**WEIMOB INC.**
**微盟集團** *

*(Incorporated in the Cayman Islands with limited liability)*
**(Stock code: 2013)**
**(Convertible Bonds Code: 40702)**

# ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2023

The board of directors (the "**Directors**") (the "**Board**") of Weimob Inc. (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended December 31, 2023 (the "**Reporting Period**") together with the comparative figures for the year ended December 31, 2022. The Group's results have been audited by PricewaterhouseCoopers, the independent auditor of the Company, in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA, and have been reviewed by the Audit Committee (as defined below).

In this announcement, "**we**", "**us**", and "**our**" refer to the Company and where the context otherwise requires, the Group.

**FINANCIAL PERFORMANCE HIGHLIGHTS**

| | **Year ended December 31,** | | **Year-on-year change** |
|---|---|---|---|
| | **2023** | 2022 | |
| | *(RMB in millions, except percentage)* | | |
| Revenue | **2,227.7** | 1,839.0 | **21.1%** |
| Gross profit | **1,483.5** | 1,090.7 | **36.0%** |
| Operating loss | **(604.3)** | (1,849.7) | **(67.3%)** |
| Loss before income tax | **(726.4)** | (1,989.7) | **(63.5%)** |
| Loss for the year | **(761.3)** | (1,918.9) | **(60.3%)** |
| Total comprehensive loss for the year | **(767.7)** | (1,901.6) | **(59.6%)** |
| Non-HKFRS Measures: | | | |
| Adjusted EBITDA | **(74.9)** | (1,086.7) | **(93.1%)** |
| Adjusted net loss | **(388.0)** | (1,456.9) | **(73.4%)** |

* *For identification purpose only*

## RESULTS HIGHLIGHTS FOR 2023

In 2023, China demonstrated a resilient recovery in economy and consumption and an overall improvement in economic environment, leading to a stable economic recovery. Amidst the burgeoning digital economy, the accelerated integration of digital and real economies facilitated the stable digital demand of enterprises and the continuous expansion of application scenarios. Meantime, new productive forces represented by AI large models have ignited new opportunities for technological innovation and industrial upgrading. Our overall business operations have sustained steady growth, the gross profit margin has improved significantly, with a significant year-on-year decrease in operating losses and a consistent improvement in cash flow. In the second half of 2023, the operating cash flow has turned positive, underscoring our steadfast progress towards high-quality development.

In 2023, the Group's total revenue reached RMB2,228 million, representing an increase of 21.1% as compared with the same period of last year. Our gross profit increased by 36.0% from RMB1,091 million in 2022 to RMB1,484 million in 2023, with gross profit margin increasing from 59.3% to 66.6%, and the revenue quality continued to improve. Our adjusted earnings before interest, tax, depreciation and amortization (EBITDA) decreased significantly from a loss of RMB1,087 million in 2022 to a loss of RMB75 million in 2023, representing a loss reduction of 93.1% as compared with the same period of last year. Our adjusted net loss decreased from RMB1,457 million in 2022 to RMB388 million in 2023, representing a loss reduction of 73.4% as compared with the same period of last year. As of December 31, 2023, the Group's cash and bank balances were approximately RMB2,495 million, resulting in a healthy financial position.

As of December 31, 2023, our revenue from Subscription Solutions was approximately RMB1,349 million, representing a year-on-year increase of 4.5%, and the number of paying merchants was 96,339, with the Average Revenue Per User ("**ARPU**") of RMB14,007. Revenue from Merchant Solutions was approximately RMB878 million, representing a year-on-year increase of 60.5%, and the number of paying merchants was 66,905, with the ARPU of RMB13,127. With the acceleration of the commercialization of video accounts, we have extended our leading edge in the advertising business, leading to a rapid growth in gross revenue and gross profit. In 2023, the gross revenue from advertisements we assisted merchants to place was approximately RMB14,466 million, representing a year-on-year increase of 44.5%.

## BUSINESS REVIEW

In 2023, riding on the technological wave represented by AI, we continued to implement the strategy of "moving up-market", "ecosystem build-up" and "globalization", and leverage our new corporate structure to enhance business efficiency and foster high-quality development. Our key performances of the principal businesses and products during the Reporting Period are set out as below:

### Subscription Solutions

After integrating SaaS-related businesses of the Group, Weimob Corporate Services focuses on the digital upgrade of Chinese companies and is deeply rooted in an array of industries to create greater value for our customers and the society with advanced digital tools. During the Reporting Period, our revenue from Subscription Solutions was approximately RMB1,349 million, representing a year-on-year increase of 4.5%, and the number of paying merchants was 96,339, representing a year-on-year decrease of 3.3%, with the ARPU increasing by 8.0% to RMB14,007.

In terms of Smart Retail, as of December 31, 2023, our revenue from Smart Retail was approximately RMB613 million, representing a year-on-year increase of 19.5% and an organic year-on-year increase of 32.2%, accounting for 45.5% of revenue from Subscription Solutions. We had 6,826 merchants in Smart Retail, of which 1,306 were branded merchants, each with an average contract value of RMB195 thousand.

As we deepen the "moving up-market" strategy, we have collaborated closely with industry-leading companies and top ecosystem partners in industries to develop comprehensive and in-depth industry solutions for footwear and clothing fashion, home furnishing materials, food and Fast-Moving Consumer Goods (FMCG), shopping malls, supermarkets, shopping centers and department stores and other industries, yielding remarkable results.

We continued to maintain a leading edge in the footwear and clothing fashion industry, and have established stable cooperation with Peacebird Group, Semir Group, Peak Group, Embry Group and Skechers. We continued to expand our presence in the home furnishing materials industry, and have established stable cooperation with prominent companies in different sectors such as Moen, Siemens, Dong Yi Ri Sheng and Mitsubishi.

In terms of the food and FMCG industry, leveraging brand Direct-to-Consumer (DTC) model and channel empowerment model (BC integration), we empowered the establishment of digital models in the food and FMCG industry, and have attracted industry leaders as our benchmark customers, including Senpure, Baicaowei, CR Cestbon, Yanghe Distillery, Junlebao Dairy, Haitian Flavouring and Food, and Babi Food.

In terms of the shopping malls, supermarkets, shopping centers, and department stores industry, we have established long-term and trusting relationships with well-known chain brands such as Lianhua, MINISO, POP MART and Aiyingtang, and have assisted high-quality brands in actively expanding into overseas markets; in the commercial real estate sector, we have continued to collaborate with Yuexing Group, C&D Group and Gemdale in order to create a comprehensive digitization of offline commerce.

During the Reporting Period, our systems and services were finely tuned to the development needs of retail customers, and accelerated the transformation of terminal organization of retail companies, with a year-on-year increase of 87% in the coverage of enterprises and over 7 times in the number of self-pickup sites. Our membership operation segment was highly recognized, and recorded a year-on-year increase of 201% in the number of new members and 361% in the consumption amount of repeated purchase during the Reporting Period. With the support of digitalization, Weimob has facilitated the continuous performance and scale growth of cooperative merchants, more and more retail companies gradually regard their cooperation with Weimob as a strategic core business.

With core IP activities as a carrier, Weimob empowered merchants through "competition instead of training", and continued to seek novel avenues to unlock the potential of the retail industry and promote the sustained growth of merchants. We have upgraded the "Weimob Smart Shopping Guide Competition" from enhancing shopping guide skills through large-scale operation in the first competition to improving the targeted and personalized service capabilities of shopping guides in the second competition. Meantime, the "Weimob 616 Digital Retail Competition" concentrated on nurturing and cultivating "digital retail trading teams", the backbone for digital retail transformation, helping the entities to enhance the digital capabilities of teams.

In terms of smart hotels and tourism, the tourism industry experienced a robust recovery in 2023, brimming with vitality. In 2023, the GMV of Xiangminiao WeChat Mall business amounted to RMB140 million, representing a year-on-year increase of 56%, with the number of merchants increasing by 15% year-on-year; since the inception of hotels and tourism segment on Douyin in the second half of 2022, Weimob Xiangminiao has maintained a rapid growth. During the Reporting Period, the GMV of Douyin Business Division recorded a year-on-year increase of over 13 times.

Weimob launched Weimob WAI, an application based on large models, in May 2023. Up to now, Weimob WAI has conducted merchant testing and application expansion through 618 Promotion, Double Eleven Promotion and other major marketing promotion events. With the growth of merchant testing and application, Weimob continued to iterate its product functions such as batch creation of graphics and text and chart interpretation in real-world business scenarios, covering the multiple business needs of merchants in digital business operations. Weimob has successfully expanded it to over 50 application scenarios, thus enhancing smart operational efficiency for over 42,000 merchants and improving their private domain operations by 30%-60%. For instance, in private domain operations, the operation staff of Hodohome generated hundreds of marketing articles relying on sharing marketing articles and narratives generated by WAI, which focused on new product promotion, member registration guidance, community/Wechat Moments marketing activities and other scenarios, with adoption rate of 70%.

The new WOS commercial operating system continued to unleash the value of digital business infrastructure. During the Reporting Period, Weimob WOS continued to improve its openness, with the number of WOS capabilities open to the ecosystem increasing by 42% year-on-year, a sustained growth in the activity of applications in the ecosystem, and the utilization rate of API increasing by 42% year-on-year. Benefiting from the WOS system, we have reduced R&D costs of innovative businesses, such as Weimob DTC e-commerce and international e-commerce, by over 80%, and shortened the launch time by 67%. At the same time, we have begun to bear fruit in technology monetization. Large group companies are able to efficiently develop their own applications relying on B-PaaS and other capabilities.

Capitalizing on Weimob's decade-long product accumulation and experience, we are developing "SuperAPP solutions", which can replicate and export the business ecosystem of Wechat Mini Programs and successes in China to overseas markets, empowering the exploration of overseas market by way of product-driven growth. Heading, a subsidiary of the Company, has started the international transformation of its products since 2015, initially helping Chinese customers explore global operation with their digital business, and gradually extending support in the informatization and digital layout of local customers in overseas markets. Up to now, Heading ERP system was used by customers in over 80 countries or regions. The international business solutions of Heading boast the capacity to support multi-currency businesses and common international payment methods, offer flexible and comprehensive tax system management, and enable cross-regional and multi-organizational business collaboration and application deployment.

**Merchant Solutions**

Weimob Marketing sub-group continued to deepen the digital marketing business of the Group, and prioritize the horizontal integration and vertical expansion of the marketing segment, thus assisting brands in achieving all-domain operations and quality and efficiency growth, and in expanding commercial potentials. Benefiting from the growth of video account advertising as well as the in-depth regional penetration and multi-channel expansion efforts of the Group, the Weimob Marketing business has sustained rapid growth. With the acceleration of the commercialization of video accounts, the Weimob Marketing business is expected to continue to maintain rapid growth in 2024. During the Reporting Period, revenue from Merchant Solutions was approximately RMB878 million, representing a year-on-year increase of 60.5%, and the number of paying merchants increased by 24.2% to 66,905, with the average spend per paying merchant increasing by 16.3% to RMB216,215. Our advertising business maintained a leading position in Tencent social Advertising business, with a significant improvement in profitability. During the Reporting Period, the gross revenue from advertisements we assisted merchants to place was approximately RMB14,466 million, representing a year-on-year increase of 44.5%.

