WEIMOB INC.
微盟集團*

(Incorporated in the Cayman Islands with limited liability)
（於開曼群島註冊成立之有限公司）

Stock Code 股份代號：2013

Annual Report 年度報告 2021

*For identification purpose only 僅供識別

Contents

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, HKFCG)*

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

AUDITOR

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

LEGAL ADVISOR

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

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

PRINCIPAL BANKERS

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Pilot Free Trade Zone Branch
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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
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Shanghai
PRC

AUTHORIZED REPRESENTATIVES

Mr. SUN Taoyong
Ms. NG Sau Mei

REGISTERED OFFICE

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

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STOCK CODE

2013

COMPANY'S WEBSITE

www.weimob.com

FINANCIAL SUMMARY AND OPERATIONAL HIGHLIGHTS

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE (LOSS)/INCOME

	Year ended December 31,				
	2021	2020	2019	2018	2017
			(RMB'000)		
Revenue	**2,685,686**	2,064,362*	1,436,787	865,031	534,011
Gross profit	**1,516,475**	1,098,167*	797,130	517,649	344,211
Operating (loss)/gain	**(761,061)**	103,289*	37,767	(41,892)	2,755
(Loss)/profit before income tax	**(844,330)**	(1,144,067)	328,406	(1,090,597)	2,833
(Loss)/profit for the year	**(853,243)**	(1,166,379)	311,308	(1,091,207)	2,637
Total comprehensive (loss)/income for the year	**(860,664)**	(1,166,379)	311,308	(1,094,690)	2,637
Adjusted EBITDA	**(320,277)**	299,157	167,808	72,609	23,187
Adjusted net (loss)/profit	**(566,031)**	107,504	77,340	50,838	11,165

Note: *Excluding SaaS sabotage event

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Year ended December 31,				
	2021	2020	2019	2018	2017
			(RMB'000)		
Assets					
Non-current assets	**2,918,998**	1,633,180	448,757	234,412	180,141
Current assets	**6,517,563**	4,221,034	2,855,158	846,335	286,607
Total assets	**9,436,561**	5,854,214	3,303,915	1,080,747	466,748
Equity					
Capital and reserves attributable to equity holders of the Company	**4,063,473**	1,048,017	1,990,103	(2,431,382)	(217,047)
Non-controlling interests	**150,345**	204,473	(295)	(1,154)	2,303
Total equity/(deficit)	**4,213,818**	1,252,490	1,989,808	(2,432,536)	(214,744)
Liabilities					
Non-current liabilities	**2,429,802**	2,231,699	140,285	2,899,976	145,107
Current liabilities	**2,792,941**	2,370,025	1,173,822	613,307	536,385
Total liabilities	**5,222,743**	4,601,724	1,314,107	3,513,283	681,492
Total equity and liabilities	**9,436,561**	5,854,214	3,303,915	1,080,747	466,748

CHAIRMAN'S STATEMENT

Dear Shareholders,

In 2021, there were challenges in the global economy and macro environment. Against this background, I would like to thank all shareholders for their firm support and trust, which powers us to operate through the cycle and create value. Through all-round and refined empowerment and improvement in various dimensions, we made good progress in products, technology, capital and business model, and achieved steady operation of overall businesses, thus realizing a healthy and rapid growth in our revenue.

During the period under review, we grasped the opportunity to be fully and deeply engaged in the private domain with a focus on Digital Commerce and Digital Media business. We also deepened the layout of TSO full-chain business by increasing investments in channels of WeCom and video account, which injects vitality into the business of the Company. We continuously promoted the strategy of "moving up-market (大客化)", "ecosystem build-up (生態化)" and "globalization (國際化)", which also had achieved excellent results. In terms of moving up-market, we cooperated with various well-known domestic enterprises, thereby having a leading advantage in the market share of the top 100 customers in fashion retail, commercial real estate, chain convenience store, catering and other industries, with our smart retail products becoming the first choice of retail group enterprises and a further increase in the percentage of revenue from large customers. In terms of ecosystem build-up, our Weimob Cloud PaaS Platform attracted new high-quality ecosystem partners by connecting developers with merchants and launched many applications, which helped partners to achieve multiple revenue growth. Meanwhile, "WOS", the new commercial operating system that we developed, has been officially launched in March 2022. "WOS" is a decentralized new business operating system positioned as a future-oriented product. "WOS" is a comprehensive upgrade of technical, product and ecological capabilities, aiming to provide a complete set of rapidly iterative infrastructure for future smart business, thereby in the context of the digital economy, it helps companies achieve sustainable growth through decentralized operations. Our globalization layout achieved initial success, ShopExpress, an independent station product launched in 2021, helped create a cross-border operation closed-loop based on the global demand of existing customers, reusable public-private domains business model and open ecosystem, thus forming a differentiated advantage of cross-border independent stations.

During the Reporting Period, there was a steady increase in the number of our paying merchants, and a rapid rise in the revenue for Subscription Solutions, Merchant Solutions of Digital Commerce and Digital Media as well as other businesses, driving a high-quality growth of the Company's performance. While consolidating industry-leading advantage in existing subscription solutions, we also launched new product solutions including Weimob WeCom Assistant, smart supermarket and smart fresh foods, so as to create a source of growth for the future results.

In May 2021, we raised a total of beyond US$600 million, including approximately HK$2,340 million from placing 156 million new shares and the remainder from issuing US$300 million zero coupon convertible bonds. With the help of the proceeds, we continue to increase investment in research and development. In addition to the Shanghai Baoshan headquarters, we have completed the construction of three research and development centers in Shanghai Caohejing, Wuxi and Hangzhou. The number of staff of our research and development centers has increased by more than 100% compared with that as of December 31, 2020. We also continuously made arrangements through strategic investment, mergers and acquisitions, etc. with a focus on vertical segments of Smart Retail and cross-border e-commerce in the SaaS industry chain, so as to consolidate our SaaS business footprint of Digital Commerce and create new room for growth. At present, the Company has abundant cash flow and a healthy financial structure.

On behalf of Weimob Inc., I would like to present to you the financial position and operating highlights of the Company for the year ended December 31, 2021, review the business development of the Company in 2021 and summarize its strategy and outlook for 2022.

CHAIRMAN'S STATEMENT

2021 RESULTS HIGHLIGHTS

New market opportunities arise from the sustained enhancement of the leading role of the digital economy in economic and social innovation, the accelerated digital transformation and the integration of digital technology into all the industries. In 2021, under the guidance of the strategy of "moving up-market (大客化)", "ecosystem build-up (生態化)" and "globalization (國際化)", we continuously invested in products and industries to enhance our efforts in the private domain, whilst providing customers with the Integrated Marketing and Sales Smart Growth Solution (the "**TSO**"). There was a continuous increase in the number of paying merchants and revenue of the Company.

In 2021, our total revenue reached RMB2,686 million, representing an increase of 36.4% compared with 1,969 million in 2020. Our gross profit increased by 51.3% from RMB1,002 million in 2020 to RMB1,517 million in 2021. Our adjusted net profit changed from a profit of RMB108 million in 2020 to a loss of RMB566 million in 2021, which was primarily due to our strategic increase in the R&D investment, our focus on construction of the new business operating system "WOS", and our establishment of an industry-leading advantage, and the losses came from the acquisitions in 2021 and previous years. As of December 31, 2021, our cash and cash equivalents reached RMB3,809 million, with abundant cash reserves and a healthy financial structure.

For the year ended December 31, 2021, our total revenue of Digital Commerce reached RMB1,967 million, representing a year-on-year increase of 70.9%, of which the revenue of Subscription Solutions reached RMB1,188 million, representing a year-on-year increase of 90.9%. The number of paying merchants increased by 5% to 102,813, with the ARPU increasing by 57.7% to RMB11,553. The revenue of Merchant Solutions reached to RMB779 million, representing a year-on-year increase of 47.5%, with a gross billing of RMB10.95 billion, representing a year-on-year increase of 12.1%. The number of paying merchants increased by 26.7% to 57,909, with the ARPU to RMB13,454. Our revenue from Digital Media was RMB719 million, of which we served 2,287 advertisers, with the average spend per advertiser reaching RMB363,346. Through Merchant Solutions included in Digital Commerce and Digital Media, we assisted a total of 60.2 thousand merchants in the placement of a gross billing of RMB11.78 billion, representing a year-on-year increase of 10.3%.

In 2021, we continued to promote the strategy of "moving up-market", "ecosystem build-up" and "globalization." In terms of moving up-market, we cooperated with various well-known domestic enterprises, thereby having a leading advantage in the market share of the top 100 customers in fashion retail, commercial real estate, chain convenience store, catering and other industries, with our smart retail products becoming the first choice of retail group enterprises and a further increase in the percentage of revenue from large customers. In terms of ecosystem build-up, our Weimob Cloud PaaS Platform attracted new high-quality ecosystem partners by connecting developers with merchants and launched many applications, which helped partners to achieve revenue growth. We have also seen initial progress in Globalization business. ShopExpress, a cross-border e-commerce full-chain digital solution launched by us in 2021, served a total of over 1,000 stores, and we cooperated with many partners in the cross-border e-commerce industry at home and abroad, including PayPal, Stripe, 4PX and Aftership.

In May 2021, we completed the placing of new shares and issuance of convertible bonds and raised an aggregate gross proceeds of approximately US$600 million intended to be used, for research and development, and mergers and acquisitions, so as to continuously expand our presence across the industry. Continuous research and development investment provided our customers with a secure, stable and reliable digital foundation. During the reporting period, the number of employees of our research and development center reached more than 2,300. We continuously upgraded the capability of smart retail solutions for connecting offline commerce and the full-chain marketing capability. We developed and launched two innovative industry solutions, namely smart supermarket and smart fresh products. In cross-border e-commerce, we developed and launched ShopExpress, an independent station product. In addition, WOS, the new commercial operating system developed by us, has been officially launched in March 2022. We deeply recognized the importance of personal privacy protection and actively helped our merchants to establish and improve the personal privacy information protection system, and obtained the ISO27701 privacy information management system certificate. In August 2021, we obtained the trusted cloud security certification of cloud security unit SaaS, and the trusted cloud certificate from the China Academy of Information and Communications Technology and the Open Source Cloud Alliance for Industry. We have obtained a series of domestic and foreign authoritative certificates, including the ISO9001 quality control system certificate, the ISO20000 information technology service management system certificate, the ISO27001 information security management system certificate, and cloud computing security assessment certificate. We met international leading standards in cloud computing security, IT technology, process management, etc.

In terms of upgrading the marketing operation system, we achieved good results in the TSO service and continuously improved efficiency. In 2021, by enabling the merchants' access to the whole traffic domain, and by assisting merchants in full-chain marketing and omni-channel operation, we had nearly 500 TSO merchants and over 50 brand merchants were involved. The GMV of TSO merchants exceeds RMB2 billion, and contributed approximately RMB50 million in Merchant Solutions revenue.

During the reporting period, we also continuously made arrangements in vertical segments with a focus on the SaaS industry chain, reached an agreement to acquire a 51.89% equity interest in Shanghai Xiangxinyun Network Technology Co., Ltd. (上海向心雲網絡科技有限公司) ("**Xiangxinyun**") in order to improve our ability to digitize smart retail shopping guide and consolidate our leading advantages in smart retail. In addition, the Weizhi Shuke Industrial Fund (微智數科產業基金), established by us in Beijing in February 2021, targeted the investment around cutting-edge areas including cloud computing, AI and big data. We have already invested in certain high-potential projects such as Shuyun, Haizhi (海致) and Meichuang (美創).

In 2021, we further improved our market acceptance, winning honors including "Golden Kylin – Best New Economy Listing (金麒麟•最佳新經濟上市公司)" by Sina Finance, the "Best Listed Company of the Year in the Greater China Region (年度大中華區最佳上市公司)" by Gelonghui (格隆匯), the "Best SaaS Company (最佳SaaS公司)" by Zhitongcaijing.com (智通財經), and the "Golden Wisdom Award – 2021 Outstanding Practice Award for Chinese Listed Companies in Digital Upgrade (金智獎•2021中國上市公司傑出數字化升級優秀實踐獎)" by JRJ.com. Each business segment of the Company also won various awards in the industry. For example, Weimob Smart Catering won the "Smart Catering Innovative Solution Award (智慧餐飲創新解決方案獎)" at the 10th China Catering Summit; Weimob Mengju (盟聚) won "Value Contribution Award (價值貢獻獎)", "Regional Development Award (區域開拓獎)", "Industry Breakthrough Award (行業突破獎)" and "Cooperation and Progress Award (合作共進獎)" of 2021 regional channel by Tencent Ads.

CHAIRMAN'S STATEMENT

We believe that digital technology and the private domain operation methodology play an active role in helping enterprises reduce their costs, increase their efficiency and optimize their business model, therefore more and more enterprises opt to manage their loyal users in the "private domain" for the long term operation. Weimob is engaged in deep cultivation of the SaaS market and continuously enhances its exposure in the private domain, and will embrace the upcoming golden period of development.

BUSINESS REVIEW

The continuous rise in the demand of enterprises for private domain operation has promoted the steady growth of our performance. The following is the key performance results of our main businesses and products in 2021.

Subscription Solutions

The commercial cloud segment of our Subscription Solutions mainly provides SaaS software for e-commerce retail, catering, local life and other industries, enabling merchants to carry out private traffic management. During the reporting period, the revenue from our Subscription Solutions was RMB1,188 million, representing a year-on-year increase of 90.9%, with the number of paying merchants by 5.0% to 102,813 and the ARPU rising by 57.7% to RMB11,553.

Wei Mall is an omni-channel Mini Program e-commerce solution for our e-commerce retail segment, aiming at helping merchants open online malls on WeChat, Douyin, Xiaohongshu and other platforms. In light of future interconnection of e-commerce ecosystems, we further improved the omni-channel deployment ability of merchants in 2021. We built up the connection channel between the merchant Mini Program on WeChat and the external traffic contact points, achieving the redirection from the Mini Program mall to video account live streaming, thus facilitating efficient conversion of traffic for merchants. According to the service providers rankings officially published by the video account team, we continuously ranked first in the weekly popularity of video account service providers. We support the connection of WeChat Mini Program with external short links, and the convenient redirection between short messages, E-mails or websites external to WeChat and Mini Program, so as to expand the marketing scenarios of merchant Mini Program; in addition, we have cooperated with Douyin stores (抖音小店), Kuaishou stores (快手小店), Xiaohongshu (小紅書) and other platforms. Our Wei Mall and Smart Retail Solutions were connected to traffic platforms, including WeChat, Douyin, Kuaishou, Alipay, Baidu, QQ, QQ Browser, video account, and Xiaohongshu, thus achieving unified management and all-round deployment for the private domain. Our Wei Mall and Smart Retail Solutions were connected to the Huiju (惠聚) platform of Tencent, providing access to the public domain traffic platform of WeChat, thus creating a new traffic conversion channel for brand merchants.

As of December 31, 2021, the number of our smart retail merchants reached 6,126, and the revenue from smart retail was RMB426 million, representing an increase of 193.6% from RMB145 million in 2020, and accounting for 36% of Subscription Solutions revenue. There were 1,003 brand merchants and the average contract value of brand merchants reached RMB234 thousand. Weimob Smart Retail is becoming the preferred service provider for retail group enterprises, such as Fosun Group, Lenovo Group, Erdos Group, JNBY Group, Mulsanne Group, Cabbeen Group, Mendale Group (夢潔集團) and Nippon Group. Through serving group enterprises and large retail enterprises, the market influence of our smart retail business was further enhanced. We served 44% of China's top 100 fashion retailers, 40% of China's top 100 commercial real estate enterprises and 35% of China's top 100 chain convenience store enterprises. In 2022, we will continue our exploration to create a full-chain digital business strength for retail enterprises through systems, technology, business and ecosystem, so as to achieve win-win cooperation.

The retail business is transforming from migration of business online to deepening online operation. In 2021, our Smart Retail Solutions continuously enabled the growth of the digital business of enterprises. Through business and product integration with Shanghai Heading Information Engineering Co., Ltd. ("**Heading**") previously acquired by us, we successfully expanded our business to cover retail businesses, including shopping malls, supermarkets and department stores, which significantly strengthened our competitive advantage of Smart Retail Solutions. Through the acquisition of Xiangxinyun, we could deepen our ability to digitize shopping guide, further consolidate our leading position in smart retail and could be recognized by the market. Through connection to the middle platform of BAISON, we improved the operation efficiency of merchants, online and offline omni-channel member management. In December 2021, we launched the "Weimob Super Shopping Guide Show", in which approximately 100 well-known retail brands actively participated. We hope that the launch of this event helps unlock the value of the shopping guide, which is a key connection point to connect merchants and users, and will promote the overall ecosystem development of smart retail.

Based on the sound product solutions and full-chain marketing services, we continuously expanded our cooperation with large retail enterprises to achieve cross-brand, cross-business and cross-department cooperation, which resulted in rapid growth in customer value, with a year-on-year increase of 87% in the number of paying customers of cloud stores of Smart Retail merchants, a year-on-year rise of 75% in revenue of cloud stores and a year-on-year growth of 50% in the number of shopping guides of cloud stores. During the reporting period, the size and number of the traditional retail enterprise customers served by us continued to grow. We further acquired new consumer brand merchants. The number of new merchants for the smart retail business increased significantly as compared with 2020. There was a continuous increase in the number of brand merchants including many well-known retail enterprises such as Hotwind, ELLASSAY, ERAL, JNBY, Columbia, BAIXIAOT, Maoren, ISDIN, Mengniu NIUBAY, Yurun (雨潤), Xuan Ma (軒媽), Nippon, Elivin, and NOURSE.

In November 2021, we cooperated with Heading in launching two major innovative industry solutions, namely smart supermarket and smart fresh foods, deeply integrating the advantages of Weimob Smart Retail in front-end marketing, chain management, member management, as well as Heading's digitalization capability in supply chains including logistics and warehousing, so as to create a full-chain integrated digital supermarket and fresh food solutions for the supermarket and fresh food industries. Currently, we're accelerating the market development for our smart supermarket and smart fresh solutions, which are expected to contribute to the revenue growth of our retail business segment.

In order to promote our international business layout, we launched ShopExpress, an independent cross-border station product in July 2021, so as to help Chinese brands develop their business overseas in the era of DTC through a full-chain, digital and outbound e-commerce solutions. Within five months after the launch, ShopExpress was continuously upgraded, with over 350 product functions iterated repeatedly, so as to adapt to third-party services including payment, logistics and ERP, and create an integrated ecosystem. As of 2021, ShopExpress served a total of more than 1,000 stores, and many brand customers in industries cooperated with ShopExpress in successfully developing their business overseas. Based on the global demand of our existing customers, we created a cross-border operation cycle, thus differentiating ourselves and forming a competitive advantage of cross-border independent stations. With the cross-border e-commerce SaaS opportunities from overseas business development of enterprises, ShopExpress will become an important engine for our future growth.

In 2021, in the smart catering segment, we established the technology and operation systems of "three-store integration, and full-domain operation." We made further progress in portfolio solutions, providing richer product portfolios, covering the front-end operation scenarios of catering. We served a series of benchmarking customers with software and service products. During the reporting period, among our catering customers, there was a continuous significant increase in the number of take-out merchants, merchants' members, and merchants in the malls. The overall revenue of our smart catering business also grew continuously. As of December 31, 2021, the number of our catering merchants reached 8,406. The revenue from smart catering was RMB53.616 million, representing an increase of 19.6% from RMB44.817 million in 2020, and accounting for 4.5% of revenue from Subscription Solutions. The average contract value of catering merchants was RMB17 thousand.

In 2021, in terms of moving up-market, our Smart Catering made further progress, serving well-known catering brands including Tang Palace, Din Tai Fung, Lishanghuang (粒上皇), Zuoting Youyuan (左庭右院), Bianyifang (便宜坊), Mr. Way (路先生), Yer-shari (耶里夏麗), Qinghuajiao Huajiaoyu (青花椒花椒魚), Xinfaxian (新發現) and Xuye (許爺). As of the end of 2021, we served 41% of China's top 100 catering enterprises; revenue from high-quality customers who purchased three or more products or services accounted for 51%.

In the Smart Hotel and Tourism segment, with the continuously optimized and upgraded Smart Hotel and Smart Tourism Solutions, we assisted merchants of the Hotel and Tourism Industry to improve their multi-scenario efficient operation capabilities, so as to promote revenue growth in 2021. In 2021, we further cooperated in coordination with Guangzhou Xiangminiao Network Technology Co., Ltd. (the "**Xiangminiao Technology**") and energized digital marketing of the Hotel and Tourism Industry and arrangement of private domain traffic ecosystem to realize the efficient conversion of traffic and the sustainable growth of hotel private traffic through the TSO service. As of December 31, 2021, there were more than 600 high-end hotels involved in South China, East China, Southwest China and other regions so far. In 2021, Xiangminiao Technology assisted cooperative merchants to grow against the trend under the impact of the pandemic. The annual GMV of nearly 100 mature hotels in Hainan Province and other regions exceeded RMB13 million. Under the Digital Solution of Xiangminiao Technology, the transaction volume of partner hotels in the WeChat channel accounted for 20% of the total transaction volume of hotels, and that of some hotels reached 35%. Xiangminiao Technology has enabled data connection between We Mall and Xiaohongshu channels based on WeChat private domain direct sales. Also, system connection with Douyin, Kuaishou and other platforms is accelerating, which means we will continuously manage and build the direct connection drainage and efficient conversion from the public domain to the private domain in diversified channels.

In the marketing cloud segment, WeCom and video account, as popular channels in 2021, put us in a leading position in the industry. Based on WeCom, we developed "Weimob WeCom Assistant (微盟企微助手)", a private domain management solution, so as to provide access to WeChat customer service functions, which allows merchants to upgrade their original customer service to "WeChat customer service (微信客服)" of WeCom in the Mini Program mall, thus providing more powerful and dedicated customer service for customers. The two-way connection with video accounts helped further connect video marketing contents and WeCom traffic hub, supporting merchants in improving the efficiency in the process from obtaining to management of private traffic. The capabilities of Weimob WeCom Assistant have been improved and matured. All of our products, including Wei Mall, Smart Retail, Smart Catering, Smart Marketing, and Xiaoke (銷氪), have been connected to Weimob WeCom Assistant, reaching tens of millions of end consumers, which put us in a leading position in the industry.

In order to further support the upgrade of private domain operation of brands, we reached strategic cooperation with Tencent Security in establishing a "private domain security laboratory", and launched a "Yingxiaobao (營銷保)" to help merchants successfully achieve private domain security protection with security as the core, prevent damage from underground industries in the Internet environment, and help brands improve the security of private domain management.

In the sales cloud segment, "Xiaoke", a sales cloud product incubated by us, is positioned as a leading smart CRM product. In 2021, the Xiaoke product was upgraded over 80 times and over 700 new product functions were added to this new product. The function of Xiaoke was further upgraded and well recognized by the market, through the launch of B2C industry solutions, focused development of WeCom private domain capacity, enriching the functionalities of the full chain of L2C, and the provision of access to underlying data interfaces. We will continuously strengthen our technical, product and service capabilities, and facilitate enterprises with new growth drivers by digital and intelligent technology.

Merchant Solutions

Our Merchant Solutions offer service solutions integrating traffic, tool and operation, and provide merchants with a one-stop closed-loop of operation covering user identification, demand matching, creativity and photography, targeted advertisement placement, data analysis and post-SaaS link conversion. The integrated marketing service capability has been continuously upgraded.

In 2021, the targeted marketing business of our Merchant Solutions continued to grow rapidly. As of December 31, 2021, we provided services to 57,909 paying merchants, with average spend per advertiser of RMB189,051. In 2021, the gross billing from targeted marketing was RMB10.95 billion, representing an increase of 12.1% compared with 2020. And the revenue from Merchant Solutions was RMB0.78 billion, representing a year-on-year increase of 47.5%.

Meanwhile, we made a huge breakthrough in promoting the TSO (SaaS + Traffic + Operation)" ecosystem, achieving collaborative upgrade of marketing of brand merchants in public and private domains. The TSO strategy has covered finance, online service, education, direct sales e-commerce, local lifestyle, wedding photography, food and beverage, cosmetics and clothing, and other industries. Through the TSO strategy, we provide marketing strategies for digitization scenarios in different chains, and achieve growth in the private domain. Shanghai TEAM PRO Technology Co., Ltd. (上海緹盟普絡科技有限公司) ("**TEAM PRO**"), established by us in April 2021, aims to integrate targeted marketing and digital operation capabilities through the Weimob SaaS system, and expand services of ecosystem management via various channels including Douyin and Xiaohongshu, so as to help enterprises achieve coordinated growth of brands and transactions, and further deepen the arrangements for full-chain marketing services. TEAM PRO has applied full-chain marketing strategies to brands including Tsingtao Brewery and ETAT PUR, supporting the brands in increasing their reputation and sales volumes.

In terms of short videos creativity and filming, our short videos center has a deep understanding in demands of brands and product characteristics on the basis of focusing on the research and customized filming of news feed short videos, and provides major brands with all-round effective solutions covering professional content programs, advertising creativity, high-quality video filming and post-filming packaging and production. In 2021, we accelerated our penetration in live streaming business, and provided brands with one-stop effective marketing solutions, covering traffic placement, videos creativity and filming, SaaS system conversion, and the closed-loop operation, and achieved excellent conversion effect through the creative production of contents and traffic attraction. At present, the total number of short videos from the Weimob short videos center exceeds 120,000, with an average monthly output of over 10,000.

In terms of data-driven efficiency growth, we cooperated with Tencent Ads in launching the Tengmeng Mofang (騰盟魔方) data product, to give full play to the role of big data in targeted traffic driving, and further improve the placement efficiency and effect of customers. "Tengmeng Mofang" has served over 40 brands, covering food, clothing, beauty and other industries.

Digital Media

In terms of digital media, we provide merchants with advertising services with commitment. At present, our traffic channels cover WeChat Moments, WeChat official account, QQ and Qzone, Tencent News, Tencent Video, TouTiao.com (今日頭條) and other various media resources. Based on the overall strategy of the group, the Digital Media business is no longer the company's strategic focus. In 2021, our revenue from digital media solutions was RMB719 million, representing a decrease of 12.1% compared with 2020, and the gross billing was RMB831 million. We served a total of 2,287 advertisers, with the average spend per advertiser reaching RMB363,346.

Weimob Cloud Platform

Our Weimob Cloud PaaS platform currently has five sub-ecosystems, namely content, traffic, service, application and overseas ecosystems. In 2021, Weimob Cloud Platform had more than 50 new high-quality ecosystem partners and launched more than 400 cloud market applications, helping partners achieve exponential revenue growth.

We basically completed the research and development of "WOS", the new commercial operating system, in 2021 and officially launched the public test in March 2022, which marked strategic transformation from a SaaS tool manufacturer to a platform-based and ecosystem enterprise. "WOS", the new commercial operating system builds business service capabilities in the following three aspects: first, a SaaS application integration platform with good business experience, which can provide merchants with full-chain, full-scenario, integrated SaaS products and innovative applications; second, to build an ecosystem to nurture business innovation. We will work with our partners to serve merchants and meet their standardized and personalized needs; third, to provide a highly efficient research and development platform for merchants ISV ourselves and to build and use together. We hope to build a decentralized business infrastructure for enterprises through "WOS", the new commercial operating system, so as to break the bottleneck that multiple-systems cannot be integrated for enterprises and brands, build the Smart Business foundation and drive the accumulation and unleash the value of digital assets. At the same time, we will gather thousands of ecosystem partners to promote the ecosystem development and industrial upgrading of the Business Service Industry in China. In 2022, we will continuously improve the product strength of WOS, and enable ecosystem partners to better serve customers through Weimob Cloud. We will promote the product and business by technology, so as to achieve faster product development, and provide better product experience and services, and more ecosystem applications and services, which will encourage customers to purchase more products and pay for renewal, thus increasing ecosystem revenue.

BUSINESS OUTLOOK

In 2022, we will focus on seven major directions:

1. **Focusing on moving up-market, and maintaining the leading position.** We will continuously strengthen our strategic investment in moving up-market, and further increase the proportion of revenue from moving up-market. We will focus on deep engagement in six major industries, namely clothing, home furnishing, beauty and personal care, digital, building materials and FMCG, and make efforts in the two innovative industries, namely department stores and supermarkets. We will achieve cross-domain operation by interconnecting between business, private and public domains.

2. **Openness for win-win outcome and creation of ecosystem barriers.** We will further cultivate the ecosystem value. By continuously enriching the verticals in the ecosystem, we help merchants achieve better management. Meanwhile, we will work with ecosystem partners in the industry to jointly create deeper industry solutions and achieve deep penetration in vertical industries. We will unblock online and offline sales channels in the ecosystem, and further deepen the capabilities of PaaS platforms to achieve the two-way guarantee in respect of customer value and ecosystem partners.

3. **Full-chain Operation of TSO to enable the smart growth of customers.** We will support the smart growth of customers through private domain talent training plans, process standardization and large-scale replication, Kylin (麒麟) system for operational efficiency improvement, deepening of industry practice, creation of full-domain growth model and expansion of the scope of the private domain, etc.

4. **Greater efforts in the private domain to consolidate the leading position in the industry.** We will help merchants complete customer communication and reach, customer assets and customer management, and customer recognition and insight goals through three channels in the private domain, namely "WeCom Assistant, OneCRM and CDP+MA", so as to provide comprehensive and integrated private domain product solutions for merchants.

5. **Multi-cloud layout to drive new growth.** In 2022, we will continue to expand our business footprint, deepen our business arrangements for business cloud, marketing cloud and sales cloud, and enable enterprises to achieve new growth through our products and technologies.

6. **7+X to create a new growth engine.** We will focus on creating the "7+X" growth engine. Based on seven core products, namely, transaction, CRM, WeCom, CDP, traffic, shopping guide and statistics, we will outsource X to third parties, and build an ecosystem through the Weimob Cloud market. We will provide more solution portfolios for cross-selling, so as to meet the needs of merchants to the maximum extent.

7. **Cross-border business development, and layout for global markets.** We will continue to implement the globalization strategy through one-stop cross-border solutions, access to traffic from overseas platforms, construction of a cross-border e-commerce ecosystem, and greater efforts in the arrangement for the global service network.

Time and tide wait for no man. We will never stop in our endeavour to continue improving ourselves through making unremitting efforts. We firmly believe that SaaS in China is still in the infancy and growth stages, and has a bright prospect despite difficulties on the way. The COVID-19 pandemic has accelerated the digitalization process of Chinese enterprises. Under this background, Weimob Inc. has made sufficient product reserve, technology reserve, talent pools and capital reserves, which lays a solid foundation for the development in the next five years. In 2022, we will continue to forge ahead, live up to our original aspiration and mission, support the smart growth of customers and create greater value for shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

	Year ended December 31,	
	2021	2020
	(RMB'000)	
Revenue	**2,685,686**	1,968,814
Cost of sales	**(1,169,211)**	(966,195)
Gross profit	**1,516,475**	1,002,619
Selling and distribution expenses	**(1,714,774)**	(919,372)
General and administrative expenses	**(811,446)**	(260,723)
Net impairment losses on financial assets	**(83,116)**	(8,597)
Other income	**131,053**	118,200
Other gains, net	**200,747**	76,870
Operating (loss)/gain	**(761,061)**	8,997
Finance costs	**(91,133)**	(55,722)
Finance income	**15,563**	12,376
Share of net profit/(loss) of associates accounted for using the equity method	**6,991**	(23,408)
Change in fair value of convertible bonds	**(14,690)**	(1,086,310)
Loss before income tax	**(844,330)**	(1,144,067)
Income tax expenses	**(8,913)**	(22,312)
Loss and total comprehensive loss	**(853,243)**	(1,166,379)
Loss and total comprehensive loss attributable to:		
– Equity holders of the Company	**(783,023)**	(1,156,622)
– Non-controlling interests	**(70,220)**	(9,757)

Key Operating Data

The following table sets forth our key operating data for the years ended/as of December 31, 2021 and 2020.

	Year ended/as of December 31,	
	2021	2020
Digital Commerce		
Subscription Solutions		
Addition in number of paying merchants	**27,690**	37,506
Number of paying merchants	**102,813**	98,002
Attrition rate[(1)]	**23.3%**	26.1%
Revenue[(2)] (RMB in millions)	**1,187.8**	717.9
ARPU[(3)] (RMB)	**11,553**	7,326
Merchant Solutions		
Number of paying merchants	**57,909**	45,698
Revenue (RMB in millions)	**779.1**	528.3
ARPU (RMB)	**13,454**	11,560
Gross billing (RMB in millions)	**10,947.8**	9,764.3
Digital Media		
Number of advertisers	**2,287**	2,504
Gross billing (RMB in millions)	**831.0**	915.5
Average spend per advertiser (RMB)	**363,346**	365,612
Revenue (RMB in millions)	**718.8**	818.2
ARPU (RMB)	**314,288**	326,741

Notes:

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

(2) Refers to revenue for Subscription Solutions under non-HKFRS measures.

(3) Refers to the revenue of Subscription Solutions for the year divided by the number of paying merchants as of the end of such year.

