, 2021, the Company issued 20,620,000 shares to Weimob Teamwork (PTC) Limited for RSU Scheme with nil consideration. The respective share capital amount was approximately RMB13,000. The ordinary shares held for the Company's RSU Scheme were regarded as treasury shares and presented as a deduction in equity as "Shares held for RSU Scheme".

On June 1, 2021, the Company issued 156,000,000 placing shares to certain investors at the placing price of HK\$15.00 per share and raised gross proceeds of approximately HKD2,340,000,000 (equivalent to approximately RMB1,916,694,000). The respective share capital amount was approximately RMB99,000 and share premium arising from the issuance was approximately RMB1,916,595,000.

(b) Share issuance costs that are directly attributable to the issue of the new shares amounting to approximately RMB19,950,000 which were accounted for a deduction against the share premium arising from the issuance.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

### 31 OTHER RESERVES

	Capital reserves RMB'000	Currency translation differences RMB'000	Financial liabilities measured at fair value RMB'000	Share- based payments RMB'000	Total RMB'000
<b>(Unaudited)</b>					
<b>As at January 1, 2021</b>	<b>(1,177,418)</b>	-	-	<b>71,167</b>	<b>(1,106,251)</b>
Currency translation differences	-	(10,863)	-	-	(10,863)
Change in fair value of financial liabilities from own credit risk	-	-	(4,864)	-	(4,864)
Share-based compensation expenses for employees <i>(Note 32(a))</i>	-	-	-	68,427	68,427
Transfer of vested RSUs <i>(Note 32(a))</i>	-	-	-	(9,711)	(9,711)
Transaction with non-controlling interests <i>(Note 32(b))</i>	-	-	-	1,054	1,054
<b>As at June 30, 2021</b>	<b>(1,177,418)</b>	<b>(10,863)</b>	<b>(4,864)</b>	<b>130,937</b>	<b>(1,062,208)</b>
<b>(Unaudited)</b>					
<b>As at January 1, 2020</b>	(1,177,418)	-	-	50,254	(1,127,164)
Share-based compensation expenses for employees <i>(Note 32(a))</i>	-	-	-	1,438	1,438
Transfer of vested RSUs <i>(Note 32(a))</i>	-	-	-	(16,747)	(16,747)
Transaction with non-controlling interests <i>(Note 32(b))</i>	-	-	-	74	74
<b>As at June 30, 2020</b>	<b>(1,177,418)</b>	<b>-</b>	<b>-</b>	<b>35,019</b>	<b>(1,142,399)</b>

# NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

## 32 SHARE-BASED PAYMENTS

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

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

The Group granted 20,350,000 and 18,054,500 shares to certain employees on October 15, 2020 and May 28, 2021, respectively. The vesting period varies from 1 years to 4 years subject to employees' continuous service to the Company and the exercise price of the RSUs granted is nil. The RSUs granted are normally vested by four or five tranches.

The share-based compensation expenses recognised for the six months ended June 30, 2020 and 2021 are summarised in the following table:

	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Share-based compensation expenses for employees	68,427	1,438

## NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

### 32 SHARE-BASED PAYMENTS (Continued)

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

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

	Number of RSUs
<b>(Unaudited)</b>	
As at January 1, 2021	22,286,100
Granted (i)	18,054,500
Vested	(3,978,750)
Forfeited	(1,479,250)
<hr/>	
As at June 30, 2021	34,882,600
<hr/>	
<b>(Unaudited)</b>	
As at January 1, 2020	14,315,000
Vested	(6,945,000)
<hr/>	
As at June 30, 2020	7,370,000
<hr/>	

(i) The fair value of RSUs granted on May 28, 2021 was HK\$17.2 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 six months ended June 30, 2020 and 2021.

As at June 30, 2021, the Company granted 108,074,500 RSUs in total, among which 70,705,150 shares were vested and exercisable and 2,486,750 shares were forfeited.

#### (b) Subsidiaries' share-based compensation plans of Wuxi Yazuo and Xiangminiao

The Group acquired 63.83% equity interests in Wuxi Yazuo in March 2020 and acquired 66.98% equity interests in Xiangminiao in May 2021. Pursuant to the relevant share purchase and subscription agreements, the founders of Wuxi Yazuo and Xiangminiao (collectively the "Subsidiaries") committed a five-years post-combination services period. If the founders resign from the Subsidiaries within five years since the acquisition dates, they shall transfer certain common shares of the Subsidiaries to the Group for free. The number of shares subject to transfer is calculated on a time proportion basis, including certain portion also attached with performance condition. The post-combination services commitment was treated as service condition of the share-based compensation to the founders, and the fair value of the common shares held by the founders that are probable to vest will be amortised into profit and loss during the 5-year period since the acquisition date.