We continued to horizontally diversify media channels and vertically deepened regional and industry-based strategies, so as to foster sustained business growth for our customers through providing all-domain and full-chain professional value services. In terms of diversified media channels, while deepening the Tencent ecosystem including video accounts, we also expanded our presence on multi-channel traffic platforms such as Kuaishou, Xiaohongshu and Alipay. Leveraging our full-chain operation advantages featuring "marketing + tools + operations + ecosystem", we assisted brands in achieving all-domain operations and quality and efficiency growth, and also expanded the business growth space of Weimob Marketing.

We continued to expand our multi-channel footprint. Weimob Marketing has successively obtained the regional agent license of eight regions covered by Kuaishou Magnetic Engine, including Shanghai and Zhejiang. In 2023, the consumption of service merchants on Kuaishou recorded a year-on-year increase of 164%. In the Xiaohongshu ecosystem, we not only introduced Mini Program mall solutions but also assisted brand merchants in the whole chain from content seeding, KOL collaboration, information flow placement to transaction conversion. During the Reporting Period, Weimob Marketing has assisted over 50 brands from clothing, beauty and FMCG industries in efficiently completing content seeding on Xiaohongshu, with a year-on-year increase of 259% in annual consumption. In addition, Weimob has officially accessed a Douyin group purchase through its Smart Retail and WeiMall solutions, and has become an advertising business agent for Alipay digital promotion platform.

In the Tencent ecosystem, Weimob Marketing has consistently maintained its leading advantage. Benefiting from the layout in regional marketing segment and the construction of full-chain, closed-loop marketing over the years as well as the support of its professional operations team, the fundamentals of Weimob Group in the Tencent advertising system have demonstrated stable and positive development. With the development of the commercialization of video accounts, Weimob Marketing remained at the forefront in terms of market penetration and growth rate, with a significant growth in the consumption from industries such as consumer goods, health, tourism and automobiles. In addition, Weimob Marketing was selected as a third-party SaaS service provider of Tencent Advertising to provide technical services such as landing page and website building. In an effort to consolidating the technology ecosystem of Tencent Advertising, Weimob Marketing optimized the ecosystem management of advertising chain to improve user experience, and conducted close exchanges and cooperation with Tencent Advertising. During the Reporting Period, the consumption in our Tencent Advertising recorded a year-on-year increase of 63%.

During the Reporting Period, the GMV of our video accounts merchants increased by 48.5% year-on-year. We have consistently secured top-three rankings in terms of investment promotion cooperation in the service provider market, and our training guidance was selected into the official collection of "Excellent Cases of Service Providers". We maintained the top-three ranking among the service providers in Hangzhou clothing industry. Our monthly GMV has exceeded RMB50 million for many times and stabilized at over RMB35 million, and our service cases have been selected into the official operation manual for service providers in the industrial belt. In terms of video account KOLs, we have reached over 80% of the TOP 50 KOLs. We have emerged as the preferred choice for many leading merchants. For instance, we provided video accounts operation solutions for brands like Belle Fashion and Voolga, thereby enhancing consumer experience and accumulation and fostering long-term growth and innovative development.

Since its official launch, Weimob WAI has offered AI technical support for Weimob Marketing, and we continued to iterate and expand the application scenarios of Weimob WAI. During Double Twelve Promotion, the utilization of Weimob WAI's text-to-image generation function increased by over 470% month-on-month, and the number of poster production increased by over 270% month-on-month. The text-to-video model has sparked significant industry interest. In terms of short video generation, Weimob WAI has achieved the low-cost and efficient generation of short video materials tailored to the placement of brands, which was closely integrated with the full-chain production process. We will continue to explore "AI + marketing" to provide marketing customers with a broader array of diverse and effective content services.

In March 2024, we strategically invested in Shanghai Banfan Information Technology Co., Ltd. (the "**Banfan Technology**") and laid out the short play track. We will complement each other's advantages including professional traffic advertising and content originality, deepen the originality of high-quality contents, enhance the content distribution capability of digital marketing, establish overall short play business including IP creativity, film and television play productions, finished film distribution and user growth, expand more business scenarios expected to be profoundly empowered by AI, and maximize the bonuses brought by the technological changes.

In response to the needs of brands to explore global operation, we assisted brands in reaching users through all-domain traffic channels at home and abroad, achieving full-chain high-quality growth. During the Reporting Period, we have officially entered into a contract with Google CPP (China Partner Capability Fund Program Agreement), becoming Google's first-level regional agent in China, and we also became an official partner of Apple Ads. In addition, Weimob has deployed all-domain traffic at home and abroad, and established an in-depth cooperation with a number of high-quality media including Xiaohongshu, Kuaishou, Meta and TikTok. Leveraging its obvious advantages in digital technology and operations, Weimob has supported brands in reaching overseas users through multiple channels. During the Reporting Period, the consumption of our overseas advertising business recorded a year-on-year increase of 11.5%. We have assisted the global market exploration of over 300 merchants spanning fitness equipment, home furnishing, industrial equipment, and education industries, with customer renewal rate of 60.2%.

## BUSINESS OUTLOOK

1. **Becoming a corporate AI service provider to capture the opportunity of the times.** Leveraging its "SaaS+AI" layout, Weimob WAI will promote the digital and intelligent development of businesses, extend AI products and services to cover Weimob SaaS merchants, and develop multi-model and multi-Agent AI application products catering to operations and marketing in the future. In terms of marketing, we will capitalize our breakthroughs in text-to-image and text-to-video generation capabilities to significantly streamline production processes, further release productivity, and significantly improve per capita efficiency, substantially reducing the overall costs of digital marketing.

2. **Promoting KA strategy in a three-dimensional manner and deepening the penetration in vertical industries.** Based on our cooperation with leading industry customers, we will develop high-quality solutions aligned with industry-wide standards and core business requirements. While consistently advancing our partnerships with brand merchants, we will penetrate mid-level industry merchants, hasten industry-based sales. Meantime, we will continue to optimize operational efficiency while increasing the proportion of revenue from key accounts merchants.

3. **Accelerating the commercialization of video accounts and increasing investment for scale growth.** Live-streaming retail is reshaping the e-commerce industry with market value of RMB100 billion. As a strategic product of WeChat ecosystem, the WeChat video accounts business will make all-out investment in multiple commercialization avenues in 2024, including live-streaming e-commerce and "advertising + e-commerce". Relying on its extensive user ecosystem and efficient linkage between public and private domains, the video accounts live-streaming retail is introducing new dynamics to the industry, and video accounts are also becoming a burgeoning market.

4. **Laying out the short play business and expanding the commercialization space of AIGC and targeted marketing.** We have acquired a short play content company through strategic investment, aiming to leverage the respective resources and technological advantages of both parties, jointly explore the deep integration of AI large models and the short play ecosystem, empower the short play industry ecosystem with leading production and research technologies, and foster in-depth cooperation in content creation, platform operation, technological innovation and commercialization opportunities of short plays. Our deployment of short plays will further expand business application scenarios, enhance technology implementation, accumulate creative data, and foster a dual-way synergy between digital creativity and technological innovation.

5. **Creating the third growth curve of the Group through innovative efforts in international business solutions.** Amidst the fervor of Chinese companies exploring global market, the international business is emerging as a new driver for our performance growth. SuperAPP technology will offer international business solutions including integrated digital infrastructure, Mini Program ecosystem and consumer management experiences, radiating China's successes in the integration of digital and real economies worldwide. The booming short plays have garnered enthusiastic attention from overseas users and are expected to complement our overseas marketing business. Building upon our existing partnerships with overseas mainstream media and our marketing experience on overseas social media, we will expand the scale of overseas traffic placement and explore the overseas short play industry.

In 2024, the Chinese macro economy will make steady progress, and the technological wave represented by cloud computing, big data and AI is reshaping thousands of industries. The recent "NPC and CPPCC Sessions" proposed "AI + action" for the first time, and the productive and innovative forces are increasing evolving. To adapt to changes in the external environment, the digital transformation of enterprises is also constantly evolving, transitioning from a technical concept to an overarching strategy, which will bring vast prospects from retail digital services. We will reignite the passion for entrepreneurship and remain customer-centric. Through driving business innovation through digital technology, we will help companies build a solid foundation for smart business, pursue high-quality development together with our customers, and constantly create sustainable value for our shareholders and investors.

## MANAGEMENT DISCUSSION AND ANALYSIS

*Year Ended December 31, 2023 Compared to Year Ended December 31, 2022*

| | Year ended December 31, | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| **Revenue** | **2,227,684** | 1,838,988 |
| Cost of sales | **(744,159)** | (748,337) |
| **Gross profit** | **1,483,525** | 1,090,651 |
| Selling and distribution expenses | **(1,551,483)** | (1,637,126) |
| General and administrative expenses | **(714,254)** | (995,393) |
| Net impairment losses on financial assets | **(30,491)** | (170,803) |
| Other income | **85,090** | 112,655 |
| Other gains/(losses), net | **123,322** | (249,636) |
| **Operating loss** | **(604,291)** | (1,849,652) |
| Finance costs | **(151,223)** | (171,063) |
| Finance income | **33,889** | 21,322 |
| Share of net losses of associates accounted for using the equity method | **(10,479)** | (4,344) |
| Change in fair value of convertible bonds | **5,747** | 13,999 |
| **Loss before income tax** | **(726,357)** | (1,989,738) |
| Income tax (expenses)/credit | **(34,901)** | 70,864 |
| **Loss from continuing operations** | **(761,258)** | (1,918,874) |
| **Discontinued operations** | | |
| Loss from discontinued operations | **–** | (852) |
| **Loss for the year** | **(761,258)** | (1,919,726) |
| **Loss attributable to:** | | |
| – Equity holders of the Company | **(758,251)** | (1,828,566) |
| – Non-controlling interests | **(3,007)** | (91,160) |

## Key Operating Data

The following table sets forth our key operating data for the years ended/as of December 31, 2023 and 2022.

| | Year ended/as of December 31, | |
|---|---|---|
| | **2023** | 2022 |
| ***Subscription Solutions*** | | |
| Addition in number of paying merchants | **23,411** | 23,568 |
| Number of paying merchants | **96,339** | 99,604 |
| Attrition rate(1) | **26.8%** | 26.0% |
| Revenue (RMB in millions) | **1,349.4** | 1,291.7 |
| ARPU(2) (RMB) | **14,007** | 12,968 |
| ***Merchant Solutions*** | | |
| Number of paying merchants | **66,905** | 53,855 |
| Revenue (RMB in millions) | **878.3** | 547.3 |
| ARPU (RMB) | **13,127** | 10,163 |
| Gross billing (RMB in millions) | **14,465.8** | 10,010.5 |

*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 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, | |
|---|---|---|
| | **2023** | 2022 |
| | *%* | *%* |
| Total revenue growth | **21.1** | (6.5) |
| Adjusted gross margin (1) | **66.9** | 60.9 |
| Adjusted EBITDA margin (2) | **(3.4)** | (59.1) |
| Net margin (3) attributable to equity holders of the Company | **(34.0)** | (99.4) |
| Adjusted net margin (4) attributable to equity holders of the Company | **(18.0)** | (74.6) |

*Notes*:

(1) Equals adjusted 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, please refer to section "Non-HKFRS Measures: Adjusted Revenue, Adjusted EBITDA and Adjusted Net Loss" below.