Key Financial Ratios

	Year ended December 31,	
	2021	2020
	%	%
Total revenue growth	**36.4**	37.0
– Digital Commerce	**70.9**	33.0
– Digital Media	**(12.1)**	43.2
Gross margin(1)	**56.5**	50.9
– Digital Commerce	**76.3**	83.9
– Digital Media	**2.1**	4.5
Adjusted EBITDA margin(2)	**(11.9)**	14.5
Net margin(3) attributable to equity holders of the Company	**(29.2)**	(58.7)
Adjusted net margin(4) attributable to equity holders of the Company	**(19.5)**	4.7

Notes:

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

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

(3) Equals net margin attributable to equity holders of the Company divided by revenue for the year and multiplied by 100%.

(4) Equals adjusted net profit/(loss) attributable to equity holders of the Company divided by revenue and multiplied by 100%. For the reconciliation from net profit/(loss) to adjusted net profit/(loss), see " —*Non-HKFRS Measures: Adjusted EBITDA and Adjusted Net Profit/(Loss)*" below.

Revenue

Our total revenue increased by 36.4% from approximately RMB1,968.8 million in 2020 to approximately RMB2,685.7 million in 2021, primarily due to the increase in our revenue generated from our Digital Commerce. The following table sets forth a breakdown of our revenue by business segment for the years indicated.

	Year ended December 31,				
	2021		2020		
	(RMB in millions, except percentages)				
Revenue	**Revenue per financial statement**	**%**	Revenue per financial statement	Revenue excluding SaaS Sabotage event	%
– Subscription Solutions	**1,187.8**	**44.2**	622.4	717.9	34.8
– Merchant Solutions	**779.1**	**29.0**	528.3	528.3	25.6
Digital Commerce	**1,966.9**	**73.2**	1,150.7	1,246.2	60.4
Digital Media	**718.8**	**26.8**	818.2	818.2	39.6
Total	**2,685.7**	**100**	1,968.8	2,064.4	100

Digital Commerce – Subscription Solutions

Subscription Solutions mainly comprise our commerce and marketing SaaS products and ERP solutions including WeiMall (微商城), Smart Retail (智慧零售), Smart Catering (智慧餐飲), Smart Hotel (智慧酒店), Heading ERP (海鼎ERP) and others. Based on our WOS and PaaS, we also provide key accounts customization services, and offer applications developed by third-party vendors on the WOS.

Revenue from Subscription Solutions increased by 90.9% from approximately RMB622.4 million in 2020 to approximately RMB1,187.8 million in 2021. Under the strategy of moving up-market, the customer scale and quality of our Subscription Solutions have steadily improved. Although the number of paying merchants increased by approximately 5% from 98,002 in 2020 to 102,813 in 2021, the ARPU increased by approximately 57.7% from approximately RMB7,326 in 2020 to RMB11,553 in 2021. Revenue from Subscription Solutions in 2020 has been influenced by the impact from SaaS sabotage event. Excluding the impact from SaaS sabotage event in 2020, our revenue from Subscription Solutions increased by 65.5%.

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

Digital Commerce – Merchant Solutions

Merchant Solutions	Year ended December 31, 2021	2020	Year-on-year change
	(RMB in millions, except percentages)		
Gross billing	**10,947.8**	9,764.3	12.1%
Revenue	**779.1**	528.3	47.5%

Merchant Solutions mainly comprise value-added services offered to merchants as part of the integral solutions to meet merchants' online Digital Commerce and marketing needs, including targeted marketing services that enable merchants to acquire online customer traffic in various top online advertising platforms, and our TSO service, which organically combines Weimob core competencies in traffic, SaaS, and operational excellence and support our clients in optimizing business operation in the private domain.

Gross billing from our Merchant Solutions increased from approximately RMB9,764.3 million in 2020 to approximately RMB10,947.8 million in 2021, primarily due to the increase in the number of paying merchants from 45,698 in 2020 to 57,909 in 2021, while we had a decrease in average spend per paying merchant from RMB213,672 in 2020 to RMB189,051 in 2021.

Revenue from Merchant Solutions represents net rebate earned from advertising platforms by providing services to enable merchants to acquire online customer traffic, commissions from TSO service and commissions from targeted marketing operation service. It increased by 47.5% from approximately RMB528.3 million in 2020 to approximately RMB779.1 million in 2021, as a result of the growth in gross billing and the increase in monetization of targeted marketing service charges and commissions from TSO service.

Digital Media

Digital Media	Year ended December 31, 2021	2020	Year-on-year change
	(RMB in millions, except percentages)		
Gross billing	**831.0**	915.5	(9.2%)
Revenue	**718.8**	818.2	(12.1%)

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

Gross billing from our Digital Media decreased from approximately RMB915.5 million in 2020 to approximately RMB831.0 million in 2021, primarily due to the decrease in the number of advertisers from 2,504 in 2020 to 2,287 in 2021, and a decrease in average spend per advertiser from RMB365,612 in 2020 to RMB363,346 in 2021.

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 12.1% from approximately RMB818.2 million in 2020 to approximately RMB718.8 million in 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 years indicated.

	Year ended December 31,			
	2021		2020	
	(RMB in millions, except percentages)			
Cost of sales				
Advertising traffic cost for Digital Media	**734.3**	**62.8%**	750.5	77.7%
Staff costs	**131.5**	**11.3%**	38.5	4.0%
Broadband and hardware costs	**58.9**	**5.0%**	50.5	5.2%
Contract operation services costs	**131.2**	**11.2%**	36.4	3.8%
Amortization of intangible assets	**100.8**	**8.6%**	83.4	8.6%
Taxes and surcharges	**11.1**	**1.0%**	6.0	0.6%
Depreciation	**1.4**	**0.1%**	0.9	0.1%
Total	**1,169.2**	**100%**	966.2	100.0%

Our cost of sales increased by 21.0% from approximately RMB966.2 million in 2020 to approximately RMB1,169.2 million in 2021, primarily because (i) our staff costs increased from approximately RMB38.5 million in 2020 to approximately RMB131.5 million in 2021, as a result of combination of Heading, (ii) our amortization of intangible assets increased from approximately RMB83.4 million in 2020 to approximately RMB100.8 million in 2021, as we increased R&D investment since 2019 and (iii) our contract operation services costs increased from approximately RMB36.4 million in 2020 to approximately RMB131.2 million in 2021, in line with the increase of the revenue of our targeted marketing operation service as well as TSO operation service for the Merchant Solutions.

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

	Year ended December 31,			
	2021		2020	
	(RMB in millions, except percentages)			
Cost of sales				
– Subscription Solutions	**338.9**	**29.0%**	183.1	18.9%
– Merchant Solutions	**126.5**	**10.8%**	1.6	0.2%
Digital Commerce	**465.4**	**39.8%**	184.7	19.1%
Digital Media	**703.8**	**60.2%**	781.5	80.9%
Total	**1,169.2**	**100%**	966.2	100%

Digital Commerce – Subscription Solutions

Cost of sales of our Subscription Solutions increased by 85.1% from approximately RMB183.1 million in 2020 to approximately RMB338.9 million in 2021, primarily due to (i) an increase of approximately RMB26.6 million in operation services costs; (ii) an increase of approximately RMB99.0 million in our staff cost, both related to business combination of Heading; (iii) an increase of approximately RMB19.2 million in our amortization of intangible assets pertaining to our self-developed software for SaaS products, as we increased R&D investment since 2019.

Digital Commerce – Merchant Solutions

The cost of sales of our Merchant Solution increased by approximately RMB124.9 million from approximately RMB1.6 million in 2020 to approximately RMB126.5 million in 2021, primarily due to the increase of approximately RMB33.5 million in advertising traffic costs, and an increase of approximately RMB81.2 million in services costs related to target marketing operation service and TSO service.

Digital Media

The cost of sales of our Digital Media which mainly represents cost of traffic purchased decreased by 9.9% from approximately RMB781.5 million in 2020 to approximately RMB703.8 million in 2021 which was in line with the decline in the revenue from Digital Media.

Gross Profit and Gross Margin

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

	Year ended December 31,						
	2021			2020			
	Gross profit	**%**	**Gross margin**	Gross profit per financial statements	Profit excluding SaaS sabotage event	%	Margin excluding SaaS sabotage event
	(RMB in millions, except percentages)						
– Subscription solutions	**848.9**	**56.0**	**71.5%**	439.2	534.8	48.7	74.5%
– Merchant Solutions	**652.6**	**43.0**	**83.8%**	526.7	526.7	48.0	99.7%
Digital Commerce	**1,501.5**	**99.0**	**76.3%**	965.9	1,061.5	96.7	85.2%
Digital Media	**15.0**	**1.0**	**2.1%**	36.7	36.7	3.3	4.5%
Total	**1,516.5**	**100.0**	**56.5%**	1,002.6	1,098.2	100.0	53.2%

Our overall gross profit increased by 51.3% from approximately RMB1,002.6 million in 2020 to approximately RMB1,516.5 million in 2021. Excluding the impact from SaaS sabotage event in 2020, our overall gross profit increased by 38.1% from approximately RMB1,098.2 million in 2020 to approximately RMB1,516.5 million in 2021.

The gross margin of our Subscription Solutions increased from 70.6% in 2020 to 71.5% in 2021. Excluding the impact from the SaaS sabotage event in 2020, the gross margin of Subscription Solutions decreased from 74.5% in 2020 to 71.5% in 2021, primary due to the comparatively low gross margin of Heading.

The gross margin of our Merchant Solutions decreased from 99.7% in 2020 to 83.8% in 2021 primarily due to the changes in revenue mix as, in addition to the relatively high gross margin from targeted marketing net rebate revenue, the gross margin of targeted marketing operation service and TSO service are relatively low.

The gross margin of our Digital Media decreased from 4.5% in 2020 to 2.1% in 2021 primarily due to increased traffic cost.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 86.5% from approximately RMB919.4 million in 2020 to approximately RMB1,714.8 million in 2021, primarily due to the following items: (i) increase in staff costs of approximately RMB26.7 million as a result of the acquisition of Heading, (ii) increase in staff costs for our sales and marketing personnel by approximately RMB460.1 million, which consists of approximately RMB198.7 million from the annualization effect of our increased sales and marketing staff in the second half of 2020, and approximately RMB113.6 million from additional operating staff who are responsible for better supporting medium to large merchants in their private traffic operation, and supporting merchants in connecting and tapping in traffic from various ecosystems; (iii) increase in marketing and promotion expenses by approximately RMB223.4 million, mainly driven by 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 (iv) increase in contract acquisition costs by approximately RMB23.5 million, which was in line with our business expansion.

General and Administrative Expenses

Our general and administrative expenses increased by 211.2% from approximately RMB260.7 million in 2020 to approximately RMB811.4 million in 2021, primarily due to (i) the increase in staff cost by approximately RMB383.3 million in 2021 as a result of substantial investments in research and development since 2020, (ii) the increase in rental and property service expenses by approximately RMB28.2 million, and (iii) the increase in depreciation and amortization by approximately RMB56.0 million, both in line with the increase in staff cost.

Research and Development Expenditure

	Year ended December 31,	
	2021	2020
	(RMB in millions, except percentages)	
Research and development expenditure		
Research and development expenditure capitalized in development cost & intangible assets	**330.4**	161.3
Research and development expenditure in general & administrative expenses	**444.6**	89.7
Total research and development expenditure	**775.0**	251.0

Research and development expenditure increased by 208.8% from approximately RMB251.0 million in 2020 to approximately RMB775.0 million in 2021, due to (i) the increase of approximately RMB135.8 million mainly from new R&D staff brought in after the acquisition of Heading, (ii) the increase of approximately RMB110.7 million due to annualization effect of our increased R&D staff in the second half of 2020, and (iii) the increase of approximately RMB277.5 million as a result of the increase in number of R&D staff in 2021. The increase in R&D headcount in 2021 was mainly for the following purposes: ① to develop and enhance the industry vertical solutions to better serve medium to large merchants and meet their demands for sophisticated and enriched functionalities; ② to build up and upgrade "WOS", our PaaS Solution for the purpose of building up our ecosystem; and ③ to develop product and solutions for outbound export merchants.

Net Impairment Losses on Financial Assets

We had net impairment losses on financial assets of approximately RMB83.1 million in 2021, primarily as a result of the general and specific 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 from approximately RMB118.2 million in 2020 to approximately RMB131.1 million in 2021, primarily due to an increase of approximately RMB7.1 million in government grants provided to us in the form of tax refunds and an increase of approximately RMB6.6 million in input VAT super deduction.

Other Gains, net

Our other net gains increased from approximately RMB76.9 million in 2020 to approximately RMB200.7 million in 2021, mainly due to an increase of approximately RMB86.5 million in fair value change of our investments and favourable foreign exchange variance of approximately RMB35.9 million.

Operating (Loss)/Profit

As a result of the foregoing, we had an operating loss of approximately RMB761.1 million in 2021 while we had an operating profit of approximately RMB9.0 million in 2020.

Finance Costs

Our finance costs increased significantly from approximately RMB55.7 million in 2020 to approximately RMB91.1 million in 2021, primarily due to (i) an increase of approximately RMB9.1 million in our interest expenses from our bank borrowings due to our increased bank borrowings for business expansion and (ii) the amortization of interest expenses on convertible bonds under effective interest method of approximately RMB51.9 million netting off the convertible bonds issuance cost of approximately RMB23.7 million in 2020.

Finance Income

Our finance income increased from approximately RMB12.4 million in 2020 to approximately RMB15.6 million in 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 Profit of Associates Accounted for Using the Equity Method

We recorded share of net profit of associates accounted for using the equity method of approximately RMB7.0 million in 2021, which mainly represented our share of profit from an equity investment fund named Nanjing Chuangyi Fund.

Change in Fair Value of Convertible Bonds

We recorded a loss of approximately RMB14.7 million in change in fair value of convertible bonds due to the appreciation in fair value of approximately RMB26.5 million netting off the loss of conversion offering for convertible bonds approximately RMB41.2 million.

Income Tax Expense

We recorded income tax expense of approximately RMB22.3 million in 2020 and approximately RMB8.9 million in 2021, primarily due to the increased fair value gain of financial assets at fair value through profit or loss, resulting in the increase in deferred income tax expense netting off the increase in the recognization of deferred income tax assets resulting from the increased impairment losses on financial assets and increased tax losses in our subsidiaries in PRC.

Loss for the Year

As a result of the foregoing, we recorded a loss of approximately RMB853.2 million in 2021 while we recorded a loss of approximately RMB1,166.4 million in 2020.

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

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

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

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

	For the year ended December 31, 2021 (unaudited)						
		Adjustments					
	As reported	Share-based compensation	Financing, listing and other one-off expenses[1]	Change in fair value of convertible bonds	Amortisation of intangible assets[2]	Tax effects	Non-GAAP
	(RMB in millions, unless specified)						
Gross profit	1,516.5				15.2		1,531.7
Gross Margin	56.5%						56.5%
Subscription Solutions	71.5%						71.5%
Merchant Solutions	83.8%						83.8%
Digital Commerce	76.3%						76.3%
Digital Media	2.1%						2.1%
Operating Profit/(Loss)	(761.1)	174.0	0.0		37.8		(549.3)
Operating Margin	(28.3%)						(20.5%)
EBITDA	(494.2)	174.0					(320.3)
EBITDA Margin	(18.4%)						(11.9%)
Net loss	(853.2)	174.0	51.9	14.7	37.8	8.9	(566.0)
Net Margin	(31.8%)						(21.1%)
Net loss attributable to equity holders of the Company	(783.0)	174.0	51.9	14.7	21.5	(3.3)	(524.3)
Net margin attributable to equity holders of the Company	(29.2%)						(19.5%)

MANAGEMENT DISCUSSION AND ANALYSIS

	For the year ended December 31, 2020 (unaudited)						
			Adjustments				
	As reported	Share-based compensation	Financing, listing and other one-off expenses[1]	Compensation due to SaaS sabotage events	Change in fair value of convertible bonds	Tax effects	Non-GAAP
	(RMB in millions, unless specified)						
Gross profit	1,002.6			95.5			1,098.2
Gross Margin	50.9%						53.2%
Subscription Solutions	70.6%						74.5%
Merchant Solutions	99.7%						99.7%
Digital Commerce	83.9%						85.2%
Digital Media	4.5%						4.5%
Operating Profit	9.0	45.6	25.3	94.3			174.3
Operating Margin	0.5%						8.4%
EBITDA	133.9	45.6	25.3	94.3			299.2
EBITDA Margin	6.8%						14.5%
Net profit/(loss)	(1,166.4)	45.6	25.3	94.3	1,086.3	22.3	107.5
Net Margin	(59.2%)						5.2%
Net loss attributable to equity holders of the Company	(1,156.6)	45.6	25.3	95.5	1,086.3	(2.7)	93.5
Net margin attributable to equity holders of the Company	(58.7%)						4.7%

Notes:

(1) Refers to one-off expenses related to issuance of convertible bonds in 2020 and 2021

(2) Refers to amortisation resulting from acquisition. This includes amortisation of intangible assets from cost of sales of RMB15.2 million and from selling and distribution expenses of RMB22.6 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 December 31, 2021, we had cash and cash equivalents of approximately RMB3,809.1 million.

The following table sets forth our gearing ratios as of December 31, 2021 and December 31, 2020, respectively.

	As of December 31, 2021	2020
	RMB'000	
Net debt/(cash)	**(694,536)**	737,345
Total equity	**4,213,818**	1,252,490
Total capital	**3,519,282**	1,989,835
Net debt to equity ratio	**N/A**	37%

As of December 31, 2021, we had bank loan of approximately RMB745 million. The table below sets forth our mainly short-term bank loans:

Bank	**Loan Balance** *RMB*	**Loan Period**	**Interest Rate** ***(per annum unless otherwise stated)***
Short-term bank loans			
Bank of Shanghai (Puxi Branch)	50,000,000.00	1 year	4.50%
	50,000,000.00	1 year	4.50%
	50,000,000.00	1 year	4.50%
	50,000,000.00	1 year	4.50%
China CITIC Bank (Waitan Branch)	50,000,000.00	1 year	4.35%
	100,000,000.00	1 year	4.35%
Shanghai Rural Commercial Bank (Songnan Branch)	100,000,000.00	1 year	4.58%
SPD Silican Valley Bank	80,000,000.00	half a year	4.40%
	33,000,000.00	half a year	4.40%
	32,000,000.00	half a year	4.40%
Bank of Communication (Shanghai Baoshan Branch)	50,000,000.00	half a year	3.85%
	50,000,000.00	half a year	3.85%
Letter of Credit			
Bank of Ningbo (Shanghai Jinqiao Branch)	50,000,000.00	1 year	3.45%

Capital Expenditures

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

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

	As of December 31,	
	2021	2020
	(RMB in millions)	
Fixed assets	**47.7**	15.0
Intangible assets	**331.7**	161.5
Total	**379.4**	176.5

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

Apart from those disclosed in the Business Review and note 26(ii)(c) to the consolidated financial statements of the Report, there were no significant investments held, nor were there material acquisitions or disposals of subsidiaries, associates or joint ventures by the Group during the year ended December 31, 2021. There were no material investments or additions of capital assets authorised by the Board as at the date of the Report.

Pledge of Assets

As of December 31, 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 2021, we did not adopt any long-term contracts, currency borrowings or other means to hedge our foreign currency exposure.

Contingent Liabilities

As of December 31, 2021, we did not have any material contingent liabilities.

Employees

As of December 31, 2021, we had 8,562 full-time employees, the majority of whom are based in Shanghai, China.

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

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

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

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

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. SUN Taoyong (孫濤勇), aged 34, is the Founder of our Group. Mr. Sun currently serves as the Chairman of the Board, executive Director and the Chief Executive Officer of our Company. Mr. Sun also serves as an executive director and the chief executive officer of Weimob Development and holds various directorships in our subsidiaries. Mr. Sun is responsible for formulation of business plans, strategies and other major decisions of our Group, as well as overall management of our Group. In recognition of his innovation, entrepreneurship and contributions, Mr. Sun has received numerous awards and recognitions, including "Top 10 Young IT Pioneers in Shanghai" (上海IT青年新銳獎) by Shanghai Informatization Youth Talent Association in 2015, "100 Most Innovative Individual in PRC Business of 2015" (2015中國商業最具創意人物100) by Fast Company Magazine in 2016, "China E-Commerce Innovation Best Person of the Year – Service Vendor" (年度電商創新服務商人物) by International E-Commerce Innovation Association (IECIA) in 2016, "Person of the Year in Anhui Province" (安徽年度新聞人物) by Anhui TV Station in 2016, "2016 Entrepreneurs Under 30" (2016年30歲以下創業新貴) by CYZone (創業邦) in 2016, and "Forbes 30 Under 30 Asia List" by Forbes in 2017 (福布斯亞洲30歲以下傑出人物榜), and was selected to the "2018 Shanghai Leading Talents Training Program" (2018上海領軍人才培養計劃). Mr. Sun was also the national champion of the first season of "I am the Founder" (我是創始人), a competitive reality TV show for technology entrepreneurs. Mr. Sun is also a representative of the eighth Shanghai Baoshan District People's Congress.

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

Mr. FANG Tongshu (方桐舒), aged 37, is the co-founder of our Group. Mr. Fang currently serves as an executive Director and president of the intelligent business career group of our Company. Mr. Fang also serves as the senior vice president at Weimob Development since September 2014. Mr. Fang is mainly responsible for overall operation and management of the software business. Prior to joining our Group, from March 2006 to March 2007, Mr. Fang served as a general sales manager at Hotsales Software Technology Co., Ltd. (上海火速軟件技術有限公司). From April 2007 to March 2013, Mr. Fang served as a general sales and operations manager at Hotsales Network Technology Co., Ltd. (上海火速網絡科技有限公司).

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

Mr. YOU Fengchun (游鳳椿), aged 33, is the co-founder of our Group. Mr. You currently serves as an executive Director, President and president of intelligent marketing career group of our Company. Mr. You also serves as the senior vice president at Weimob Development since December 2015. Mr. You is mainly responsible for overall planning and operation of the targeted marketing business. Prior to joining our Group, Mr. You was mainly engaged in early investment and personal entrepreneurship projects.

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

Mr. HUANG Junwei (黃駿偉), aged 42, is an executive Director and the Chief Technology Officer of our Company. Mr. Huang also serves as the vice president and chief technology officer of Weimob Development since September 2014. Mr. Huang is mainly responsible for overall technological policies, product research and development, and the establishment of technological platforms. Mr. Huang has over 10 years of experience in software product research and development.

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

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. SUN Mingchun (孫明春), aged 50, is an independent non-executive Director of our Company. Dr. Sun has over 20 years of experience in finance.

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

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

DIRECTORS AND SENIOR MANAGEMENT

Dr. LI Xufu (李緒富), aged 55, is an independent non-executive Director of our Company. Dr. Li was formerly known as Li Xufu (李緒付). Dr. Li has 24 years of experience in the securities and investment industry.

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

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

Mr. TANG Wei (唐偉), aged 46, is an independent non-executive Director of our Company.

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

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

SENIOR MANAGEMENT

Mr. CAO Yi (曹懿), aged 44, is the Chief Financial Officer of our Company and one of our joint company secretaries. Mr. Cao has also been the vice president and chief financial officer of Weimob Development since August 2016. Mr. Cao is primarily responsible for the overall financial management, financial matters and strategic development of our Group. He has 15 years of experience in the financial management and accountancy industry.

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

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

Mr. FEI Leiming (費雷鳴), aged 41, is the Chief Human Resources Officer of our Company. Mr. Fei has also been the vice president and chief human resources officer of Weimob Development since January 2017. Mr. Fei is mainly responsible for the planning and operation of human resources. He has more than 10 years of experience in human resources and administration.

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

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

DIRECTORS' REPORT

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

GLOBAL OFFERING

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

PRINCIPAL ACTIVITIES

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

RESULTS

The results of the Group for the year ended December 31, 2021 are set out in the consolidated statement of comprehensive loss on page 84 of the Report.

FINAL DIVIDEND

The Board did not recommend the payment of any final dividend for the year ended December 31, 2021.

BUSINESS REVIEW

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

Compliance with Laws and Regulations

During the year ended December 31, 2021, as far as the Board is aware, the Group has complied with the relevant laws and regulations that have a significant impact on the Group in all material aspects.

Environmental Policies and Performance

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

For details of the Company's environmental policies and performance, and the important relationship between the Company and its employees, customers and suppliers, please refer to the Environmental, Social and Governance Report of the Company for the year ended December 31, 2021, to be published on the website of the Stock Exchange (http://www.hkexnews.hk) and the Company's own website (http://www.weimob.com) according to the Listing Rules.

Principal Risks and Uncertainties

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

FINANCIAL SUMMARY

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

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 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 the 2020 Convertible Bonds were US$150.0 million. The net proceeds from the issue of the 2020 Convertible Bonds were approximately US$146.6 million. For more information on the use of such net proceeds, see "Use of Proceeds from Top-up Placing, Issue of 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 July 6, 2021, the Bond Issuer and the Company entered into a dealer manager agreement in connection with the proposed conversion offer pursuant to which the Bond Issuer and the Company have appointed Credit Suisse (Hong Kong) Limited as the Bond Issuer's and the Company's dealer manager to, amongst others, assist the Bond Issuer and the Company in collecting the acceptances for conversion pursuant to the terms of the proposed conversion offer from the 2020 Convertible Bond holders. The Bond Issuer and the Company allowed the 2020 Convertible Bonds holders to submit conversion notices to convert their holdings of the 2020 Convertible Bonds into Shares at any time between 4:30 p.m. (Hong Kong time) on July 6, 2021 and 11:00 p.m. (Hong Kong time) on July 9, 2021 (the "**Conversion Offer Period**") in accordance with the terms and conditions of the 2020 Convertible Bonds. As at the end of the Conversion Offer Period, the Bond Issuer and the Company had received conversion notices in respect of the 2020 Convertible Bonds in an aggregate principal amount of US$117,900,000, which had been converted into 136,006,063 conversion Shares (the "**Conversion Shares**"), based on the conversion price of HK$6.72. Out of the conversion notices in respect of the 2020 Convertible Bonds received, holders of an aggregate principal amount of US$116,700,000 are entitled to the early cash incentive in the sum of US$6,301,800 and an aggregate principal amount of US$1,200,000 are entitled to the cash incentive in the sum of US$48,000. The Conversion Shares have been delivered to the 2020 Convertible Bonds holders in accordance with the terms and conditions of the 2020 Convertible Bonds on July 16, 2021 and the Bond Issuer made the payment of the early cash incentive and the cash incentive on the same date. Upon completion of the proposed conversion offer, US$117,900,000 in aggregate principal amount of the 2020 Convertible Bonds have been cancelled, and the remaining outstanding principal amount of the 2020 Convertible Bonds amounted to approximately US$17,700,000. Save as disclosed in the Report, there had not been any exercise of the 2020 Convertible Bonds during the year ended December 31, 2021, and no redemption right had been exercised by the bondholders or the Company during the same period.

As of December 31, 2021, the outstanding 2020 Convertible Bonds, with US$17,700,000 principal amount, are convertible into a maximum of 20,418,214 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 December 31, 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:

	Shareholding immediately before the full exercise of the outstanding 2020 Convertible Bonds		Assuming the outstanding 2020 Convertible Bonds are fully converted into new Shares at the initial conversion price of HK$6.72 each	
Shareholder	**No. of Shares**	**% of issued ordinary share capital of the Company**	**No. of Shares**	**% of issued ordinary share capital of the Company**
Shares held by Substantial Shareholders Group[1]				
Yomi.sun Holding Limited[2]	321,145,000	12.6%	321,145,000	12.5%
Jeff.Fang Holding Limited[3]	18,220,000	0.7%	18,220,000	0.7%
Alter.You Holding Limited[4]	67,015,000	2.6%	67,015,000	2.6%
Sub-total:	406,380,000	15.9%	406,380,000	15.8%
Shares held by public shareholders				
Bondholders	152,617,490	6.0%	173,035,704	6.7%
Other public shareholders	1,989,463,000	78.1%	1,989,463,000	77.4%
Sub-total:	2,142,080,490	84.1%	2,162,498,704	84.2%
Total	2,548,460,490	100%	2,568,878,704	100%

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 are 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 May 7, 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 May 6, 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.

(2) Yomi.sun Holding Limited is a company incorporated in the British Virgin Islands, and is wholly-owned by Youmi Investment Limited. Youmi Investment Limited is beneficially owned by the Youmi Trust, which was established by Mr. Sun Taoyong as the settlor, appointor and investment manager. Cantrust (Far East) Limited is the trustee of the Youmi Trust, and Mr. Sun Taoyong and his family members are the beneficiaries of the Youmi Trust. Mr. Sun Taoyong is also a director of the Yomi.sun Holding Limited. As such, each of Mr. Sun Taoyong, Cantrust (Far East) Limited and Youmi Investment Limited is deemed to be interested in the Shares held by Yomi.sun Holding Limited.

(3) Jeff.Fang Holding Limited is wholly-owned by Mr. Fang Tongshu who is an executive Director.

(4) Alter.You Holding Limited is wholly-owned by Fount Investment Limited. Fount Investment Limited is beneficially owned by the Fount Trust, which was established by Mr. You Fengchun as the settlor, appointor and investment manager. Infiniti Trust (Asia) Limited is the trustee of the Fount Trust, and Mr. You Fengchun and his family members are the beneficiaries of the Fount Trust. Mr. You Fengchun is also a director of Alter. You Holding Limited. As such, each of Mr. You Fengchun, Infiniti Trust (Asia) Limited and Fount Investment Limited is deemed to be interested in the Shares held by Alter.You Holding Limited. Mr. You Fengchun is an executive Director.

By issue of the 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 the 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 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 December 31, 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

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

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

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

There had not been any exercise of the 2021 Convertible Bonds during the year ended December 31, 2021, and no redemption right had been exercised by the 2021 Convertible Bonds holders or the Company during the year ended December 31, 2021. Assuming the 2021 Convertible Bonds were fully exercised at the initial conversion price of HK$21.00 per Share on December 31, 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:

	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	
Shareholder	**No. of Shares**	**% of issued ordinary share capital of the Company**	**No. of Shares**	**% of issued ordinary share capital of the Company**
Shares held by Substantial Shareholders Group[1]				
Yomi.sun Holding Limited[2]	321,145,000	12.6%	321,145,000	12.1%
Jeff.Fang Holding Limited[3]	18,220,000	0.7%	18,220,000	0.7%
Alter.You Holding Limited[4]	67,015,000	2.6%	67,015,000	2.5%
Sub-total:	406,380,000	15.9%	406,380,000	15.3%
Shares held by public shareholders				
Bondholders	–	–	110,914,285	4.2%
Other public shareholders	2,142,080,490	84.1%	2,142,080,490	80.5%
Sub-total:	2,142,080,490	84.1%	2,252,994,775	84.7%
Total	2,548,460,490	100%	2,659,374,775	100%

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 December 31, 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%.

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

PLACING OF NEW SHARES UNDER THE GENERAL MANDATE

References are 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 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 no less than six professional investors who, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, together with their respective ultimate beneficial owners, are independent third parties. None of the places and their ultimate beneficial owners became 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 December 31, 2021, the Company had fully utilized the net proceeds as intended. The table below sets out the details of actual usage of the net proceeds as of December 31, 2021:

Use of proceeds	Net proceeds utilized up to December 31, 2021 (HK$ million)	Unutilized net proceeds as of December 31, 2021 (HK$ million)	Expected timeline of full utilization
Pursuing strategic cooperation and potential investment and acquisition	745.3	–	Not applicable
Supporting the post-acquisition integration and operations	411.8	–	Not applicable

In May 2020, the Bond Issuer completed the issue of the 2020 Convertible Bonds, and raised net proceeds of approximately US$146.6 million. As of December 31, 2021, the Company had utilized US$110.6 million as intended. The table below sets out the details of actual usage of the net proceeds as of December 31, 2021:

Use of proceeds	Net proceeds utilized up to December 31, 2021 (US$ million)	Unutilized net proceeds as of December 31, 2021 (US$ million)	Expected timeline of full utilization
Improving the Group's comprehensive research and development capabilities which mainly include purchasing hardware equipment and paying employees' remuneration	44.2	14.4	By December 31, 2022
Upgrading the Group's marketing system	22.1	7.2	By December 31, 2022
Establishing industry funds	27.7	9.0	By December 31, 2022
Supplementing working capital	16.6	5.4	By December 31, 2022

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 December 31, 2021, the Company had not utilized such proceeds. The table below sets out the details of actual usage of the net proceeds as of December 31, 2021:

Use of proceeds	Net proceeds utilized up to December 31, 2021 (HK$ million)	Unutilized net proceeds as of December 31, 2021 (HK$ million)	Expected timeline of full utilization
Improving the Group's comprehensive research and development capabilities	–	1,157.8	By December 31, 2023
Upgrading the Group's marketing system	–	347.3	By December 31, 2023
Supplementing capital for potential strategic investment and merger and acquisition and working capital	–	463.2	By December 31, 2023
General corporate purposes	–	347.3	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 December 31, 2021, the Company had not utilized such proceeds. The table below sets out the details of actual usage of the net proceeds as of December 31, 2021:

Use of proceeds	Net proceeds utilized up to December 31, 2021 (US$ million)	Unutilized net proceeds as of December 31, 2021 (US$ million)	Expected timeline of full utilization
Improving the Group's comprehensive research and development capabilities	–	146.8	By December 31, 2023
Upgrading the Group's marketing system	–	44.0	By December 31, 2023
Supplementing capital for potential strategic investment and merger and acquisition and working capital	–	58.8	By December 31, 2023
General corporate purposes	–	44.0	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.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

For the year ended December 31, 2021, the transaction amounts of the Group's top five customers accounted for 36.1% (2020: 55.8%) of the Group's total revenues while the transaction amounts of our single largest customer, Beijing Tencent Culture Media Company Limited, accounted for 19.0% (2020: Beijing Dajia Internet Information Technology Co., Ltd., 19.1%) of the Group's total revenues.

