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WEIMOB INC.

微盟集團*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2013)

(Convertible Bonds Code: 40702 and 40218)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

The board of directors (the “**Directors**”) (the “**Board**”) of Weimob Inc. (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended June 30, 2022 together with the comparative figures for the six months ended June 30, 2021 as follows:

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

FINANCIAL PERFORMANCE HIGHLIGHTS

	Six months ended June 30,		Year-on-year change
	2022⁽¹⁾	2021	
	(Unaudited)	(Unaudited)	
	<i>(RMB in millions, except percentages)</i>		
Revenue	899.6	959.4	(6.2%)
Gross profit	597.7	760.0	(21.4%)
Operating loss	(630.6)	(163.7)	285.2%
Loss before income tax	(680.4)	(569.8)	19.4%
Loss for the period	(658.8)	(560.2)	17.6%
Non-HKFRS Measures:			
Adjusted EBITDA	(384.7)	15.8	(2,534.8%)
Adjusted net loss	(567.4)	(94.7)	499.2%

Note: (1) All financial figures mentioned thereafter refer to financial performance from continuing operations.

RESULTS HIGHLIGHTS FOR THE FIRST HALF OF 2022

In the first half of 2022, offline consumption, travel and other fields faced challenges imposed by the Covid-19 pandemic. Meanwhile, we saw a strong demand from enterprises to reduce their costs and increase their efficiency and an increasing willingness from enterprises for digital transformation. The SaaS market remained healthy and sustainable. In order to enhance the Group's research and development (the "R&D") efficiency and meet the diversified demands of customers, WOS, a new business operating system of Weimob, officially launched an open test and data migration in the first half of 2022. Meanwhile, the Group continued to promote the strategy of moving up-market, ecosystem build-up, globalization, and deepened its overall business arrangements for Integrated Marketing and Sales Smart Growth Solution (the "TSO"), so as to continuously create value for our customers and shareholders.

In the first half of the 2022, the overall operation remained resilient, though the principal places of operation of the Group were seriously affected by the Covid-19 pandemic. Revenue from Subscription Solutions continued to grow under the impact of the prevention and control caused by Covid-19 pandemic in April and May 2022. Revenue from Merchant Solutions decreased from the high base of last year due to the Covid-19 pandemic and economic cycle, but bottomed out in June and July 2022. For the six months ended June 30, 2022, our total revenue from continuing operations reached RMB900 million, representing a decrease of 6.2% as compared with the total revenue from continuing operations for the same period of last year. The gross profit from continuing operations decreased by 21.4% from RMB760 million in the first half of last year to RMB598 million in the first half of 2022, and the adjusted net loss was RMB567 million. As of June 30, 2022, our cash and bank balances reached RMB3,682 million, with abundant cash reserves and a healthy financial structure.

For the six months ended June 30, 2022, our revenue from Subscription Solutions was RMB581 million, representing a year-on-year increase of 5.7%, the number of paying merchants increased by 1.7% to 103,616, and the ARPU increased by 4.0% to RMB5,608. Revenue from Merchant Solutions was RMB319 million, representing a year-on-year decrease of 22.3%; the number of paying merchants decreased by 2.6% to 26,770. Under the impact of the pandemic and macroeconomic, the advertising budgets of merchants decreased, and the ARPU decreased by 20.2% to RMB11,899. We assisted merchants in the placement of a gross billing of RMB4.208 billion, representing a year-on-year decrease of 25.4%.

The Group continued to promote the implementation of three major strategies. In terms of moving up-market, in the first half of 2022, the proportion of revenue from Smart Retail increased to 41%. More and more retail brands take Weimob Smart Retail as their first choice. It is expected that the proportion of revenue from key accounts merchants will increase to nearly 50% in 2023 and nearly 70% in 2025. The Group has officially become the official operation service provider for the WeChat video account, linking video account live streaming with the SaaS of the Company. Smart Retail and WeiMall business had access to the "sharer in the live streaming studio" function, thus enabling the efficient growth of live streaming performance of customers. The Company actively promoted the improvement in "video account commercialization", focused on the operation services for video account live streaming and provided customers with operational capabilities in investment promotion, agency operation, training and supply. During "The Third 616 Weimob Retail Shopping Festival", the business scale of merchants in the video account live streaming segment of Weimob hit a record high in the first half of 2022, and the GMV targets of certain brand merchants exceeded 200%.

In terms of ecosystem, more than 60 high-quality ecosystem partners newly joined the Weimob Cloud Platform in the first half of 2022. Meanwhile, Weimob Cloud Platform launched lots of applications, among which over 500 cloud market applications and services were newly developed and released. In the first half of 2022, “Beidou Star (北斗星)” service provider selection was launched by Weimob Cloud, selecting the first batch of over 20 Weimob Cloud Beidou Star service providers. WOS, the new commercial operating system of Weimob, has been officially launched in March 2022, which provides merchants with full-chain, full-scenario, integrated SaaS products and innovative applications. The new commercial operating system WOS realized a comprehensive upgrade of product, technical and ecological capabilities, building a decentralized business infrastructure for enterprises, so as to break the bottleneck that multiple-systems cannot be integrated for enterprises and brands, drive the accumulation and unleash the value of digital assets. At the same time, we will continuously introduce and develop ecosystem partners to promote the ecosystem development and industrial upgrading of the business service industry in China. At present, the new commercial operating system of Weimob WOS has completed the launch of major products and solutions covering customers in the e-commerce retail industry, including core products such as WeiMall, OneCRM, WeCom Assistant, and Smart Retail Solutions, and a number of industry solutions including supermarkets, catering, beauty industry and hotels will be gradually available online.