(3) Equals net profit/(loss) 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), please refer to section "Non-HKFRS Measures: Adjusted Revenue, Adjusted EBITDA and Adjusted Net Loss" below.

## Revenue

The total revenue increased by 21.1% from approximately RMB1,839.0 million in 2022 to approximately RMB2,227.7 million in 2023, primarily due to the increase in revenue from both the Subscription Solutions and Merchant Solutions. The following table sets forth a breakdown of the revenue by business segments for the years indicated.

| | Year ended December 31, | | | |
|---|---|---|---|---|
| | **2023** | | 2022 | |
| | *(RMB in millions, except percentages)* | | | |
| **Revenue** | ***Revenue per financial statement*** | ***%*** | *Revenue per financial statement* | *%* |
| – Subscription Solutions | **1,349.4** | **60.6** | 1,291.7 | 70.2 |
| – Merchant Solutions | **878.3** | **39.4** | 547.3 | 29.8 |
| **Total** | **2,227.7** | **100** | 1,839.0 | 100 |

### *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 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 4.5% from approximately RMB1,291.7 million in 2022 to approximately RMB1,349.4 million in 2023. Since reopen of economy at the end of 2022, the consumer retailing has gone through a period of reacceleration at the beginning of 2023 and a weaker-than-expected recovery in the second half of 2023. Sustaining the pressure from a shortage in deferred revenue impacted by weak order intake in 2022 and weak recovery in consumption in 2023, the Subscription Solutions revenue growth was mainly driven by a continuing increase in ARPU despite a mild decrease in number of paying merchants and a slightly higher attrition rate. The number of paying merchants decreased by approximately 3.3% from 99,604 by the end of 2022 to 96,339 by the end of 2023. Thanks to the strategy of moving up-market and a high retention rate in brand merchants, ARPU increased by 8.0% from RMB12,968 in 2022 to RMB14,007 in 2023.

***Merchant Solutions***

| | Year ended December 31, | | |
|---|---|---|---|
| | **2023** | 2022 | Year-on-year change |
| | *(RMB in millions, except percentages)* | | |
| **Merchant Solutions** | | | |
| Gross billing | **14,465.8** | 10,010.5 | 44.5% |
| Revenue | **878.3** | 547.3 | 60.5% |

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

Gross billing from Merchant Solutions increased from approximately RMB10,010.5 million in 2022 to approximately RMB14,465.8 million in 2023, primarily attributable to the increase in the number of paying merchants from 53,855 in 2022 to 66,905 in 2023, as well as an increase in average spend per advertiser from RMB185,877 in 2022 to RMB216,215 in 2023 due to the strong recovery in the advertising demand as well as growth momentum from video accounts advertisements.

Revenue from Merchant Solutions represents net rebate earned from advertising platforms by providing services to enable merchants to acquire online customer traffic, commissions from TSO service and targeted marketing operation service as well as fintech commissions. It increased by 60.5% from approximately RMB547.3 million in 2022 to approximately RMB878.3 million in 2023, as a result of the increase in gross billing and recovery in net rebate rate.

**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, | | | |
|---|---|---|---|---|
| | **2023** | | 2022 | |
| | *(RMB in millions, except percentages)* | | | |
| **Cost of sales** | | | | |
| Advertising traffic cost | **127.1** | **17.1%** | 91.0 | 12.2% |
| Staff costs | **100.7** | **13.5%** | 133.9 | 17.9% |
| Broadband and hardware costs | **39.6** | **5.3%** | 47.3 | 6.3% |
| Contract operation services costs | **246.1** | **33.1%** | 211.6 | 28.3% |
| Amortization of and impairment provision for intangible assets | **219.5** | **29.5%** | 250.8 | 33.5% |
| Taxes and surcharges | **9.2** | **1.2%** | 12.6 | 1.7% |
| Depreciation | **2.0** | **0.3%** | 1.1 | 0.1% |
| **Total** | **744.2** | **100%** | 748.3 | 100% |

The cost of sales decreased by 0.6% from RMB748.3 million in 2022 to RMB744.2 million in 2023, primarily because (i) our staff cost decreased by RMB33.2 million from RMB133.9 million in 2022 to RMB100.7 million in 2023, due to organization optimization and control on staff headcount; (ii) our broadband and hardware costs decreased by RMB7.7 million from RMB47.3 million in 2022 to RMB39.6 million in 2023, due to the optimization on broadband cost; (iii) our advertising traffic cost increased from RMB91.0 million in 2022 to RMB127.1 million in 2023, in line with growing budget from key account merchants to obtain traffic as part of their TSO services; and (iv) our contract operation services costs increased from RMB211.6 million in 2022 to RMB246.1 million in 2023, in line with the growth in the operating service to our key account merchants.

Excluding the non-HKFRS items, the adjusted cost of sales increased by 2.4% from RMB719.1 million in 2022 to RMB736.5 million in 2023 (Adjusted cost, please refer to section "Non-HKFRS Measures: Adjusted Revenue, Adjusted EBITDA and Adjusted Net Loss" below).

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

| | Year ended December 31, | | | |
|---|---|---|---|---|
| | **2023** | | 2022 | |
| | *(RMB in millions, except percentages)* | | | |
| **Cost of sales** | | | | |
| – Subscription Solutions | **456.8** | **61.4%** | 522.5 | 69.8% |
| – Merchant Solutions | **287.4** | **38.6%** | 225.8 | 30.2% |
| **Total** | **744.2** | **100%** | 748.3 | 100% |

***Subscription Solutions***

Cost of sales of the Subscription Solutions decreased by 12.6% from RMB522.5 million in 2022 to RMB456.8 million in 2023, primarily due to the decrease in staff cost and amortization of intangible assets due to organization optimization and control on staff headcount.

Excluding the non-HKFRS items, the adjusted cost of sales of the Subscription Solutions decreased by 9.0% from RMB493.3 million in 2022 to RMB449.1 million in 2023 (Adjusted cost, please refer to the section "Non-HKFRS Measures: Adjusted Revenue, Adjusted EBITDA and Adjusted Net Loss" below).

***Merchant Solutions***

The cost of sales of the Merchant Solutions increased by 27.2% from RMB225.8 million in 2022 to RMB287.4 million in 2023, primarily due to the increase in traffic costs and contract operation services costs, which were in line with the growth of revenue from TSO and sales commission revenue from credit technology solutions.

**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, | | | | | |
|---|---|---|---|---|---|---|
| | **2023** | | | 2022 | | |
| | ***Gross profit*** | ***%*** | ***Gross margin*** | *Gross profit* | *%* | *Gross margin* |
| | *(RMB in millions, except percentages)* | | | | | |
| – Subscription Solutions | **892.6** | **60.2** | **66.1%** | 769.2 | 70.5 | 59.5% |
| – Merchant Solutions | **590.9** | **39.8** | **67.3%** | 321.5 | 29.5 | 58.7% |
| **Total** | **1,483.5** | **100** | **66.6%** | 1,090.7 | 100 | 59.3% |

The gross profit increased by 36.0% from approximately RMB1,090.7 million in 2022 to approximately RMB1,483.5 million in 2023.

The gross margin of the Subscription Solutions increased from 59.5% in 2022 to 66.1% in 2023 due to the growth in the Subscription Solutions revenue as well as the decrease in cost of sales as a result of cost reductions and efficiency enhancement.

Excluding the non-HKFRS items, the gross margin of the Subscription Solutions increased from 61.8% in 2022 to 66.7% in 2023 (Adjusted cost, please refer to the section "Non-HKFRS Measures: Adjusted Revenue, Adjusted EBITDA and Adjusted Net Loss" below).

The gross margin of the Merchant Solutions increased from 58.7% in 2022 to 67.3% in 2023 due to the increase in target marketing net rebate revenue, which is of high gross margin.

**Selling and Distribution Expenses**

The selling and distribution expenses decreased by 5.2% from RMB1,637.1 million in 2022 to RMB1,551.5 million in 2023, primarily due to cost control and organisation optimization which led to significant staff headcount reduction, rental and property cost savings and control of marketing expenditure, with details as follows: (i) the decrease in staff costs from RMB1,046.1 million in 2022 to RMB861.8 million in 2023 as a result of the completion of organization optimization in 2022 and the second half of 2023; (ii) the decrease in on-line and off-line marketing expenses from RMB157.4 million in 2022 to RMB64.8 million in 2023; (iii) the decrease in rental property and utility expenses from RMB82.8 million in 2022 to RMB58.5 million in 2023; and (iv) the increase in contract acquisition cost from RMB200.2 million in 2022 to RMB390.2 million in 2023.

Excluding the non-HKFRS items (share-based compensation), adjusted staff costs decreased by RMB175.8 million from RMB1,012.2 million in 2022 to RMB836.4 million in 2023, which is elaborated in "Employee Benefits in Costs and Expenses (Adjusted Amount)" below.

**General and Administrative Expenses**

The general and administrative expenses decreased by 28.2% from RMB995.4 million in 2022 to RMB714.3 million in 2023, primarily due to the decrease in research and development and administrative staff cost of RMB255.4 million from RMB787.6 million in 2022 to RMB532.2 million in 2023.

**Research and Development Expenditure**

| | **Year ended December 31,** | |
|---|---|---|
| | **2023** | 2022 |
| | *(RMB in millions)* | |
| **Research and development expenditure** | | |
| Research and development expenditure capitalized in development cost and intangible assets | **180.4** | 241.3 |
| Research and development expenditure in general and administrative expenses | **406.3** | 578.2 |
| **Total research and development expenditure** | **586.7** | 819.5 |

Research and development expenditure decreased by 28.4% from RMB819.5 million in 2022 to RMB586.7 million in 2023. Excluding the non-HKFRS items (share-based compensation), adjusted research and development expenditure decreased by 28.3% from RMB812.8 million in 2022 to RMB582.5 million in 2023, due to cost savings from our "Organization Optimization".