Major Suppliers

For the year ended December 31, 2021, the transaction amounts of the Group's top five suppliers accounted for 65.0% (2020: 67.7%) of the total purchases while the transaction amounts of our single largest supplier, Beijing Tencent Culture Media Company Limited, accounted for 44.0% (2020: 60.2%) of the Group's total purchases.

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

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of movements in the Company's share capital during the Reporting Period are set out in note 35 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Company and the Group during the Reporting Period are set out in the consolidated statement of changes in equity on page 87 of the Report. As of December 31, 2021, the Company had retained nil (2020: nil) profits under HKFRSs as reserves available for distribution to our Shareholders.

BANK BORROWINGS

Particulars of bank borrowings of the Company and the Group as of December 31, 2021 are set out in note 33 to the consolidated financial statements.

DIRECTORS

The Directors during the Reporting Period and up to the date of the Report are as follows:

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

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

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

Accordingly, Mr. FANG Tongshu, Mr. YOU Fengchun and Mr. TANG Wei shall retire by rotation at the AGM and they being eligible, offer themselves for re-election.

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

DIRECTORS’ REPORT

DIRECTORS AND SENIOR MANAGEMENT

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

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

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

DIRECTORS’ SERVICE CONTRACTS AND LETTERS OF APPOINTMENTS

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

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

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

DIRECTORS’ INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

None of the Directors had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party during the year ended December 31, 2021 and up to the date of the Report.

MANAGEMENT CONTRACTS

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

EMOLUMENT POLICY

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

Details of the emoluments of the Directors, and the five highest paid individuals during the Reporting Period are set out in notes 42 and 8 to the consolidated financial statements.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement and employee benefits scheme of the Company are set out in notes 8 and 42 to the consolidated financial statements.

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

As of December 31, 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(1); interest held jointly with other persons(2)	406,380,000 70,304,000	15.95 2.76	Long position Short position
Mr. FANG Tongshu ("**Mr. FANG**")	Interest in controlled corporation(3); interest held jointly with other persons(2)	406,380,000 70,304,000	15.95 2.76	Long position Short position
Mr. YOU Fengchun ("**Mr. YOU**")	Settlor of a discretionary trust(4); interest held jointly with other persons(2)	406,380,000 70,304,000	15.95 2.76	Long position Short position
Mr. HUANG Junwei	Beneficial owner	13,940,000	0.55	Long position

Notes:

(1) Mr. SUN's interest in the Company is indirectly held through Yomi.sun Holding Limited (the "**Sun SPV**"). Sun SPV is a company incorporated in the British Virgin Islands, and is wholly-owned by Youmi Investment Limited. Youmi Investment Limited is beneficially owned by the Youmi Trust, which was established by Mr. SUN as the settlor, appointor and investment manager. Cantrust (Far East) Limited is the trustee of the Youmi Trust, and Mr. SUN and his family members are the beneficiaries of the Youmi Trust. Mr. SUN is also a director of the Sun SPV. As such, each of Mr. SUN, Cantrust (Far East) Limited and Youmi Investment Limited is deemed to be interested in the Shares held by Sun SPV.

(2) Mr. SUN, Mr. FANG and Mr. YOU are parties acting in concert (having the meaning ascribed thereto in the Hong Kong Code on Takeovers and Mergers) and form the Substantial Shareholders Group. As such, each of Mr. SUN, Mr. FANG and Mr. YOU is deemed to be interested in the Shares held by other members of the Substantial Shareholders Group.

(3) Jeff.Fang Holding Limited (the "**Fang SPV**") is wholly-owned by Mr. FANG. Under the SFO, Mr. FANG is deemed to be interested in the Shares held by Fang SPV.

(4) Mr. YOU's interest in the Company is indirectly held through Alter.You Holding Limited (the "**You SPV**"). You SPV is a company incorporated in the British Virgin Islands, and is wholly-owned by Fount Investment Limited. Fount Investment Limited is beneficially owned by the Fount Trust, which was established by Mr. YOU as the settlor, appointor and investment manager. Infiniti Trust (Asia) Limited is the trustee of the Fount Trust, and Mr. YOU and his family members are the beneficiaries of the Fount Trust. Mr. YOU is also a director of the You SPV. As such, each of Mr. YOU, Infiniti Trust (Asia) Limited and Fount Investment Limited is deemed to be interested in the Shares held by You SPV.

Save as disclosed above, as of December 31, 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

As of December 31, 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 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/ lending pool
Cantrust (Far East) Limited	Trustee(1)	321,145,000	12.60	Long position
		61,000,000	2.39	Short position
Youmi Investment Limited	Interest in controlled corporation(1)	321,145,000	12.60	Long position
		61,000,000	2.39	Short position
Sun SPV	Beneficial interest(1)	321,145,000	12.60	Long position
		61,000,000	2.39	Short position
Tencent Mobility Limited	Beneficial interest(2)	84,306,000	3.31	Long position
THL H Limited	Beneficial interest(2)	122,220,000	4.80	Long position
Tencent Holdings Limited	Interest in controlled corporation(2)	206,526,000	8.10	Long position
JPMorgan Chase & Co.	Interest in controlled corporation;	182,764,942	7.17	Long position
	investment manager; person	106,691,667	4.19	Short position
	having a security interest in shares;	31,393,837	1.23	Lending pool
	approved lending agent(3)			
BlackRock, Inc.	Interest in controlled corporation(4)	143,237,839	5.62	Long position
		4,991,000	0.20	Short position
Brown Brothers	Approved lending agent	130,099,900	5.11	Long position
Harriman & Co.		130,099,900	5.11	Lending pool

Notes:

(1) Sun SPV is a company incorporated in the British Virgin Islands, and is wholly-owned by Youmi Investment Limited. Youmi Investment Limited is beneficially owned by the Youmi Trust, which was established by Mr. SUN as the settlor, appointor and investment manager. Cantrust (Far East) Limited is the trustee of the Youmi Trust, and Mr. SUN and his family members are the beneficiaries of the Youmi Trust. Mr. SUN is also a director of the Sun SPV. As such, each of Mr. SUN, Cantrust (Far East) Limited and Youmi Investment Limited is deemed to be interested in the shares held by Sun SPV.

(2) Tencent Mobility Limited and THL H Limited are wholly-owned subsidiaries of Tencent Holdings Limited. Under the SFO, Tencent Holdings Limited is deemed to be interested in 84,306,000 Shares held by Tencent Mobility Limited and 122,220,000 Shares held by THL H Limited.

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

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

Save as disclosed above, as of December 31, 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.

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 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 Awards under the 2018 RSU Plan, the terms and conditions on which Awards are granted and when the RSUs granted pursuant to the 2018 RSU Plan may vest, (c) make such appropriate and equitable adjustments to the terms of the Awards granted under the 2018 RSU Plan as it deems necessary; and (d) make such other decisions or determinations as it shall deem appropriate or desirable in respect of the foregoing (a), (b) and (c).

Who may join

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

Maximum number of shares

The total number of Shares underlying the 2018 RSU Plan (the "**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. 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 the 2018 RSU Awards in respect of an aggregate of 1,900,000 underlying Shares to five grantees for nil consideration under the 2018 RSU 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 December 31, 2021, the aggregate number of Shares underlying the granted RSUs under the 2018 RSU Plan was 70,495,000 Shares, representing approximately 2.77% of the issued share capital of the Company as of December 31, 2021, and the aggregate number of Shares underlying the vested RSUs under the 2018 RSU Plan was 69,599,250 Shares.

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	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Number of Shares underlying the RSUs outstanding as of December 31, 2021	Approximate percentage of shareholding as of December 31, 2021
Employee	1,900,000[(1)(2)]	5,768,750	80,000	733,750	0.03%

Notes:

(1) 1,900,000 underlying Shares was granted on May 28, 2021.

(2) The vesting period of 1,900,000 underlying Shares granted during the Reporting Period was within four years subject to other conditions in the 2018 RSU Scheme.

2020 RESTRICTED SHARE UNIT SCHEME

The 2020 restricted share unit scheme (the "**2020 RSU Scheme**") of the Company (including the RSU Scheme Annual Mandate, as defined below) was adopted by the Board on May 25, 2020 and was approved and adopted by the Shareholders at the annual general meeting of the Company held on June 29, 2020 (the "**2020 RSU Scheme Adoption Date**"). The 2020 RSU Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of the Company. The purpose of the 2020 RSU Scheme is to recognize and reward participants for their contribution to the Group, to attract best available personnel, and to provide additional incentives to them to remain with and further promote the success of the Group's business. For more information on the 2020 RSU Scheme, please refer to the announcement and the circular of the Company dated May 25, 2020 and May 28, 2020, respectively. Certain principal terms and details of the 2020 RSU Scheme are summarized as follows:

Effectiveness and Duration

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

Administration

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

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

Who may join

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

Maximum number of Shares

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

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

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

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

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

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

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

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

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

(the "**Relevant Period**")

Details of the RSUs granted under the 2020 RSU Scheme

Pursuant to the RSU Scheme Annual Mandate approved by the Shareholders at the 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 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. Due to the termination of employment, eight grantees failed to accept the grant of 2020 RSU Awards in respect of an aggregate of 161,500 underlying Shares. All of the grantees are employees of the Company and none of them are Directors or other connected persons of the Company.

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

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	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Number of Shares underlying the RSUs outstanding as of December 31, 2021	Approximate percentage of shareholding as of December 31, 2021
Employee	31,775,500[1][2]	5,054,650	2,026,250	42,298,200	1.66%

Notes:

(1) Aggregate underlying Shares granted on May 28, 2021 and December 20, 2021.

(2) The vesting period of 31,775,500 underlying Shares granted during the period was within four years subject to other conditions in the 2020 RSU Scheme.

EQUITY-LINKED AGREEMENT

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

PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES

During the year ended December 31, 2021, the Company has purchased a total of 35,459,000 Shares on the Stock Exchange with an aggregate amount of HK$405,326,364.9, pursuant to the share buy-back mandate approved by our Shareholders at the annual general meeting of the Company held on June 29, 2021. The bought-back Shares were subsequently cancelled. Details of Shares purchased during the year ended December 31, 2021 are set out as follows:

Month of repurchases	Number of Shares purchased on the Stock Exchange	Price paid per Share		Aggregate consideration paid
		Highest	Lowest	
		(HK$)	*(HK$)*	*(HK$)*
August 2021	4,660,000	10.96	10.40	49,831,240.0
September 2021	17,224,000	12.98	10.82	202,778,381.0
October 2021	7,481,000	13.06	10.88	89,782,903.9
November 2021	6,094,000	11.98	9.66	62,933,840.0

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended December 31, 2021.

PRE-EMPTIVE RIGHTS

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

DIRECTORS' INTEREST IN COMPETING BUSINESS

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

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Details of related party transactions in the normal course of business are set out in note 41 to the consolidated financial statements. During the Reporting Period, there were no connected transactions or continuing connected transactions which are required to be disclosed by the Company in accordance with the provisions concerning the disclosure of connected transactions under Chapter 14A of the Listing Rules.

DONATIONS

During the Reporting Period, there were no charitable or other donations made by the Group.

MATERIAL LEGAL PROCEEDINGS

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

PERMITTED INDEMNITY PROVISIONS

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

EVENTS AFTER THE BALANCE SHEET DATE

Details of significant events occurred after the balance sheet date are set out in note 44 to the consolidated financial statements.

Save as disclosed in the Report, there were no other significant events that might affect the Group after December 31, 2021 and up to the date of the Report.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has, together with the senior management of the Company and the external auditor of the Company, reviewed the accounting principles and practices adopted by the Group as well as the audited consolidated financial statements of the Group for the year ended December 31, 2021.

CORPORATE GOVERNANCE

The Company is committed to maintaining high level of corporate governance practices. Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 58 to 77 of the Report.

PUBLIC FLOAT

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

AUDITOR

PricewaterhouseCoopers is appointed as auditor of the Company for the year ended December 31, 2021. PricewaterhouseCoopers has audited the accompanying financial statements which were prepared in accordance with the HKFRS.

PricewaterhouseCoopers is subject to retirement and, being eligible, offers itself for re-appointment at the AGM. A resolution for re-appointment of PricewaterhouseCoopers as auditor of the Company will be proposed at the AGM.

There have been no other changes of auditor in the past three years.

By order of the Board
Sun Taoyong
Chairman of the Board

Shanghai, March 28, 2022

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

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

During the year ended December 31, 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 C.2.1 (previous code provision A.2.1) of the Corporate Governance Code.

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

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

BOARD OF DIRECTORS

Responsibilities

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

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

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

BOARD COMPOSITION

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

Executive Directors:

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

Independent Non-executive Directors:

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

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

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

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

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

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

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

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

BOARD DIVERSITY POLICY

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

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

Having reviewed the Board composition, the Nomination Committee recognizes the importance and benefits of the gender diversity at the Board level and shall continue to take initiatives to identify at least one female candidate to enhance the gender diversity among the Board members by December 31, 2024.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

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

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

Based on the information provided by the Directors, during the year ended December 31, 2021, a summary of training received by the Directors is as follows:

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

Notes:

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

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

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

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

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

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

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

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

BOARD MEETINGS

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

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

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

During the year ended December 31, 2021, four Board meetings were held and one general meeting was convened. Attendance of each Director at the Board meetings and the annual general meeting of the Company held on June 29, 2021 is set out below:

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all Directors and each of the Directors has confirmed that he has complied with the required standards as set out in the Model Code during the year ended December 31, 2021.

DELEGATION BY THE BOARD

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

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

CORPORATE GOVERNANCE FUNCTIONS

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

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

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

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

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

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

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

THE BOARD COMMITTEES

Audit Committee

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

The primary duties of the Audit Committee are:

Relationship with the Company's auditors

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

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

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

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

Review of the Company's financial information

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

(i) any changes in accounting policies and practices;

(ii) major judgmental areas;

(iii) significant adjustments resulting from audit;

(iv) the going concern assumptions and any qualifications;

(v) compliance with accounting standards; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Two meetings were held by the Audit Committee during the year ended December 31, 2021 and the attendance of each Audit Committee member at the Audit Committee meetings is set out in the table below:

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

During the meetings, the Audit Committee:

- reviewed the annual results of the Group for the year ended December 31, 2020 and the interim results of the Group for the six months ended June 30, 2021 as well as the relevant financial reports;

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

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

Nomination Committee

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

The primary duties of the Nomination Committee are:

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

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

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

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

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

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

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

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

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

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

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

One meeting was held by the Nomination Committee during the year ended December 31, 2021 and the attendance of each Nomination Committee member at the Nomination Committee meeting is set out in the table below:

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

During the meeting, the Nomination Committee:

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

Nomination Policy

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

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

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

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

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

5. in case of a candidate for an independent non-executive Director, to assess: (i) the independence of such candidate with reference to, among other things, the independence criteria as set out in Rule 3.13 of the Listing Rules; and (ii) the guidance and requirements relating to independent non-executive directors set out in code provision B.3.4 (previous code provision A.5.5) of Appendix 14 to the Listing Rules and in the Guidance for Boards and Directors; and

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

Remuneration Committee

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

The primary duties of the Remuneration Committee are:

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

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

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

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

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

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

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

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

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

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

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

One meeting was held by the Remuneration Committee during the year ended December 31, 2021 and the attendance of each Remuneration Committee member at the Remuneration Committee meeting is set out in the table below:

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

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

Remuneration of Directors and Senior Management

The remuneration of Directors and senior management of the Company (whose biographies are set out on pages 30 to 33 of the Report) by band for the year ended December 31, 2021 is set out below:

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

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2021 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

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

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

The statement by the auditor regarding its reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on page 78 of the Report.

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

AUDITOR'S REMUNERATION

The auditor's approximate remuneration in respect of the audit and non-audit services provided to the Company for the year ended December 31, 2021 is as follows:

Type of services	**Amount** *(RMB'000)*
Audit services	5,500
Non-audit services (internal control consulting and tax consulting and financial due diligence)	785
Total	**6,285**

JOINT COMPANY SECRETARIES

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

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

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONSHIP

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

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

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

SHAREHOLDERS' RIGHTS

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

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

DIVIDEND POLICY

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

CONVENING AN EXTRAORDINARY GENERAL MEETING AND PUTTING FORWARD PROPOSALS

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

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

ENQUIRIES TO THE BOARD

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

AMENDMENTS TO CONSTITUTIONAL DOCUMENTS

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

INDEPENDENT AUDITOR'S REPORT

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

OPINION

What we have audited

The consolidated financial statements of Weimob Inc. (the "Company") and its subsidiaries (the "Group"), which are set out on pages 84 to 234, comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated statement of comprehensive loss for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

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

Independence

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

KEY AUDIT MATTERS

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

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

- Revenue recognition of advertising services – gross or net
- Fair value measurement of investments in unlisted companies

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition of advertising services – gross or net Refer to Note 2.27, Note 4(a) and Note 6.1 to the consolidated financial statements. For the year ended 31 December 2021, the Group recognised revenue of RMB1,452 million from provision of advertising services including RMB719 million presented in digital media and RMB733 million presented in merchant solutions as part of the digital commerce. The Group's advertising services mainly comprises of (a) agreed rebates earned from certain media publishers for which revenue is recognised on net basis; and (b) agreed consideration earned from advertisers for which revenue is recognised on gross basis. The determination of whether revenue should be reported on a gross or net basis is based on the assessment of whether the Group acts as a principal or an agent in the transactions, taking into account of the nature of specified services and whether the Group obtains controls of the specified services before transferring to advertisers. Management considers together whether (a) the Group is primarily responsible for fulfilling the promise to provide the advertising services; (b) the Group bears certain inventory risk, and (c) the Group has discretion in establishing the price. We focused on this area because the judgements involved in determining the Group's role as a principal or an agent in recognising advertising services is subject to high degree of judgements. The inherent risk in relation to the determination of revenue recognition on gross or net basis is considered significant due to the management's judgements are subjective.	We have performed the following procedures to address this key audit matter: i. Discussed with management, understood the indicators and judgements management considered when assessing the revenue recognition on gross or net basis under each different circumstance, and assessed the inherent risk of material misstatement by considering the level of complexity and other inherent risk factors; ii. Understood, evaluated and tested the key controls over the management's assessment of revenue recognition, including management approval and review of sales contracts; iii. Selected sales contracts, on a sample basis, reviewed the relevant contract terms and corroborated with management explanations and other supporting documents regarding the judgement applied for the selected sales contracts; iv. Conducted interviews with different advertisers, on a sample basis, to corroborate the management's explanations of the Group's business arrangements with them; and v. Considered whether the judgements made by management in assessing gross versus net would give rise to indicators of possible management bias. Based on the above, we considered that management's judgements applied in determination of revenue recognition on gross or net basis are supportable by the evidence obtained and procedures performed.

Key Audit Matter	How our audit addressed the Key Audit Matter
Fair value measurement of investments in unlisted companies Refer to Note 3.3 and Note 26(ii) to the consolidated financial statements. The Group made investments in unlisted companies ("Unlisted Companies") and classified these investments as non-current financial assets measured at fair value through profit or loss ("FVPL"). These investments were categorised into level 3 financial instruments given the significant unobservable inputs used to measure the fair value. As at December 31, 2021, the investments in Unlisted Companies carried at fair value were RMB1,065 million. For the year ended 31 December 2021, the Group recognised RMB194 million unrealized gain from these investments. Management performed fair value assessments of the investments in Unlisted Companies with the assistance of an external independent appraiser. The determination of fair values of these investments required significant management's judgements on key assumptions and inputs including expected volatility, discount for lack of marketability ("DLOM"), weighted average cost of capital ("WACC") and the relevant underlying financial projections, etc. We focused on this area due to the high degree of judgements required in determining the respective fair value of level 3 financial instruments, with respect to the adoption of applicable valuation methodology and the application of appropriate assumptions in the valuation.	We have performed the following procedures to address this key audit matter: i. Understood and evaluated the key controls over the management's assessment of level 3 financial instruments; ii. Assessed the competency, independency and objectivity of the external independent appraiser engaged by the Group; iii. Assessed the valuation methodologies and the key assumptions used in the valuation with the involvement of our internal valuation specialists; iv. Tested, on a sample basis, the valuation of these investments by evaluating the underlying assumptions and inputs including expected volatility, DLOM, WACC and the market information of recent transactions (such as recent fund raising transactions undertaken by Unlisted Companies), as well as the underlying supporting documentation, and considered whether the judgements made would give rise to indicators of management bias; v. Tested, on a sample basis, the arithmetical accuracy of valuation computation; and vi. Assessed the reasonableness of the forecast cash flows applied by management by comparing them with historical business performance and future development plans of Unlisted Companies. Based on the above, we considered that management's judgements and assumptions applied in fair value measurement of investments in Unlisted Companies are supportable by the evidence obtained and procedures performed.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in Weimob Inc. 2021 Annual Report (the "annual report") other than the consolidated financial statements and our auditor's report thereon. We have obtained some of the other information including the financial summary and business review, chairman's statement, management discussion and analysis prior to the date of this auditor's report. The remaining other information, including the corporate governance report, report of the directors and the other sections to be included in the annual report, are expected to be made available to us after that date.

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

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

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

When we read the remaining other information to be included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to Audit Committee and take appropriate action considering our legal rights and obligations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 28 March 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	Year ended December 31 2021 RMB'000	2020 RMB'000
Revenue	*6*	**2,685,686**	1,968,814
Cost of sales	*7*	**(1,169,211)**	(966,195)
Gross profit		**1,516,475**	1,002,619
Selling and distribution expenses	*7*	**(1,714,774)**	(919,372)
General and administrative expenses	*7*	**(811,446)**	(260,723)
Net impairment losses on financial assets	*3.1*	**(83,116)**	(8,597)
Other income	*9*	**131,053**	118,200
Other gains, net	*10*	**200,747**	76,870
Operating (loss)/gain		**(761,061)**	8,997
Finance costs	*11*	**(91,133)**	(55,722)
Finance income	*12*	**15,563**	12,376
Share of net profit/(loss) of associates accounted for using the equity method	*22*	**6,991**	(23,408)
Change in fair value of convertible bonds	*26(iii)*	**(14,690)**	(1,086,310)
Loss before income tax		**(844,330)**	(1,144,067)
Income tax expenses	*13*	**(8,913)**	(22,312)
Loss for the year		**(853,243)**	(1,166,379)
Loss attributable to:			
– Equity holders of the Company		**(783,023)**	(1,156,622)
– Non-controlling interests		**(70,220)**	(9,757)
		(853,243)	(1,166,379)
Other comprehensive loss, net of tax			
Items that may not be subsequently reclassified to profit or loss			
Change in fair value of financial liabilities from own credit risk	*26(iii)*	**4,864**	–
Items that may be subsequently reclassified to profit or loss			
Currency translation differences		**(12,285)**	–
Total comprehensive loss for the year		**(860,664)**	(1,166,379)
Total comprehensive loss attributable to:			
– Equity holders of the Company		**(790,444)**	(1,156,622)
– Non-controlling interests		**(70,220)**	(9,757)
		(860,664)	(1,166,379)
Loss per share (expressed in RMB per share)			
– Basic loss per share	*15*	**(0.33)**	(0.52)
– Diluted loss per share	*15*	**(0.33)**	(0.52)

The notes on pages 91 to 234 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

	Note	As at December 31 2021 RMB'000	2020 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	*16*	**87,959**	63,645
Right-of-use assets	*17*	**266,584**	114,229
Investment properties	*18*	**34,940**	32,401
Intangible assets	*19*	**1,229,798**	1,015,779
Development costs	*20*	**51,253**	38,701
Deferred income tax assets	*28*	**25,087**	44,370
Contract acquisition cost	*6*	**44,979**	40,841
Investments accounted for using the equity method	*22*	**57,433**	47,033
Financial assets at fair value through profit or loss	*3.3, 26*	**1,064,574**	215,094
Prepayments, deposits and other assets	*30*	**21,174**	4,087
Other non-current assets	*29*	**35,217**	17,000
Total non-current assets		**2,918,998**	1,633,180
Current assets			
Trade and notes receivables	*31*	**361,468**	239,478
Contract acquisition cost	*6*	**88,649**	156,746
Prepayments, deposits and other assets	*30*	**1,609,247**	1,758,204
Financial assets at fair value through profit or loss	*3.3, 26*	**458,297**	182,328
Financial assets at fair value through other comprehensive income	*24*	**190,298**	44,834
Derivative financial instruments	*25*	**–**	15,468
Restricted cash	*32*	**535**	–
Cash and cash equivalents	*32*	**3,809,069**	1,823,976
Total current assets		**6,517,563**	4,221,034
Total assets		**9,436,561**	5,854,214
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	*35*	**1,716**	1,529
Treasury shares	*35*	**–**	–
Shares held for RSU scheme	*35*	**(1,928)**	(15,819)
Share premium	*35*	**7,549,147**	4,278,775
Equity component of convertible bonds	*27*	**366,482**	–
Other reserves	*36*	**(962,933)**	(1,106,251)
Accumulated losses		**(2,889,011)**	(2,110,217)
		4,063,473	1,048,017
Non-controlling interests		**150,345**	204,473
Total equity		**4,213,818**	1,252,490

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

		As at December 31	
		2021	2020
	Note	**RMB'000**	RMB'000
LIABILITIES			
Non-current liabilities			
Bank borrowings	*33*	**–**	40,000
Financial liabilities measured at fair value through profit or loss	*3.3, 26*	**538,029**	1,947,553
Financial liabilities measured at amortised cost	*27*	**1,561,499**	–
Lease liabilities	*17*	**177,267**	71,260
Contract liabilities	*6*	**90,875**	105,098
Deferred income tax liabilities	*28*	**56,726**	67,188
Other non-current liabilities	*34*	**5,406**	600
Total non-current liabilities		**2,429,802**	2,231,699
Current liabilities			
Bank borrowings	*33*	**745,000**	425,050
Lease liabilities	*17*	**93,273**	31,093
Trade and other payables	*34*	**1,637,017**	1,490,440
Contract liabilities	*6*	**316,505**	376,256
Current income tax liabilities		**1,146**	821
Financial liabilities measured at fair value through profit or loss	*3.3, 26*	**–**	46,365
Total current liabilities		**2,792,941**	2,370,025
Total liabilities		**5,222,743**	4,601,724
Total equity and liabilities		**9,436,561**	5,854,214

The notes on pages 91 to 234 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 84 to 234 were approved by the Board of Directors on March 28, 2022 and were signed on its behalf.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2021

		Attributable to equity holders of the Company								
	Note	Share capital RMB'000	Share premium RMB'000	Shares held for RSU scheme RMB'000	Equity component of convertible bonds RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
As at January 1, 2021		1,529	4,278,775	(15,819)	–	(1,106,251)	(2,110,217)	1,048,017	204,473	1,252,490
Comprehensive loss										
Loss for the year		–	–	–	–	–	(783,023)	(783,023)	(70,220)	(853,243)
Currency translation differences		–	–	–	–	(12,285)	–	(12,285)	–	(12,285)
Change in fair value of financial liabilities from own credit risk		–	–	–	–	4,864	–	4,864	–	4,864
Total comprehensive loss for the year		–	–	–	–	(7,421)	(783,023)	(790,444)	(70,220)	(860,664)
Transfer of realized fair value changes that were initially recorded in other comprehensive income to retained earnings	*26(iii)*	–	–	–	–	(4,229)	4,229	–	–	–
Transaction with owners										
Issuance of ordinary shares	*35*	99	1,916,595	–	–	–	–	1,916,694	–	1,916,694
Share issuance costs	*35*	–	(19,950)	–	–	–	–	(19,950)	–	(19,950)
Issuance of ordinary shares for share-based compensation	*35*	24	–	(24)	–	–	–	–	–	–
Cancellation of buy-back shares	*35*	(24)	(336,704)	–	–	–	–	(336,728)	–	(336,728)
Conversion of convertible bonds	*35*	88	1,710,431	–	–	–	–	1,710,519	–	1,710,519
Recognition of equity component of convertible bonds	*27*	–	–	–	366,482	–	–	366,482	–	366,482
Transfer of vested RSUs	*37(a)*	–	–	13,915	–	(13,915)	–	–	–	–
Share-based compensation expenses for employees	*37(a)*	–	–	–	–	164,935	–	164,935	9,028	173,963
Transaction with non-controlling interests	*37(b)*	–	–	–	–	3,948	–	3,948	(3,948)	–
Capital injection from non-controlling interests		–	–	–	–	–	–	–	7,000	7,000
Non-controlling interests from acquisition of a subsidiary	*38*	–	–	–	–	–	–	–	4,012	4,012
Transactions with owners in their capacity for the year		187	3,270,372	13,891	366,482	154,968	–	3,805,900	16,092	3,821,992
As at December 31, 2021		1,716	7,549,147	(1,928)	366,482	(962,933)	(2,889,011)	4,063,473	150,345	4,213,818

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 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
As at January 1, 2020		1,531	4,171,056	(63,143)	(38,582)	(1,127,164)	(953,595)	1,990,103	(295)	1,989,808
Comprehensive loss										
Loss for the year		–	–	–	–	–	(1,156,622)	(1,156,622)	(9,757)	(1,166,379)
Total comprehensive loss for the year		–	–	–	–	–	(1,156,622)	(1,156,622)	(9,757)	(1,166,379)
Transaction with owners										
Cancellation of buy-back shares	*35*	(14)	(63,129)	63,143	–	–	–	–	–	–
Conversion of convertible bonds	*35*	12	170,848	–	–	–	–	170,860	–	170,860
Transfer of vested RSUs	*37(a)*	–	–	–	22,763	(22,763)	–	–	–	–
Share-based compensation expenses for employees	*37(a)*	–	–	–	–	42,544	–	42,544	3,071	45,615
Capital injection from non-controlling interests		–	–	–	–	–	–	–	1,000	1,000
Transaction with non-controlling interests	*37(b)*	–	–	–	–	1,132	–	1,132	(1,132)	–
Non-controlling interests from acquisition of subsidiaries	*38*	–	–	–	–	–	–	–	211,586	211,586
Transactions with owners in their capacity for the year		(2)	107,719	63,143	22,763	20,913	–	214,536	214,525	429,061
As at December 31, 2020		1,529	4,278,775	–	(15,819)	(1,106,251)	(2,110,217)	1,048,017	204,473	1,252,490

The notes on pages 91 to 234 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	Year ended December 31 2021 RMB'000	2020 RMB'000
Cash flows from operating activities			
Cash used in operations	*39*	**(614,642)**	(24,592)
Interest received	*12*	**15,563**	12,376
Interest paid		**(75,311)**	(33,630)
Income tax paid		**(799)**	(2,059)
Net cash used in operating activities		**(675,189)**	(47,905)
Cash flows from investing activities			
Receipt from term deposits		**–**	393,000
Purchase of investments measured at fair value through profit or loss	*26(i)(ii)*	**(1,478,884)**	(110,900)
Proceeds from disposals of investments measured at fair value through profit or loss	*26(i)*	**794,919**	–
Proceeds from disposals of investments in an associate	*26(ii)(c)*	**321**	–
Interest received from term deposits and loan to third parties		**–**	5,590
Payment to invest in associates	*22(ii)*	**(22,500)**	(4,000)
Receipt of dividends from an associate	*22(i)*	**19,091**	–
Payment for acquisition of subsidiaries, net of cash acquired	*29,38(g)*	**(27,081)**	(210,151)
Prepayment for equity investment	*29*	**(35,217)**	–
Purchase of property, plant and equipment		**(46,389)**	(14,133)
Proceeds from disposal of property, plant and equipment	*39(a)*	**1,831**	123
Purchase of intangible assets		**(1,318)**	(195)
Payment for development cost		**(331,029)**	(156,314)
Loan to third parties		**–**	(8,400)
Loan to related parties	*41(b)*	**(110,169)**	(24,000)
Principal repayment of loan from third parties		**–**	22,600
Principal repayment of loan from a related party	*41(b)*	**4,000**	–
Net cash used in investing activities		**(1,232,425)**	(106,780)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	Year ended December 31 2021 RMB'000	2020 RMB'000
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	*35(b)*	**1,916,694**	–
Transaction costs of share issuance	*35(b)*	**(19,950)**	–
Proceeds from issuance of convertible bonds at amortised cost	*27*	**1,929,930**	1,064,040
Issuance costs of convertible bonds at amortised cost	*27*	**(40,297)**	(23,754)
Buy-back of shares	*35(d)*	**(336,728)**	–
Proceeds from bank borrowings	*39(c)*	**1,251,000**	610,000
Repayments of bank borrowings	*39(c)*	**(971,050)**	(450,128)
Proceeds from financial liabilities measured at fair value through profit or loss	*26(ii)*	**345,000**	–
Borrowing from third parties	*34(i)*	**2,500**	2,500
Settlement of financial liabilities measured at fair value through profit or loss	*26(ii)(a)*	**(19,787)**	–
Principal elements of lease payments	*39(c)*	**(54,436)**	(25,880)
Redemption of preferred shares in subsidiaries	*3.3(i)(e)*	**(29,934)**	(11,110)
Acquisition of equity interests from non-controlling interests		**–**	(3,080)
Capital injection from non-controlling interests		**7,000**	1,000
Cash incentives paid for convertible bonds conversion	*26(iii)*	**(41,151)**	–
Net cash generated from financing activities		**3,938,791**	1,163,588
Net increase in cash and cash equivalents		**2,031,177**	1,008,903
Effect on exchange rate difference		**(46,084)**	(55,255)
Cash and cash equivalents at beginning of the year		**1,823,976**	870,328
Cash and cash equivalents at end of the year		**3,809,069**	1,823,976

The notes on pages 91 to 234 are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

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

The Company is an investment holding company. The Company and its subsidiaries, including structured entities (collectively, the "Group"), are principally engaged in providing leading digital commerce and media services for merchants in the People's Republic of China (the "PRC''). The Group offers 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").