The fair value of the common shares on the acquisition date was developed through the application of the valuation technique which has taken into account purchase price allocation method.

# NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

## 32 SHARE-BASED PAYMENTS (Continued)

### (b) Subsidiaries' share-based compensation plans of Wuxi Yazuo and Xiangminiao (Continued)

For the six months ended June 30, 2021, the founders have earned back 0.77% and 0.32% common shares of Wuxi Yazuo and Xiangminiao, respectively, and the service expenses amounting to approximately RMB2,097,000 in total was charged to "general and administrative expenses" in the condensed consolidated statement of comprehensive loss and credited to "Non-controlling interests" as consideration was settled by equity of Wuxi Yazuo and Xiangminiao instead of the Company's common shares, respectively.

The difference of RMB1,054,000 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.

The share purchase and subscription agreements also stipulated that if Xiangminiao achieved certain performance target in the two years since the acquisition date, the Group shall transfer 3% common shares of Xiangminiao to the founders for free each year. The achievement of performance target was treated as performance condition of the share-based compensation to the founders. The Company estimated the probability of achieving the performance target of Xiangminiao and amortised the fair value of the common shares that are probable to vest into profit and loss for each tranche during relevant service periods since the acquisition date. For the six months ended June 30, 2021, the service expense amounting to RMB399,000 was charged to "general and administrative expenses" in the condensed consolidated statement of comprehensive loss and credited to "Non-controlling interests" as consideration was settled by equity of Xiangminiao instead of the Company's common shares.

## 33 CAPITAL COMMITMENTS

Significant capital expenditure contracted for at as December 31, 2020 and June 30, 2021 but not recognised as liabilities is as follows:

	<b>As at June 30, 2021 RMB'000 (Unaudited)</b>	As at December 31, 2020 RMB'000 (Audited)
Long-term investment	<b>279,200</b>	279,200

## NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

### 34 RELATED PARTY TRANSACTIONS

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

- (a) The directors of the Company are of the view that the following parties/companies were related parties that had significant transaction or balances with the Group for the six months ended June 30, 2020 and 2021:

<b>Name of related parties</b>	<b>Relationship with the Group</b>
Xiaoke	Associate of the Group since March 17, 2020 <i>(i)</i>
Syoo	Associate of the Group since April 10, 2020 <i>(i)</i>
Clipworks	Associate of the Group since June 10, 2020 <i>(i)</i>
Demo	Associate of the Group
Shanghai Beyond Science Technology Co., Ltd. ("Beyond Science")	Non-controlling shareholder of Heading
Mr. Sun	Executive director of the Group
Mr. Bai	Non-controlling shareholder of Wuxi Yazuo

- (i)* Xiaoke, Syoo and Clipworks became the Group's associates since March 17, 2020, April 10, 2020 and June 10, 2020, respectively. The following disclosure of transactions with these three entities only covered period since March 17, 2020, April 10, 2020 and June 10, 2020, respectively.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

### 34 RELATED PARTY TRANSACTIONS (Continued)

#### (b) Transactions with related parties

*Operating activities:*

	Six months ended June 30,	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
<b>Provide subscription solutions service to related parties</b>		
Xiaoke	5,032	4,290
Beyond Science	318	–
Syoo	–	3,738
	<b>5,350</b>	<b>8,028</b>
<b>Purchase of advertising traffic on behalf of a related party</b>		
Xiaoke	7,469	–
<b>Purchase of short video services from a related party</b>		
Clipworks	3,803	–
<b>Sales commissions paid to related parties as channel partners for subscription solutions service</b>		
Demo	3,925	–
Syoo	41	–
	<b>3,966</b>	<b>–</b>
<b>Technology service fee charged by related parties</b>		
Beyond Science	7,326	–
Xiaoke	1,460	–
	<b>8,786</b>	<b>–</b>