**Employee Benefits in Costs and Expenses (Adjusted Amount)**

| | **2023** | 2022 |
|---|---|---|
| | *(RMB in millions, except for employee number)* | |
| **Number of employee** | **4,584** | 6,278 |
| **Employee benefit** | **1,592.3** | 2,089.6 |
| **By function** | | |
| **Sales and distribution** | **937.1** | 1,146.1 |
| Cost | **100.7** | 133.9 |
| Selling and distribution expense | **836.4** | 1,012.2 |
| **Research and development** | **499.0** | 745.2 |
| – Capitalization | **180.4** | 241.3 |
| – Expense | **318.6** | 503.9 |
| **Other general and administrative cost** | **156.2** | 198.3 |
| **By expense nature** | | |
| *Cost* | **100.7** | 133.9 |
| *Selling and distribution expense* | **836.4** | 1,012.2 |
| *General and administrative cost* | **474.8** | 702.2 |

The adjusted employee benefits decreased by RMB497.3 million from RMB2,089.6 million in 2022 to RMB1,592.3 million in 2023 due to the following reasons: (i) RMB428.6 million from annualization effect on 2023 of our decreased headcounts in 2022; (ii) RMB158.0 million deduction due to our "Organization Optimization" in 2023; and (iii) RMB89.0 million in severance compensation and other one-off expenses.

**Net Impairment Losses on Financial Assets**

We had net impairment losses on financial assets of approximately RMB30.5 million in 2023, primarily as a result of the general and specific provision for credit loss from our trade receivables, notes receivables, other receivables from customers, and financial assets at fair value through other comprehensive income.

**Other Income**

The other income decreased from approximately RMB112.7 million in 2022 to approximately RMB85.1 million in 2023, primarily due to the decrease of approximately RMB33.8 million in super deduction of input VAT because of the write-off of the accrual of deductable input VAT amounted to RMB24.3 million as a result of the termination of the related tax policy.

**Other Gains, Net**

We recorded other net gains of approximately RMB123.3 million in 2023, mainly due to the investment gain of approximately RMB120.7 million (mainly including RMB111.2 million gain from the repurchase of convertible bond and RMB9.5 million in fair value gain from invested companies).

**Operating Loss**

As a result of the foregoing, we had an operating loss of approximately RMB604.3 million in 2023 while we had an operating loss of approximately RMB1,849.7 million in 2022. The decrease of operating loss was mainly attributed to the recovery in business and gross margin, as well as cost optimization.

**Finance Costs**

The financial costs decreased from approximately RMB171.1 million in 2022 to approximately RMB151.2 million in 2023, primarily due to the decrease of bank loan interest rate and convertible bonds balance as a result of repurchase.

**Finance Income**

The finance income increased from approximately RMB21.3 million in 2022 to approximately RMB33.9 million in 2023, primarily due to the increase in interest income from our bank deposits in line with the increase in the average balance of our bank deposits.

**Share of Net Losses of Associates Accounted for Using the Equity Method**

We recorded share of net losses of associates accounted for using the equity method of approximately RMB10.5 million in 2023, which mainly represented our share of losses from equity investment funds.

**Change in Fair Value of Convertible Bonds**

We recorded a gain of approximately RMB5.7 million in 2023 in change in fair value of the convertible bonds issued in 2020 due to favourable changes in fair value of convertible bonds.

**Income Tax (Expenses)/Credit**

We recorded income tax credit of approximately RMB70.9 million in 2022 and income tax expenses of approximately RMB34.9 million in 2023, primarily due to the increased taxable income of our subsidiaries in the PRC.

**Loss for the Year**

As a result of the foregoing, we recorded a loss of approximately RMB761.3 million in 2023 while we recorded a loss of approximately RMB1,918.9 million in 2022.

### Non-HKFRS Measures: Adjusted Revenue, Adjusted EBITDA and Adjusted Net Loss

To supplement our consolidated financial statements, which are presented in accordance with HKFRS, we also use adjusted EBITDA and adjusted net loss as additional financial measures, which are not required by, or presented in accordance with, HKFRS. We believe these non-HKFRS measures facilitate comparisons of operating performance from 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 loss may not be comparable to similarly titled measures presented by other companies. The use of these non-HKFRS measures has limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under HKFRS.

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

| | For the year ended December 31, 2023 Adjustments *(RMB in millions, unless specified)* | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | As reported | Share-based compensation | Financing, listing and other one-off expenses | Fair value change and other gain/ loss related to convertible bonds | One-off severance compensation | Amortisation and impairment of intangible assets[1] | Tax effects | Non-GAAP |
| Gross profit | 1,483.5 | | | | | 7.7 | | 1,491.2 |
| Gross margin | 66.6% | | | | | | | 66.9% |
| Subscription Solutions | 66.1% | | | | | | | 66.7% |
| Merchant Solutions | 67.3% | | | | | | | 67.3% |
| Operating profit/(loss) | (604.3) | 82.8 | | 34.6 | 76.3 | 63.6 | | (347.0) |
| Operating margin | (27.1%) | | | | | | | (15.6%) |
| EBITDA | (282.5) | 82.8 | | 27.5 | 76.3 | 21.0 | | (74.9) |
| EBITDA margin | (12.7%) | | | | | | | (3.4%) |
| Net loss | (761.3) | 82.8 | 86.8 | 28.9 | 76.3 | 63.6 | 34.9 | (388.0) |
| Net margin | (34.2%) | | | | | | | (17.4%) |
| Net loss attributable to equity holders of the Company | (758.3) | 82.8 | 86.8 | 28.9 | 76.3 | 47.0 | 36.6 | (399.9) |
| Net margin attributable to equity holders of the Company | (34.0%) | | | | | | | (18.0%) |

| | For the year ended December 31, 2022 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | Adjustments | | | | |
| | | | | *(RMB in millions, unless specified)* | | | | |
| | As reported | Share-based compensation | Financing, listing and other one-off expenses | Fair value change and other gain/ loss related to convertible bonds | One-off severance compensation | Amortisation and impairment of intangible assets | Tax effects | Non-GAAP |
| Gross profit | 1,090.7 | | | | | 29.2 | | 1,119.9 |
| Gross margin | 59.3% | | | | | | | 60.9% |
| Subscription Solutions | 59.5% | | | | | | | 61.8% |
| Merchant Solutions | 58.7% | | | | | | | 58.7% |
| Operating loss | (1,849.7) | 119.3 | 3.6 | 172.3 | 70.8 | 86.2 | | (1,397.5) |
| Operating margin | (100.6%) | | | | | | | (76.0%) |
| EBITDA | (1,489.8) | 119.3 | | 172.3 | 70.8 | 40.7 | | (1,086.7) |
| EBITDA margin | (81.0%) | | | | | | | (59.1%) |
| Net loss | (1,918.9) | 119.3 | 98.3 | 158.3 | 70.8 | 86.2 | (70.9) | (1,456.9) |
| Net margin | (104.3%) | | | | | | | (79.2%) |
| Net loss attributable to equity holders of the Company | (1,827.7) | 119.3 | 98.3 | 158.3 | 70.8 | 67.6 | (59.3) | (1,372.7) |
| Net margin attributable to equity holders of the Company | (99.4%) | | | | | | | (74.6%) |

(1) Refers to impairment loss of intangible assets and amortisation resulting from acquisition, which includes cost of sales of RMB7.7 million, selling and distribution expenses of RMB23.2 million and general and administrative expenses of RMB32.7 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, 2023, we had cash and bank balances of approximately RMB2,495.1 million. The details are as below:

| | *RMB in millions* |
|---|---|
| **Cash and bank balances** | |
| Financial assets at fair value through profit or loss | |
| Structured deposits | 226.7 |
| Bank wealth management products | 65.8 |
| Restricted cash* | 513.4 |
| Term deposits | 22.4 |
| Cash and cash equivalents | 1,666.8 |
| **Total** | **2,495.1** |

* Restricted cash mainly refers to cash deposited in offshore banks as a guarantee of domestic loans in Renminbi (Onshore Loans against Offshore Guarantees).

The following table sets forth our gearing ratios as of December 31, 2023 and December 31, 2022, respectively.

| | **As of December 31,** | |
|---|---|---|
| | **2023** | 2022 |
| | *(RMB'000, except percentages)* | |
| Net debt/(cash) | **1,089,197** | 1,424,761 |
| Total equity | **2,802,254** | 2,241,046 |
| Total capital | **3,891,451** | 3,665,807 |
| Net debt to equity ratio | **39%** | 64% |

As of December 31, 2023, we had bank loan of approximately RMB1,735.6 million. The table below sets forth our short-term and long-term bank loans and letter of credit:

| **Bank** | **Loan balance** *(RMB in millions)* | **Loan period** | **Interest rate (per annum unless otherwise stated)** |
|---|---|---|---|
| **Short-term loans** | | | |
| Bank of Shanghai (Puxi Branch) | 100 | 6 mths | 4.00% |
| Bank of Shanghai (Puxi Branch) | 400 | 1 year | 2.70% |
| Bank of Communications (Shanghai Baoshan Branch) | 100 | 6 mths | 3.25% |
| HSBC Bank (China) Co., Ltd (Shanghai Branch) | 70 | 6 mths | 3.90% |
| China Zheshang Bank (Shanghai Branch) | 50 | 6 mths | 3.90% |
| Bank of China (Shanghai Gaojing Branch) | 50 | 1 year | 3.00% |
| China Construction Bank (Shanghai Baogang Baoshan Branch) | 50 | 1 year | 3.45% |
| China CITIC Bank (Shanghai Branch) | 100 | 11 mths | 3.90% |
| China CITIC Bank (Shanghai Branch) | 100 | 10 mths | 3.90% |
| **Long-term loans** | | | |
| SPD Silicon Valley Bank Co., Ltd. | 80 | 1.1 year | 3.85% |
| SPD Silicon Valley Bank Co., Ltd. | 100 | 2 years | 4.15% |
| Bank of Shanghai (Puxi Branch) | 150 | 1.5 years | 4.20% |
| China Zheshang Bank (Shanghai Branch) | 30 | 1.5 years | 5.20% |
| Bank of Shanghai (Puxi Branch) Shanghai Pudong Development Bank (Changning Branch) | 24.32 | 15 years | 4.00% |
| Bank of Shanghai (Puxi Branch) Shanghai Pudong Development Bank (Changning Branch) | 6.34 | 14.88 years | 4.00% |
| Bank of Shanghai (Puxi Branch) Shanghai Pudong Development Bank (Changning Branch) | 7.66 | 14.79years | 4.00% |
| Bank of Shanghai (Puxi Branch) Shanghai Pudong Development Bank (Changning Branch) | 17.3 | 14.64 years | 4.00% |
| **Letter of credit** | | | |
| China Zheshang Bank (Shanghai Branch) | 150 | 6 mths | 3.10% |
| Shanghai Pudong Development Bank (Changning Branch) | 50 | 1 year | 3.10% |
| China Everbright Bank (Shanghai Branch) | 100 | 6 mths | 3.00% |

**Capital Expenditures**

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

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

| | As of December 31, | |
|---|---|---|
| | **2023** | 2022 |
| | *(RMB in millions)* | |
| Fixed assets | **140.2** | 87.2 |
| Intangible assets | **181.3** | 241.6 |
| Right-of-use assets-land use rights | **–** | 334.2 |
| **Total** | **321.5** | 663.0 |

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

There were no significant investments held, nor were there material acquisitions or disposals of subsidiaries, associates or joint ventures by the Group during the year ended December 31, 2023. Apart from those disclosed in this announcement, there were no plans for material investments or additions of capital assets as at the date of this announcement.