These consolidated financial statements are presented in Renminbi ("RMB") unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on March 28, 2022.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

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

New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2021:

- Interest Rate Benchmark Reform – amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16

The amendment listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

New standards and interpretations not yet adopted

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on January 1, 2021 and have not been early adopted by the Group:

	New standards, amendments and interpretations	Effective for annual periods beginning on or after
Amendments to HKFRS 16	COVID-19 related rent concessions beyond 30 June 2021	1 April 2021
Annual improvements Project	Annual Improvements to HKFRS Standards 2018-2020	1 January 2022
Amendments to HKFRS 3, HKAS 16, and HKAS 37	Narrow-scope amendments (amendments)	1 January 2022
Accounting guideline 5 (revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2023
HKFRS 17	Insurance contract (new standard and amendments)	1 January 2023
Amendments to HKAS 8	Definition of accounting estimates	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of accounting policies	1 January 2023
Amendments to HKFRS 4	Extension of the temporary exemption from applying HKFRS 9	1 January 2023
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

For the amendments which are effective after January 1, 2022, the Group has assessed and concluded that it has no material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods. For those amendments which have not been effective as of the report date, the Group is still assessing the likely impact of adopting the above new standards. The management of the Group plans to adopt these new standards and amendments to existing standards when they become effective.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Principle of consolidation and equity accounting

(i) Subsidiaries

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

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

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

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

(ii) Associates

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Principle of consolidation and equity accounting (Continued)

(iii) Equity method

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Business combinations

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

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

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

Acquisition-related costs are expensed off as incurred.

2.4 Separate financial statements

The excess of the:

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Separate financial statements (Continued)

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

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

2.5 Segment reporting

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

2.6 Foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Foreign currencies (Continued)

(iii) Group companies

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

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

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

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

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

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

2.7 Property, plant and equipment

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Property, plant and equipment (Continued)

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

Buildings	20-30 years
Computer and electronic equipment	3-5 years
Furniture and fixtures	3-5 years
Vehicles	4-5 years
Leasehold improvement	Shorter of estimated useful lives or remaining lease terms

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

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

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

2.8 Investment properties

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Intangible assets

(i) Goodwill

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

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

(ii) Trademarks

Separately acquired trademark is shown at historical cost.

The trademark used to identify and distinguish ("Weimob"; carrying amount of RMB3,398,000) has a remaining legal life of 2.5 years as at December 31, 2021 but is renewable every ten years at little cost and is well established. The Group intends to renew the trademark continuously and evidence supports its ability to do so. An analysis of the Group's business performance provides evidence that the Weimob brand will generate net cash inflows for the Group for an indefinite period. Therefore, the trademark is carried at cost without amortisation, but is tested for impairment in accordance with Note 2.11.

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Intangible assets (Continued)

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

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

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

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

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

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

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

(iv) Acquired software licenses

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Intangible assets (Continued)

(v) Customer relationships

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

(vi) Amortisation methods and periods

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

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

2.10 Investment entities

An investment entity is an entity that:

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Impairment of non-financial assets

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

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

2.12 Investments and other financial assets

(i) Classification

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

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

- those to be measured at amortised cost.

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Investments and other financial assets (Continued)

(ii) Recognition and derecognition

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

(iii) Measurement

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

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

Debt instruments

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Investments and other financial assets (Continued)

(iii) Measurement (Continued)

Equity instruments

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

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

(iv) Impairment

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

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

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Derivatives

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

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

2.15 Trade receivables

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

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 31 for further information about the Group's accounting for trade receivables and Note 3.1 for a description of the Group's impairment policies.

2.16 Cash and cash equivalents

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

2.17 Share capital and shares held for employee share scheme

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Borrowings

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

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

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting period.

2.19 Borrowings costs

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

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

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

2.20 Trade and other payables

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Convertible bonds

(i) Convertible bonds measured at FVPL

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

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

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

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

If the bonds are converted upon inducement of conversion, any cash incentive granted to bonds holders who choose to participate in the proposed conversion offer is recognised in "Change in fair value of convertible bonds" recognised in profit or loss.

(ii) Convertible bonds measured at amortised cost

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Other financial liabilities measured at fair value through profit and loss

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

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

2.23 Current and deferred income tax

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

(i) Current income tax

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

(ii) Deferred income tax

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Current and deferred income tax (Continued)

(ii) Deferred income tax (Continued)

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

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

2.24 Employee benefits

(i) Pension obligations

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Employee benefits (Continued)

(iii) Termination benefits

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

(iv) Employee leave entitlements

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

2.25 Share-based payment

The Group operates an equity-settled share-based compensation plan, under which the Group receives service from its employees in exchange for the equity instruments of the Company. As disclosed in Note 37, the Group granted RSUs to employees. The fair value of the employee service received in exchange for the grant of RSUs is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

(i) Including any market performance conditions (for example, an entity's share price);

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

(iii) Including the impact of any non-vesting conditions.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Share-based payment (Continued)

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

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

2.26 Provision

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 Revenue recognition

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

(1) Digital commerce services offering

The Group offers digital commerce services to merchants including standard cloud-hosted SaaS products offering, customised software development, software related services, online marketing support services and in-depth operation and marketing services etc.

(1.1) Subscription solutions

(1.1.1) Standard cloud-hosted software offering:

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 Revenue recognition (Continued)

(1) Digital commerce services offering (Continued)

(1.1) Subscription solutions (Continued)

(1.1.2) Customised software development:

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

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

(1.1.3) Software related services:

The Group provides basic and in-depth merchant operation services to its customers and separate service contracts are signed for these services.

For basic merchant operation service, the Group provides daily software maintenance and operation supporting service to its software users and the service fee is predetermined based on the regular labor cost and reasonable margin and is recognised as revenue on a straight line basis over the service period.

For in-depth merchant operation services, the Group provides integrated operation services to its customers including integrated marketing for the customer's onlineshops, consumer data analysis. The Group charges its customers service fees based on a fixed percentage of the Gross Merchandise Volume ("GMV") that generated from the onlineshops that the Group operates. The bills are confirmed by merchants on a monthly basis. The Group recognised basic merchant operation services over time on a ratable basis over the contract term and in-depth merchant operation service according to GMV monthly.

The Group also provides technical support service to other SaaS companies, and recognises revenue when relevant service has been rendered.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 Revenue recognition (Continued)

(1) Digital commerce services offering (Continued)

(1.2) Merchant solutions services

(1.2.1) Online marketing support services offering:

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 Revenue recognition (Continued)

(1) Digital commerce services offering (Continued)

(1.2) Merchant solutions services (Continued)

(1.2.1) Online marketing support services offering: (Continued)

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

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

(1.2.2) In-depth operation and marketing services offering:

The Group started to provide integrated service packages to merchants since 2021. The service packages mainly includes two performance obligations, (i) SaaS products offering or customised software development and (ii) in-depth operation and marketing services. The Group allocates total consideration to each performance obligation based on their relative standalone selling prices.

The revenue recognition policies applied for revenue allocated to SaaS products offering or customised software development are consistent with accounting policies described in (1.1) above.

In-depth operation and marketing services includes various activities including content production, traffic acquisition from media platforms, data analysis and advertising campaign optimisation and etc. The Group charges merchants service fees based on either a fixed percentage of the GMV that generated from the onlineshops that the Group operates, or a fixed percentage of the GMV plus a traffic acquisition costs and operating costs. The Group confirms with merchants on the amount to be charged on monthly basis. Even though some activities might vary each day, the Group provides the same service of "in-depth operation and marketing services" during the contracted period. The Group considered that it fulfils an integrated "in-depth operation and marketing services" rather than to fulfil separate promises. Therefore, the Group identifies the performance obligations are substantially the same and consecutive. The distinct service within the series is each time increment of performing the service. Therefore, the Group recognises in-depth operation and market services revenue on a monthly basis with the amount confirmed by the merchants, which is calculated based on the fee mechanism predetermined.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 Revenue recognition (Continued)

(1) Digital commerce services offering (Continued)

(1.2) Merchant solutions services (Continued)

(1.2.2) In-depth operation and marketing services offering: (Continued)

While none of the factors individually are considered presumptive or determinative, the Group is the primary obligor in providing the in-depth operation and marketing service as it is responsible for (i) identifying and contracting with merchants which the Group view as customers, and delivering the specified integrated services to the merchants; (ii) bearing certain risks of loss to the extent that the cost incurred for producing contents, formulating advertisement campaign and acquiring user traffic from media platforms cannot be compensated by the total consideration received from the merchants, which is similar to inventory risk; and (iii) having discretion in establishing the prices for the service. The Group has control in the specified service before that service is delivered to the merchants and acts as the principal of these arrangements. Therefore, it recognises revenue earned and costs incurred related to such in-depth operation and marketing services on a gross basis.

(2) Digital media services offering

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 Revenue recognition (Continued)

(2) Digital media services offering (Continued)

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

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

(3) Contract assets and liabilities

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

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

2.28 Leases

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.28 Leases (Continued)

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

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

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

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

To determine the incremental borrowing rate, the Group:

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.28 Leases (Continued)

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

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

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

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

The Group has adopted the Amendments to HKAS 16 – Covid-19-related Rent Concessions, according to which, the Group elected to treat rent concessions as leases modification for the year ended December 31, 2020 and 2021. (Note 17).

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term.

2.29 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.30 Government grants

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.31 Interest income

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

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

2.32 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

(ii) Diluted earnings per share

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

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

(i) Market risk

(a) Foreign exchange risk

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

Foreign exchange risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect its financial position and results of operations. The foreign exchange risk facing the Group mainly comes from cash and cash equivalents, convertible bond measured at FVPL, payable related to investments and investments in Hong Kong listed equity security dominated in USD or HKD.

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

As at December 31, 2021, if USD had strengthened/weakened by 5% against RMB with all other variables held constant, the loss for the year ended December 31, 2021 would have approximately RMB103,738,000 (2020: RMB5,879,000) lower/higher, as a result of net foreign exchange gains on translation of net monetary assets denominated in USD.

As at December 31, 2021, if HKD had strengthened/weakened by 5% against RMB with all other variables held constant, the loss for the year ended December 31, 2021 would have approximately 29,813,000 (2020: RMB2,219,000) lower/higher, as a result of net foreign exchange gains on translation of net monetary assets denominated in HKD.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(i) Market risk (Continued)

(b) Fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates and the Group has no significant interest-bearing assets except for cash and cash equivalents, restricted cash and loan to related parties and third parties and wealth management product, details of which have been disclosed in Note 32 and Note 30.

The Group's exposure to changes in interest rates is also attributable to its borrowings, details of which have been disclosed in Note 33. All the Group's borrowings were carried at fixed rates, which expose the Group to fair value interest-rate risk.

(ii) Price risk

The Group's exposure to price risk arises from its investment in Hong Kong listed companies ("Listed Companies") which are classified as financial asset at FVPL (Note 26(i)). The investments in the Listed Companies were made for strategic purposes.

Sensitivity analysis is performed by management to assess the exposure of the Group's financial results to equity price risk of FVPL at the end of each reporting period. As of December 31, 2021, if the share price of the Listed Companies is 5% lower/higher and all other variables are held constant, the Group's post-tax loss for the year ended December 31, 2021 would have been approximately RMB3,416,200 higher/lower (2020: RMB1,829,400).

(iii) Credit risk

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

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

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(iii) Credit risk (Continued)

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

To manage this risk, the Group only makes transactions with state-owned banks, reputable commercial banks in the PRC and reputable international banks outside of the PRC which are all high-credit-quality financial institutions. There has been no recent history of default in relation to these banks. The expected credit loss is close to zero.

(b) Credit risk of trade and notes receivables

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

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

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

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(iii) Credit risk (Continued)

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

(i) Receivables in relation to advertising services

"Trade and notes receivables" and "other receivables in relation to payment on behalf of advertisers" represented payments made to the media publishers on behalf of the advertisers, under which the Group acted as a principle and an agent and the advertising revenue was recognised on gross and net basis, respectively. These receivables relate to advertising services have substantially the same risk characteristics and for the same business in substance. The Group has therefore concluded that the expected loss rates for trade and notes receivables related to advertising services are a reasonable approximation of the loss rates for other receivable in relation to payment on behalf of advertisers.

The loss allowance of trade and note receivables in relation to advertising services as at December 31, 2020 and 2021 was determined as follows:

		Pass due				
	Within credit term	30 days	31 – 90 days	91 days – 120 days	Over 120 days	Total
December 31, 2021	0.01%-11.12%	0.25%-25.75%	2.84%-42.99%	5.60%-64.12%	7.02%-72.75%	
Expected loss rate *(i)*						
Gross carrying amount – trade and notes receivables (in RMB'000)	166,456	1,656	–	–	–	168,112
Loss allowance (in RMB'000)	905	24	–	–	–	929

		Pass due				
	Within credit term	30 days	31 – 90 days	91 days – 120 days	Over 120 days	Total
December 31, 2020						
Expected loss rate	0.22%	1.00%	3.03%	20.00%	35.71%	
Gross carrying amount – trade and notes receivables (in RMB'000)	151,100	6	20	–	33	151,159
Loss allowance (in RMB'000)	328	1	1	–	12	342

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(iii) Credit risk (Continued)

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

(ii) Trade and notes receivables in relation to subscription services

Trade and notes receivables in relation to subscription services have been identified as a separate group against receivables in relation to advertising services by consideration of different risk characteristics.

The loss allowance of trade and notes receivables in relation to subscription services as at December 31, 2020 and 2021 was determined as follows:

	Within credit term	**Credit term – 30 days**	**31 – 90 days**	**91 days – 120 days**	**Over 120 days**	**Total**
December 31, 2021						
Expected loss rate *(i)*	**0.19%**	**1.36%**	**3.67%**	**9.91%**	**14.07%**	
Gross carrying amount – trade and notes receivables (in RMB'000)	**178,943**	**1,482**	**5,909**	**1,417**	**8,439**	**196,190**
Loss allowance (in RMB'000)	**341**	**20**	**217**	**140**	**1,187**	**1,905**

	Within credit term	Credit term – 30 days	31 – 90 days	91 days – 120 days	Over 120 days	Total
December 31, 2020						
Expected loss rate	0.22%	1.00%	3.03%	20.00%	35.71%	
Gross carrying amount – trade and notes receivables (in RMB'000)	73,709	245	575	8,437	11,765	94,731
Loss allowance (in RMB'000)	163	2	17	1,687	4,201	6,070

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(iii) Credit risk (Continued)

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

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

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

	2021 RMB'000	2020 RMB'000
At the beginning of the year	**6,412**	1,173
Provision/(reversal) for doubtful receivables	**(3,578)**	5,239
At the end of the year	**2,834**	6,412

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

As at December 31, 2020 and 2021, there were no individually impaired trade and notes receivables.

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

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

	As at December 31	
	2021 RMB'000	2020 RMB'000
Hubei Toutiao Technology Co., Ltd. ("Toutiao")	**36%**	43%
Tencent Cloud Computing (Beijing) Co., Ltd. ("Tencent Cloud")	**16%**	11%
	52%	54%

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(iii) Credit risk (Continued)

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

Except for the revenue generated from Toutiao and Tencent Cloud (collectively the "Major Customers"), the Group has a large number of customers and there is no concentration of credit risk. Given the strong business relationship with these Major Customers and their good reputation in their industries, the management does not expect that there are any significant losses from non-performance by Major Customers.

(c) Credit risk of other receivables

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

- actual or expected significant adverse changes in business, financial economic conditions that are expected to cause a significant change to the third party's ability to meet its obligations;
- actual or expected significant changes in the operating results of the third party;
- significant changes in the expected performance and behavior of the third party, including changes in the payment status of the third party.

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

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

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(iii) Credit risk (Continued)

(c) Credit risk of other receivables (Continued)

(i) Other receivables in relation to payment on behalf of advertisers

To measure the expected credit losses, other receivables in relation to payment on behalf of advertisers have been grouped based on the shared credit risk characteristics by industry sector and the days past due.

Other receivables in relation to payment on behalf of advertisers represented prepayments to the media publishers on behalf of the advertisers, under which the Group acted as an agent and the target marketing revenue was recognised on net basis. The Group usually receives advance payment from advertisers before the Group makes prepayment to the media publishers to purchase advertising traffic. Sometimes, the Group grants credit limit to some advertisers with high reputation or long-term business relationship with Group.

For other receivables in relation to payment on behalf of advertisers, management makes periodic individual assessment as well as collective assessments on the recoverability of other receivables based on historical settlement records and past experiences incorporating forward-looking information.

The Group incorporated the forward-looking factor when determining the expected credit loss. The Group assessed the forward-looking factor by considering the forecast change of macroeconomic factors and the correlation between the macroeconomic factor and the debtors' default risk. By analysing the industry and credit characteristics of the third-party advertisers (the "Debtors"), the Group uses several categories covering different industries for Debtors which reflect their credit risk.

As at December 31, 2021, the loss allowance of individually impaired other receivables in relation to payment on behalf of advertisers is determined as follows:

	Other receivables RMB'000	**Expected credit loss rate**	**Loss allowance** RMB'000	**Reason**
Sub total of individual impaired	134,613	48%	(64,373)	No reasonable expectation of fully recovery

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(iii) Credit risk (Continued)

(c) Credit risk of other receivables (Continued)

(i) Other receivables in relation to payment on behalf of advertisers (Continued)

For outstanding amounts due from long aging other receivables in relation to payment on behalf of advertisers, management makes individual assessment on recoverability of the receivables due to the decrease in credit rating and on-going litigation against them. The Group has ceased business relationship with them and made individual provision accordingly.

The loss allowance made on a collective basis for the other receivables in relation to payment on behalf of advertisers as at December 31, 2021 was determined as follows:

		Pass due				
	Within credit term	30 days	31 – 90 days	91 – 120 days	Over 120 days	Total
December 31, 2021	0.01%-11.12%	0.20%-25.75%	0.50%-42.99%	2.09%-64.12%	2.95%-72.75%	
Expected loss rate *(i)*						
Gross carrying amount -other receivables in relation to payment on behalf of advertisers (in RMB'000)	544,629	51,151	34,270	5,680	34,998	670,728
Loss allowance (in RMB'000)	6,418	4,103	5,905	1,004	11,216	28,646

As at December 31, 2020, there was no individually impaired other receivables.

The loss allowance made on a collective basis for the other receivables in relation to payment on behalf of advertisers as at December 31, 2020 was determined as follows:

		Pass due				
	Within credit term	30 days	31 – 90 days	91 – 120 days	Over 120 days	Total
December 31, 2020						
Expected loss rate	0.22%	1.00%	3.03%	20.00%	35.71%	
Gross carrying amount – other receivables in relation to payment on behalf of advertisers (in RMB'000)	819,670	42,288	35,305	2,179	13,298	912,740
Loss allowance (in RMB'000)	1,790	421	1,068	436	4,749	8,464

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(iii) Credit risk (Continued)

(c) Credit risk of other receivables (Continued)

(ii) Deposits, other loan receivables due from third parties and related parties

For deposits, other loan receivables due from third parties and related parties, the management considers the credit risk of other receivables is insignificant when they have a low risk of default and the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and the loss allowance recognised is therefore limited to 12 months expected losses. As at December 31, 2021, the loss allowance for deposits, other loan receivables due from third parties and related parties is RMB2,213,000 (As at December 31, 2020: RMB252,000).

As at December 31, 2021, among the total loss allowance of RMB2,213,000, the loss allowance of individually impaired other receivables amounted to RMB1,206,000 which is in relation loan receivables due from related parties and determined as follows:

Individual	**Other receivables** RMB'000	**Expected credit loss rate**	**Loss allowance** RMB'000	**Reason**
Xi'an Mengyou	4,550	27%	(1,206)	No reasonable expectation of fully recovery

Except for loan receivable due from Xi'an Mengyou, deposits, other loan receivables due from third parties and related parties, management makes collective assessments on the recoverability of other receivables based on historical settlement records.

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

	Other receivables As at December 31,	
	2021	2020
	RMB'000	RMB'000
At the beginning of the year	**8,716**	5,457
Provision for doubtful receivables	**86,516**	3,259
At the end of the year	**95,232**	8,716

No significant changes to estimation techniques or assumptions were made during the years ended December 31, 2020 and 2021.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(iii) Credit risk (Continued)

(d) Credit risk of financial assets carried at FVOCI

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

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

	Debt instruments carried at FVOCI As at December 31,	
	2021	2020
	RMB'000	RMB'000
At the beginning of the year	**99**	–
Provision for doubtful receivables	**178**	99
At the end of the year	**277**	99

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(iv) Liquidity risk

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

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

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at December 31, 2021					
Trade and other payables (excluding staff costs and welfare accruals, advance from advertisers and other tax payable) *(Note 34)*	732,053	–	–	–	732,053
Other non-current liabilities *(Note 34)*	–	–	5,406	–	5,406
Bank borrowing (including interest accrual up to maturity) *(Note 33)*	753,004	–	–	–	753,004
Convertible bonds measured at amortised cost *(Note 27)*	–	–	1,641,292	–	1,641,292
Lease liabilities *(Note 17)*	120,769	99,027	52,508	–	272,304
Total	1,605,826	99,027	1,699,206	–	3,404,059

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(iv) Liquidity risk (Continued)

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at December 31, 2020					
Trade and other payables (excluding staff costs and welfare accruals, advance from advertisers and other tax payable) *(Note 34)*	678,867	–	–	–	678,867
Bank borrowing (including interest accrual up to maturity) *(Note 33)*	435,344	43,661	–	–	479,005
Lease liabilities *(Note 17)*	32,612	31,133	41,984	–	105,729
Total	1,146,823	74,794	41,984	–	1,263,601

As at December 31, 2021 and 2020, the Group's financial liabilities at fair value through profit or loss (current and non-current portion) amounted to RMB538,029,000 and RMB1,993,918,000, respectively (Note 26). The financial liabilities at FVPL have not been included in above tables because the contractual maturities are not essential for an understanding of the timing of the cash flows. These liabilities are managed on a fair value basis rather than by maturity date.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital management

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

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

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

The gearing ratios at December 31, 2020 and 2021 were as follows:

	As at December 31	
	2021	2020
	RMB'000	RMB'000
Net (cash)/debt *(Note 39)*	**(694,536)**	737,345
Total equity	**4,213,818**	1,252,490
Total capital	**3,519,282**	1,989,835
Net debt to equity ratio	**N/A**	37%

As at December 31, 2020, the Group was a net debt position due to issuance of convertible bonds measured at FVPL. As at December 31, 2021, the Group changed to a net cash position due to placement of shares to certain investors and convertible bonds measured at amortised cost.

3.3 Fair value estimation

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

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

(ii) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value as at December 31, 2021.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Financial assets measured at FVPL				
– Non-current *(Note 26(ii))*	–	–	1,064,574	1,064,574
– Current *(Note 26(i))*	68,324	–	389,973	458,297
Financial assets measured at FVOCI				
– Current *(Note 24)*	–	–	190,298	190,298
	68,324	–	1,644,845	1,713,169
Liabilities				
Financial liabilities measured at FVPL				
– Non-current *(Note 26(iii))*	138,523	–	399,506	538,029

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

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

There were no transfers of financial assets and liabilities between level 1, level 2 and level 3 during the year ended December 31, 2020 and 2021.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

Financial instruments in level 1

Level 1 financial asset as at December 31, 2021 and 2020 represented Hong Kong listed equity securities (Note 26(i)).

Level 1 financial liability as at December 31, 2021 and 2020 represented convertible bonds with quoted price in Hong Kong active market (Note 26(iii)).

Financial instruments in level 3

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

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

Financial instruments in level 3 (Continued)

The following table presents the changes in level 3 financial instruments for the years ended December 31, 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 at FVPL *(Note 26(i))* RMB'000	Non-current financial assets at FVPL *(Note 26(ii))* RMB'000	Financial assets at FVOCI *(Note 24)* RMB'000	Derivative financial instrument *(Note 25)* RMB'000	Current financial liability measured at FVPL *(Note 26(ii))* RMB'000	Non-current financial liabilities measured at FVPL *(Note 26(ii))* RMB'000	Total RMB'000
Opening balance as at January 1, 2021	145,740	215,094	44,834	15,468	(46,365)	(51,919)	322,852
Addition	1,033,800	655,566	1,958,981	–	–	(345,000)	3,303,347
Changes in fair value	5,352	194,235	(10,682)	–	–	(21,411)	167,494
Settlements	(794,919)	(321)	(1,802,835)	(15,468)	46,365	18,824	(2,548,354)
Ending balance as at December 31, 2021	389,973	1,064,574	190,298	–	–	(399,506)	1,245,339
Net unrealized gains/(losses) for the year	1,883	194,235	–	–	–	(21,411)	174,707

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

Financial instruments in level 3 (Continued)

	Current financial assets at FVPL *(1)* RMB'000	Non-current financial assets at FVPL *(Note 26(ii))* RMB'000	Financial assets at FVOCI *(Note 24)* RMB'000	Derivative financial instrument *(Note 25)* RMB'000	Current financial liability measured at FVPL *(Note 26(ii))* RMB'000	Non-current financial liabilities measured at FVPL *(Note 26(ii))* RMB'000	Total RMB'000
Opening balance as at January 1, 2020	–	40,885	–	–	–	(18,076)	22,809
Addition	58,900	58,000	–	–	–	(12,500)	104,400
Business combination *(Note 38)*	86,208	–	–	–	(22,220)	(51,919)	12,069
Changes in fair value	632	116,209	–	15,468	–	(13,679)	118,630
Settlements	–	–	–	–	11,110	–	11,110
Transferred to other payables	–	–	–	–	–	9,000	9,000
Reclassification from trade receivables to financial assets at FVOCI	–	–	44,834	–	–	–	44,834
Reclassification from non-current liabilities to current liabilities	–	–	–	–	(35,255)	35,255	–
Ending balance as at December 31, 2020	145,740	215,094	44,834	15,468	(46,365)	(51,919)	322,852
Net unrealized gains/(losses) for the year	632	116,209	–	15,468	–	(13,679)	118,630

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

Financial instruments in level 3 (Continued)

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

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

Description	Fair value at December 31 2021 RMB'000	2020 RMB'000	Significant un-observable inputs	Range of inputs (probability-weighted average) 2021	2020	Relationship of unobservable inputs to fair value
Assets						
Investment in unlisted companies *(a)*	1,054,628	215,094	Expected volatility	41.30%-45.20%	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%	25.00%-30.00%	
			Weighted average cost of capital ("WACC")	26.00%	26.00%-30.00%	
Short-term investments at FVPL *(b)*	389,973	145,740	Expected yield	1.48%-3.40%	1.80%-3.20%	Positive correlation
Call option- Zhejiang Demo Network Technology Co. Ltd. ("Demo") *(c)*	–	15,468	Expected volatility	NA	40.00%	The higher the risk-free rate and expected volatility, the higher the fair value. The higher the dividend yield, the lower the fair value.
			Risk free rate	NA	1.73%	
			Dividend yield	NA	0.00%	
Investment in convertible bonds of Growing Corporation *(d)*	9,946	–	*Note d*			
Financial assets at FVOCI *(Note 24)*	190,298	44,834	Discount rate	5.46%	6.97%	Negative correlation
Liabilities						
Other current financial liabilities at FVPL-Demo *(c)*	–	35,255	*Note c*			
Other non-current financial liabilities at FVPL- Yunxin Investment Management Co., Ltd. ("Yunxin") *(e)*	–	14,324	Expected volatility	NA	46.30%	The higher the expected volatility and WACC, the lower the fair value.
			WACC	NA	26.00%	
Other current financial liabilities at FVPL- Shanghai Jingxin Information Technology Co., Ltd. ("Jingxin") *(e)*	–	11,110	*Note e*			
Contingent payable- Shanghai Heading Information Engineering Co., Ltd. ("Heading") *(f)*	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") *(g)*	361,911	–	*Note g*			

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

Financial instruments in level 3 (Continued)

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

(a) Investment in unlisted companies

As disclosed in Note 26(ii), the Group made investments in several unlisted companies ("Unlisted Companies") directly or indirectly in 2020 and 2021, all of which are classified as financial assets at FVPL. The fair value of those investments in Unlisted Companies were calculated using the equity allocation method.

(b) Short-term investments 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 investments at FVPL were calculated using the expected yield.

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

As disclosed in Note 26(ii)(a), 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. 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.

(d) Investment in convertible bonds at FVPL – Growing Corporation

As disclosed in Note 26(ii)(g), Weimob Global Limited ("Weimob Global") purchased convertible bonds of Growing Corporation which was measured at FVPL.

As at December 31, 2021, the directors of the Company assessed the fair value of this investment approximates close to the initial investment of USD1,560,000 (approximately equivalent to RMB9,946,000).

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

Financial instruments in level 3 (Continued)

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

(e) Other non-current financial liabilities at FVPL

As disclosed in Note 38, 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 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, all shareholders of Wuxi Yazuo transferred 15% of their shares to a company, which was established solely for administering and holding Wuxi Yazuo's future ESOP plan, at a nominal value of RMB1. The Group acquired the remaining preference shares held by Yunxin for total consideration of RMB18,824,000.

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.

(f) Contingent payable – 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 2023. There was no significant change in the fair value of this contingent payable.

(g) Other non-current financial liabilities at FVPL-Weizhi Shuke

As disclosed in Note 26(ii)(b), the Group established and consolidated a 5-year contractual based fund, Weizhi Shuke with three venture capital partners to invest in unlisted cloud computing and big data companies. The investment in the portfolio companies are accounted for as financial assets at FVPL. The financing from venture capital partners are recorded as non-current financial liabilities at FVPL, under which the fair value was determined according to the value of underlying investments and the predetermined profit distribution mechanism that set out in the fund agreement.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

Financial instruments in level 3 (Continued)

(ii) *Sensitivity analysis*

For the fair value of the Group's level 3 instruments, namely investments in Unlisted Companies, bank wealth management products, financial assets at FVOCI, other non-current financial liabilities at FVPL and contingent payable, reasonably possible changes at December 31, 2021 and 2020 to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

For call option and other current financial liability related to Demo, no sensitivity analysis was performed as the Group fully exercised the call option and acquired all the 27% redeemable preferred shares of Demo held by the Fund. Hence, the balance of call option and other current financial liability related to Demo was nil as of December 31, 2021.

	Increase/(Decrease) in fair value (in RMB'000) As at December 31,			
	2021		2020	
Investment in Unlisted Companies				
– Expected volatility (5% increase/ decrease)	**(2,171)**	**2,220**	(168)	114
– DLOM (5% increase/decrease)	**(12,249)**	**12,235**	(3,235)	3,235
– WACC (5% increase/decrease)	**(64,875)**	**73,976**	(13,951)	15,567
Contingent payable				
– Discounted cash flows (5% increase/ decrease)	**(69)**	**70**	(133)	134
Financial assets at FVOCI				
– Discounted cash flows (5% increase/ decrease)	**(519)**	**519**	(136)	137

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

Financial instruments in level 3 (Continued)

(iii) Valuation processes

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

Except for the level 3 instruments mentioned above, long-term deposits (Note 30), and other non-current liabilities (Note 34(ii)), the Group's financial assets and liabilities include cash and cash equivalents, restricted cash, trade and notes receivables, other receivables, bank borrowings, 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, and other non-current liabilities approximates its fair values since it bears an interest rate which approximates market interest rate.

3.4 Offsetting financial assets and financial liabilities

There was no financial instruments being offset as at December 31, 2021.

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

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

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

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

4 CRITICAL ESTIMATES AND JUDGEMENTS

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

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

(a) Gross vs. net judgement in revenue recognition

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

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

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

(c) Estimation of the rebates earned from media publishers

As disclosed in Note 2.26, for the Group's merchant solutions and digital media revenue, certain rebates granted by the media publishers are variable and outside the entity's influence and are recognised as revenue (where the Group acts as agent) or deduction of cost of sales (where the Group acts as principal) at the time incentives are granted. In some circumstances, whereby the management cannot reasonably estimate the amount of rebates that the Group is expected to earn, the Group only recognises the minimum amount of rebates as agreed by the media publishers, which is highly probable that a significant reversal in the amount of cumulative revenue will not occur or probable that a reversal of cost of sales will occur. Management updates its estimate at each reporting date when additional information becomes available.