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

## NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

### 34 RELATED PARTY TRANSACTIONS (Continued)

#### (b) Transactions with related parties (Continued)

*Non-operating Activities:*

	Six months ended June 30,	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
<b>Loan to related parties</b>		
Xiaoke	35,000	–
Mr. Bai	5,619	–
Syoo	–	4,000
	<b>40,619</b>	4,000
<b>Interest income from a related party</b>		
Xiaoke	1,236	–
<b>Repayment from a related party</b>		
Syoo	4,000	–
<b>Investment in a related party by debt-to-equity swap</b>		
Xiaoke	9,000	–
<b>Compensation received from an executive director related to SaaS sabotage event</b>		
Mr. Sun	26,937	–



## NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

### 34 RELATED PARTY TRANSACTIONS (Continued)

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

	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
<b>Trade receivables from related parties</b>		
Xiaoke	13,662	8,328
Syoo	3,962	3,962
	<b>17,624</b>	12,290
<b>Other receivables in relation to prepayment on behalf of advertisers – a related party</b>		
Xiaoke	7,469	–
<b>Other loan receivables from related parties</b>		
Xiaoke	47,936	20,700
Mr. Bai	5,619	–
Syoo	402	4,402
	<b>53,957</b>	25,102

## NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

### 34 RELATED PARTY TRANSACTIONS (Continued)

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

	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
<b>Other receivables from an executive director related to SaaS sabotage event</b>		
Mr. Sun	–	26,937
<b>Prepayments to related parties for outsourcing services</b>		
Beyond Science	3,745	–
Xiaoke	1,846	2,060
Clipworks	407	–
	<b>5,998</b>	2,060
<b>Other payables due to related parties</b>		
Beyond Science	7,200	7,200
Xiaoke	459	–
	<b>7,659</b>	7,200
<b>Dividend payable</b>		
Beyond Science	4,711	4,711

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

Other loan receivables from Xiaoke and Syoo of RMB48,338,000 were non-trade in nature and unsecured, bearing a fixed interest rate of 7% per annum and repayable in December 2021. Other loan receivables from Mr. Bai of RMB5,619,000 were non-trade in nature, unsecured, interest-free and repayable on demand.

Prepayments to related parties were attributed to prepaid technology and other service fee.

Other payable to Beyond Science and Xiaoke was attributed to rental and service payable and was unsecured, interest-free and repayable on demand.

# NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

## 34 RELATED PARTY TRANSACTIONS (Continued)

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

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.

## 35 CONTINGENT LIABILITIES

Saved as contingent capital commitment for acquiring Heading disclosed in Note 5.3, the Group did not have any material contingent liabilities as at June 30, 2021.

## 36 BUSINESS COMBINATION

On March 18, 2021 Weimob Development entered into an agreement with the selling shareholders ("Seller") and Xiangminiao to purchase 66.98% of the total equity interests in Xiangminiao with a total consideration of RMB57,350,000, among which, i) RMB6,000,000 will be paid to the Seller, ii) RMB26,350,000 will be settled by the existing receivable balances through debt-to-equity swap and iii) RMB25,000,000 will be paid to Xiangminiao as capital injection. Upon the completion of the transaction on May 31, 2021, Weimob Development owns 66.98% of the total equity interests in Xiangminiao, and Xiangminiao became a subsidiary of the Company.

The co-founders of Xiangminiao hold 19.18% common share of Xiangminiao in total after the transaction. As mentioned in Note 32(b), due to their post-combination service commitment, the 19.18% common share was deemed as being transferred to Weimob Development at the acquisition date.

In addition, Xiangminiao held and controlled 2.88% common share of Xiangminiao for the purpose of administering and holding the Xiangminiao's shares for the RSU scheme, which was recorded as treasury stock. As at the acquisition date, no RSU has been granted under the RSU scheme.

As at June 30, 2021, Weimob Development has completed the debt-to-equity swap and paid RMB2,094,000 and RMB10,500,000 for purchasing sales shares and subscribing for the new shares, respectively. The remaining unpaid RMB14,500,000 consideration for subscribing for the new shares was eliminated at Group level and the unpaid RMB1,000,000 and RMB2,906,000 for purchasing the shares held by Seller was recorded as "Trade and other payables" and "Other non-current liabilities" respectively as at June 30, 2021 according to the agreement.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

### 36 BUSINESS COMBINATION (Continued)

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	RMB'000
<b>(Unaudited)</b>	
Purchase consideration	57,350
– By cash	31,000
– By debt-to-equity swap	26,350

The assets and liabilities recognised as a result of the acquisition are as follows:

	As at May 31, 2021 Fair value RMB'000 (Unaudited)
Cash and cash equivalents	6,926
Prepayments, deposits and other assets	15,591
Trade and notes receivables	116
Property, plant and equipment	11
Customer relationships (a)	15,410
Self-developed software (a)	9,387
Trade payables	(60)
Other payables and accruals	(9,745)
Deferred income tax liabilities	(1,032)
<b>Total identifiable net assets</b>	<b>36,604</b>
Less: non-controlling interests	(4,012)
Add: goodwill	24,758
	<b>57,350</b>

The goodwill is attributable to Xiangminiao's strong position in SaaS hotel sector and synergies expected to arise after the acquisition. It has been allocated to the Group's subscription solution CGU. None of the goodwill is expected to be deductible for tax purposes.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2021

### 36 BUSINESS COMBINATION (Continued)

#### (a) Identified intangible assets

The identified intangible assets for the acquisition primarily consist of self-developed software of approximately RMB9,387,000 and customer relationship of RMB15,410,000. 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 owning 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 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 Xiangminiao in hotel industry and has a definite useful life and is amortised on straight-line basis over the estimated useful life of 10 years. The Company recognised deferred tax asset and deferred tax liability of RMB5,167,000 and RMB6,199,000, which has been partially offset on Xiangminiao entity level.

#### (b) Revenue and profit contribution

The acquired business contributed revenues of RMB2,432,000 and net loss of RMB1,679,000 to the Group for the period from May 31, 2021 to June 30, 2021.

If the acquisition had occurred on January 1, 2021, consolidated pro-forma revenue and loss for the six months ended June 30, 2021 would have been RMB1,396,915,000 and RMB589,389,000, 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 intangible assets had applied from January 1, 2021, together with the consequential tax effects.

### 37 SUBSEQUENT EVENT

On July 6, 2021, the Group proposed an offer for conversion of the outstanding 2020 Convertible bonds ("Proposed Conversion Offer"). Pursuant to the Proposed Conversion Offer, if the 2020 Convertible bonds holders submitted the conversion notices prior to July 6, 2021 or after July 6, 2021 but prior to July 9, 2021, the Group would grant a cash incentive of US\$54 ("Early Cash Incentive") and US\$40 ("Cash Incentive"), respectively for each US\$1,000 principle amount of 2020 Convertible bonds converted. The 2020 Convertible bonds holders who choose not to participate in the Proposed Conversion Offer will continue with all the original terms and conditions of the 2020 Convertible bonds. The Proposed Conversion Offer was closed on July 9, 2021.

On 14 July 2021, the Group completed the delivery of 136,006,063 conversion shares in respect of the 2020 Convertible bonds in an aggregate principal amount of US\$117,900,000 for which it received conversion notices, representing 78.6% of the aggregate principal amount of the 2020 Convertible bonds originally issued. On 16 July 2021, the Group completed the payment of the Early Cash Incentive and the Cash Incentive to the relevant 2020 Convertible bonds holders of US\$6,349,800 in total.

## DEFINITIONS

“Audit Committee”	the audit committee 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”	the Company and its subsidiaries (or the Company and any one or more of its subsidiaries, as the context may require)
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange on January 15, 2019
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers
“Placing Agents”	<ol style="list-style-type: none"><li>(1) Credit Suisse (Hong Kong) Limited, a company incorporated in Hong Kong and having its correspondence address at Level 88, International Commerce Center, 1 Austin Road West, Kowloon, Hong Kong</li><li>(2) Morgan Stanley &amp; Co. International plc, a company incorporated in the United Kingdom, whose registered address is at 25 Cabot Square, Canary Wharf, London E14 4QA, United Kingdom; and</li><li>(3) China International Capital Corporation Hong Kong Securities Limited, a company incorporated in Hong Kong, whose registered address is at 29th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong</li></ol>
“Placing Agreement”	the agreement entered into among the Company and the Placing Agents in relation to the Placing on May 24, 2021



## DEFINITIONS

“PRC” or “China”	the People’s Republic of China. For the purposes of this interim report only and except where the context requires otherwise, excludes Hong Kong, Macau and Taiwan
“Prospectus”	the prospectus of the Company dated December 31, 2018
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“Reporting Period”	the six months ended June 30, 2021
“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
“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 of the Stock Exchange (stock code: 700) and/or its subsidiaries

\* For identification purpose only

# WEIMOB INC. 微盟集團