**Pledge of Assets**

As of December 31, 2023, we had land use rights and property, plant and equipment with the net carrying amount of RMB322,377,000 and RMB219,983,000 have been pledged to secure long term borrowings RMB55,620,000 of the Group. The Group is not allowed to pledge these assets as security for other borrowings.

**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 2023, 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, 2023, we did not have any material contingent liabilities.

**Employees**

As of December 31, 2023, we had 4,584 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.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

*For the year ended December 31, 2023*

| | Note | Year ended December 31, 2023 RMB'000 | 2022 RMB'000 |
|---|---|---|---|
| **Continuing operations** | | | |
| **Revenue** | 4 | **2,227,684** | 1,838,988 |
| Cost of sales | 5 | **(744,159)** | (748,337) |
| **Gross profit** | | **1,483,525** | 1,090,651 |
| Selling and distribution expenses | 5 | **(1,551,483)** | (1,637,126) |
| General and administrative expenses | 5 | **(714,254)** | (995,393) |
| Net impairment losses on financial assets | | **(30,491)** | (170,803) |
| Other income | 6 | **85,090** | 112,655 |
| Other gains/(losses), net | 7 | **123,322** | (249,636) |
| **Operating loss** | | **(604,291)** | (1,849,652) |
| Finance costs | 8 | **(151,223)** | (171,063) |
| Finance income | 9 | **33,889** | 21,322 |
| Share of net losses of associates accounted for using the equity method | | **(10,479)** | (4,344) |
| Change in fair value of convertible bonds | | **5,747** | 13,999 |
| **Loss before income tax** | | **(726,357)** | (1,989,738) |
| Income tax (expenses)/credit | 10 | **(34,901)** | 70,864 |
| **Loss from continuing operations** | | **(761,258)** | (1,918,874) |
| **Discontinued operations** | | | |
| Loss from discontinued operation | | **–** | (852) |
| **Loss for the year** | | **(761,258)** | (1,919,726) |
| **Loss attributable to:** | | | |
| – Equity holders of the Company | | **(758,251)** | (1,828,566) |
| – Non-controlling interests | | **(3,007)** | (91,160) |
| | | **(761,258)** | (1,919,726) |
| **Other comprehensive loss, net of tax** | | | |
| *Items that may be subsequently reclassified to profit or loss* | | | |
| Currency translation differences | | **(6,416)** | 17,306 |
| **Total comprehensive loss for the year** | | **(767,674)** | (1,902,420) |

| | Note | Year ended December 31, **2023** ***RMB'000*** | 2022 *RMB'000* |
|---|---|---|---|
| **Total comprehensive loss attributable to:** | | | |
| – Equity holders of the Company | | **(764,667)** | (1,811,260) |
| – Non-controlling interests | | **(3,007)** | (91,160) |
| | | **(767,674)** | (1,902,420) |
| **Total comprehensive loss attributable to equity holders of the Company arises from:** | | | |
| – Continuing operations | | **(764,667)** | (1,810,408) |
| – Discontinued operations | | **–** | (852) |
| | | **(764,667)** | (1,811,260) |
| **Loss per share from continuing operations attributable to the equity holders of the Company (expressed in RMB per share)** | | | |
| – Basic loss per share | *12* | **(0.28)** | (0.73) |
| – Diluted loss per share | *12* | **(0.28)** | (0.73) |
| **Loss per share attributable to the equity holders of the Company (expressed in RMB per share)** | | | |
| – Basic loss per share | *12* | **(0.28)** | (0.73) |
| – Diluted loss per share | *12* | **(0.28)** | (0.73) |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at December 31, 2023*

| | | As at December 31, | |
|---|---|---|---|
| | | **2023** | 2022 |
| | *Note* | ***RMB'000*** | *RMB'000* |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **273,802** | 150,772 |
| Right-of-use assets | | **398,801** | 475,356 |
| Investment properties | | **34,530** | 35,720 |
| Intangible assets | | **1,274,654** | 1,410,466 |
| Development costs | | **–** | 4,754 |
| Deferred income tax assets | | **23,555** | 61,808 |
| Contract acquisition cost | | **18,814** | 37,096 |
| Investments accounted for using the equity method | | **297,581** | 245,560 |
| Financial assets at fair value through profit or loss | | **707,404** | 537,969 |
| Prepayments, deposits and other assets | *13* | **8,964** | 68,704 |
| **Total non-current assets** | | **3,038,105** | 3,028,205 |
| **Current assets** | | | |
| Contract acquisition cost | | **96,900** | 72,270 |
| Prepayments, deposits and other assets | *13* | **1,621,631** | 1,054,327 |
| Trade and notes receivables | *14* | **353,305** | 376,330 |
| Financial assets at fair value through other comprehensive income | | **247,554** | 323,744 |
| Financial assets at fair value through profit or loss | | **308,057** | 624,012 |
| Term deposits | | **22,378** | 417 |
| Restricted cash | | **513,406** | 781,308 |
| Cash and cash equivalents | | **1,666,760** | 1,710,103 |
| **Total current assets** | | **4,829,991** | 4,942,511 |
| **Total assets** | | **7,868,096** | 7,970,716 |

| | Note | As at December 31, 2023 RMB'000 | 2022 RMB'000 |
|---|---|---|---|
| **EQUITY** | | | |
| **Capital and reserves attributable to equity holders of the Company** | | | |
| Share capital | | **1,882** | 1,717 |
| Shares held for RSU scheme | | **(161)** | (644) |
| Share premium | | **8,784,371** | 7,475,254 |
| Equity component of convertible bonds | | **245,808** | 335,474 |
| Treasury shares | | **–** | (39,110) |
| Other reserves | | **(855,915)** | (905,569) |
| Accumulated losses | | **(5,475,828)** | (4,717,577) |
| | | **2,700,157** | 2,149,545 |
| **Non-controlling interests** | | **102,097** | 91,501 |
| **Total equity** | | **2,802,254** | 2,241,046 |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities measured at fair value through profit or loss | | **37,595** | 37,595 |
| Financial liabilities measured at amortised cost | | **126,014** | 1,772,167 |
| Bank borrowings | | **385,520** | – |
| Lease liabilities | | **27,884** | 85,059 |
| Contract liabilities | | **54,308** | 67,791 |
| Deferred income tax liabilities | | **7,142** | 13,093 |
| Other non-current liabilities | *15* | **2,906** | 5,156 |
| **Total non-current liabilities** | | **641,369** | 1,980,861 |
| **Current liabilities** | | | |
| Financial liabilities measured at fair value through profit or loss | | **24,063** | 136,702 |
| Financial liabilities measured at amortised cost | | **1,305,992** | – |
| Bank borrowings | | **1,352,723** | 1,818,870 |
| Lease liabilities | | **31,950** | 66,196 |
| Trade and other payables | *15* | **1,434,799** | 1,426,123 |
| Contract liabilities | | **263,375** | 291,312 |
| Current income tax liabilities | | **11,571** | 9,606 |
| **Total current liabilities** | | **4,424,473** | 3,748,809 |
| **Total liabilities** | | **5,065,842** | 5,729,670 |
| **Total equity and liabilities** | | **7,868,096** | 7,970,716 |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the year ended December 31, 2023*

| | Attributable to equity holders of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital RMB'000 | Share premium RMB'000 | Treasury Shares 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, 2023** | 1,717 | 7,475,254 | (39,110) | (644) | 335,474 | (905,569) | (4,717,577) | 2,149,545 | 91,501 | 2,241,046 |
| **Comprehensive loss** | | | | | | | | | | |
| Loss for the year | – | – | – | – | – | – | (758,251) | (758,251) | (3,007) | (761,258) |
| Currency translation differences | – | – | – | – | – | (6,416) | – | (6,416) | – | (6,416) |
| **Total comprehensive loss for the year** | – | – | – | – | – | (6,416) | (758,251) | (764,667) | (3,007) | (767,674) |
| **Transaction with owners** | | | | | | | | | | |
| Issuance of ordinary shares | 167 | 1,369,660 | – | – | – | – | – | 1,369,827 | – | 1,369,827 |
| Share issuance costs | – | (21,445) | – | – | – | – | – | (21,445) | – | (21,445) |
| Issuance of ordinary shares for share-based compensation | 10 | – | – | (10) | – | – | – | – | – | – |
| Transfer of vested RSUs | – | – | – | 493 | – | (493) | – | – | – | – |
| Buy-back of convertible bonds | – | – | – | – | (89,666) | (30,421) | – | (120,087) | – | (120,087) |
| Cancellation of buy-back shares | (12) | (39,098) | 39,110 | – | – | – | – | – | – | – |
| Share-based compensation expenses for non-controlling shareholders | – | – | – | – | – | – | – | – | 2,769 | 2,769 |
| Share-based compensation expenses for employees | – | – | – | – | – | 80,035 | – | 80,035 | – | 80,035 |
| Transaction with non-controlling interests | – | – | – | – | – | 6,949 | – | 6,949 | (6,949) | – |
| Capital injection from non-controlling interests | – | – | – | – | – | – | – | – | 2,000 | 2,000 |
| Derecognition of non-controlling interests from disposal of subsidiaries | – | – | – | – | – | – | – | – | 15,783 | 15,783 |
| **Transactions with owners in their capacity for the year** | 165 | 1,309,117 | 39,110 | 483 | (89,666) | 56,070 | – | 1,315,279 | 13,603 | 1,328,882 |
| **As at December 31, 2023** | 1,882 | 8,784,371 | – | (161) | 245,808 | (855,915) | (5,475,828) | 2,700,157 | 102,097 | 2,802,254 |

| | Attributable to equity holders of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital *RMB'000* | Share premium *RMB'000* | Treasury Shares *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, 2022** | 1,716 | 7,549,147 | – | (1,928) | 366,482 | (962,933) | (2,889,011) | 4,063,473 | 150,345 | 4,213,818 |
| **Comprehensive loss** | | | | | | | | | | |
| Loss for the year | – | – | – | – | – | – | (1,828,566) | (1,828,566) | (91,160) | (1,919,726) |
| Currency translation differences | – | – | – | – | – | 17,306 | – | 17,306 | – | 17,306 |
| **Total comprehensive loss for the year** | – | – | – | – | – | 17,306 | (1,828,566) | (1,811,260) | (91,160) | (1,902,420) |
| **Transaction with owners** | | | | | | | | | | |
| Issuance of ordinary shares for share-based compensation | 11 | – | – | (11) | – | – | – | – | – | – |
| Cancellation of buy-back shares | (10) | (73,893) | – | – | – | – | – | (73,903) | – | (73,903) |
| Transfer of vested RSUs | – | – | – | 1,295 | – | (1,295) | – | – | – | – |
| Buy-back of ordinary shares (not yet cancelled) | – | – | (39,110) | – | – | – | – | (39,110) | – | (39,110) |
| Buy-back of convertible bonds | – | – | – | – | (31,008) | (23,584) | – | (54,592) | – | (54,592) |
| Share-based compensation expenses for employees | – | – | – | – | – | 112,220 | – | 112,220 | – | 112,220 |
| Share-based compensation expenses for non-controlling shareholders | – | – | – | – | – | – | – | – | 7,118 | 7,118 |
| Non-controlling interests from acquisition of subsidiaries | – | – | – | – | – | (53,195) | – | (53,195) | 39,772 | (13,423) |
| Non-controlling interests from disposal of subsidiaries | – | – | – | – | – | – | – | – | (8,662) | (8,662) |
| Transaction with non-controlling interests | – | – | – | – | – | 5,912 | – | 5,912 | (5,912) | – |
| **Transactions with owners in their capacity for the year** | 1 | (73,893) | (39,110) | 1,284 | (31,008) | 40,058 | – | (102,668) | 32,316 | (70,352) |
| **As at December 31, 2022** | 1,717 | 7,475,254 | (39,110) | (644) | 335,474 | (905,569) | (4,717,577) | 2,149,545 | 91,501 | 2,241,046 |