4 CRITICAL ESTIMATES AND JUDGEMENTS (Continued)

(d) Current and deferred income taxes

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

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

(e) Impairment of receivables

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

(f) Business combination

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

(g) Estimation of goodwill impairment

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

4 CRITICAL ESTIMATES AND JUDGEMENTS (Continued)

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

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

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

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

5 SEGMENT INFORMATION

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

Since late 2020, the Group restructured its operating segments and enhanced its service offering by providing integrated products of SaaS and targeting marketing services, in order to better empower digital transformation for merchants through offering diverse business solution. The Group re-organized its operating segment to "Subscription solutions" and "Merchant solutions" as the core, and "Digital media" as the supplement, both in the internal reports to CODM and in the consolidated financial statements of the Group. "Subscription solutions" mainly comprise the Group's standard cloud-hosted commerce and marketing SaaS products, customised software such as ERP solutions and other software related services. "Merchant solutions" mainly comprise value-added services offered to merchants as part of the holistic solutions to meet merchants' online digital commerce and marketing needs, including assisting merchants to purchase online advertising traffic in various media platforms. "Digital media" mainly comprise advertisement placement services offered to certain merchants in which specified results or actions are committed. The Board believes that the above changes in segment information better reflect the resource allocation and future business development of the Group.

5 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. Cost of sales for Digital media segment primarily comprised of traffic purchase cost and employee benefit expenses.

As at December 31, 2020 and 2021, substantial majority of the non-current assets of the Group were located in the PRC. Therefore, no geographical segments are presented.

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

	Subscription solutions ***(Note a)*** RMB'000	**Merchant solutions** RMB'000	**Digital media** RMB'000	**Total** RMB'000
Year ended December 31, 2021				
Segment revenue *(Note a)*	**1,187,826**	**779,082**	**718,778**	**2,685,686**
Segment cost of sales	**(338,924)**	**(126,481)**	**(703,806)**	**(1,169,211)**
Gross profit	**848,902**	**652,601**	**14,972**	**1,516,475**
Year ended December 31, 2020				
Segment revenue *(Note a)*	622,384	528,271	818,159	1,968,814
Segment cost of sales	(183,130)	(1,603)	(781,462)	(966,195)
Gross profit	439,254	526,668	36,697	1,002,619

Note a: An accrual and reversal of compensation cost of approximately RMB95,548,000 and RMB12,593,000 have been reflected in subscription solutions revenue due to SaaS sabotage event (Note 10(ii)) for the years ended December 31, 2020 and 2021, respectively.

5 SEGMENT INFORMATION (Continued)

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

	Year ended December 31	
	2021	2020
	RMB'000	RMB'000
Beijing Dajia Internet Information Technology Co., Ltd. ("Dajia")	**Less than 10%**	19.1%
Beijing Tencent Culture Media Company Limited ("Tencent")	**19.0%**	19.0%

Except for the revenue generated from Tencent where the Group provides merchant solutions to advertisers acting as the agent of Tencent and earns rebate, and revenue generated from Dajia, where the Group provides digital media services and earns advertising service revenue, there is no concentration risk as no revenue from a single external customer was more than 10% of the Group's total revenue for the years ended December 31, 2020 and 2021, respectively.

6 REVENUE

Revenue mainly comprises of proceeds from providing subscription solutions, merchants solutions and digital media services. An analysis of the Group's revenue by category for the years ended December 31, 2020 and 2021, is as follows:

6.1 Disaggregation of revenue from contracts with customers

	Year ended December 31	
	2021	2020
	RMB'000	RMB'000
Digital commerce		
– Subscription solutions*		
Revenue before deducting impact of SaaS sabotage event *(Note 10(iii))*	**1,175,233**	717,932
Reversal/(accrual) of compensation cost due to SaaS sabotage event *(Note 10(iii))*	**12,593**	(95,548)
– Merchant solutions*	**779,082**	528,271
	1,966,908	1,150,655
Digital media	**718,778**	818,159
	2,685,686	1,968,814

6 REVENUE (Continued)

6.1 Disaggregation of revenue from contracts with customers (Continued)

	Year ended December 31	
	2021	2020
	RMB'000	RMB'000
Timing of revenue recognition		
– At a point in time	**1,810,410**	1,471,239
– Over time	**862,683**	593,123
Total revenue before deducting impact of SaaS sabotage event	**2,673,093**	2,064,362
Reversal/(accrual) of compensation cost due to SaaS sabotage event *(Note 10(iii))*	**12,593**	(95,548)
Total revenue	**2,685,686**	1,968,814

* For the year ended 31 December 2021, the Group provided digital media services and online marketing support services (collectively "advertising services"), and recognised revenue of RMB719 million (presented in digital media on a gross basis) and RMB733 million (presented in merchant solutions on a net basis), respectively. For the year ended 31 December 2021, the Group recognized revenue of RMB1,452 million from provision of such advertising services in total.

Revenue from online marketing support services recognised in the reporting period from performance obligations satisfied in previous periods due to variable rebates was RMB178,996,000 for the year ended December 31, 2021 (2020: RMB13,380,000).

6.2 Assets and liabilities related to contract with customers

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

	As at December 31	
	2021	2020
	RMB'000	RMB'000
Contract acquisition cost (current)	**88,649**	156,746
Contract acquisition cost (non-current)	**44,979**	40,841
Total assets related to contracts with customers	**133,628**	197,587
Contract liabilities (current)	**316,505**	376,256
Contract liabilities (non-current)	**90,875**	105,098
Total contract liabilities	**407,380**	481,354

6 REVENUE (Continued)

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

(i) Significant changes in contract liabilities

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

(ii) Revenue recognised in relation to contract liabilities

	Year ended December 31	
	2021	2020
	RMB'000	RMB'000
Beginning balance	**481,354**	378,667
Addition	**671,257**	758,224
Business combination *(Note 38)*	**–**	61,964
Recognized in revenue	**(745,231)**	(717,501)
Ending balance	**407,380**	481,354

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

	Year ended December 31	
	2021	2020
	RMB'000	RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	**376,195**	293,488

(iii) Unsatisfied performance obligations

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

	As at December 31	
	2021	2020
	RMB'000	RMB'000
Subscription solutions related	**407,380**	481,354

The Company expects that out of total unsatisfied performance obligations as at December 31, 2021, approximately RMB316,505,000 (December 31, 2020: RMB376,256,000) will be recognized as revenue within 1 year. The remaining approximately RMB90,875,000 (December 31, 2020: RMB105,098,000) will be recognized as revenue within two to three years. For the Group's provision of digital media services, the contracted service periods are one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied performance obligations are not disclosed.

6 REVENUE (Continued)

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

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

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

	Year ended December 31	
	2021	2020
	RMB'000	RMB'000
Amortisation recognized as selling expenses related to subscription solutions during the year *(7(a))*	**261,596**	238,070

(v) Assets recognised from costs to fulfil a contract

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

	Year ended December 31	
	2021	2020
	RMB'000	RMB'000
Beginning balance	**14,124**	1,313
Addition	**131,754**	24,114
Business combination *(Note 38)*	**–**	12,238
Recognised as cost of providing subscription solutions during the year	**(119,875)**	(23,541)
Ending balance	**26,003**	14,124

7 EXPENSES BY NATURE

	Year ended December 31	
	2021	2020
	RMB'000	RMB'000
Employee benefits expenses *(Note 8)*	**1,700,103**	763,644
Advertising traffic cost	**734,317**	750,504
Promotion and advertising expenses *(a)*	**568,701**	321,750
Depreciation and amortisation	**196,554**	94,251
Outsourced service fee	**132,645**	36,423
Server and SMS charges related to subscription solutions revenue	**108,366**	50,455
Depreciation of right-of-use assets *(Note 17(ii))*	**70,268**	30,648
Utilities and office expenses sets	**88,896**	44,408
Travelling and entertainment expenses	**46,951**	24,633
Other consulting fees	**22,297**	11,821
Auditors' remuneration	**6,067**	6,302
Others	**20,266**	11,451
	3,695,431	2,146,290

(a) Promotion and advertising expenses for the current year mainly consists of (i) RMB261,596,000 amortisation expenses of contract acquisition cost (2020: RMB238,070,000) and (ii) RMB298,864,000 advertising expenses, which were mainly paid and payable to Tencent and Baidu Com (Beijing) Co., Ltd. (2020: RMB57,872,000).

8 EMPLOYEE BENEFIT EXPENSES

	Year ended December 31	
	2021	2020
	RMB'000	RMB'000
Wages, salaries and bonuses	**1,253,700**	633,957
Other social security costs, housing benefits and other employee benefits	**158,348**	52,116
Pension costs-defined contribution plans	**114,092**	31,956
Share-based compensation expenses for employees *(Note 37)*	**173,963**	45,615
	1,700,103	763,644

8 EMPLOYEE BENEFIT EXPENSES (Continued)

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended December 31, 2020 and 2021 include two and two directors whose emoluments are reflected in the analysis shown in Note 41. The emoluments payable to the remaining three and three individuals for the years ended December 31, 2020 and 2021 are as follows:

	Year ended December 31	
	2021	2020
	RMB'000	RMB'000
Salaries and wages	5,075	2,266
Bonuses	1,110	540
Pension costs-defined contribution plans	198	24
Other social security costs, housing benefits and other employee benefits	163	147
Share-based compensation	22,082	966
	28,628	3,943

The emoluments fell within the following bands:

	Year ended December 31	
	2021	2020
HK$1,000,001 to HK$1,500,000	**1**	1
HK$1,500,001 to HK$2,000,000	**–**	1
HK$5,000,001 to HK$5,500,000	**1**	1
HK$28,000,001 to HK$28,500,000	**1**	–
	3	3

9 OTHER INCOME

	Year ended December 31	
	2021	2020
	RMB'000	RMB'000
Super deduction of input VAT *(i)*	**88,630**	82,014
Government grants *(ii)*	**39,661**	32,528
Interest income from term deposits and loan to related and third parties	**2,762**	3,658
	131,053	118,200

(i) Pursuant to the 'Announcement on Relevant Policies for Deepening the Value-added Tax Reform' (Cai Shui Haiguan [2019] 39) jointly issued by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs, the Group, as a service company, qualifies for additional 10% deduction of input value-added tax ("Super Deduction of input VAT") from output VAT since April 1, 2019.

(ii) Government grants mainly represent tax refund entitled to receive.

10 OTHER GAINS, NET

	Year ended December 31	
	2021	2020
	RMB'000	RMB'000
Fair value change of non-current financial assets measured at FVPL *(Note 26(ii))*	**194,235**	116,209
Fair value gain on derivative financial instruments *(Note 26(ii))*	**–**	15,468
Fair value change of non-current financial liabilities measured at FVPL *(i)*	**(21,411)**	(13,679)
Realised gain from transfer equity interest of Shanghai Mengyou Network Technology Co., Ltd ("Mengyou") to Shanghai Syoo Network Technology Co., Ltd. ("Syoo") *(Note 26(ii))*	**–**	2,000
Fair value change of current financial assets measured at FVPL *(Note 26(i))*	**4,103**	(24,144)
Gains from disposal of short-term investments measured at FVPL *(Note 26(i))*	**3,469**	–
Foreign exchange gain/(losses), net	**29,363**	(6,533)
Donation *(ii)*	**(186)**	(10,000)
Loss on disposals of financial assets measured at FVOCI *(Note 24)*	**(10,682)**	–
Fair value change of investment properties *(Note 18)*	**2,539**	–
Expenses related to SaaS sabotage event *(iii)*	**–**	(827)
Others, net	**(683)**	(1,624)
	200,747	76,870

10 OTHER GAINS, NET (Continued)

(i) Fair value change of non-current financial liabilities measured at FVPL for the current year mainly consists of i) RMB16,911,000 loss on variable returns attributed to venture capitals' investment in Weizhi Shuke (Note 26(ii)(b)), and ii) RMB4,500,000 loss on fair value change of Yunxin (Note 38(c)).

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

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

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

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

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

* Out of the total compensation amount borne by the executive directors, RMB11,544,000 was paid in 2020 and RMB26,937,000 was paid in 2021.

11 FINANCE COSTS

	Year ended December 31	
	2021	2020
	RMB'000	RMB'000
Interest expenses on liability component of 2021 Convertible bonds *(Note 27)*	**51,863**	–
Interest expenses on borrowings	**29,451**	20,324
Interest expenses on lease liabilities *(Note 17)*	**9,819**	4,771
Interest expenses on factoring	**–**	6,873
Issuance cost for 2020 convertible bonds offering	**–**	23,754
	91,133	55,722

12 FINANCE INCOME

	Year ended December 31	
	2021	2020
	RMB'000	RMB'000
Interest income on bank deposits held for cash management purpose	**15,563**	12,376

13 TAXATION

(a) Value added tax

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

(b) Income tax

(i) Cayman Islands Income Tax

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

(ii) Hong Kong Profits Tax

No provision for Hong Kong profits tax was made as the Group did not have any assessable income subject to Hong Kong profits tax for the year ended December 31, 2021.

13 TAXATION (Continued)

(b) Income tax (Continued)

(iii) PRC Enterprise Income Tax

Income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the period, based on the existing legislation, interpretations and practices in respect thereof. The general corporate income tax rate in the PRC is 25%. Certain subsidiaries of the Group in the PRC including Weimob Development and Heading and Shanghai Heading Information Technology Co., Ltd. ("Heading Technology") are qualified as "high and new technology enterprises" and they were subject to a preferential income tax rate of 15% 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 years ended 31 December 2020 and 2021 as majority of subsidiaries incorporated in the PRC have accumulated losses as at 31 December 2020 and 2021.

	Year ended December 31	
	2021	2020
	RMB'000	RMB'000
Current tax	**1,124**	233
Deferred income tax *(Note 28)*	**7,789**	22,079
Income tax expenses	**8,913**	22,312

13 TAXATION (Continued)

(b) Income tax (Continued)

(iv) PRC withholding Tax (Continued)

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the tax rate of 25% for the years ended December 31, 2020 and 2021, being the tax rate of the major subsidiaries of the Group.

	Year ended December 31	
	2021	2020
	RMB'000	RMB'000
Loss before income tax	**(844,330)**	(1,144,067)
Tax calculated at PRC statutory income tax rate of 25%	**(211,083)**	(286,017)
Effects of preferential tax rates applicable to high and new technology enterprises	**6,539**	(8,516)
Accelerated research and development deductible expenses	**(98,942)**	(19,712)
Fair value changes in convertible bonds not deductible for taxation purpose	**3,672**	271,577
Expenses not deductible for taxation purpose	**41,359**	24,545
Temporary differences and tax losses for which no deferred income tax asset was recognized	**267,368**	40,435
Income tax expenses	**8,913**	22,312

14 DIVIDENDS

No dividends have been paid or declared by the Company for the years ended December 31, 2020 and 2021.

15 LOSS PER SHARE

(a) Basic

Basic loss per share for the years ended December 31, 2020 and 2021 are calculated by dividing the loss attributable to the Company's equity holders by the weighted average number of ordinary shares during the respective years.

	Year ended December 31	
	2021	2020
Net loss attributable to the equity holders of the Company (RMB'000)	**(783,023)**	(1,156,622)
Weighted average numbers of ordinary shares in issue	**2,402,215,702**	2,234,377,308
Basic loss per share (expressed in RMB per share)	**(0.33)**	(0.52)

(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 years ended December 31, 2020 and 2021, convertible bonds (Note 26(iii) and Note 27) issued by the Company and restricted shares units ("RSUs") granted to employees (Note 37) are considered to be potential ordinary shares. As the Group incurred losses for the years ended December 31, 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 year ended December 30, 2020 and 2021 was the same as basic loss per share of the respective period.

16 PROPERTY, PLANT AND EQUIPMENT

	Computer and electronic equipment RMB'000	Furniture and fixtures RMB'000	Vehicles RMB'000	Buildings RMB'000	Leasehold improvement RMB'000	Assets under construction RMB'000	Total RMB'000
Cost							
At January 1, 2021	20,894	5,114	2,841	35,500	24,986	–	89,335
Additions	18,903	1,191	3,473	–	21,883	2,219	47,669
Business combination *(Note 38)*	7	5	–	–	–	–	12
Disposals	(1,922)	(9)	(1,851)	–	–	–	(3,782)
At December 31, 2021	37,882	6,301	4,463	35,500	46,869	2,219	133,234
Accumulated depreciation							
At January 1, 2021	(10,142)	(2,364)	(1,224)	(239)	(11,721)	–	(25,690)
Depreciation	(9,479)	(831)	(563)	(1,434)	(9,526)	–	(21,833)
Disposals	1,420	2	826	–	–	–	2,248
At December 31, 2021	(18,201)	(3,193)	(961)	(1,673)	(21,247)	–	(45,275)
Net carrying amount							
At January 1, 2021	10,752	2,750	1,617	35,261	13,265	–	63,645
At December 31, 2021	19,681	3,108	3,502	33,827	25,622	2,219	87,959
Cost							
At January 1, 2020	13,187	3,912	2,360	–	16,825	–	36,284
Additions	6,045	883	–	–	8,120	–	15,048
Business combination *(Note 38)*	1,868	398	481	35,500	41	–	38,288
Disposals	(206)	(79)	–	–	–	–	(285)
At December 31, 2020	20,894	5,114	2,841	35,500	24,986	–	89,335
Accumulated depreciation							
At January 1, 2020	(5,984)	(1,532)	(812)	–	(6,932)	–	(15,260)
Depreciation	(4,253)	(860)	(412)	(239)	(4,789)	–	(10,553)
Disposals	95	28	–	–	–	–	123
At December 31, 2020	(10,142)	(2,364)	(1,224)	(239)	(11,721)	–	(25,690)
Net carrying amount							
At January 1, 2020	7,203	2,380	1,548	–	9,893	–	21,024
At December 31, 2020	10,752	2,750	1,617	35,261	13,265	–	63,645

16 PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation of the Group's property, plant and equipment has been recognised as follows:

	Year ended December 31	
	2021	2020
	RMB'000	RMB'000
Cost of sales	**1,384**	908
Administrative expenses	**7,279**	2,379
Selling and marketing expenses	**13,170**	7,266
	21,833	10,553

Impairment test on property, plant and equipment and other long term assets have been conducted on individual CGU level (Note 19) and no impairment is considered necessary based on the impairment tests performed as at December 31, 2021.

17 LEASES

(i) Amounts recognised in the consolidated statement of financial position

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

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Right-of-use assets		
Buildings	**256,949**	104,281
Land-use rights	**9,635**	9,948
	266,584	114,229
Lease liability		
Current	**93,273**	31,093
Non-current	**177,267**	71,260
	270,540	102,353

Additions to the right-of-use assets for the year ended December 31, 2021 were approximately RMB225,719,000 (2020: RMB87,816,000), including RMB nil addition up due to business acquisition (2020: RMB14,621,000). Disposals of the right-of-use assets for the year ended December 31, 2021 were approximately RMB3,096,000 (2020: RMB3,219,000), due to the early termination of leases agreements. There was no decrease of the right-of-use assets for the year ended December 31, 2021 (2020: RMB896,000) due to the modification for rent concessions.

17 LEASES (Continued)

(ii) Amounts recognised in the consolidated statement of comprehensive loss

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

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Depreciation charge of right-of-use assets *(Note 7)*		
Buildings	**69,955**	30,596
Land-use rights	**313**	52
	70,268	30,648
Interest expenses (included in finance cost) *(Note 11)*	**9,819**	4,771
Expense relating to short-term leases (included in administrative expenses)	**14,019**	10,113

The total cash outflow for long-term leases including principal elements and interest expenses as well as short-term leases for the year ended December 31, 2021 was approximately RMB78,274,000 (2020：RMB40,764,000).

(iii) The Group's leasing activities and how these are accounted for

The Group leases office buildings. Rental contracts are typically made for fixed periods of 1 to 7 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants.

(iv) Accounting for a lessor with operating leases

The Group owned certain residential real estates leased to tenants under operating leases, which meets the definition of investment properties. The information of investment properties is disclosed in Note 18.

18 INVESTMENT PROPERTIES

	Year ended December 31	
	2021	2020
	RMB'000	RMB'000
Opening balance at January 1	**32,401**	–
Business combination *(Note 38(d))*	**–**	32,401
Fair value change	**2,539**	–
Ending balance at December 31	**34,940**	32,401

(i) Amounts recognised in the consolidated statement of comprehensive loss for investment properties

	Year ended December 31	
	2021	2020
	RMB'000	RMB'000
Rental income from operating leases	**340**	57
Direct operating expenses from property that generated rental income	**12**	9

(ii) Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly. There are no other variable lease payments that depend on an index or rate.

(iii) Valuation processes of the Group

The Group's policy is to recognise change of fair value hierarchy levels as of the date of the event or change in circumstances that caused the change. As at December 31, 2021 and 2020, the Group had only level 3 investment properties.

The Group's investment properties were acquired on November 9, 2020 through business combination of Heading (Note 38(d)) and were valued by an external, independent and qualified appraiser on the acquisition date and December 31, 2021. For all investment properties, their current use equates the highest and best use.

18 INVESTMENT PROPERTIES (Continued)

(iv) Valuation techniques

Valuation are based on direct comparison approach assuming sale of each of these properties in its existing status with the benefit of vacant possession. By making reference to sales transactions as available in the relevant market, comparable properties in close proximity have been selected and adjustments have been made to account for the difference in factors such as locations and property size. There were no changes to the valuation techniques during the year.

Information about fair value measurements using significant unobservable inputs (level 3)

	Fair value as at				Range of Unobservable inputs		Relationship of
Description	December 31, 2021 RMB'000	December 31, 2020 RMB'000	Valuation techniques	Unobservable inputs	December 31, 2021	December 31, 2020	unobservable inputs to fair value
Investment properties	34,940	32,401	Direct comparison	Adjusted market price (RMB/square meter)	RMB53,300	RMB47,917	The higher market price, the higher fair value.

19 INTANGIBLE ASSETS

	Goodwill	Trademarks	Self-developed software	Acquired software licenses	Customer relationships	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost						
At January 1, 2021	538,382	3,398	423,693	2,136	210,885	1,178,494
Business combination *(Note 38)*	44,755	–	9,387	–	15,410	69,552
Capitalisation of development costs *(Note 20)*	–	–	317,870	–	–	317,870
Other additions	–	–	–	1,318	–	1,318
At December 31, 2021	583,137	3,398	750,950	3,454	226,295	1,567,234
Accumulated amortization						
At January 1, 2021	–	–	(158,762)	(536)	(3,417)	(162,715)
Amortisation	–	–	(151,486)	(659)	(22,576)	(174,721)
At December 31, 2021	–	–	(310,248)	(1,195)	(25,993)	(337,436)
Net carrying amount						
At January 1, 2021	538,382	3,398	264,931	1,600	207,468	1,015,779
At December 31, 2021	583,137	3,398	440,702	2,259	200,302	1,229,798
Cost						
At January 1, 2020	–	3,398	213,540	866	–	217,804
Business combination *(Note 38)*	538,382	–	70,562	1,075	210,885	820,904
Capitalisation of development costs *(Note 20)*	–	–	139,591	–	–	139,591
Other additions	–	–	–	195	–	195
At December 31, 2020	538,382	3,398	423,693	2,136	210,885	1,178,494
Accumulated amortization						
At January 1, 2020	–	–	(78,791)	(226)	–	(79,017)
Amortisation	–	–	(79,971)	(310)	(3,417)	(83,698)
At December 31, 2020	–	–	(158,762)	(536)	(3,417)	(162,715)
Net carrying amount						
At January 1, 2020	–	3,398	134,749	640	–	138,787
At December 31, 2020	538,382	3,398	264,931	1,600	207,468	1,015,779

19 INTANGIBLE ASSETS (Continued)

Amortisation of the Group's intangible assets has been recognised as follows:

	Year ended December 31	
	2021	2020
	RMB'000	RMB'000
Cost of sales	**100,757**	83,388
General and administrative expenses	**51,388**	310
Selling expenses	**22,576**	–
	174,721	83,698

Impairment tests for goodwill

Goodwill is monitored by management at the level of operating segment before aggregation. As at December 31, 2021, goodwill of RMB583,137,000 represented the excess of total consideration over the fair value of identifiable net assets arisen from the acquisitions of Wuxi Yazuo, Heading, Jingxin, Guangzhou Xiangminiao Internet Technology Co., Ltd. ("Xiangminiao") and Shanghai Xiaomeng Technology Co., Ltd. ("Xiaomeng Technology") ("Acquirees") in March 2020, November 2020, December 2020, May 2021 and August 2021, respectively.

Management conducted impairment review on the goodwill according to HKAS 36 "Impairment of assets" which requires the Company to allocate the goodwill to the cash-generating units and compare the unit's carrying amount with its recoverable amount. The recoverable amount is determined based on the higher of the amount of the fair value less cost of disposal ("FVLCD") and value-in-use calculations.

The initial allocation of goodwill was not completed as at December 31, 2020 when the Group was in the process of restructuring its operating segments. Considering the fair value less cost of disposals of these subsidiaries was sufficient to cover the net assets acquired plus goodwill, management is of the view that there was no impairment indicator for goodwill balance as at December 31, 2020.

As at December 31, 2021, the initial allocation was completed and all goodwill are allocated to the Group's subscription solution operating segment, which represents one group of cash-generating units ("CGU"). 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 eight-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 to assist management to perform the goodwill impairment assessments. Based on the results of the impairment assessments, no impairment loss on the goodwill was recognised as at December 31, 2021.

19 INTANGIBLE ASSETS (Continued)

Impairment tests for goodwill (Continued)

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

As at December 31, 2021	Subscription solutions
Gross margin (%)	From 69.9% to 81.9%
Annual growth rate (%)	From 7.4% to 48%
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.

The recoverable amount of the goodwill is shown as below:

	As at December 31, 2021 RMB'000
Recoverable amount	4,552,052

The headroom of the goodwill is shown as below:

	As at December 31, 2021 RMB'000
Headroom	3,660,941

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 December 31, 2021.

19 INTANGIBLE ASSETS (Continued)

Impairment tests on trademark

The Group carries out its impairment test on trademark ("Weimob", carrying amount of RMB3,398,000) by comparing the recoverable amounts to the carrying amounts as of the end of each reporting period.

Recoverable amounts of trademark are determined by the management based on past performance and adjusted for its expectation for market development. The expected sales performance adopted for the recoverable amount determination is consistent with the business plan of the Group. Post-tax discount rates reflect market assessments of the time values and the specific risks relating to the trademark.

No impairment is considered necessary based on the impairment tests performed as at December 31, 2020 and 2021.

Impairment of other intangible assets

Impairment test on other long term assets including property, plant and equipment (Note 16), self-developed software, customer relationships acquired software licenses and development costs (Note 20) of the Group has been conducted by the management as at December 2021 for CGUs with impairment indicator. No impairment is considered necessary based on the impairment tests performed as at December 31, 2021.

20 DEVELOPMENT COSTS

Development costs that do not meet the criteria in Note 2.9 (iii) are recognised as an expense as incurred. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. The self-developed software with development costs occurred but not ready for use is presented in a separate line item "Development costs" in the statement of financial position and subject to impairment test at each year end.

	Year ended December 31	
	2021	2020
	RMB'000	RMB'000
As at January 1	**38,701**	16,944
Development costs capitalized during the year	**330,422**	161,348
Transfer to intangible assets	**(317,870)**	(139,591)
As at December 31	**51,253**	38,701

There is no impairment indicator noted for development cost itself as at December 31, 2020 and 2021.

21 SUBSIDIARIES

As at December 31, 2021, the Company had direct and indirect interests in the following subsidiaries (including controlled structured entities):

Company Name	Type of legal entity registered under PRC law	Place of incorporation/ establishment operation	Date of incorporation/ establishment	Registered Capital	Percentage of attributable equity interest As at December 31, 2021	As at December 31, 2020	Principal activities
Direct interest:							
Weimob Holding Limited	Not applicable, not PRC subsidiary	British Virgin Islands ("BVI")	February 7, 2018	USD50,000	100%	100%	Investment holding
Indirect interest:							
Weimob Technology HK Limited ("Weimob HK")	Not applicable, not PRC subsidiary	Hong Kong	March 6, 2018	HKD10,000	100%	100%	Investment holding
Weimob Investment Limited	Not applicable, not PRC subsidiary	BVI	March 6, 2020	HKD50,000	100%	100%	Investment holding
Weimob Global Limited	Not applicable, not PRC subsidiary	Hong Kong	December 17, 2020	HKD10,000	100%	100%	Subscription and merchant solutions
Weimob Development (上海微盟企業發展有限公司)	Limited liability company	The PRC	September 10, 2014	RMB 4,000,000,000	100%	100%	Subscription solutions
Beijing Weimob Information Technology Co., Ltd. (北京為盟信息科技有限公司) ("Beijing Weimob")	Limited liability company	The PRC	September 9, 2015	RMB1,000,000	100%	100%	Subscription and merchant solutions
Hangzhou Weimob Information Technology Co., Ltd. (杭州為盟信息科技有限公司) ("Hangzhou Weimob")	Limited liability company	The PRC	August 21, 2015	RMB1,000,000	100%	100%	Subscription and merchant solutions
Guangzhou Weimob Information Technology Co, Ltd. (廣州微盟信息技術有限公司)	Limited liability company	The PRC	August 24, 2015	RMB1,000,000	100%	100%	Subscription and merchant solutions
Shenzhen Weimob Information Technology Co, Ltd. (深圳微盟信息科技有限公司)	Limited liability company	The PRC	December 22, 2015	RMB1,000,000	100%	100%	Subscription and merchant solutions
Sichuan Weimob Enterprise Management Co., Ltd. (四川微盟企業管理有限公司)	Limited liability company	The PRC	December 31, 2015	RMB1,000,000	100%	100%	Subscription and merchant solutions
Shanghai Mengju Weimob Information Technology Co., Ltd. (上海盟聚信息科技有限公司) ("Shanghai Mengju")	Limited liability company	The PRC	December 29, 2015	RMB 2,200,000,000	100%	100%	Digital media and merchant solutions
Suzhou Weimob Information Technology Co., Ltd. (蘇州盟邦信息科技有限公司)	Limited liability company	The PRC	March 29, 2016	RMB1,000,000	100%	100%	Subscription and merchant solutions

21 SUBSIDIARIES (Continued)

Company Name	Type of legal entity registered under PRC law	Place of incorporation/ establishment operation	Date of incorporation/ establishment	Registered Capital	Percentage of attributable equity interest As at December 31, 2021	As at December 31, 2020	Principal activities
Nanjing Huishuo Information Technology Co., Ltd. (南京暉碩信息科技有限公司) ("Nanjing Huishuo") *(Note 33(ii))*	Limited liability company	The PRC	April 21, 2016	RMB1,000,000	100%	100%	Subscription and merchant solutions
Shanghai Mengyao Weimob Information Technology Co, Ltd. (上海盟耀信息科技有限公司) ("Shanghai Mengyao")	Limited liability company	The PRC	February 1, 2016	RMB 1,600,000,000	100%	100%	Merchant solutions
Shanghai Meimeng Weimob Software Technology Co, Ltd. (上海美萌軟件科技有限公司)	Limited liability company	The PRC	June 30, 2016	RMB1,000,000	80%	80%	Subscription solutions
Susong Weimob Software Technology Co., Ltd. (宿松微盟企業發展有限公司)	Limited liability company	The PRC	December 27, 2016	RMB1,000,000	100%	100%	Subscription and merchant solutions
Tianjing Weimob Information Technology Co., Ltd. (天津為盟信息科技有限公司)	Limited liability company	The PRC	January 25, 2018	RMB1,000,000	100%	100%	Subscription and merchant solutions
Anhui Sumeng Software Technology Co., Ltd. (安徽速盟軟件科技有限公司)	Limited liability company	The PRC	May 28, 2018	RMB5,000,000	100%	100%	Subscription and merchant solutions
Shanghai Weimob Culture Media Co., Ltd. (上海微盟文化傳媒有限公司)	Limited liability company	The PRC	February 28, 2019	RMB 3,050,000,000	100%	100%	Digital media and merchant solutions
Shanghai Mengzhun Information Technology Co., Ltd. (上海盟准信息科技有限公司)	Limited liability company	The PRC	March 21, 2019	RMB50,000,000	100%	100%	Merchant solutions
Shanghai Weimob Yunbing Information Technology Co., Ltd. (上海微盟雲冰信息科技有限公司) ("Weimob Yunbing")	Limited liability company	The PRC	May 10, 2019	RMB100,000,000	100%	100%	Investment activities
Shanghai Weimob Zhiling Information Technology Co., Ltd. (上海微盟智零信息科技有限公司) ("Weimob Zhiling")	Limited liability company	The PRC	May 10, 2019	RMB10,000,000	100%	100%	Subscription solutions
Shanghai Mengxiao Information Technology Co., Ltd. (上海盟效信息科技有限公司)	Limited liability company	The PRC	May 31, 2019	RMB50,000,000	70%	70%	Merchant solutions