## CONSOLIDATED STATEMENT OF CASH FLOWS

*For the year ended December 31, 2023*

| | Note | Year ended December 31, 2023 RMB'000 | 2022 RMB'000 |
|---|---|---|---|
| **Cash flows used in operating activities** | | | |
| Cash used in operations | | **(572,899)** | (675,208) |
| Interest received | | **34,403** | 18,075 |
| Interest paid | | **(56,574)** | (71,988) |
| Income tax paid | | **(634)** | (770) |
| **Net cash used in operating activities** | | **(595,704)** | (729,891) |
| **Cash flows used in investing activities** | | | |
| Purchase of investments measured at fair value through profit or loss (current and non-current portion) | | **(1,614,218)** | (1,440,676) |
| Proceeds from disposals of investments measured at fair value through profit or loss | | **1,876,686** | 1,104,887 |
| Placements of term deposits | | **(65,343)** | (1,260,697) |
| Receipt from term deposits | | **44,072** | 1,341,845 |
| Interest received from term deposits | | **595** | 5,884 |
| Payment for investment in associates | | **(62,500)** | (17,500) |
| Proceeds from disposals of investments in an associate | | **–** | 226 |
| Payment for acquisition of subsidiaries, net of cash acquired | | **(62,649)** | (361,289) |
| Net cash outflow arising from disposal of subsidiaries | | **(3,778)** | (144,126) |
| Prepayment for acquisition of equity interest from non-controlling interest | | **(1,000)** | – |
| Purchase of property, plant and equipment | | **(118,656)** | (37,807) |
| Purchase of land use right | | **–** | (334,214) |
| Proceeds from disposal of property, plant and equipment | | **1,384** | 1,481 |
| Purchase of intangible assets | | **(910)** | (383) |
| Payment for development cost | | **(180,373)** | (241,253) |
| Loan to related parties | | **(129,500)** | (89,000) |
| Repayment from a related party | | **2,113** | 16,000 |
| Loan to a third party | | **–** | (153,787) |
| Repayment from a third party | | **25,498** | 128,544 |
| **Net cash used in investing activities** | | **(288,579)** | (1,481,865) |

| | Note | Year ended December 31, 2023 RMB'000 | 2022 RMB'000 |
|---|---|---|---|
| **Cash flows from financing activities** | | | |
| Proceeds from issuance of ordinary shares | | **1,369,827** | – |
| Transaction costs of share issuance | | **(21,445)** | – |
| Buy-back of convertible bonds at amortised cost | | **(475,799)** | (112,948) |
| Buy-back of shares | | **–** | (113,013) |
| Proceeds from bank borrowings | | **2,408,620** | 2,807,870 |
| Repayments of bank borrowings | | **(2,491,870)** | (1,734,000) |
| Payment for borrowings due to a related party | | **(7,226)** | – |
| Payment for borrowings due to a third party | | **(2,250)** | (250) |
| Pre-acquisition dividends paid to non-controlling interests in subsidiaries | | **(4,703)** | – |
| Redemption of convertible bonds measured at fair value through profit or loss | | **(128,798)** | – |
| Principal elements of lease payments | | **(55,943)** | (60,065) |
| Decrease/(increase) in deposits pledged for bank borrowings | | **219,664** | (720,839) |
| Interest received from restricted cash | | **9,632** | |
| Capital injection from a non-controlling interest | | **2,000** | – |
| **Net cash generated from financing activities** | | **821,709** | 66,755 |
| **Net decrease in cash and cash equivalents** | | **(62,574)** | (2,145,001) |
| Effect on exchange rate difference | | **19,231** | 46,035 |
| **Cash and cash equivalents at beginning of the year** | | **1,710,103** | 3,809,069 |
| **Cash and cash equivalents at end of the year** | | **1,666,760** | 1,710,103 |
| **Cash flows relating to discontinued operations** | | **–** | (1,112) |

## 1 GENERAL INFORMATION

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

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

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

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, 2024.

## 2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

### 2.1 Basis of preparation

#### *(i) Compliance with HKFRS and the disclosure requirements of HKCO*

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance ("HKCO") Cap. 622.

#### *(ii) Historical cost convention*

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.

#### *(iii) Going concern basis*

During the year ended December 31, 2023, the Group incurred a net loss of RMB761,258,000 and a net cash used in operating activities of RMB595,704,000. As at December 31, 2023, the Group's current liabilities included bank borrowings of RMB1,352,723,000 repayable within 12 months and a convertible bond embedded with a holder's early redemption option, according to which, the holders of the bond have the right to require the Group to redeem all or any portion of their bonds on June 7, 2024 at a repurchase price equivalent to approximately RMB1,468,484,000. Meanwhile, the Group's cash and cash equivalents, restricted cash pledged for bank borrowings, term deposits, structured deposits and bank wealth management products that mature before June 7, 2024 amounted to RMB1,666,760,000, RMB513,406,000, RMB22,378,000, RMB226,656,000 and RMB65,849,000 respectively, totalling RMB2,495,049,000. These conditions indicate the existence of a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern.

In light of such circumstances, the directors of the Company have carefully considered the future liquidity, the performance of the Group, and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern for at least twelve months from December 31, 2023. The following plans and measures have been implemented to mitigate liquidity pressure and improve the Group's financial position:

(1) The management of the Company believes its operating performance and cash flow will be gradually improved in 2024 due to the following factors: (i) the Group will focus on the development of its main business by leveraging its "SaaS+AI" layout, promoting its key account (KA) development strategy, and accelerating the commercialization of video accounts, among other initiatives; (ii) the Group has already taken and will continue to take initiatives to implement cost control measures, including but not limited to headcount control, streamlining R&D, selling and administrative costs; and (iii) the Group will accelerate the collection of outstanding trade and other receivables and optimize working capital utilization of target marketing business.

(2) The Group has been successful in raising funds through private placements and bond issuances in recent years, and the most recent round of financing occurred in January 2023. The management of the Company is confident in refinancing the convertible bond in a timely manner by implementing the following plans individually or collectively: (i) the Group has registered quotas to issue new convertible bonds and is maintaining continuous communication with current bondholders and other investors who have expressed interest in subscribing to the Group's new bonds, and (ii) the Group is currently approaching banks, strategic investors and other investors to arrange necessary syndicated loan and/or other alternative financing plans.

(3) The Group has repaid all of its bank borrowings on schedule and has been able to renew its bank borrowings as needed in the past several years. Subsequent to December 31, 2023, the Group repaid borrowings of RMB520,000,000 and obtained new bank borrowings with a total amount of RMB590,000,000. The management of the Company believes that the Group will be able to renew its bank borrowings when they become due and obtain new bank facilities as needed based on the Group's relationship with the banks and its historical record of successfully renewing loans. In the meantime, the Group will continue to monitor its compliance with the covenant requirements of all borrowings and facilities.

The directors have reviewed the Group's cash flow projection prepared by management, which covers a period of not less than twelve months from December 31, 2023. In the opinion of the directors of the Company, taking into account the above plans and measures and considering the underlying bases of management's cash flow forecast, the Group will have sufficient financial resources available to meet its financial obligations as and when they become due in the coming twelve months from December 31, 2023. Accordingly, the directors of the Company consider it appropriate to prepare the consolidated financial statements on a going concern basis.

Despite the above, a material uncertainty exists because the Group's ability to continue as a going concern would depend on:

(1) the success in implementing plans and measures to improve the Group's operating performance and cash flows;

(2) the success in negotiating with current bondholders, banks and other investors and timely refinancing the convertible bond before June 7, 2024;

(3) the success in renewing the bank borrowings when they become due and continuously fulfil the covenant requirements of all borrowings and facilities.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for further liabilities that may arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

In brief, with the assumption that the Group has the capability to refinance the convertible bond and renew the bank borrowings in a timely manner, while recognizing the existence of the material uncertainty until such bond refinance and borrowing renew actually occur, the directors of the Company are of the view that the Group will have sufficient working capital to maintain its operations and to pay its financial obligations as and when they fall due for at least twelve months from the end of the reporting period.

### 2.2 Changes in accounting policies

#### *(i) 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, 2023:

- HKFRS 17 Insurance Contracts
- Definition of Accounting Estimates – Amendments to HKAS 8
- International Tax Reform – Pillar Two Model Rules – Amendments to HKAS 12
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to HKAS 12
- Disclosure of Accounting Policies – Amendments to HKAS 1 and HKFRS Practice Statement 2

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

#### *(ii) New and amended 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, 2023 and have not been early adopted by the Group:

| | **New standards, amendments and interpretations** | **Effective for annual periods beginning on or after** |
|---|---|---|
| Amendments to HKAS 1 | Classification of liabilities as Current or Non-current and Amendments to HKAS 1 – Non-current Liabilities with Covenants | January 1, 2024 |
| Amendments to HKFRS 16 | Lease Liability in a Sale and Leaseback | January 1, 2024 |
| Amendments to HKAS 7 and HKFRS 7 | Supplier finance arrangements | January 1, 2024 |
| Amendments to HKAS 21 | Lack of Exchangeability | January 1, 2025 |
| 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, 2024, 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 announcement 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.

## 3 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker ("CODM"). Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company.

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

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, traffic purchase cost and outsourcing service fee.

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

Other information, together with the segment information, provided to the CODM, is measured in a manner consistent with that applied in the 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 continuing operating segments.

| | **Subscription solutions[a]** *RMB'000* | **Merchant solutions** *RMB'000* | **Total** *RMB'000* |
|---|---|---|---|
| Year ended December 31, 2023 | | | |
| Segment revenue | **1,349,404** | **878,280** | **2,227,684** |
| Segment cost of sales | **(456,803)** | **(287,356)** | **(744,159)** |
| Gross profit | **892,601** | **590,924** | **1,483,525** |

| | Subscription solutions *RMB'000* | Merchant solutions *RMB'000* | Total *RMB'000* |
|---|---|---|---|
| Year ended December 31, 2022 | | | |
| Segment revenue | 1,291,676 | 547,312 | 1,838,988 |
| Segment cost of sales | (522,498) | (225,839) | (748,337) |
| Gross profit | 769,178 | 321,473 | 1,090,651 |

(a) On May 31, 2023, the Group disposed Shanghai Weimob Canlin Information Technology Co., Ltd. and its subsidiaries (collectively "Canlin Group") for subscribing new registered capital of Acewill Information Technology (Beijing) Co., Ltd.. Canlin Group is focusing on SaaS catering business which was included in subscription solutions segment, and its business scale is not significant to the subscription solutions segment.

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

| | Year ended December 31 | |
|---|---|---|
| | **2023** | 2022 |
| Shenzhen Tencent Culture Media Company Limited | **20.3%** | – |
| Beijing Tencent Culture Media Company Limited | **–** | 15.7% |

Both Beijing Tencent Culture Media Company Limited and Shenzhen Tencent Culture Media Company Limited are subsidiaries of Tencent Holding Limited and mainly engaged in online advertising business (collectively referred to as "Tencent Media"). Except for the revenue generated from Tencent Media where the Group provides merchant solutions to advertisers acting as the agent of Tencent Media and earns rebate, 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, 2023 and 2022, respectively.

## 4 REVENUE

An analysis of the Group's revenue by category for the years ended December 31, 2023 and 2022, is as follows:

| | Year ended December 31 | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| Subscription solutions | **1,349,404** | 1,291,676 |
| Merchant solutions | **878,280** | 547,312 |
| Total revenue from continuing operations | **2,227,684** | 1,838,988 |

## 5 EXPENSES BY NATURE

| | Year ended December 31 | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| Employee benefits expenses *(a)* | **1,494,660** | 1,967,582 |
| Promotion and advertising expenses *(b)* | **553,643** | 434,093 |
| Depreciation and amortization of intangible assets and property, plant and equipment | **278,878** | 294,307 |
| Outsourced service fee | **246,086** | 211,584 |
| Advertising traffic cost | **127,129** | 90,995 |
| Server and SMS charges related to subscription solutions revenue | **86,984** | 116,709 |
| Utilities and office expenses | **67,378** | 90,231 |
| Travelling and entertainment expenses | **45,361** | 32,530 |
| Depreciation of right-of-use assets | **42,869** | 65,526 |
| Impairment provision for intangible assets | **20,985** | 40,725 |
| Other consulting fees | **16,484** | 14,336 |
| Auditors' remuneration | **5,420** | 5,754 |
| Others | **24,019** | 16,484 |
| | **3,009,896** | 3,380,856 |

(a) For the year ended December 31, 2023, employee benefits expenses consist of RMB35,811,000 amortisation expenses of contract acquisition cost paid and payable to salesmen (2022: RMB46,605,000).

(b) For the year ended December 31, 2023, promotion and advertising expenses mainly consists of (i) RMB354,352,000 amortisation expenses of contract acquisition cost, mainly paid and payable to the Group's channel partners, Tencent Cloud Computing (Beijing) Co., Ltd. and other sales agents (2022: RMB153,543,000) and (ii) RMB126,578,000 advertising expenses for the Group, mainly paid and payable to online advertising platforms such as Baidu Online Network Technology (Beijing) Co., Ltd. (2022: RMB190,122,000).

## 6 OTHER INCOME

| | Year ended December 31 | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| Government grants *(a)* | **38,851** | 41,042 |
| Super deduction of input VAT *(b)* | **31,141** | 64,919 |
| Interest income from term deposits and loan to related and third parties | **15,098** | 6,694 |
| | **85,090** | 112,655 |

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

(b) Pursuant to the 'Announcement on Relevant Policies for Deepening the Value-added Tax Reform' (Cai Shui Haiguan [2019] 39) jointly issued by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs and 'Public Notice Jointly Issued by the MOF and STA Regarding VAT Preferential Treatment for Small-scale VAT Taxpayers' (Cai Shui Haiguan [2023] 1) jointly issued by the Ministry of Finance and the State Administration of Taxation, majority of the operating entities in the Group qualify for additional 5% (2022: 10%) deduction of input value-added tax ("Super Deduction of input VAT") from output VAT since April 1, 2019.

## 7 OTHER GAINS/(LOSSES), NET

| | Year ended December 31 | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| Gains from repurchase of 2021 Convertible bonds | **111,180** | 89,809 |
| Fair value change of non-current financial assets measured at FVPL *(b)* | **59,935** | (174,729) |
| Gain on disposal of subsidiaries | **7,536** | 1,415 |
| Gain from disposal of short-term investments measured at FVPL | **5,570** | 3,414 |
| Fair value change of current financial assets measured at FVPL *(a)* | **1,106** | 790 |
| Fair value change of listed equity security investments | **(33,663)** | (19,109) |
| Foreign exchange (losses)/gain, net | **(13,398)** | 59,016 |
| Fair value change of current financial liabilities measured at FVPL *(b)* | **(16,790)** | – |
| Losses on disposals of financial assets measured at FVOCI | **(916)** | (2,806) |
| Fair value change of non-current financial liabilities measured at FVPL *(b)* | **–** | (7,904) |
| Impairment loss of goodwill | **–** | (194,843) |
| Others, net | **2,762** | (4,689) |
| | **123,322** | (249,636) |

(a) Interest income from investments measured at FVPL are presented as "Other gains/(losses), net".

(b) The Group recognised a net fair value change gain of RMB43,145,000 (2022: loss of RMB182,633,000) this year for its investment in unlisted companies.

## 8 FINANCE COSTS

| | Year ended December 31 | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| Interest expenses on liability component of convertible bonds *(a)* | **86,766** | 94,689 |
| Interest expenses on borrowings | **56,855** | 64,348 |
| Interest expenses on put option liability | **7,064** | 3,617 |
| Interest expenses on lease liabilities | **4,705** | 8,409 |
| Less: Interest capitalization | **(4,167)** | – |
| | **151,223** | 171,063 |

(a) Interest expenses on liability component of convertible bonds represents the amortised interest expense of 2021 Convertible Bonds which is calculated using the effective interest method.

## 9 FINANCE INCOME

| | Year ended December 31 | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| Interest income on bank deposits held for cash management purpose | **33,889** | 21,322 |

Interest income on bank deposits is presented as "Finance income" where it is earned from financial assets that are held for cash management purposes.

## 10 TAXATION

### (a) Value-added tax

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

### (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, 2023.

#### *(iii) PRC Enterprise Income Tax*

Income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the period, based on the existing legislation, interpretations and practices in respect thereof. The general corporate income tax rate in the PRC is 25%. Certain subsidiaries of the Group in the PRC are qualified as "high and new technology enterprises" and are subject to a preferential income tax rate of 15% from 2020 to 2023, or 2021 to 2024.

#### *(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 year ended December 31, 2022 as majority of subsidiaries incorporated in the PRC have accumulated losses. For the year ended December 31, 2023, the Group has undistributed earnings of RMB287,978,000 generated from its subsidiaries in the PRC, which, if paid out as dividends, would be subject to tax in the hands of the recipient. An assessable temporary difference exists, but no deferred tax liability has been recognized as the Company is able to control the timing of distributions from subsidiaries and is not expected to distribute these profits in the foreseeable future.

| | **Year ended December 31** | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| Current tax | **2,599** | 9,490 |
| Deferred income tax | **32,302** | (80,354) |
| Income tax expenses/(credit) | **34,901** | (70,864) |

## 11 DIVIDENDS

No dividends have been paid or declared by the Company for the years ended December 31, 2023 and 2022.

## 12 LOSS PER SHARE

### (a) Basic

Basic loss per share for the years ended December 31, 2023 and 2022 are calculated by dividing the loss attributable to the Company's equity holders by the weighted average number of ordinary shares excluding treasury shares and shares held for RSU scheme during the respective years.

| | Year ended December 31 | |
|---|---|---|
| | **2023** | 2022 |
| Net loss attributable to the equity holders of the Company (RMB' 000) | | |
| Continuing operations | **(758,251)** | (1,827,714) |
| Discontinued operations | **–** | (852) |
| | **(758,251)** | (1,828,566) |
| Weighted average numbers of ordinary shares in issue | **2,743,589,067** | 2,513,221,578 |
| Basic loss per share (expressed in RMB per share): | | |
| Continuing operations | **(0.28)** | (0.73) |
| Discontinued operations | **–** | – |

### (b) Diluted

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.

For the years ended December 31, 2023 and 2022, convertible bonds issued by the Company and restricted shares units ("RSUs") granted to employees are considered to be potential ordinary shares. As the Group incurred losses for the years ended December 31, 2023 and 2022, 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 years ended December 31, 2023 and 2022 was the same as basic loss per share of the respective year.

## 13 PREPAYMENTS, DEPOSITS AND OTHER ASSETS

| | As at December 31 | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| **Non-current** | | |
| Deposits – third parties | **8,964** | 12,704 |
| Long term loan receivables due from a related party | **–** | 56,000 |
| | **8,964** | 68,704 |
| **Current** | | |
| Other receivables in relation to payment on behalf of advertisers – third parties *(a)* | **1,248,948** | 794,920 |
| Other receivables due from related parties | **207,582** | 23,084 |
| Prepayments for purchasing advertising traffic | **175,289** | 258,356 |
| Recoverable value-added tax | **164,454** | 91,211 |
| Deposits – third parties | **44,195** | 32,427 |
| Contract fulfillment cost | **23,143** | 27,415 |
| Prepayments to other vendors | **19,697** | 34,172 |
| Prepayments for rent and property management fee | **6,107** | 3,661 |
| Prepayments for contract operation service costs | **4,146** | 10,371 |
| Prepayments for purchasing advertising services | **3,707** | 1,942 |
| Receivables in relation to value-added tax refund | **3,339** | 2,943 |
| Staff advance | **2,201** | 2,432 |
| Prepayment to related parties | **1,000** | 549 |
| Other loan receivables due from a third party | **–** | 25,073 |
| Interest receivable from deposits within three months and restricted cash | **–** | 3,247 |
| Others | **7,472** | 9,060 |
| | **1,911,280** | 1,320,863 |
| Less: provision for impairment of other receivables | **(289,649)** | (266,536) |
| | **1,621,631** | 1,054,327 |

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

## 14 TRADE AND NOTES RECEIVABLES

| | As at December 31 | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| Trade receivables due from third parties | **341,898** | 292,872 |
| Notes receivables | **13,669** | 37,300 |
| Trade receivables due from related parties | **3,962** | 46,734 |
| Less: Provision for impairment of trade and notes receivables | **(6,224)** | (576) |
| | **353,305** | 376,330 |

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

| | As at December 31 | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| 0 – 90 days | **347,364** | 365,579 |
| 90 – 180 days | **525** | 4,030 |
| Over 180 days | **11,640** | 7,297 |
| | **359,529** | 376,906 |

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

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.