21 SUBSIDIARIES (Continued)

Company Name	Type of legal entity registered under PRC law	Place of incorporation/ establishment operation	Date of incorporation/ establishment	Registered Capital	Percentage of attributable equity interest As at December 31, 2021	As at December 31, 2020	Principal activities
Shanghai Weimob Huini Information Technology Co., Ltd. (上海微盟慧霓信息科技有限公司)	Limited liability company	The PRC	June 19, 2019	RMB10,000,000	100%	100%	Subscription solutions
Shanghai Weimob Canlin Information Technology Co., Ltd. (上海微盟餐林信息科技有限公司) ("Weimob Canlin")	Limited liability company	The PRC	June 19, 2019	RMB10,000,000	100%	100%	Subscription solutions
Beijing Juke Information Technology Co., Ltd. (北京聚客科技有限公司)	Limited liability company	The PRC	August 19, 2019	RMB50,000,000	100%	100%	Merchant solutions
Shanghai Mengzhi Information Technology Co., Ltd. (上海盟致信息科技有限公司)	Limited liability company	The PRC	January 4, 2019	RMB100,000,000	100%	100%	Onshore cash pooling
Shanghai Mengchi Information Technology Co., Ltd. (上海盟馳信息科技有限公司)	Limited liability company	The PRC	January 16, 2020	RMB10,000,000	100%	100%	Subscription solutions
Anhui Sumeng Software Technology Co., Ltd.(安徽速盟軟件科技有限公司)	Limited liability company	The PRC	May 28, 2018	RMB5,000,000	100%	100%	Subscription and merchant solutions
Anhui weimob Technology Co., Ltd. (安徽微盟科技有限公司)	Limited liability company	The PRC	January 2, 2020	RMB300,000,000	100%	100%	Subscription and merchant solutions
Shanghai Mengqu Information Technology Co., Ltd. (上海盟趣信息科技有限公司)	Limited liability company	The PRC	April 23, 2020	RMB10,000,000	100%	100%	Subscription and merchant solutions
Shanghai Mengyi Network Technology Co., Ltd. (上海盟羿信息科技有限公司)	Limited liability company	The PRC	May 20, 2020	RMB1,000,000	80%	80%	Subscription solutions
Shanghai Mengze Information Technology Co., Ltd. (上海盟則信息科技有限公司)	Limited liability company	The PRC	January 16, 2020	RMB10,000,000	100%	100%	Subscription and merchant solutions
Wuxi Yazuo (無錫雅座在線科技股份有限公司)	Company limited by shares	The PRC	March 17, 2020	RMB80,325,000	79.76%	79.76%	Subscription solutions
Yazuo online (Beijing) Technology Development Co., Ltd. (雅座在線(北京)科技發展有限公司)	Limited liability company	The PRC	March 17, 2020	RMB10,562,500	79.76%	79.76%	Subscription solutions
Wuxi Yashe Information Technology Co., Ltd. (無錫雅舍信息技術有限公司)	Limited liability company	The PRC	March 17, 2020	RMB1,000,000	79.76%	79.76%	Subscription solutions

21 SUBSIDIARIES (Continued)

Company Name	Type of legal entity registered under PRC law	Place of incorporation/ establishment operation	Date of incorporation/ establishment	Registered Capital	Percentage of attributable equity interest As at December 31, 2021	As at December 31, 2020	Principal activities
Wuxi Daoli Technology Co., Ltd. (無錫道莅科技有限公司)	Limited liability company	The PRC	March 17, 2020	RMB1,000,000	**79.76%**	79.76%	Subscription solutions
Zhengzhou Menghuang Information Technology Co., Ltd. (鄭州盟煌信息科技有限公司)	Limited liability company	The PRC	October 29, 2020	RMB1,000,000	**100%**	100%	Subscription and merchant solutions
Jinan Mengding Information Technology Co., Ltd. (濟南盟鼎信息科技有限公司)	Limited liability company	The PRC	October 12, 2020	RMB1,000,000	**85%**	85%	Subscription and merchant solutions
Wuhan Weimob Information Technology Co., Ltd. (武漢為盟信息科技有限公司)	Limited liability company	The PRC	September 18, 2020	RMB1,000,000	**80%**	80%	Subscription and merchant solutions
Xi'an Mengding Information Technology Co., Ltd. (西安盟鼎信息科技有限公司)	Limited liability company	The PRC	October 15, 2020	RMB1,000,000	**70%**	70%	Subscription and merchant solutions
Chongqing Mengchang Information Technology Co., Ltd. (重慶盟昌信息科技有限公司)	Limited liability company	The PRC	September 17, 2020	RMB1,000,000	**70%**	70%	Subscription and merchant solutions
Beijing Weimob Enterprise Development Co., Ltd (北京微盟企業發展有限公司)	Limited liability company	The PRC	December 2, 2020	RMB100,000,000	**100%**	100%	Subscription and merchant solutions
Heading (上海海鼎信息工程股份有限公司)	Company limited by shares	The PRC	November 9, 2020	RMB37,324,463	**51%**	51%	Subscription solutions
Heading Technology (上海海鼎信息科技有限公司)	Limited liability company	The PRC	November 9, 2020	RMB31,000,000	**37.8%**	37.8%	Subscription solutions
Shanghai Haiding Software Engineering Co., Ltd. (上海海鼎軟體工程有限公司)	Limited liability company	The PRC	November 9, 2020	RMB500,000	**51%**	51%	Subscription solutions
Shanghai Haiding Network Information Co., Ltd. (上海海鼎網路信息有限責任公司)	Limited liability company	The PRC	November 9, 2020	RMB8,000,000	**51%**	51%	Subscription solutions
Jingxin (上海鯨心信息科技有限公司)	Limited liability company	The PRC	December 23, 2020	RMB1,222,200	**100%**	100%	Subscription solutions
Beijing Weizhi Management Consulting Co., Ltd. (北京微智管理諮詢有限公司)	Limited liability company	The PRC	November 24, 2020	RMB10,000,000	**60%**	60%	Investment activities
Beijing Weicun Zhike Investment Management Co., Ltd. (北京微村智科投資管理有限公司)	Limited liability company	The PRC	October 9, 2020	RMB10,000,000	**60%**	60%	Fund management

21 SUBSIDIARIES (Continued)

Company Name	Type of legal entity registered under PRC law	Place of incorporation/ establishment operation	Date of incorporation/ establishment	Registered Capital	Percentage of attributable equity interest As at December 31, 2021	As at December 31, 2020	Principal activities
Wuxi Canlin Information Technology Co., Ltd. (無錫餐林信息科技有限公司)	Limited liability company	The PRC	January 28, 2021	RMB10,000,000	100%	NA	Subscription solutions
Changsha mengzhun Information Technology Co., Ltd. (長沙盟准信息科技有限公司)	Limited liability company	The PRC	June 11, 2021	RMB50,000,000	100%	NA	Merchant solutions
Shanghai Mengcui Information Technology Co., Ltd. (上海盟璀信息科技有限公司)	Limited liability company	The PRC	September 6, 2021	RMB10,000,000	100%	NA	Merchant solutions
Shanghai Mengfu Information Technology Co., Ltd..(上海盟孚信息科技有限公司)	Limited liability company	The PRC	September 6, 2021	RMB10,000,000	100%	NA	Merchant solutions
Shanghai Team Pro Information Technology Co., Ltd. (上海緹盟普洛信息科技有限公司)	Limited liability company	The PRC	February 4, 2021	RMB100,000,000	68%	NA	Merchant solutions
Shanghai Weimeng yunshuang Economic Development Co., Ltd. (上海微盟雲雙經濟發展有限公司)	Limited liability company	The PRC	June 3, 2021	RMB350,000,000	100%	NA	Subscription and merchant solutions
Anhui Diandu Information Technology Co., Ltd. (安徽點度信息科技有限公司)	Limited liability company	The PRC	April 16, 2020	RMB5,000,000	100%	NA	Merchant solutions
Anhui Youjia Network Technology Co., Ltd. (安徽有加網路科技有限公司)	Limited liability company	The PRC	February 3, 2021	RMB5,000,000	100%	NA	Merchant solutions
Anhui Zhanlei Information Technology Co., Ltd. (安徽戰雷信息科技有限公司)	Limited liability company	The PRC	February 3, 2021	RMB5,000,000	100%	NA	Merchant solutions
Guangzhou Xiangminiao Network Technology Co., Ltd. (廣州向蜜鳥網路科技有限公司)	Limited liability company	The PRC	May 31, 2021	RMB1,733,571	62.67%	NA	Subscription solutions
Shanghai Xiaomeng Technology Co., Ltd. (上海小萌科技有限公司)	Limited liability company	The PRC	August 31, 2021	RMB25,000,000	100%	NA	Subscription solutions

21 SUBSIDIARIES (Continued)

Company Name	Type of legal entity registered under PRC law	Place of incorporation/ establishment operation	Date of incorporation/ establishment	Registered Capital	Percentage of attributable equity interest As at December 31, 2021	As at December 31, 2020	Principal activities
Consolidated structured entities:							
Weimob Teamwork (PTC) Limited *(Note 36)*	Not applicable, not PRC subsidiary	BVI	January 15, 2019	USD50,000	100%	100%	RSU scheme trust
Shanghai Weimob Ruanyun Enterprise Development Center (Limited Partnership) (上海微盟軟雲企業發展中心（有限合夥）) *(a)*	Limited Partnership	The PRC	November 8, 2019	RMB1,000,000,000	25.67%	25.67%	Investment activities
Beijing Weizhi digital Investment Center (limited partnership)(北京微智數科投資中心（有限合夥）)*(Note 26(ii))*	Limited Partnership	The PRC	January 7, 2021	RMB50,000,000	30%	NA	Investment activities

(a) On November 4, 2019, Weimob Yunbing and Weimob Development, wholly-owned subsidiaries of the Company, entered into a limited partnership agreement with certain third party investors to establish a limited partnership ("Partnership"). The total amount of capital to be contributed to the Partnership is RMB1,000,000,000, out of which Weimob Yunbing, as one of the general partners, Weimob Development, as one of the limited partners, has committed to contribute RMB6,700,000 and RMB250,000,000, respectively. Considering i) Weimob Yunbing was the executive partner of the Partnership who execute the affairs on behalf of the Partnership; ii) The Group holds two out of total three seats in the investment committee of the Partnership; and iii) the Group is exposed to a greater degree of variability of returns and could use its power over the Partnership to affect the amount of the partners' returns, the Group has control over the Partnership and hence consolidates the Partnership. As at December 31, 2021, the Partnership did not receive any capital injection and did not make any investment.

22 ASSOCIATES

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Investments in associates accounted for using the equity method	**57,433**	47,033

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Chuangshi Yicun Weixin Private Equity Investment Funds ("Weixin") *(i)*	**226**	19,727
Nanjing Chuangyi Meridian Weimob Emerging Industry Equity Investment Fund Partnership (Limited Partnership) ("Nanjing Chuangyi") *(ii)*	**57,207**	27,306
Shanghai Xiaoke Information Technology Co., Ltd. ("Xiaoke") *(Note 26(ii)(c))*	**N/A**	–
Xi'an Mengyou Digital Technology Co., Ltd. ("Xi'an Mengyou")*(iii)*	**–**	–
	57,433	47,033

22 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 As at December 31, 2021	2020	Principal activities	Accounting method
Weixin *(i)*	June 4, 2019	RMB35,000	China	63.6%	63.6%	Investment	Equity method
Nanjing Chuangyi *(ii)*	October 1, 2019	RMB50,000	China	25.25%	25.25%	Investment	Equity method
Xi'an Mengyou *(iii)*	November 13, 2020		China	49.00%	49.00%	Digital Media solutions	Equity method
Xiaoke *(Note 26(ii))*	November 27, 2019	RMB299,620	China	34.90%	30.00%	Subscription solutions	Equity method as at December 31, 2020 and fair value* as of December 31, 2021
Demo *(Note 26(ii))*	February 11, 2015	RMB49,800	China	32.38%	27.00%	Subscription solutions	Fair value*
Syoo *(Note 26(ii))*	November 20, 2017	RMB46,000	China	40.00%	40.00%	Subscription solutions	Fair value*
Mengyou *(Note 26(ii))*	November 2, 2018	RMB2,000	China	40.00%	40.00%	Subscription solutions	Fair value*
Clipworks *(Note 26(ii))*	January 15, 2020	RMB6,000	China	13.16%	15.00%	Subscription solutions	Fair value*
Fenfenzhong *(Note 26(ii))*	October 22, 2018	RMB6,000	China	15.00%	15.00%	Subscription solutions	Fair value*
Weizhi Shuke portfolio company A *(Note 26(ii))*	September 19, 2007	RMB45,000	China	18.37%	NA	Subscription solutions	Fair value*
Weizhi Shuke portfolio company B *(Note 26(ii))*	April 8, 2020	RMB30,000	China	5.29%	NA	Subscription solutions	Fair value*

* The Group has significant influence over these investments based on its representation on the respective board of directors. As the Group 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 26(ii)) in the consolidated statement of financial position of the Group.

22 ASSOCIATES (Continued)

(i) On June 4, 2019, Weimob Development entered into an investment fund agreement with an individual investor and a venture capital to establish a contractual fund to invest in three portfolio of companies (the "Portfolio Companies"), all of which belonged to the e-commerce business. In preparation of the IPO, the Group went through a reorganisation and sold the Excluded Business to a 3rd party.

Pursuant to the investment fund agreement, Weimob Development, the individual investor and the venture capital holds 63.6%, 27.3% and 9.1% of the equity interest, respectively and each enjoys pro rata share of the fund's net assets. The venture capital is the fund manager and responsible for all of the investment affairs. Weimob Development has significant influence in the investment fund, and hence the Group has accounted for the investment using equity method. As at December 31, 2021, Weimob Development has made a total investment of RMB35,000,000 (December 31, 2020: RMB35,000,000). The investment fund qualifies for the definition of investment entity (Note 2.10), and hence its investment in the Portfolio Companies is measured at FVPL in accordance with HKFRS 9.

As disclosed in Note 38, on December 8, 2020 and August 31, 2021, the Group acquired 100% equity interest in two out of three of the Portfolio Companies, Jingxin (in 2020) and Xiaomeng Technology (in 2021), with a consideration of RMB122,220,000 and RMB20,500,000, respectively. Among which, RMB11,110,000 and RMB20,000,000 were paid to Weixin. In December 2021, Weixin declared a total dividend of RMB30,000,000 for disposal of Jingxin and Xiaomeng Technology, among which, RMB19,091,000 was declared and paid to Weimob Development.

As at December 31, 2021, the fair value of the remaining one portfolio company was nil. Given it's in a huge loss position, the management had determined to liquidate it. The net loss of Weixin for the year ended December 31, 2020 and 2021 was RMB30,188,000 and RMB644,000, respectively. The share of loss of Weixin attributable to the Group for the years ended December 31, 2020 and 2021 was RMB19,211,000 and RMB410,000, respectively.

(ii) On November 30, 2019, Weimob Yunbing invested in a limited partnership ("Nanjing Chuangyi") through another two limited partnership, Changshu Meridian Weimob Technology Investment Center (Limited Partnership) ("Changshu Huaying") and Nanjing Meridian Equity Investment Management Partnership (Limited Partnership) ("Nanjing Meridian"), to invest in SaaS companies and related sectors. As at December 31, 2021, Weimob Yunbing has made a total investment of RMB51,000,000 to Nanjing Chuangyi through Changshu Huaying and Nanjing Meridian, and indirectly holds 25.25% of the equity interest of Nanjing Chuangyi, among which, RMB27,500,000 was paid in 2019, RMB1,000,000 was paid in 2020 and RMB22,500,000 was paid in 2021.

Meridian Capital Management Co., Ltd. ("Meridian Capital"), an independent third party, is the general partner and responsible for all of the investment affairs of Nanjing Chuangyi, Changshu Huaying and Nanjing Meridian. Weimob Yunbing is the limited partner which has one out of five board seats and has significant influence in the three partnership companies, and hence the Group has accounted for the investments using equity method.

The partnership companies followed the predetermined profit distribution mechanism that set out in the investment agreement, depending on Nanjing Chuangyi's performance. Therefore, the Group determined the share of Nanjing Chuangyi based on economic share rather than the equity participation. As at December 31, 2021, the Group has 30.1% of Nanjing Chuangyi's economic interest (December 31, 2020: 25.7%).

Nanjing Chuangyi qualifies for the definition of investment entity, and hence its investments in the portfolio companies are measured at FVPL in accordance with HKFRS 9. The net loss and profit of Nanjing Chuangyi for the year ended December 31, 2020 and 2021 are RMB4,646,000 and RMB24,594,000 respectively, mainly arising from fair value change for the portfolio companies. Share of loss and profit of Nanjing Chuangyi attributable to the Group for the year ended December 31, 2020 and 2021 are RMB1,197,000 and RMB7,401,000, respectively.

22 ASSOCIATES (Continued)

(iii) On November 13, 2020, the Group's wholly owned subsidiary, Shanghai Mengju and Xi'an Pansos Digital Technology Co., Ltd. ("Pansos") established a limited liability company, Xi'an Mengyou with original registered capital of RMB10,000,000 and planned principal activities of merchants solutions. Shanghai Mengju and Pansos hold 49% and 51% equity interests of Xi'an Mengyou, respectively. Shanghai Mengju and Pansos did not make any investment to Xi'an Mengyou as at December 31, 2020 and 2021.

For the year ended December 31, 2021, Shanghai Mengju funded RMB4,550,000 to Xi'an Mengyou to support its daily operation (2020: nil) and recorded as loan receivable due from a related party (Note 41(c)), which formed part of the net investment in Xi'an Mengyou and that the Group measured at amortised cost applying HKFRS 9. RMB1,206,000 losses were recognized as using the equity method in excess of the Group's investment in Xi'an Mengyou as expected credit losses.

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

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
At the beginning of the year	**47,033**	66,441
Additions	**22,500**	4,000
Dividend declared	**(19,091)**	–
The Group's share of profit/(loss)	**6,991**	(23,408)
At the end of the year	**57,433**	47,033

23 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	Note	As at December 31, 2021 RMB'000	2020 RMB'000
Financial assets			
Financial assets at FVPL (current)	*26(i)*	**458,297**	182,328
Financial assets at FVPL (non-current)	*26(ii)*	**1,064,574**	215,094
Financial assets at FVOCI (current)	*24*	**190,298**	44,834
Financial assets at amortised cost:			
– Trade and notes receivables	*31*	**361,468**	239,478
– Other receivables (current and non-current portions)	*30*	**904,988**	995,894
– Restricted cash	*32*	**535**	–
– Cash and cash equivalents	*32*	**3,809,069**	1,823,976
Derivative financial instruments	*25*	**–**	15,468
		6,789,229	3,517,072
Financial liabilities			
Financial liabilities at FVPL (current)	*26(ii)*	**–**	46,365
Financial liabilities at FVPL (non-current)	*26(ii)*	**538,029**	1,947,553
Financial liabilities at amortized cost:			
– Trade and other payables (excluding advances from advertisers, payroll and welfare payables and other taxes payable)	*34*	**732,053**	678,867
– Other non-current liabilities	*34*	**5,406**	–
– Bank borrowings (current and non-current portions)	*33*	**745,000**	465,050
– Convertible bonds at amortized cost	*27*	**1,561,499**	–
– Lease liabilities (current and non-current portions)	*17*	**270,540**	102,353
		3,852,527	3,240,188

24 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Trade and other receivables at FVOCI	**190,575**	44,933
Less: Provision for impairment of trade and other receivables at FVOCI	**(277)**	(99)
	190,298	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 were disclosed in Note 3.3(ii)(d).

As of December 31, 2020 and 2021, the directors of the Company assessed the carrying amount of trade and other receivables at FVOCI approximated their fair values due to short maturities.

25 DERIVATIVE FINANCIAL INSTRUMENTS

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Call option related to investment in Demo *(Note 26(ii)(a))*	**–**	15,468

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

The Group classifies the following financial assets and liabilities at fair value through profit or loss:

- debt instruments that do not qualify for measurement at either amortised cost or at fair value through other comprehensive income;
- equity investments that are held for trading; and
- equity investments for which the entity has not elected to recognise fair value gains or losses through other comprehensive income.

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

Financial assets and liabilities measured at FVPL include the following:

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Current assets		
Short-term investments measured at FVPL *(i)*	**458,297**	182,328
Non-current assets		
Long-term investments measured at FVPL – Demo *(ii)(a)*	**87,330**	91,218
Long-term investments measured at FVPL – Weizhi Shuke portfolio companies *(ii)(b)*	**346,390**	–
Long-term investments measured at FVPL – Xiaoke *(ii)(c)*	**492,943**	–
Long-term investments measured at FVPL – Syoo *(ii)(d)*	**94,038**	82,019
Long-term investments measured at FVPL – Clipworks *(ii)(e)*	**27,927**	35,857
Long-term investments measured at FVPL – Fenfenzhong *(ii)(f)*	**6,000**	6,000
Investments in convertible bonds measured at FVPL – Growing Corporation *(ii)(g)*	**9,946**	–
Sub-total	**1,064,574**	215,094
Total financial assets	**1,522,871**	397,422
Current liabilities		
Other financial liabilities measured at FVPL – Demo *(ii)(a)*	**–**	35,255
Other financial liabilities measured at FVPL – Jingxin *(Note 38(e))*	**–**	11,110
Sub-total	**–**	46,365
Non-current liabilities		
2020 Convertible bonds *(iii)*	**138,523**	1,895,634
Contingent payable for the acquisition of Heading *(Note 3.3 and 38(d))*	**37,595**	37,595
Other financial liabilities measured at FVPL – Weizhi Shuke *(ii)(b)*	**361,911**	14,324
Sub-total	**538,029**	1,947,553
Total financial liabilities	**538,029**	1,993,918

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

(i) Short-term investments measured at FVPL

Short-term investments measured at FVPL represents investments in listed equity securities in the Stock Exchange of Hong Kong Limited with amount of RMB68,324,000 (2020: RMB36,588,000) and bank wealth management products with non-guaranteed principal and floating return of RMB389,973,000 (2020: RMB145,740,000).

During the year ended December 31, 2020 and 2021, the Group purchased 8,800,000 and 5,700,000 ordinary shares of a listed company with total consideration of approximately HKD54,736,000 (equivalent to approximately RMB49,224,000) and HKD35,995,000 (equivalent to approximately RMB29,516,000),respectively. Fair value change of total RMB2,220,000 from the two listed equity securities had been recognised in "Other gains, net".

During the year ended December 31, 2021, the Group purchased several bank wealth management products of RMB1,033,800,000 and disposed RMB794,919,000 bank wealth management products upon maturity. Fair value change of RMB1,883,000 in relation to undisposed bank wealth management products and gains from disposal of bank wealth management products of RMB3,469,000 had been recognised in "Other gains, net".

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

(a) 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. The total consideration offsetting the proceeds received from the Fund of RMB19,787,000 was paid to the Fund.

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.

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

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

(a) Investment in a SaaS Company – "Demo" (Continued)

Upon completion of above transactions, the Group directly owns 32.38% redeemable preferred shares in Demo in total. All the consideration has been paid in August 2021.

As at December 31, 2021, the directors of the Company assessed the fair value of investment in Demo to be approximately RMB87,330,000 (As at December 31, 2020: RMB91,218,000) with RMB23,688,000 loss (2020: RMB50,333,000 gain) recognised in "Other gains, net".

(b) 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 the investment affairs. In addition, the Group has three out of five investment committee seats and is able to control all investment affairs, and 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 December 31, 2021, the Group and the other three venture capital partners have made RMB155,000,000 and RMB345,000,000 investment into Weizhi Shuke, respectively. Investments from the venture capital partners and its variable return amounting to RMB361,911,000 was recorded as non-current financial liabilities at FVPL as at December 31, 2021 and RMB16,911,000 fair value loss due to fair value change of financial liabilities measured at FVPL has been recognized in "Other gains, net".

During the year ended December 31, 2021, Weizhi Shuke invested nine portfolio companies with an aggregated investment amount of RMB326,200,000, among which, RMB320,500,000 has been paid and the remaining 5,700,000 has been recorded as "Trade and other payables" as at December 31, 2021 (Note 34(ii)). All investments in nine portfolio companies are redeemable preferred shares, which enjoys certain preferential rights including, but not limited to, redemption rights and liquidation preference etc. Therefore, the investment in those nine portfolio companies are accounted for as financial assets at FVPL. Two out of nine portfolio companies are the Group's associates because the Group has a board seat and therefore has significant influence over their operation (Note 22). As at December 31, 2021, the directors of the Company assessed the fair value of these nine investments approximates to RMB346,390,000 in total by using the equity allocation method or its investment consideration if the investments were made close to year end. The Group recognized RMB20,190,000 gain in "Other gains, net" for the year ended December 31, 2021 for fair value change of portfolio companies under Weizhi Shuke.

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

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

(c) Investment in a SaaS company – "Xiaoke"

The Group and Shanghai Bingsong Technology Information Co., Ltd. ("Bingsong") made capital injection of RMB3,000,000 and RMB7,000,000 in the form of common shares to Xiaoke, respectively as at December 31, 2020. Xiaoke was engaged in the principal activities of developing and selling smart Customer Relationship Management ("CRM") products. The Group recorded its investment in Xiaoke using equity method, and 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, the Group 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 with the 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%.

In March 2021, a third-party venture capital and the Group entered into an agreement with Xiaoke, 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 39(b)). Meanwhile, all the Xiaoke's shareholders reached a supplemental agreement to redesignate the common shares held by the Group to preferred shares with same preferential rights as the newly subscribed preferred shares. The preferential rights included, but not limited to, redemption rights and liquidation preference etc. Upon completion of the above transactions, the Group owned 27.27% redeemable preferred shares in Xiaoke.

In August 2021, for Xiaoke RSU Scheme purpose, the Group and the other shareholders of Xiaoke transferred 2.91% and 12.09% equity interests to Like for nil consideration. Upon completion of the transaction, the Group's equity interests in Xiaoke decreased from 27.27% to 24.36%.

In August 2021, the Group and several third-party investors entered into an agreement with Xiaoke, pursuant to which, subscribed 12% and 6.33% newly issued redeemable preferred shares of Xiaoke with a consideration of USD36,000,000 and USD19,000,000, respectively. As of December 31, 2021, the preferred shares were issued to the Group, and the payable in relation to this subscription of USD36,000,000 (equivalents to RMB229,525,000) was recorded as "Trade and other payables" (Note 34(ii)), and will be settled in the combination of debt-equity swap and cash subsequently.

Upon completion of the above transactions, the Group's equity interests in Xiaoke increased from 24.36% to 31.9%.

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

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

(c) Investment in a SaaS company – "Xiaoke" (Continued)

In December 2021, the Group acquired 3% common shares from Bingsong for total consideration of USD9,000,000(equivalents to RMB57,322,000). Upon completion of this transaction, the Group owned 34.9% equity interest in Xiaoke, including 31.9% redeemable preferred shares and 3% common shares.

The redeemable preferred shares held by the Group enjoys certain preferential rights including, but not limited to, redemption rights and liquidation preference etc. Therefore, the Group accounts for all its 34.9% equity interest in Xiaoke as financial assets at FVPL. As at December 31, 2021, with the assistance of an external independent appraiser, the directors of the Company assessed the fair value of this investment to be approximately RMB492,943,000, and the gain from the share re-designation and fair value changes of the investment during the year ended December 31, 2021 was recognised in "Other gains, net", amounting to RMB193,644,000 in total.

(d) Investment in a SaaS company – "Syoo"

In April 2020, Weimob Canlin acquired 40% equity interest of a SaaS company, Syoo with a total consideration of RMB46,000,000 including RMB44,000,000 in cash and 40% equity interests of Mengyou valued at RMB2,000,000. After the transaction, Mengyou became a wholly-owned subsidiary of Syoo. Weimob Canlin had two out of five board seats in Syoo. The equity interest acquired by Weimob Canlin enjoys certain preferential rights including, but not limited to, redemption rights and liquidation preference etc. Therefore, the investment in Syoo is accounted for as financial assets at FVPL

As at December 31, 2020, 40% equity interests of Mengyou has been transferred from Weimob Canlin to Syoo and Weimob Canlin recognised a gain of RMB2,000,000 upon the transfer as the original equity investment cost of Mengyou was nil (Note 10).

As at December 31, 2021, the directors of the Company assessed the fair value of this investment to be approximately RMB94,038,000 (December 31, 2020: RMB82,019,000) with RMB12,019,000 (2020: RMB36,019,000) gain recognized in "Other gains, net" for the year ended December 31, 2021.

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

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

(e) Investment in a short-video-making company – "Clipworks"

In April 2020, Weimob Yunbing acquired 15% equity interest of a short video making company, Clipworks (Beijing) Technology Co., Ltd. ("Clipworks") with a total consideration of RMB6,000,000 in cash. Weimob Yunbing had one out of five board seats in Clipworks. The equity interest acquired by Weimob Yunbing enjoys certain preferential rights including, but not limited to, redemption rights and liquidation preference etc. Therefore, the investment in Clipworks is accounted for as financial assets at FVPL.

As at December 31, 2021, the directors of the Company assessed the fair value of this investment to be approximately RMB27,927,000 (December 31, 2020: RMB35,857,000) with RMB7,930,000 loss (2020: RMB29,857,000 gain) recognized in "Other gains, net" for the year ended December 31, 2021.

(f) Investment in a SaaS company – "Fenfenzhong"

In November 2020, Weimob Canlin acquired 15% equity interest of a SaaS company, Shanghai Fenfenzhong Network Technology Co., Ltd. ("Fenfenzhong") with a total consideration of RMB6,000,000 in cash. Weimob Canlin had one out of three board seats in Fenfenzhong. The equity interest acquired by Weimob Canlin enjoys certain preferential rights including, but not limited to, redemption rights and liquidation preference etc. Therefore, the investment in Fenfenzhong is accounted for as financial assets at FVPL.

As at December 31, 2021, the directors of the Company assessed the fair value of this investment approximates close to the investment cost of RMB6,000,000.

(g) Investment in convertible bonds at FVPL – Growing Corporation

In December 2021, Weimob Global reached a notes purchase agreement with Growing Corporation, an integrated B2B marketing agency and consultancy. Pursuant to agreement, Weimob Global purchased the notes of Growing Corporation with total consideration of USD7,800,000 and the notes shall be convertible into preferred shares upon closing of any sales and issuance by Growing Corporation of its preferred shares ("Proposed Equity Financing").

If Proposed Equity Financing has not occurred, on or before the 360 days after the Initial Closing Date, Growing Corporation shall be entitled to repurchase all notes with the price of the principal plus an 8% annual interest. If Growing Corporation elects not to exercise the repurchase right, the principal of each note shall be automatically converted into preference shares on the maturity date at a price of 80% of price per share paid by the investors in the latest equity financing immediately prior to the date of this agreement.

On December 8, 2021, Weimob Global paid USD1,560,000 (approximately equivalent to RMB9,946,000) ("Initial Closing Date") and the remaining USD6,240,000 would be paid by four tranches within 120 days after the Initial Closing Date.

As at December 31, 2021, the directors of the Company assessed the fair value of this investment approximates the investment cost of USD1,560,000.

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

(iii) 2020 Convertible bonds

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

Conversion price

Initial conversion price is HKD6.72 per share, which is subject to adjustment for consolidation, subdivision, redesignation or reclassification of shares, and other events as described in the terms and conditions of the 2020 Convertible bonds.

Redemption for delisting or change of control

The 2020 Convertible bonds holders have the option to require the Group to repurchase the Bonds, in whole or in part, in the event of i) when the shares cease to be listed or admitted to trading or suspended for trading for a period equal to or exceeding 30 consecutive trading days on the Hong Kong Stock Exchange; or ii) when there is a change of control (collectively as "Relevant Events") for an amount equal to the 100% of the principal amount and any accrued and unpaid interest in the Relevant Events occurs. Management assessed the likelihood of Relevant Events and concluded it is remote.

Redemption at the option of the bonds holders

The 2020 Convertible bonds holders will have the right to require the Group to repurchase for cash all or any portion of their Bonds on May 15, 2023 at a repurchase price equal to 106.27% of the principal amount of the Bonds, together with interest accrued but unpaid up to but excluding such date.

Redemption at the option of the bond issuer

The bond issuer will have the right to repurchase for cash in whole i) may at any time after 29 May 2023 and prior to the Maturity Date redeem in whole, but not in part, the Bonds for the time being outstanding at the early redemption amount, together with interest accrued but unpaid to but excluding the date fixed for redemption, provided that the closing price of the shares for each of 20 out of 30 consecutive trading days, the last of which occurs not more than five trading days prior to the date upon which notice of such redemption is published was at least 130% of the applicable early redemption amount for each bond divided by the conversion ratio then applicable; or ii) may at any time prior to the Maturity Date redeem in whole, but not in part, the Bonds for the time being outstanding at the early redemption amount, together with interest accrued but unpaid to but excluding the date fixed for redemption, provided that prior to the date of such notice at least 90% in principal amount of the Bonds originally issued has already been converted, redeemed or purchased and cancelled.

Final Redemption

Unless previously redeemed, converted or purchased and cancelled, the bond issuer will redeem each 2020 Convertible bond at 110.83% of its principal amount together with accrued and unpaid interest thereon on the Maturity Date.