## 15 TRADE AND OTHER PAYABLES

| | As at December 31 | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| **Non-current** | | |
| Loan payable to a third party | **–** | 2,250 |
| Payable related to business acquisition *(a)* | **2,906** | 2,906 |
| | **2,906** | 5,156 |
| **Current** | | |
| Advance from advertisers – third parties | **577,617** | 490,361 |
| Payroll and welfare payables | **346,431** | 442,520 |
| Other taxes payable | **126,725** | 77,206 |
| Commission payable | **88,588** | 27,860 |
| Payable related to investments and business acquisitions *(a)* | **84,062** | 145,711 |
| Payable related to property, plant and equipment | **75,019** | 54,687 |
| Advance from subscription solutions customers – third parties | **59,698** | 70,962 |
| Trade payables related to subscription solutions | **20,450** | 6,121 |
| Deposits | **13,112** | 11,756 |
| Trade payables for purchasing advertising traffic | **11,472** | 37,056 |
| Auditors' remuneration accrual | **3,000** | 3,501 |
| Amount due to related parties | **8** | 12,875 |
| Other payables and accruals | **28,617** | 45,507 |
| | **1,434,799** | 1,426,123 |
| **Total** | **1,437,705** | 1,431,279 |

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

(a) As at December 31, 2023, payable related to investments and business acquisitions comprised payable related to the acquisition of Xiangxinyun of RMB21,765,000, the acquisition of Heading of RMB61,297,000, the acquisition of Xiangminiao of RMB2,906,000 and certain new small investments with total payable balance of RMB1,000,000. For payable related to Xiangminiao, RMB2,906,000 is classified as non-current payable as it will be paid when Xiangminiao becomes profitable. During the year ended December 31, 2023, the Company settled prior year payable of RMB62,649,000.

As at December 31, 2023 and 2022, the aging of the trade payables is all within 3 months.

## 16 SUBSEQUENT EVENT

On March 6, 2024, Shanghai Mengxun Information Technology Co., Ltd. ("Shanghai Mengxun"), a subsidiary of the Group, entered into an equity transfer agreement, a capital increase agreement and a shareholder's agreement (collectively, the "Agreements") with Shanghai Banfan Information Technology Co., Ltd. ("Banfan Technology") and its shareholders. Pursuant to the Agreements, Shanghai Mengxun will (i) acquire approximately 24.4% equity interests in Banfan Technology by way of equity transfer at a consideration of RMB 6 million; and (ii) subscribe new shares of Banfan Technology with an amount of RMB25 million. Upon the completion of the aforesaid transaction, Shanghai Mengxun will hold approximately 53.5% equity interests in Banfan Technology, and Banfan Technology will become a subsidiary of the Company.

## EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is the extract of the independent auditor's report from the external auditor of the Company:

### 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 2023, and of its consolidated financial performance and its consolidated cash flows for the year ended that date 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.

### Material Uncertainty Related to Going Concern

We draw your attention to Note 2.1 to the consolidated financial statements, which indicates that, for the year ended 31 December 2023, the Group incurred a net loss of RMB761,258,000 and a net cash used in operating activities of RMB595,704,000. As at December 31, 2023, the Group's current liabilities included bank borrowings of RMB1,352,723,000 repayable within 12 months and a convertible bond embedded with a holder's early redemption option, according to which, the holders of the bond have the right to require the Group to redeem all or any portion of their bonds on June 7, 2024 at a repurchase price equivalent to approximately RMB1,468,484,000. Meanwhile, the Group's cash and cash equivalents, restricted cash pledged for bank borrowings, term deposits, structured deposits and bank wealth management products that mature before June 7, 2024 amounted to approximately RMB1,666,760,000, RMB513,406,000, RMB22,378,000, RMB226,656,000 and RMB65,849,000 respectively, totalling RMB2,495,049,000. These conditions, along with other matters described in Note 2.1 to the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## PLACING OF NEW SHARES UNDER THE GENERAL MANDATE

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

The new shares were placed to not less than six professional investors who, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, together with their respective ultimate beneficial owners, are independent third parties. None of the placees and their ultimate beneficial owners become a substantial shareholder of the Company as a result of the 2023 Placing. The 2023 Placing was undertaken to strengthen the Company's financial position and supplement the Group's long-term funding of its expansion and growth plan. The intended use of proceeds was in line with the Company's strategic focus on enhancing its technological advantages and strengthening its leadership in targeted marketing. The Directors consider that the 2023 Placing will also provide an opportunity to raise further capital for the Company whilst broadening the shareholder base and the capital base of the Company.

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

In June 2021, the Company completed the placing of 156,000,000 new shares of the Company (the "**2021 Placing**") and raised net proceeds of approximately HK$2,315.6 million. As of December 31, 2023, the Company had utilized HK$2,315.6 million as intended. The table below sets out the details of actual usage of the net proceeds as of December 31, 2023:

| **Use of proceeds** | **Net proceeds utilized up to December 31, 2023** | **Unutilized net proceeds as of December 31, 2023** | **Expected timeline of full utilization** |
|---|---|---|---|
| | *(HK$ million)* | | |
| Improving the Group's comprehensive research and development capabilities | 1,157.8 | – | Not applicable |
| Upgrading the Group's marketing system | 347.3 | – | Not applicable |
| Supplementing capital for potential strategic investment and merger and acquisition and working capital | 463.2 | – | Not applicable |
| General corporate purposes | 347.3 | – | Not applicable |

In June 2021, Weimob Investment Limited (the "**Bond Issuer**"), a wholly-owned subsidiary of the Company, completed the issue of the convertible bonds (the "**2021 Convertible Bonds**") and raised net proceeds of approximately US$293.6 million. As of December 31, 2023, the Company had utilized US$146.8 million as intended. The table below sets out the details of actual usage of the net proceeds as of December 31, 2023:

| **Use of proceeds** | **Net proceeds utilized up to December 31, 2023** | **Unutilized net proceeds as of December 31, 2023** | **Expected timeline of full utilization** |
|---|---|---|---|
| | *(US$ million)* | | |
| Improving the Group's comprehensive research and development capabilities | – | 146.8 | By December 31, 2024 |
| Upgrading the Group's marketing system | 44.0 | – | Not applicable |
| Supplementing capital for potential strategic investment and merger and acquisition and working capital | 58.8 | – | Not applicable |
| General corporate purposes | 44.0 | – | Not applicable |

In January 2023, the Company completed the 2023 Placing and raised net proceeds of approximately HK$1,568.7 million. As of December 31, 2023, the Company had utilized HK$741.8 million as intended. The table below sets out the details of actual usage of the net proceeds as of December 31, 2023:

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

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

## FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended December 31, 2023.

## CORPORATE GOVERNANCE

The Group is committed to maintaining a high standard of corporate governance to safeguard the interests of its shareholders and enhance its value and accountability. The Company has adopted the principles and code provisions as set out in the Corporate Governance Code (the "**Corporate Governance Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

During the year ended December 31, 2023, the Company has complied with all the applicable code provisions under the Corporate Governance Code with the exception for the deviation from code provision C.2.1 of the Corporate Governance Code.

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

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

## MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all the Directors and each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the year ended December 31, 2023.

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

During the year ended December 31, 2023, the Company has not purchased any of its shares on the Stock Exchange pursuant to the share buy-back mandates approved by our shareholders at the annual general meetings of the Company held on June 29, 2022 and June 21, 2023.

During the year ended December 31, 2023, the Company has redeemed all the outstanding convertible bonds issued by the Bond Issuer in May 2020 (the "**2020 Convertible Bonds**") (together with any at interest accrued but unpaid up to but excluding May 15, 2023) listed on the Stock Exchange on May 15, 2023, which have been settled in cash of US$18,809,790 pursuant to the terms and conditions of the 2020 Convertible Bonds. All of the 2020 Convertible Bonds so redeemed have been cancelled and there were no outstanding 2020 Convertible Bonds in issue. Accordingly, the Company has made an application to the Stock Exchange for the withdrawal of the listing of the 2020 Convertible Bonds. Such withdrawal of listing has been effective since the close of business on May 24, 2023.

During the year ended December 31, 2023, the Company has repurchased and cancelled the 2021 Convertible Bonds listed on the Stock Exchange with a principal amount of approximately US$73.4 million through the open market for a total price of approximately US$68.2 million, representing approximately 24.5% of the initial aggregate principal amount of the 2021 Convertible Bonds.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended December 31, 2023.

## SUBSEQUENT EVENT

On March 6, 2024, Shanghai Mengxun Information Technology Co., Ltd. ("**Shanghai Mengxun**"), a subsidiary of the Group, entered into an equity transfer agreement, a capital increase agreement and a shareholder's agreement (collectively, the "**Agreements**") with Shanghai Banfan Information Technology Co., Ltd. ("**Banfan Technology**") and its shareholders. Pursuant to the Agreements, Shanghai Mengxun will (i) acquire approximately 24.4% equity interests in Banfan Technology by way of equity transfer at a consideration of RMB6 million; and (ii) subscribe new shares of Banfan Technology with an amount of RMB25 million. Upon the completion of the aforesaid transaction, Shanghai Mengxun will hold approximately 53.5% equity interests in Banfan Technology, and Banfan Technology will become a subsidiary of the Company.

Save as disclosed in this announcement, there are no material subsequent events undertaken by the Group after December 31, 2023 and up to the date of this announcement.

## AUDIT COMMITTEE

The Board has established the Audit Committee (the "**Audit Committee**"), currently comprising of three independent non-executive Directors, namely, Mr. TANG Wei (Chairman), Mr. LI Xufu and Ms. XU Xiao'ou. The primary duties of the Audit Committee are to review and supervise our Company's financial reporting process, risk management and internal controls.

The Audit Committee has, 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, 2023.

## SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of comprehensive loss and consolidated statement of financial position and the related notes thereto for the year ended December 31, 2023 as set out in this announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

## PUBLICATION OF ANNUAL RESULTS AND 2023 ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.weimob.com). The annual report of the Company for the year ended December 31, 2023 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the above websites in due course.

By Order of the Board
**Weimob Inc.**
**SUN Taoyong**
*Chairman of the Board and Chief Executive Officer*

Shanghai, the PRC
March 28, 2024

*As at the date of this announcement, the Board comprises Mr. SUN Taoyong, Mr. FANG Tongshu, Mr. YOU Fengchun and Mr. GUO Junxian as executive Directors; and Mr. LI Xufu, Mr. TANG Wei and Ms. XU Xiao'ou as independent non-executive Directors.*