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

(iii) 2020 Convertible bonds (Continued)

Proposed Conversion Offer

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 USD54 ("Early Cash Incentive") and USD40 ("Cash Incentive"), respectively for each USD1,000 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 USD117,900,000 for which it received conversion notices, representing 78.6% of the aggregated 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 USD6,349,800 in total (equivalents to RMB41,151,000). The Early Cash Incentive and the Cash Incentive was treated as fair value loss of 2020 Convertible bonds and was recorded as "Change in fair value of convertible bonds".

Accounting for the 2020 Convertible bonds

The issuer had the contractual obligation to repay the principal upon maturity if the holders chose not to exercise the conversion option. Therefore, the host contract of the Bonds should be classified as a financial liability.

The conversion feature is an embedded derivative, since it cannot be contractually transferable independently which is not considered closely related to the host contract. The Bond Issuer has RMB as its functional currency and the Bonds are denominated in USD. As a result, it is determined that the conversion feature of the Bonds violates the equity classification.

The redemption option by the holders/issuers involves both the host contract and the derivative conversion feature, the redemption option and conversion feature are considered interdependent with each other and should be treated as a single compound embedded derivative.

Therefore, the 2020 Convertible bonds are considered as having a host debt instrument and a single compound embedded derivative which is not closely related to the debt host. In accordance with HKFRS, the Group could designate the whole 2020 Convertible bonds at fair value through profit or loss or bifurcate the embedded derivative at fair value through profit or loss and host debt at amortised costs. The Group elected to measure the 2020 Convertible bonds in its entirety at fair value initially. Transaction cost related to the issuance is charged to profit and loss immediately.

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

(iii) 2020 Convertible bonds (Continued)

Accounting for the 2020 Convertible bonds (Continued)

Subsequent to initial recognition, the 2020 Convertible bonds are measured at fair value with changes in fair value recognised in the profit and loss, except that the fair value change due to the foreign exchange presented in "Other gains, net" and the fair value change due to the own credit risk presented in other comprehensive income.

The directors of the Company assessed the fair value change due to the own credit risk of RMB4,864,000 and nil during the years ended December 31, 2021 and 2020, respectively, which was recorded as "other comprehensive income".

For the year ended December 31, 2020 and 2021, convertible bonds with principal amount of USD14,400,000 and USD117,900,000 were converted into ordinary shares of the Company at conversion price of HKD6.72 per ordinary share, respectively. The fair value of the convertible bonds immediately before the conversion was RMB170,860,000 and RMB1,710,519,000, respectively. The conversions resulted in the increases in share capital of RMB12,000 and RMB88,000, and increases in share premium of approximately RMB170,848,000 and RMB1,710,431,000 for the year ended December 31, 2020 and 2021, respectively. The proportion of fair value change due to own credit risk of bonds converted of RMB4,229,000 have been reclassed to retained earnings at conversion date.

As at December 31, 2021, by taking reference to the average quoted bid and ask price in Hong Kong active market, the estimated fair value of the outstanding 2020 Convertible bonds was RMB138,523,000 (2020: RMB1,895,634,000).

The Company recorded fair value change other than own credit risk of RMB14,690,000 in "Change in fair value of convertible bonds" (2020: RMB1,086,310,000), including RMB115,107,000 loss realized upon conversion (2020: RMB70,096,000) and RMB100,417,000 gain unrealized remained (2020: RMB1,016,214,000 loss) in the balance of 2020 Convertible bonds, and the gain from change in foreign exchange rate of RMB21,249,000 (2020: RMB77,115,000 gain) was recognised in "other gains, net" for the year ended December 31, 2021.

Movement of financial assets and liabilities at fair value through profit or loss has been analysed in Note 3.3.

27 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

2021 Convertible bonds

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

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 the likelihood of Relevant Events and concluded it is remote.

Redemption at the option of the 2021 Convertible bonds holders

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

Redemption at the option of the 2021 Convertible bonds issuer

The 2021 Convertible bonds issuer has 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.

27 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST (Continued)

2021 Convertible bonds (Continued)

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 financial liability at FVPL or as compound financial instruments which contain both a liability component and an equity component. The Group chose to account for the 2021 Convertible bonds as compound financial instruments.

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 the convertible bonds are either converted or redeemed.

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

	RMB'000
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

Movement of the 2021 Convertible bonds is presented as follows:

	RMB'000
Liability component on initial recognition	1,523,151
Interest expenses *(Note 11)*	51,863
Currency translation differences	(13,515)
Liability component as of December 31, 2021	1,561,499

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 to retained earnings or accumulated losses.

28 DEFERRED INCOME TAX

Deferred income taxes are calculated in full on temporary differences under the liability method using the tax rates which are expected to apply at the time of reversal of the temporary differences.

The following amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position:

	As at December 31	
	2021	2020
	RMB'000	RMB'000
The balance comprises temporary differences attributable to:		
– Tax losses	**54,482**	48,490
– Contract liabilities	**24,017**	41,373
– Others	**27,012**	12,583
Total gross deferred tax assets	**105,511**	102,446
Set-off of deferred tax assets pursuant to set-off provisions	**(80,424)**	(58,076)
Net deferred tax assets	**25,087**	44,370

	As at December 31	
	2021	2020
	RMB'000	RMB'000
Net deferred tax assets:		
To be recovered after 12 months	**3,101**	30,671
To be recovered within 12 months	**21,986**	13,699
	25,087	44,370

28 DEFERRED INCOME TAX (Continued)

	As at December 31	
	2021	2020
	RMB'000	RMB'000
The balance comprises temporary differences attributable to:		
– Intangible assets arising from business combinations	**(51,779)**	(53,024)
– Contract acquisition cost	**(22,551)**	(30,081)
– Unrealized investment income	**(55,767)**	(30,518)
– Others	**(7,053)**	(11,641)
Total gross deferred tax liabilities	**(137,150)**	(125,264)
Set-off of deferred tax liabilities pursuant to set-off provisions	**80,424**	58,076
Net deferred tax liabilities	**(56,726)**	(67,188)

	As at December 31	
	2021	2020
	RMB'000	RMB'000
Deferred income tax liabilities:		
To be recovered after 12 months	**(48,887)**	(48,267)
To be recovered within 12 months	**(7,839)**	(18,921)
	(56,726)	(67,188)

The movements in deferred income tax assets and liabilities for each of the years ended December 31, 2020 and 2021 without taking into consideration the offsetting of balances within the same jurisdiction are as follows:

28 DEFERRED INCOME TAX (Continued)

Deferred income tax assets

	Tax losses	Contract liabilities	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2021	**48,490**	**41,373**	**12,583**	**102,446**
Business combination *(Note 38)*	**5,167**	**–**	**–**	**5,167**
Recognized in the profit or loss	**825**	**(17,356)**	**14,429**	**(2,102)**
As at December 31, 2021	**54,482**	**24,017**	**27,012**	**105,511**
As at January 1, 2020	25,579	50,293	8,751	84,623
Business combination *(Note 38)*	8,300	–	–	8,300
Recognized in the profit or loss	14,611	(8,920)	3,832	9,523
As at December 31, 2020	48,490	41,373	12,583	102,446

Deferred income tax assets are recognized for tax losses carrying forwards and deductible temporary differences to the extent that realisation of the related tax benefits through the future taxable profits is probable. As at December 31, 2021, the Group did not recognise net deferred income tax assets in respect of losses and deductible temporary differences of RMB1,574,647,103 (2020: RMB531,647,215) and RMB343,532,912 (2020: RMB148,850,934), respectively. These tax losses will expire from 2022 to 2031.

Deferred income tax liabilities

	Contract acquisition cost	Investment income	Intangible assets arising from business combination	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2021	**(30,081)**	**(30,518)**	**(53,024)**	**(11,641)**	**(125,264)**
Business combination *(Note 38)*	**–**	**–**	**(6,199)**	**–**	**(6,199)**
Recognised in the profit or loss	**7,530**	**(25,249)**	**7,444**	**4,588**	**(5,687)**
As at December 31, 2021	**(22,551)**	**(55,767)**	**(51,779)**	**(7,053)**	**(137,150)**
As at January 1, 2020	(28,951)	(1,919)	–	(8,569)	(39,439)
Business combination *(Note 38)*	–	–	(54,223)	–	(54,223)
Recognised in the profit or loss	(1,130)	(28,599)	1,199	(3,072)	(31,602)
As at December 31, 2020	(30,081)	(30,518)	(53,024)	(11,641)	(125,264)

29 OTHER NON-CURRENT ASSETS

(i) Prepaid investment in Guangzhou Xiangminiao

On May 16, 2018, Weimob Development entered into a share transfer and capital injection agreement (the "Original Agreement") with Guangzhou Xiangminiao Internet Technology Co., Ltd. ("Guangzhou Xiangminiao") and its shareholders. Pursuant to the Original Agreement, Weimob Development agreed to acquire certain equity interests from the shareholders of Guangzhou Xiangminiao for RMB6,000,000 and make capital injection into Guangzhou Xiangminiao of RMB11,000,000 in order to obtain a total 51.50% equity interest in Guangzhou Xiangminiao. As at December 31, 2020, the aggregate cash payment by Weimob Development of RMB17,000,000 was recorded in the non-current assets as an advance payment for the long-term investment since the closing condition had not been fulfilled as at December 31, 2020.

As disclosed in Note 38(a), on March 18, 2021, Weimob Development acquired 66.98% equity interests in Xiangminiao with total consideration of RMB57,350,000. The RMB17,000,000 advance payment made in 2020 has been settled as part of the consideration.

(ii) Prepaid investment in Xiangxinyun

On November 9, 2021, Weimob Development entered into an agreement with the selling shareholders and Shanghai Xiangxinyun Network Technology Co., Ltd. ("Xiangxinyun") to purchase 51.89% of the total equity interests in Xiangxinyun with a total consideration of RMB221,950,000. As at December 31, 2021, the aggregate cash payment by Weimob Development of RMB35,217,000 was recorded in the non-current assets as an advance payment since the closing condition had not been fulfilled as at December 31, 2021.

In January 2022, Weimob obtained control of Xiangxinyun and Xiangxinyun became a subsidiary of the Group (Note 44).

The management is of the review that there is no impairment indicator for the advance payment as at December 31, 2020 and 2021.

30 PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	As at December 31	
	2021	2020
	RMB'000	RMB'000
Non-current		
Deposits – third parties	**15,555**	4,087
Long term loan receivables due from a related party *(Note 41(c))*	**5,619**	–
	21,174	4,087
Current		
Other receivables in relation to payment on behalf of advertisers – third parties *(i)*	**805,341**	912,740
Prepayments for purchasing advertising traffic	**580,449**	665,183
Other receivables due from related parties *(Note 41 (c))*	**132,523**	25,102
Recoverable value-added tax	**75,047**	36,142
Contract fulfillment cost *(Note 6.2(v))*	**26,003**	14,124
Deposits – third parties	**25,011**	22,155
Prepayments for contract operation service costs	**9,411**	8,084
Receivables in relation to value-added tax refund *(Note 9(ii))*	**5,888**	21,788
Prepayments for rent and property management fee	**3,947**	4,401
Other loan receivables due from third parties	**3,205**	8,858
Prepayments for purchasing advertising services	**3,013**	2,225
Prepayment to related parties *(Note 41(c))*	**1,536**	2,060
Other receivable related to SaaS sabotage event bore by executive directors *(Note 10(iii))*	**–**	26,937
Prepayments to other vendors	**26,027**	12,390
Others	**7,078**	4,731
Less: provision for impairment of other receivables *(Note 3.1 (iii))*	**(95,232)**	(8,716)
	1,609,247	1,758,204

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

31 TRADE AND NOTES RECEIVABLES

	As at December 31	
	2021	2020
	RMB'000	RMB'000
Trade receivables due from third parties	**333,197**	231,092
Trade receivables due from related parties *(Note 41(c))*	**17,624**	12,290
Notes receivables	**13,481**	2,508
Less: Provision for impairment of trade and notes receivables *(i)*	**(2,834)**	(6,412)
	361,468	239,478

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

	As at December 31	
	2021	2020
	RMB'000	RMB'000
0 – 90 days	**354,446**	225,655
90 – 180 days	**1,417**	8,437
Over 180 days	**8,439**	11,798
	364,302	245,890

(i) Derecognition of financial assets

During year ended December 31, 2020 and 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 RMB587,320,000 (2020: RMB490,951,000) in total and substantially all the risks and rewards of ownership of those receivables to the Factor in exchange for cash of RMB587,320,000 (2020: RMB490,951,000). The Group therefore derecognised the transferred assets in their entirety and the service charge of RMB10,682,000 (2020: RMB6,873,000) related to the factoring are recognised in other gains.

(ii) Impairment of trade and notes receivables

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

Movements on the Group's allowance for impairment of trade and notes receivable have been disclosed in Note 3.1(iii).

As at December 31, 2020 and 2021, the carrying amounts of trade and notes receivables were primarily denominated in RMB and approximated their fair values.

32 CASH AND BANK BALANCES

(a) Cash and cash equivalents

	As at December 31	
	2021	2020
	RMB'000	RMB'000
Cash at bank	**3,801,724**	1,811,715
Cash equivalents *(i)*	**7,270**	12,173
Cash on hand	**75**	88
	3,809,069	1,823,976
Maximum exposure to credit risk	**3,808,994**	1,823,888

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

Cash and cash equivalents are denominated in the following currencies:

	As at December 31	
	2021	2020
	RMB'000	RMB'000
RMB	**995,451**	813,739
USD	**2,285,550**	1,002,436
HKD	**527,926**	7,801
EUR	**142**	–

(b) Restricted cash

As at December 31, 2021, the Group had RMB535,000 in an inactive bank account which and could not be withdrawn at call. Therefore, management recorded the amount in restricted cash as at December 31, 2021 (December 31, 2020: nil).

33 BANK BORROWINGS

	As at December 31	
	2021	2020
	RMB'000	RMB'000
Short-term bank borrowings	**695,000**	425,050
Letter of Credit	**50,000**	–
Long-term bank borrowings	**–**	40,000
	745,000	465,050

During the year ended December 31, 2021, the Group repaid short-term bank borrowings and early repaid long-term bank borrowing as at December 31, 2020 amounting to RMB425,050,000 and RMB40,000,000, respectively. The outstanding balance as at December 31, 2021 consisted of the following borrowings.

In June, September and November, 2021, the Group entered into unsecured one-year loan agreements with Shanghai Rural Commercial Bank, China CITIC Bank and entered into unsecured one-year Letter of Credit agreement with Bank of Ningbo and borrowed RMB100,000,000, RMB150,000,000 and RMB50,000,000, bearing an interest rate of 4.58%, 4.35% and 3.45%, respectively per annum. Pursuant to the loan agreements, these loans can only be used to purchase advertising traffic.

In September and October 2021, the Group entered into a one-year agreement with Bank of Shanghai, Bank of Communications and SPD Silicon Valley Bank, respectively where loan facilities up to RMB300,000,000, RMB100,000,000 and RMB145,000,000 were made available to the Group, respectively. For the year ended December 31, 2021, the Group borrowed unsecured one-year loans of RMB200,000,000, RMB100,000,000 and RMB145,000,000 from Bank of Shanghai, Bank of Communications and SPD Silicon Valley Bank bearing interest rate of 4.5%, 3.85% and 4.4%, respectively per annum.

34 TRADE AND OTHER PAYABLES

	As at December 31	
	2021	2020
	RMB'000	RMB'000
Non-current		
Loan payable to a third party *(i)*	**2,500**	–
Payable related to business acquisition *(Note 38(a))*	**2,906**	600
	5,406	600
Current		
Payable related to investments and business acquisitions *(ii)*	**495,847**	279,093
Advance from advertisers-third parties	**477,823**	507,941
Payroll and welfare payables	**354,132**	239,278
Trade payables for purchasing advertising traffic	**134,349**	322,023
Other taxes payable	**73,009**	64,354
Deposits	**13,830**	6,869
Commission payable to merchants	**12,876**	9,470
Amount due to related parties *(Note 41(c))*	**12,443**	11,934
Payable related to factoring cost *(Note 24)*	**5,195**	4,500
Auditors' remuneration accrual	**4,968**	4,342
Payable related to purchase non-controlling interests (current portion) *(iii)*	**2,341**	1,741
Payment received from end customers through e-commerce platform on behalf of merchants	**504**	9,678
Other payables and accruals	**49,700**	29,217
	1,637,017	1,490,440

(i) In November, 2021, Heading, a subsidiary of the Group entered into unsecured interest free three-years loan agreements with an individual and borrowed RMB2,500,000 from the individual.

(ii) Payable related to investments and business acquisitions

As at December 31, 2021, payable related to investments and business acquisitions is RMB495,847,000, including payables related to investment in Xiaoke of USD36,000,000 (equivalent to RMB229,525,000)(Note 26(ii)(c)), payable related to acquisition of Heading of RMB259,622,000 (Note 38(d)), payable related to acquisition of Xiangminiao of RMB1,000,000 (Note 38(a))and payable related to investment in portfolio companies under Weizhi Shuke of RMB5,700,000 (Note 26(ii)(b)).

34 TRADE AND OTHER PAYABLES (Continued)

(iii) Acquisition of non-controlling shareholders

During the year ended December 31, 2019, the Group acquired non-controlling interests in the Group's non-wholly owned subsidiary, Nanjing Huishuo, for total consideration of RMB3,000,000. As at December 31, 2020, RMB659,000 has been paid to non-controlling interests and remaining RMB1,741,000 and RMB600,000 were due for payment in 2021 and 2022. The Group delayed the payment of RMB1,741,000 to 2022 for certain commercial reason and agreement reached in 2021. As at December 31, 2021, the total RMB2,341,000 was recorded as "Trade and other payables".

As at December 31, 2020 and 2021, the aging of the trade payables is all within 3 months.

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

	Number of ordinary shares	Share capital RMB'000	Share premium RMB'000	Shares held for RSU scheme RMB'000	Treasury shares RMB'000	Total RMB'000
As at January 1, 2021	**2,254,977,427**	**1,529**	**4,278,775**	**(15,819)**	**–**	**4,264,485**
Issuance of ordinary shares for RSU Scheme *(a)*	36,936,000	24	–	(24)	–	–
Issuance of ordinary shares *(b)*	156,000,000	99	1,916,595	–	–	1,916,694
Share issuance costs *(b)*	–	–	(19,950)	–	–	(19,950)
Conversion of convertible bonds into ordinary shares *(c)*	136,006,063	88	1,710,431	–	–	1,710,519
Cancellation of buy-back shares *(d)*	(35,459,000)	(24)	(336,704)	–	–	(336,728)
Transfer of vested RSUs *(Note 37)*	–	–	–	13,915	–	13,915
As at December 31, 2021	**2,548,460,490**	**1,716**	**7,549,147**	**(1,928)**	**–**	**7,548,935**

	Number of ordinary shares	Share capital RMB'000	Share premium RMB'000	Shares held for RSU scheme RMB'000	Treasury shares RMB'000	Total RMB'000
As at January 1, 2020	2,258,362,000	1,531	4,171,056	(38,582)	(63,143)	4,070,862
Conversion of convertible bonds into ordinary shares *(e)*	16,611,427	12	170,848	–	–	170,860
Cancellation of buy-back shares *(f)*	(19,996,000)	(14)	(63,129)	–	63,143	–
Transfer of vested RSUs *(Note 37)*	–	–	–	22,763	–	22,763
As at December 31, 2020	2,254,977,427	1,529	4,278,775	(15,819)	–	4,264,485

35 SHARE CAPITAL, SHARES HELD FOR RSU SCHEME, TREASURY SHARES AND SHARE PREMIUM (Continued)

(a) On January 11, 2021 and July 26, 2021, the Company issued 20,620,000 and 16,316,000 shares to Weimob Teamwork (PTC) Limited for RSU Scheme with nil consideration. The respective share capital amount was approximately RMB24,000. The ordinary shares held for the Company's RSU Scheme were regarded as treasury shares and presented as a deduction in equity as "Shares held for RSU Scheme".

(b) On 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.

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.

(c) For the year ended December 31, 2021, 2020 Convertible bonds amounting to USD117,900,000 were converted into 136,006,063 ordinary shares of the Company at conversion price of HKD6.72 per ordinary share. The fair value of the convertible bonds immediately before the conversion was RMB1,710,519,000, and the conversion resulted in the increase in share capital of RMB88,000 and share premium of approximately RMB1,710,431,000.

(d) During the year ended December 31, 2021, the Group bought back a total of 35,459,000 ordinary shares that listed on the Stock Exchange of Hong Kong Limited. As at December 31, 2021, all bought back ordinary shares were cancelled and deducted from the share capital and share premium within shareholders' equity. The respective share capital amount was approximately RMB24,000 and share premium arising from the issuance was approximately RMB336,704,000.

(e) For the year ended December 31, 2020, convertible bonds amounting to USD14,400,000 were converted into 16,611,427 ordinary shares of the Company at conversion price of HKD6.72 per ordinary share. The fair value of the convertible bonds immediately before the conversion was RMB170,860,000, and the conversion resulted in the increase in share capital of RMB12,000 and share premium of approximately RMB170,848,000.

(f) During the year ended December 31, 2019, the Group bought back a total of 27,989,000 ordinary shares that listed on the Stock Exchange of Hong Kong Limited. As at December 31, 2019, 7,993,000 out of 27,989,000 bought back ordinary shares were cancelled and deducted from the share capital and share premium within shareholders' equity, and the remaining 19,996,000 shares was recorded as "Treasury Shares".

As at December 31, 2020, the remaining 19,996,000 out of 27,989,000 bought back ordinary shares were cancelled and deducted from the share capital, share premium and treasury shares within shareholders' equity.

36 OTHER RESERVES

	Capital reserves RMB'000	Financial liability measured at fair value RMB'000	Share-based payments RMB'000	Currency translation differences RMB'000	Total RMB'000
As at January 1, 2021	**(1,177,418)**	**–**	**71,167**	**–**	**(1,106,251)**
Currency translation differences	**–**	**–**	**–**	**(12,285)**	**(12,285)**
Change in fair value of financial liabilities from own credit risk	**–**	**4,864**	**–**	**–**	**4,864**
Transfer of realized fair value changes relating to changes in own credit risk of convertible bonds that initially recorded in other comprehensive income to retained earnings	**–**	**(4,229)**	**–**	**–**	**(4,229)**
Transfer of vested RSUs *(Note 37(a))*	**–**	**–**	**(13,915)**	**–**	**(13,915)**
Share-based compensation expenses for employees *(Note 37(a))*	**–**	**–**	**164,935**	**–**	**164,935**
Transaction with non-controlling interests *(Note 37(b))*	**–**	**–**	**3,948**	**–**	**3,948**
As at December 31, 2021	**(1,177,418)**	**635**	**226,135**	**(12,285)**	**(962,933)**
As at January 1, 2020	(1,177,418)	–	50,254	–	(1,127,164)
Transfer of vested RSUs *(Note 37(a))*	–	–	(22,763)	–	(22,763)
Share-based compensation expenses for employees *(Note 37(a))*	–	–	42,544	–	42,544
Acquisition of non-controlling interests *(Note 37(b), Note 38)*	–	–	1,132	–	1,132
As at December 31, 2020	(1,177,418)	–	71,167	–	(1,106,251)

37 SHARE-BASED PAYMENTS

The share-based compensation expenses recognised for the year ended December 31, 2020 and 2021 are summarised in the following table:

	Year ended December 31	
	2021	2020
	RMB'000	RMB'000
Share-based compensation expenses for employees *(Note 37(a))*	**164,935**	42,544
Share-based compensation expenses for non-controlling interests *(Note 37(b))*	**9,028**	3,071
Sub-total	**173,963**	45,615

(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 ("Original Option Plan"). Prior to the IPO, Mr. Sun Taoyong is the administrator of the RSU Scheme Trust.

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

On May 28, 2021, the Group granted 1,900,000 to certain employees under the Original Option Plan. The vesting period of the Original Option Plan varies from 2 to 4 years subject to employees' continuous service to the Company and the exercise price of the RSUs granted under Original Option Plan is nil. The RSUs granted are vested by four to six tranches within 4 years vesting period.

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.

37 SHARE-BASED PAYMENTS (Continued)

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

On May 28, 2021,and December 20, 2021, the board of the Company approved the grant of awards in respect of an aggregate of 16,316,000 shares and 15,651,000 shares under the 2020 RSU Scheme, representing approximately 0.712% and 0.602% of the total number of the Company's issued shares as enlarged by the issue and allotment of the new Shares. As at December 31, 2021, total shares approved under 2020 RSU Scheme was 52,587,000.

Under the 2020 RSU Scheme, the Group granted 20,350,000, 16,154,500 and 15,621,000 shares to certain employees on October 15, 2020, May 28, 2021 and December 20, 2021, respectively, and did not grant to any suppliers, customers and any other persons who provide service to the Group. The vesting period of the 2020 RSU Scheme varies from 1 to 4 years subject to employees' continuous service to the Company and the exercise price of the RSUs granted under 2020 RSU Scheme is nil. The RSUs granted are normally vested by four or five tranches within 4 years vesting period.

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

	Original Option Plan		2020 RSU Scheme		
	Number of RSUs (in thousand)	Weighted Average Fair value per RSU (RMB)	Number of RSUs (in thousand)	Weighted Average Fair value per RSU (RMB)	Total Number of RSUs (in thousand)
As at January 1, 2021	**4,682**	**11.73**	**17,604**	**11.73**	**22,286**
Granted *(i)*	**1,900**	**14.15**	**31,776**	**10.18**	**33,676**
Vested	**(5,769)**	**11.99**	**(5,055)**	**9.83**	**(10,824)**
Forfeited	**(80)**	**8.70**	**(2,026)**	**12.87**	**(2,106)**
As at December 31, 2021	**733**	**6.45**	**42,299**	**6.45**	**43,032**
As at January 1, 2020	14,315	3.04	–	–	14,315
Granted *(i)*	–	–	20,350	9.41	20,350
Vested	(9,440)	9.64	(2,746)	9.41	(12,186)
Forfeited	(193)	9.79	–	–	(193)
As at December 31, 2020	4,682	11.73	17,604	11.73	22,286

(i) The fair value of RSUs granted on October 15, 2020, May 28, 2021 and December 20, 2021 was HK$10.82, HK$17.2, HK$7.41 per RSU. The fair value at grant date was determined based on the market price of the Company's shares on that date.

No RSUs were expired during the years ended December 31, 2020 and 2021.

As at December 31, 2021, the Company granted 123,695,500 RSUs from beginning of the scheme, among which 77,549,800 shares were vested and 3,113,750 shares were forfeited.

37 SHARE-BASED PAYMENTS (Continued)

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

As disclosed in Note 38, the Group acquired 63.83% and 66.98% equity interests in Wuxi Yazuo and Xiangminiao in March 2020 and May 2021, respectively. Pursuant to the relevant share purchase and subscription agreements, each of the co-founders of Wuxi Yazuo and Xiangminiao (collectively the "Subsidiaries") committed a five-years post-combination services period. If the co-founders resign from the Subsidiaries within five years since the acquisition dates, they shall transfer certain common shares of the Subsidiaries to the Group for free. The number of shares subject to transfer is calculated on a time proportion basis. The post-combination services commitment was treated as service condition of the share-based compensation to the founders, 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 of Subsidiaries on their acquisition date was developed through the application of the valuation technique which has taken into account purchase price allocation method.

For the year ended December 31, 2021, the founders of the Subsidiaries have earned 1.68% (2020: 1.5%) and 2.24% common shares of Wuxi Yazuo and Xiangminiao, respectively, and the service expenses amounting to approximately RMB6,232,000 (2020: RMB3,071,000) were charged to "general and administrative expenses" in the consolidated statement of comprehensive loss and credited to "Non-controlling interests" as consideration was settled by the equity of Wuxi Yazuo and Xiangminiao instead of the Company's common shares, respectively.

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 year ended December 31, 2021, the service expense amounting to RMB2,796,000 was charged to "general and administrative expenses" in the consolidated statement of comprehensive loss and credited to "Non-controlling interests" as consideration was settled by equity of Xiangminiao instead of the Company's common shares.

The difference of RMB3,948,000 (2020: RMB1,132,000) between the amount of changes in non-controlling interests and the cost of common share vested is recognised in reserve within equity attributable to owners of the Group.

38 BUSINESS COMBINATION

2021 Acquisitions

(a) Acquisition of Xiangminiao

On March 18, 2021 Weimob Development entered into an agreement with the selling shareholders 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 due from Xiangminiao through debt-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 37(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 December 31, 2021, Weimob Development has completed the debt-equity swap and paid RMB2,094,000 and RMB10,500,000 for share purchase and share subscription, respectively. Out of the total amount not yet paid by the Group, RMB14,500,000 consideration for share subscription was eliminated at Group level and the 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 December 31, 2021 (Note 34(ii)).

38 BUSINESS COMBINATION (Continued)

2021 Acquisitions (Continued)

(a) Acquisition of Xiangminiao (Continued)

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

	RMB'000
Purchase consideration	57,350
– By cash	31,000
– By debt-equity swap	26,350

The assets and liabilities recognised as a result of the acquisition are as follows. The net assets include the subscription amount of RMB14,500,000 as part of the acquisition transaction.

	As at May 31, 2020 Fair value RMB'000
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 *(i)*	15,410
Self-developed software *(i)*	9,387
Trade payables	(60)
Other payables and accruals	(9,745)
Deferred income tax liabilities	(1,032)
Total identifiable net assets	36,604
Less: non-controlling interests	(4,012)
Add: goodwill	24,758
	57,350

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

38 BUSINESS COMBINATION (Continued)

2021 Acquisitions (Continued)

(a) Acquisition of Xiangminiao (Continued)

(i) 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 owing the self-developed software rather than licensing it. The fair value of self-developed software was developed through the application of the valuation technique which has taken into account the replacement cost method 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.

(ii) Revenue and profit contribution

The acquired business contributed revenues of RMB20,155,000 and net loss of RMB12,928,000 to the Group for the period from May 31, 2021 to December 31, 2021.

Had the acquisition occurred on January 1, 2021, consolidated pro-forma revenue and loss for the year ended December 31, 2021 would have been RMB2,697,089,000 and RMB855,881,000, 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.

(b) Acquisition of Xiaomeng Technology

On August 31, 2021, Weimob Development entered into an agreement with the selling shareholders and Xiaomeng Technology to purchase 100% equity interests in Xiaomeng Technology with a total consideration of RMB20,500,000. Upon the completion of the transaction on August 31, 2021, Weimob Development owns 100% equity interests in Xiaomeng Technology and Xiaomeng Technology became a subsidiary of the Company.

As at December 31, 2021, Weimob Development has paid the total consideration of RMB20,500,000.

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

38 BUSINESS COMBINATION (Continued)

2021 Acquisitions (Continued)

(b) Acquisition of Xiaomeng Technology (Continued)

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

	RMB'000
Purchase consideration by cash	20,500

	As at August 31, 2021 Fair value RMB'000
Cash and cash equivalents	58
Prepayments, deposits and other assets	581
Property, plant and equipment	1
Trade and other payables and accruals	(137)
Total identifiable net assets	503
Less: non-controlling interests	–
Add: goodwill	19,997
	20,500

The goodwill is attributable to Xiaomeng Technology's strong position in artificial intelligence sector and synergies expected to arise after the acquisition. It has been allocated to the Group's subscription solution operating segment. None of the goodwill is expected to be deductible for tax purposes.

(i) Revenue and profit contribution

During the year ended December 31, 2021, Xiaomeng Technology was focused on internal research and development without any revenue generated. The acquired business contributed net loss of RMB588,000 to the Group for the period from August 31 to December 31, 2021.

Had the acquisition occurred on January 1, 2021, consolidated pro-forma revenue and loss for the year ended December 31, 2021 would have been RMB2,685,706,000 and RMB853,743,000, respectively. These amounts have been calculated using the subsidiary's results.

38 BUSINESS COMBINATION (Continued)

2020 Acquisitions

(c) Acquisition of Wuxi Yazuo

In February 19, 2020, Weimob Canlin, a wholly-owned subsidiary of the Company, entered into an agreement with the selling shareholders and Wuxi Yazuo to purchase 63.83% of the total shares in Wuxi Yazuo. According to the agreement, the consideration payable is RMB114,886,000 including the consideration for purchasing the shares held by existing shareholders of RMB34,886,000 and the consideration for subscribing the new shares of Wuxi Yazuo with the amount of RMB80,000,000. Upon the completion of the transaction on March 17, 2020, Weimob Canlin owns 63.83% of the total shares in Wuxi Yazuo, and Wuxi Yazuo became a subsidiary of the Company.

As mentioned in Note 37(b), the co-founders of Wuxi Yazuo hold 8.93% common share of Wuxi Yazuo after the transaction. Due to their post-combination service commitment, the 8.93% common share was deemed as being transferred to Weimob Canlin at the acquisition date.

As mentioned in Note 3.3(i)(e), one of the minority shareholders of Wuxi Yazuo, Yunxin holds 10.46% shares in Wuxi Yazuo, enjoys certain preferential rights, which resulted in a debt classification in Wuxi Yazuo's financial position. The fair value of financial liability related to Yunxin was RMB14,324,000 as at December 31, 2020.

As at December 31, 2020, Weimob Canlin has paid RMB55,000,000 for the new shares subscription and RMB23,415,000 for purchasing existing shares. The unpaid RMB25,000,000 consideration for subscribing for the new shares was eliminated at Group level and the Group accounted for remaining unpaid consideration of RMB11,471,000 for purchasing existing shares as "Trade and other payables".

In 2021, Yunxin transferred 15% of its shares to a company, which was established solely for administering and holding Wuxi Yazuo's future ESOP plan and the Group acquired all the remaining preference shares held by Yunxin with total consideration of RMB18,824,000.

As at December 31, 2021, all the consideration have been settled.

Details of the purchase consideration, the net assets acquired and goodwill are as follows. The net assets include the subscription amount of RMB80,000,000 as part of the acquisition transaction.

	RMB'000
Purchase consideration by cash	114,886

38 BUSINESS COMBINATION (Continued)

2020 Acquisitions (Continued)

(c) Acquisition of Wuxi Yazuo (Continued)

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

	As at March 17, 2020 Fair value RMB'000
Cash and cash equivalents	938
Prepayments, deposits and other assets	81,578
Trade and notes receivable	858
Property, plant and equipment	530
Right-of-use assets	324
Intangible assets	158
Self-developed software *(i)*	16,702
Bank borrowings (current portion)	(178)
Trade and other payables and accruals	(60,100)
Financial liabilities measured at FVPL *(Note 3.3(i)(e))*	(14,324)
Contract liabilities (current and non-current portion)	(6,692)
Lease liabilities (current and non-current portion)	(1,427)
Total identifiable net assets	18,367
Less: non-controlling interests	(3,443)
Add: goodwill	99,962
	114,886

The goodwill is attributable to Wuxi Yazuo's strong position in SaaS catering sector and synergies expected to arise after the acquisition. It remains unallocated before the end of the annual period in which the combination is effected. None of the goodwill is expected to be deductible for tax purposes.

(i) Identified intangible assets

The identified intangible assets for the acquisition represented self-developed software of approximately RMB16,702,000, which are initially recognised and measured at fair value. The recognition of self-developed software as part of the acquisition arose mainly from the cost saving by owing the self-developed software rather than licensing it. The fair value of self-developed software was developed through the application of the valuation technique which has taken into account the replacement cost method. The Group recognised deferred tax asset and deferred tax liabilities of RMB4,176,000, which has been fully offset on Wuxi Yazuo entity level.

38 BUSINESS COMBINATION (Continued)

2020 Acquisitions (Continued)

(c) Acquisition of Wuxi Yazuo (Continued)

(ii) Revenue and profit contribution

The acquired business contributed revenues of RMB24,407,000 and net loss of RMB8,085,000 to the Group for the period from March 18 to December 31, 2020.

Had the acquisition occurred on January 1, 2020, consolidated pro-forma revenue and loss for the year ended December 31, 2020 would have been RMB1,976,024,000 and RMB1,186,478,000 respectively. These amounts have been calculated using the subsidiary's results and adjusting them for the additional amortisation that would have been charged assuming the fair value adjustments to intangible assets had applied from January 1, 2020, together with the consequential tax effects.

(d) Acquisition of Heading

On November 6, 2020, Weimob Development, a wholly-owned subsidiary of the Company, entered into an agreement with the selling shareholders and Heading to purchase 51% of the total shares in Heading. According to the agreement, the consideration payable is RMB510,000,000 including the consideration for purchasing the shares held by existing shareholders of RMB410,000,000 and the consideration for subscribing the new shares of Heading with the amount of RMB100,000,000. Upon the completion of the transaction on November 9, 2020, Weimob Development owns 51% of the total shares in Heading, and Heading became a subsidiary of the Company.

Out of the cash consideration of RMB510,000,000, RMB47,595,000 is contingent upon the achievement of certain business performance targets by Heading. The contingent consideration includes RMB37,595,000 for purchasing sales shares and RMB10,000,000 subscribing for the new shares, which was eliminated at Group level.

As at December 31, 2020, Weimob Development has paid RMB112,783,000 for purchasing the existing shares and RMB30,000,000 for subscribing for the new shares. The unpaid RMB70,000,000 consideration for subscribing for the new shares was eliminated at Group level and the Group accounted for unpaid consideration of RMB259,622,000 for purchasing the sales shares as "Trade and other payables" as at December 31, 2020 and 2021(Note 34(ii)). The contingent consideration of RMB37,595,000 for purchasing the sales shares in 2022 with its fair value is recorded as "Non-current financial liabilities at FVPL".

Details of the purchase consideration, the net assets acquired and goodwill are as follows. The net assets include the subscription amount of RMB100,000,000 as part of the acquisition transaction.

38 BUSINESS COMBINATION (Continued)

2020 Acquisitions (Continued)

(d) Acquisition of Heading (Continued)

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

	RMB'000
Purchase consideration by cash	510,000

	As at November 9, 2020 Fair value RMB'000
Cash and cash equivalents	24,714
Prepayments, deposits and other assets	116,615
Trade and notes receivable	44,706
Financial assets at fair value through profit or loss (current portion)	86,208
Property, plant and equipment	37,758
Investment properties	32,401
Right-of-use assets	1,417
Land-use rights *(i)*	10,000
Intangible assets	917
Customer relationships *(i)*	205,000
Self-developed software *(i)*	53,860
Trade and other payables and accruals	(83,202)
Contract liabilities (current and non-current portion)	(55,272)
Lease liabilities (current and non-current portion)	(4,418)
Deferred income tax liabilities	(45,923)
Total identifiable net assets	424,781
Less: non-controlling interests	(208,143)
Add: goodwill	293,362
	510,000

The goodwill is attributable to Heading's strong position in SaaS retail sector and synergies expected to arise after the acquisition. It remains unallocated before the end of the annual period in which the combination is effected. None of the goodwill is expected to be deductible for tax purposes.

38 BUSINESS COMBINATION (Continued)

2020 Acquisitions (Continued)

(d) Acquisition of Heading (Continued)

(i) Identified intangible assets

The identified intangible assets for the acquisition primarily consist of self-developed software of approximately RMB53,860,000, customer relationship of RMB205,000,000 and land use right of RMB10,000,000. They are initially recognised and measured at fair value. The recognition of self-developed software as part of the acquisition arose mainly from the cost saving by owing the self-developed software rather than licensing it. The fair value of self-developed software was developed through the application of the valuation technique which has taken into account the relief from royalty method and is amortised on straight-line basis over the estimated useful life of 5 years by taking reference to comparable companies. The customer relationship represents the present value of the future cash flow attributed to established customer base and other business relationships built up by Heading in retail and commercial properties area and has a definite useful life and is amortised on straight-line basis over the estimated useful life of 10 years. Land use right was taken reference to the market fair value and is amortised on straight-line basis over the remaining useful life of 32 years. The Company recognized deferred tax asset and deferred tax liability of RMB2,653,000 and RMB48,576,000, which has been partially offset on Heading entity level.

(ii) Revenue and profit contribution

The acquired business contributed revenues of RMB53,284,000 and net loss of RMB3,121,000 to the Group for the period from November 9 to December 31, 2020.

Had the acquisition occurred on January 1, 2020, consolidated pro-forma revenue and loss for the year ended December 31, 2020 would have been RMB2,169,656,000 and RMB1,183,449,000 respectively. These amounts have been calculated using the subsidiary's results and adjusting them for the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from January 1, 2020, together with the consequential tax effects.

38 BUSINESS COMBINATION (Continued)

2020 Acquisitions (Continued)

(e) Acquisition of Jingxin

On December 8, 2020, Weimob Zhiling, a wholly-owned subsidiary of the Company, entered into an agreement with the selling shareholders and Jingxin to purchase 100% of the total shares in Jingxin with total consideration of RMB122,220,000. Among which, RMB100,000,000 is to be paid to the existing controlling shareholder of Jingxin and the remaining RMB22,220,000 is to be paid to minority shareholders of Jingxin. As mentioned in Note 3.3(e), the minority shareholders of Jingxin held 18.18% shares in Jingxin in total and enjoyed certain preferential rights including, but not limited to, redemption rights and liquidation preference etc., which resulted in a debt classification in Jingxin's financial position.

As at December 31, 2020, Weimob Zhiling has paid RMB100,000,000 to the controlling shareholder of Jingxin and has paid RMB11,110,000 (50% of the relevant consideration) to the minority shareholders of Jingxin. Upon the closing of transaction with the controlling shareholder on December 23, 2020, Jingxin became a subsidiary of the Company. As full settlement of consideration is the closing condition of transaction with minority shareholders, the equity interests held by the minority shareholders pending for Weimob Zhiling to buy out was recognised as current financial liability at FVPL as at December 31, 2020, amounting to RMB11,110,000, which was paid on March 8, 2021.

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

	RMB'000
Purchase consideration by cash	100,000

38 BUSINESS COMBINATION (Continued)

2020 Acquisitions (Continued)

(e) Acquisition of Jingxin (Continued)

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

	As at December 23, 2020 Fair value RMB'000
Cash and cash equivalents	395
Prepayments, deposits and other assets	6,051
Trade and notes receivable	1,713
Right-of-use assets	2,880
Intangible assets *(i)*	5,885
Bank borrowings (current portion)	(5,000)
Trade and other payables and accruals	(31,696)
Financial liabilities measured at FVPL (current portion)	(22,220)
Lease liabilities (current and non-current portion)	(3,066)
Total identifiable net assets	(45,058)
Less: non-controlling interests	–
Add: goodwill	145,058
	100,000

The goodwill is attributable to Jingxin's strong position in e-commerce retail sector and synergies expected to arise after the acquisition. It remains unallocated before the end of the annual period in which the combination is effected. None of the goodwill is expected to be deductible for tax purposes.

(i) Identified intangible assets

The identified intangible assets for the acquisition mainly consist of customer relationship of RMB5,885,000. They are initially recognised and measured at fair value. The customer relationship represents the present value of the future cash flow attributed to established customer base and other business relationships built up by Jingxin in e-commerce industry and has a definite useful life and is amortised on straight-line basis over the estimated useful life of 5 years. The Group recognise deferred tax assets and deferred tax liabilities of RMB1,471,000, which has been fully offset on Jingxin entity level.

38 BUSINESS COMBINATION (Continued)

2020 Acquisitions (Continued)

(e) Acquisition of Jingxin (Continued)

(ii) Revenue and profit contribution

The acquired business contributed revenues of RMB326,000 and net loss of RMB213,000 to the Group for the period from December 23 to December 31, 2020.

Had the acquisition occurred on January 1, 2020, consolidated pro-forma revenue and loss for the year ended December 31, 2020 would have been RMB1,985,493,000 and RMB1,178,466,000 respectively. These amounts have been calculated using the subsidiary's results and adjusting them for the additional amortisation that would have been charged assuming the fair value adjustments to intangible assets had applied from January 1, 2020, together with the consequential tax effects.

(f) Non-controlling interests

The group has chosen to recognise the non-controlling interest at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

(g) Purchase consideration – cash flow

	Year ended December 31	
	2021	2020
	RMB'000	RMB'000
Outflow of cash to acquire subsidiaries, net of cash acquired		
Cash consideration	**77,850**	724,886
Less: balance of cash acquired	**(6,984)**	(26,047)
Less: subscription for new shares of the subsidiaries which eliminated at Group level	**(51,350)**	(180,000)
Less: investment payable for 2021 acquisitions	**(3,906)**	–
Less: investment payable for 2020 acquisitions	**–**	(271,093)
Add: investment paid for 2020 acquisitions	**11,471**	–
Less: contingent consideration related to acquisition *(Note 26(ii))*	**–**	(37,595)
Net outflow of cash – investing activities	**27,081**	210,151

(h) Acquisition related costs

Acquisition-related costs of RMB150,000 are included in general and administrative expenses in profit or loss (2020: RMB4,700,000).

39 NET CASH USED IN OPERATION

(a) Cash used in operations

	Year ended December 31	
	2021	2020
	RMB'000	RMB'000
Loss before income tax	**(844,330)**	(1,144,067)
Adjustment for:		
Depreciation of property, plant and equipment *(Note 16)*	**21,833**	10,553
Depreciation of right-of-use assets *(Note 17)*	**70,268**	30,648
Amortisation of intangible assets *(Note 19)*	**174,721**	83,698
(Gain)/loss on disposal of property, plant and equipment *(Note 39(a))*	**(297)**	39
Fair value gain on derivative financial instruments *(Note 25)*	**–**	(15,468)
Fair value loss on convertible bonds *(Note 26(iii))*	**14,690**	1,086,310
Net fair value gain on other financial assets and liabilities at FVPL *(Note 10)*	**(180,396)**	(78,386)
Fair value gain on investment properties *(Note 18)*	**(2,539)**	–
Share-based payment expenses *(Notes 8)*	**173,963**	45,615
Interest expenses *(Note 11)*	**91,133**	31,968
Interest income on bank deposits held for cash management purpose *(Note 12)*	**(15,563)**	(12,376)
Interest income on term deposits and loan to third and related parties *(Note 9)*	**(2,762)**	(3,658)
Issuance costs of convertible bonds	**–**	23,754
Foreign exchange loss/(gain), net	**21,060**	(21,858)
Net impairment losses on financial assets *(Note 3.1(iii))*	**83,116**	8,597
Share of net (profit)/loss of investments accounted for using equity method *(Note 22)*	**(6,991)**	23,408
Realised gain from transfer equity interest of Mengyou to Syoo *(Note 10)*	**–**	(2,000)
	(402,094)	66,777
Changes in working capital:		
Increase in restrict cash	**(535)**	
Increase in trade and notes receivables	**(128,297)**	(41,054)
(Decrease)/increase in contract liabilities	**(73,974)**	40,723
Increase in financial assets at FVOCI	**(145,641)**	(44,933)
Decrease/(increase) in prepayments, deposits and other assets	**130,838**	(522,072)
Decrease/(increase) in contract acquisition cost	**63,959**	(10,460)
(Decrease)/increase in trade and other payables	**(58,898)**	486,427
Cash used in operations	**(614,642)**	(24,592)

39 NET CASH USED IN OPERATION (Continued)

(a) Cash used in operations (Continued)

In the consolidated statement of cash flow, proceeds from disposal of property, plant and equipment comprise:

	Year ended December 31	
	2021	2020
	RMB'000	RMB'000
Net book amount	**1,534**	162
Net gain/(loss) on disposal of property, plant and equipment	**297**	(39)
Proceeds from disposal of property, plant and equipment	**1,831**	123

(b) Net debt reconciliation

	Year ended December 31	
	2021	2020
	RMB'000	RMB'000
Cash and cash equivalents	**3,809,069**	1,823,976
Restricted cash	**535**	–
Other financial liabilities at FVPL (current and non-current)	**(399,506)**	(98,284)
Bank borrowings (current and non-current)	**(745,000)**	(465,050)
Convertible bonds measured at FVPL	**(138,523)**	(1,895,634)
Convertible bonds at amortised cost	**(1,561,499)**	–
Lease liabilities (current and non-current)	**(270,540)**	(102,353)
Net cash/(debt)	**694,536**	(737,345)

39 NET CASH USED IN OPERATION (Continued)

(b) Net debt reconciliation (Continued)

	Cash and cash equivalents RMB'000	Term deposits RMB'000	Restricted cash RMB'000	Leases (principal elements) RMB'000	Borrowings (current and non-current) RMB'000	Convertible bonds at FVPL RMB'000	Convertible bonds at amortization cost RMB'000	Other financial liabilities at FVPL (current and non-current) *(Note 26)* RMB'000	Total RMB'000
Net debt as at January 1, 2021	1,823,976	–	–	(102,353)	(465,050)	(1,895,634)	–	(98,284)	(737,345)
Cash flows	2,024,193	–	–	54,436	(279,950)	48,554	(1,889,633)	(295,279)	(337,679)
Business Combination	6,984	–	–	–	–	–	–	–	6,984
Foreign exchange	(46,084)	–	–	–	–	7,864	13,515	–	(24,705)
Fair value changes	–	–	–	–	–	(14,690)	–	(21,411)	(36,101)
Conversion of convertible bonds	–	–	–	–	–	1,710,519	–	–	1,710,519
Equity component of convertible bonds	–	–	–	–	–	–	366,482	–	366,482
Other non-cash movement *(i)*	–	–	535	(222,623)	–	4,864	(51,863)	15,468	(253,619)
Net debt as at December 31, 2021	3,809,069	–	535	(270,540)	(745,000)	(138,523)	(1,561,499)	(399,506)	694,536
Net debt as at January 1, 2020	870,328	393,000	–	(50,243)	(300,000)	–	–	(18,076)	895,009
Cash flows	982,856	(393,000)	–	25,880	(159,872)	(1,057,299)	–	8,610	(592,825)
Business Combination	26,047	–	–	(8,911)	(5,178)	–	–	(74,139)	(62,181)
Foreign exchange	(55,255)	–	–	–	–	77,115	–	–	21,860
Fair value changes	–	–	–	–	–	(1,086,310)	–	(13,679)	(1,099,989)
Conversion of convertible bonds	–	–	–	–	–	170,860	–	–	170,860
Other non-cash movement *(i)*	–	–	–	(69,079)	–	–	–	(1,000)	(70,079)
Net debt as at December 31, 2020	1,823,976	–	–	(102,353)	(465,050)	(1,895,634)	–	(98,284)	(737,345)

(i) Other major non-cash movement includes reclassification from cash and cash equivalent to restricted cash, addition of lease liabilities, finance cost related to convertible bonds measure at amortised cost, and conversion of contingent payable to trade and other payables.

39 NET CASH USED IN OPERATION (Continued)

(c) Other Non-cash investing and financing activities

	Year ended December 31	
	2021	2020
	RMB'000	RMB'000
Conversion of Convertible bonds measured at FVPL	**1,710,519**	–
Offsetting receivables and payables *(Note 3.4)*	**–**	16,903
Transfer equity interest of Mengyou to Syoo *(Note 26(ii))*	**–**	2,000
Settlement of investment in Xiaoke by by debt-equity swap *(Note 26(ii))*	**9,000**	–
Settlement of investment in Xiangminiao by debt-equity swap *(Note 38(a))*	**26,350**	–
	1,745,869	18,903

40 CAPITAL COMMITMENTS

Commitments for capital expenditures

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

	As at December 31	
	2021	2020
	RMB'000	RMB'000
Long-term investment	**483,708**	279,200

41 RELATED PARTY TRANSACTIONS

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

(a) The directors of the Company are of the view that the following parties/companies were related parties that had significant transaction or balances with the Group for the years ended December 31, 2020 and 2021:

Name of related parties	**Relationship with the Group**
Xiaoke *(i)*	Associate of the Group
Shangyou *(i)*	Associate of the Group
Clipworks *(i)*	Associate of the Group
Demo	Associate of the Group
Mengyou *(i)*	Associate of the Group
Xi'an Mengyou	Associate of the Group
Shanghai Beyond Science Technology Co., Ltd ("Beyond Science") *(ii)*	Non-controlling shareholders of Heading
Mr. Bai	Non-controlling shareholder of Yazuo
Mr. Sun	Executive director of the Group
Mr. You	Executive director of the Group
Mr. Fang	Executive director of the Group
Mr. Huang	Executive director of the Group

(i) As discussed in Note 22, Xiaoke, Syoo, Mengyou and Clipworks became the Group's associates since March 17, 2020, April 10, 2020, April 10, 2020 and June 10, 2020, respectively. The following disclosure of transactions with these four entities only covered period from March 17, 2020 to December 31, 2020, April 10, 2020 to December 31, 2020, April 10, 2020 to December 31, 2020 and June 10, 2020 to December 31, 2020 respectively.

(ii) As disclosed in Note 38(d), the Group acquired 51% of the total shares in Heading, and Heading became a subsidiary of the Company on November 9, 2020. The minority shareholder of Heading, Beyond Science held 29.95% shares in Heading and became the Group's related party since November 9, 2020. The following disclosure of transactions with Beyond Science only covered period from November 9, 2020 to December 31, 2020.

41 RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties

Operating activities:

	Year ended December 31	
	2021	2020
	RMB'000	RMB'000
Provide subscription solutions service to related parties		
Xiaoke	**6,325**	7,856
Syoo	**–**	7,475
	6,325	15,331
Purchase short-video-making service from a related party		
Clipworks	**7,103**	–
Purchase advertising traffic on behalf of related parties		
Xiaoke	**12,935**	–
Technology service fee charged by related parties		
Beyond Science	**7,848**	–
Xiaoke	**2,494**	2,285
	10,342	2,285

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

41 RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties (Continued)

Non-operating Activities:

	Year ended December 31	
	2021	2020
	RMB'000	RMB'000
Loan to related parties		
Xiaoke	**100,000**	20,000
Mr. Bai	**5,619**	–
Xi'an Mengyou	**4,550**	–
Syoo	**–**	4,000
	110,169	24,000
Interest income from related parties		
Xiaoke	**2,936**	700
Syoo	**–**	402
	2,936	1,102
Rental fee charged by a related party		
Beyond Science	**2,657**	–
Repayment from a related party		
Syoo	**4,000**	–
Investment in a related party by debt-equity swap		
Xiaoke	**9,000**	–
Compensation charged to executive directors related to SaaS sabotage event		
Mr. Sun	**–**	26,937
Mr. You	**–**	3,848
Mr. Fang	**–**	3,848
Mr. Huang	**–**	3,848
	–	38,481
Compensation received from executive directors related to SaaS sabotage event		
Mr. You	**–**	3,848
Mr. Fang	**–**	3,848
Mr. Sun	**26,937**	–
Mr. Huang	**–**	3,848
	26,937	11,544

41 RELATED PARTY TRANSACTIONS (Continued)

(c) Year-end balances with related parties

	As at December 31	
	2021	2020
	RMB'000	RMB'000
Trade receivables from related parties		
Xiaoke	**13,662**	8,328
Syoo	**3,962**	3,962
	17,624	12,290
Less: Provision for impairment of other receivable	**–**	–
	17,624	12,290
Other receivables from related parties		
Trade nature – related to advertising services where the Group acts as agent (net basis revenue)		
Xiaoke	**12,935**	–
Non-trade nature		
Xiaoke	**114,636**	20,700
Xi'an Mengyou	**4,550**	–
Syoo	**402**	4,402
	119,588	25,102
Total other receivables from related parties	**132,523**	4,402
Less: provision for impairment of other receivable	**(1,206)**	–
Total other receivables from related parties	**131,317**	4,402
Long term receivables from a related party		
Non-trade nature		
Mr. Bai	**5,619**	–
Other receivables from executive directors related to SaaS sabotage event		
Mr. Sun	**–**	26,937
Prepayments for technology service fee to related parties		
Beyond Science	**1,147**	–
Xiaoke	**389**	2,060
	1,536	2,060

41 RELATED PARTY TRANSACTIONS (Continued)

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

	As at December 31	
	2021	2020
	RMB'000	RMB'000
Other payable due to related parties		
Beyond Science	**7,200**	7,200
Xiaoke	**532**	–
	7,732	7,200
Dividend payable		
Beyond Science	**4,711**	4,711

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

Loan receivables from Xiaoke of RMB114,636,000 were non-trade in nature and unsecured, bearing a fixed interest rate of 7% per annum and plan to be repaid in 2022 by debt-equity swap in relation to the Group's subscription in Xiaoke. Other loan receivables from Syoo has been settled in January 2021, the interest receivable will be repaid in 2022. Other receivables from Xi'an Mengyou of RMB4,550,000 was non-trade in nature, unsecured, interest free and repayable on demand. Loan receivables from Mr. Bai of RMB5,619,000 were non-trade in nature, unsecured, interest-free and repayable in November, 2023.

Payable to Beyond Science was attributed to technology service fee and was unsecured, interest-free and repayable on demand, among which RMB7,200,000 was related to transactions before the Group's acquisition of Heading.

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

Except for the Group individually impaired other receivable due from Xi'an Mengyou of RMB1,206,000 according to assessment on recoverability, the amounts due from and to other related parties are neither past due nor impaired. The carrying amounts of the amounts due from and to related parties approximate their fair values and are denominated in RMB.

41 RELATED PARTY TRANSACTIONS (Continued)

(d) Key management compensation

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

	Year ended December 31	
	2021	2020
	RMB'000	RMB'000
Salaries and wages	**8,255**	3,596
Bonuses	**1,614**	657
Other social security costs, housing benefits and other employee benefits	**522**	383
Pension cost – defined contribution plan	**446**	71
Share-based compensation	**22,256**	981
	33,093	5,688

42 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

Remuneration of every director and the chief executive's is set out below:

	Directors' fees RMB'000	Salaries and wages RMB'000	Bonuses RMB'000	Other social security costs housing benefits and other employee benefits RMB'000	Pension cost-defined contribution plan RMB'000	Share-based Compensation RMB'000	Total RMB'000
For the year ended December 31, 2021							
Executive director:							
Mr. Sun	–	775	123	65	57	–	1,020
Mr. Huang	–	603	93	65	57	–	818
Mr. Fang	–	617	100	65	57	–	839
Mr. You	–	590	98	65	57	–	810
Independent non-executive directors							
Sun Mingchun	249	–	–	–	–	–	249
Li Xufu	249	–	–	–	–	–	249
Tang Wei	249	–	–	–	–	–	249
	747	2,585	414	260	228	–	4,234

42 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' and chief executive's emoluments (Continued)

	Directors' fees RMB'000	Salaries and wages RMB'000	Bonuses RMB'000	Other social security costs housing benefits and other employee benefits RMB'000	Pension cost-defined contribution plan RMB'000	Share-based Compensation RMB'000	Total RMB'000
For the year ended December 31, 2020							
Executive director:							
Mr. Sun	–	649	66	64	12	–	791
Mr. Huang	–	563	126	64	12	15	780
Mr. Fang	–	570	134	64	12	–	780
Mr. You	–	549	131	64	12	–	756
Independent non-executive directors							
Sun Mingchun	271	–	–	–	–	–	271
Li Xufu	269	–	–	–	–	–	269
Tang Wei	269	–	–	–	–	–	269
	809	2,331	457	256	48	15	3,916

(b) Directors' retirement and termination benefits

No retirement or termination benefits have been paid to the Company's directors for the years ended December 31, 2020 and 2021.

(c) Consideration provided to third parties for making available directors' services

No consideration provided to third parties for making available directors' services subsisted at the end of the year or at any time for the years ended December 31, 2020 and 2021.

(d) Information about loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors

No loans, quasi-loans or other dealings are entered into by the Company in favor of directors, controlled bodies corporate by and connected entities with such directors for the years ended December 31, 2020 and 2021.

(e) Directors' material interests in transactions, arrangements or contract

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted for the years ended December 31, 2020 and 2021.

43 CONTINGENT LIABILITIES

Saved as contingent consideration payable for acquiring Heading disclosed in Note 38(d), the Group did not have any material contingent liabilities as at December 31, 2021.

44 SUBSEQUENT EVENTS

Saved as acquisition for Xiangxinyun disclosed in Note 29, the Group did not have any material subsequent events as of date of report. Since the initial accounting for the business combination is incomplete at the time the financial statements are authorised for issue, disclosure of details of the purchase consideration, the net assets acquired and goodwill, Revenue and profit contribution is impracticable.

45 FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Financial position of the Company

		As at December 31	
		2021	2020
	Note	**RMB'000**	RMB'000
ASSETS			
Non-current assets			
Investment in subsidiaries	*(i)*	**5,199,339**	3,400,094
Total non-current assets		**5,199,339**	3,400,094
Current assets			
Financial assets at fair value through profit or loss		**68,324**	36,588
Prepayments, deposits and other assets		**1,006**	734
Cash and cash equivalents		**2,776,262**	1,010,071
Total current assets		**2,845,592**	1,047,393
Total assets		**8,044,931**	4,447,487
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	*35*	**1,716**	1,529
Shares held for RSU scheme	*35*	**(1,928)**	(15,819)
Share premium	*35*	**7,549,147**	4,278,775
Other reserves		**(212,453)**	(364,108)
Accumulated losses		**(1,361,500)**	(1,360,946)
Total equity		**5,974,982**	2,539,431

45 FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(a) Financial position of the Company (Continued)

		As at December 31	
		2021	2020
	Note	**RMB'000**	RMB'000
Current liabilities			
Payables due to inter-company in terms of Financial liabilities measured at amortised cost		**1,561,499**	–
Other payables and accruals		**369,927**	12,422
Total current liabilities		**1,931,426**	12,422
Non-current liabilities			
Financial liabilities measured at fair value through profit or loss		**138,523**	1,895,634
Total Non-current liabilities		**138,523**	1,895,634
Total liabilities		**2,069,949**	1,908,056
Total equity and liabilities		**8,044,931**	4,447,487

(i) Investment in subsidiaries

As part of the reorganisation in 2018 before Listing, Weimob HK acquired the entire equity interest in the Weimob Development with a total consideration of RMB1,341,225,000, all of which were funded by the Company. As the Company has no intention to collect the consideration back from Weimob HK, in substance, the cash funded to Weimob HK is capital injection by the Company.

During the year ended December 31, 2021, the Company made an additional capital injection of RMB1,029,419,000 to Weimob Development through Weimob HK (2020: nil). As at December 31, 2021, the accumulated capital injection to Weimob Development is RMB3,382,717,000 (As at December 31, 2020: RMB2,353,298,000).

During the year ended December 31, 2021, the Company funded RMB604,891,000 and nil, respectively to Shanghai Mengju and Weimob Development (collectively, "PRC Subsidiaries") to support their daily operation (2020: RMB365,155,000 and RMB69,380,000). As the Company has no intention to collect the amount back from onshore subsidiaries, in substance, the cash transferred is recognized as investment in subsidiaries. As at December 31, 2021, the accumulated capital contribution to PRC Subsidiaries is RMB1,603,502,000 (As at December 31, 2020: RMB998,611,000).

45 FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(a) Financial position of the Company (Continued)

(i) Investment in subsidiaries (Continued)

As disclosed in Note 37, immediately after the consummation of the IPO, Weimob Teamwork started to administer and hold the RSU Scheme and is included in the Group's consolidated statement. The RSUs grant by the Company to the employees of its subsidiaries is treated as a capital contribution to subsidiaries. The Company recognised an increase in the investment in the subsidiaries of RMB164,935,000 during the year ended December 31, 2021 (2020: RMB42,544,000). As at December 31, 2021, the accumulated capital contribution related to RSUs Scheme amounted to RMB213,120,000 (As at December 31, 2020: RMB48,185,000).

(b) Reserve movement of the Company

	Other reserves RMB'000	Accumulated losses RMB'000
As at January 1, 2021	(364,108)	(1,360,946)
Comprehensive loss		
Loss for the year	–	(4,783)
Change in fair value of financial liabilities from own credit risk	4,864	–
Total comprehensive loss for the year	4,864	(4,783)
Transfer of realized fair value changes relating to changes in own credit risk of convertible bonds that initially recorded in other comprehensive income to retained earnings	(4,229)	4,229
Transfer of vested RSUs *(Note 37)*	(13,915)	–
Share-based compensation expenses for employees *(Note 37)*	164,935	–
Total transactions with owners recognized directly in equity for the year	151,020	–
As at December 31, 2021	(212,453)	(1,361,500)

45 FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(b) Reserve movement of the Company (Continued)

	Other reserves RMB'000	Accumulated losses RMB'000
As at January 1, 2020	(383,889)	(212,071)
Comprehensive loss		
Loss for the year	–	(1,148,875)
Total comprehensive loss for the year	–	(1,148,875)
Transfer of vested RSUs *(Note 37)*	(22,763)	–
Share-based compensation expenses for employees *(Note 37)*	42,544	–
Total transactions with owners recognized directly in equity for the year	19,781	–
As at December 31, 2020	(364,108)	(1,360,946)

DEFINITIONS

"AGM"	the forthcoming annual general meeting of the Company
"Articles of Association"	the amended and restated articles of association of the Company
"Board"	the board of Directors of the Company
"Company"	Weimob Inc., an exempted company incorporated in the Cayman Islands with limited liability on January 30, 2018
"Corporate Governance Code"	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
"Director(s)"	director(s) of the Company
"Group", "our Group", "the Group", "we", "us" or "our"	our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require)
"HKFRS"	Hong Kong Financial Reporting Standards
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange on January 15, 2019
"Listing Date"	January 15, 2019, the date on which the Shares are listed on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers

DEFINITIONS

"PRC" or "China"	the People's Republic of China. For the purposes of this annual report only and except where the context requires otherwise, excludes Hong Kong, Macau and Taiwan
"Prospectus"	the prospectus of the Company dated December 31, 2018
"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC
"Report"	the 2021 annual report of the Company
"Reporting Period"	the year ended December 31, 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
"subsidiary(ies)"	has the meaning as ascribed thereto under the Listing Rules
"Substantial Shareholders Group"	Mr. SUN Taoyong, Mr. FANG Tongshu, Mr. YOU Fengchun, a group of individuals acting in concert with each other and the single largest shareholder group of the Company
"Tencent"	Tencent Holdings Limited, a limited liability company organized and existing under the laws of the Cayman Islands and the shares of which are listed on the Main Board (stock code: 700) and/or its subsidiaries
"Weimob Development"	Shanghai Weimob Enterprise Development Co., Ltd.* (上海微盟企業發展有限公司), a company established under the laws of the PRC on September 10, 2014, being a wholly-owned subsidiary of our Company

*   *For identification purpose only*

WEIMOB INC. 微盟集團