In terms of globalization, the Company continuously deepened its globalization arrangements, cooperating with foreign mainstream media including Google, Facebook and Tik Tok, so as to efficiently enable Chinese enterprises to explore overseas markets. In the first half of 2022, ShopExpress, the Company’s cross-border stand-alone website product, had a total of over 350 product functions, covering website building and decoration, traffic driving with social media, customer acquisition and transformation. In addition, ShopExpress also launched full-chain, digital and international solutions for B2B industries including machinery, lighting, automobile and motorcycle parts and electronic components.

In the first half of 2022, the Company’s market recognition was further improved, winning titles including the 2021 Excellent Partner of Tencent Smart Retail under the Thousand Domain Plan (騰訊智慧零售千域計劃2021年度優秀合作夥伴), “Best SaaS Company” by Zhitongcaijing.com and “Best Enterprise Service Brand” by Xincailing (鎔財經).

In the first half of 2022, the Company actively fulfilled its corporate social responsibility and launched the “Spring Rain” plan to support merchants in the fight against the Covid-19 pandemic during the outbreak in Shanghai, providing up to a million-level traffic for exposure in a single event, in order to help drive public traffic for cooperative brands in different industries. The Company played an active role in helping Shanghai companies combat the Covid-19 pandemic digitally. Fresh merchants relying on the community, such as “Caixiaorui”, “Counting Delicious”, “Haitianxia”, and “Lucky Housekeeper”, set up small program malls with the help of Weimob to serve the community residents and ensure their “Vegetable Basket” supply. In addition, during the Covid-19 pandemic in Shanghai, the Group donated 21 tons of emergency livelihood materials and medical supplies to residents of the headquarters, mobilized resources from various parties, and fully promoted staff volunteers to participate in the Shanghai anti-epidemic campaign.

In July 2022, the foundation stone laying ceremony of the headquarters building of Weimob was launched. The Company will strive to make the headquarters building a new landmark for the cloud services of Chinese enterprises and perform the mission to “support the digital transformation and upgrade of enterprises and drive business innovation through technologies, thus making business more intelligent”. In addition, the Company will actively respond to the goal of developing Shanghai as a major center for science and technology innovation so as to realize the unity of corporate business value and social responsibility.

BUSINESS REVIEW

In the first half of 2022, our overall revenue performance was solid, the proportion of revenue from key accounts continued to increase and we entered the track of high-quality and sustainable development. Although the epidemic prevention and control in certain regions affected the performance in April and May 2022, the Company made a strong rebound with the recovery of the online and offline retail supply chain in June 2022, breaking the single-month performance record since last year, indicating that the Company’s business should fully recover in the second half of the year.

The following are the key performances of our main businesses and products during the first half of 2022.

Subscription Solutions:

The commercial cloud segment of our Subscription Solutions mainly provides SaaS software for e-commerce retail, catering, local life and other industries, enabling merchants to carry out private traffic management. In the first half of 2022, the revenue from our Subscription Solutions was RMB581 million, representing a year-on-year increase of 5.7%, with the number of paying merchants increasing by 1.7% to 103,616 and the ARPU increasing by 4.0% to RMB5,608.

In the first half of 2022, Weimob WeiMall and Smart Retail Solutions deeply cooperated with Xiaohongshu (小紅書), to improve the merchants’ ability to make arrangements in all channels, by helping merchants open stores on Xiaohongshu. Meanwhile, Weimob, as an ecosystem marketing service provider of Xiaohongshu, further removed barriers in a complete chain from content recommendation to transaction transformation in the ecosystem of Xiaohongshu for merchants.

With the launch of the “sharer in the live streaming studio” function of WeChat, Weimob WeiMall and Smart Retail had access to the function, which enabled merchants to define shopping guides and micro customers as sharers. By recommending the studio, users are guided to carry out transactions, and they can link their relationship chains and earn commissions, thus facilitating efficient growth of the private live streaming performance of merchants. In addition, Weimob WeiMall and Smart Retail were synchronously upgraded, and supported merchants in having access to WeChat customer service functions in multiple scenarios inside and outside WeChat, thus providing customers with exclusive customer services.

As of June 30, 2022, we had 6,984 merchants in Smart Retail. The revenue from Smart Retail reaching RMB236 million in the first half of 2022, representing a year-on-year increase of 28.9% and accounting for 40.7% of our revenue from Subscription Solutions. There were 1,155 brand merchants, with an average contract value of RMB203 thousand.

The Third 616 Weimob Retail Shopping Festival with the theme of “digitally creating excellent products in retail” marked the transition of the smart retail business of Weimob from 1.0 “enabling” to 2.0 “restructuring”. The shopping festival focused on the incubation and training of digital retail operation teams, a backbone of the digital transformation of enterprises. The Company invested a large amount of resources to support the digital restructuring and efficiency improvement of physical retail enterprises in various forms including training guidance, drills, stage display, etc., so as to further explore the way for the era of digital retail 2.0. Since its launch, the event has attracted the participation of nearly a hundred mainstream brands in the retail industry, including Lenovo Lebay (聯想樂唄), Shanghai Jahwa (上海家化), Mengniu (蒙牛), Lecoo (來酷科技), 3trees (三棵樹), and Uni-President (統一企業).

In terms of Smart Catering, we were deeply engaged in the Chinese food industry, and officially launched services for the operation of three comprehensive solutions for Chinese food, namely comprehensive solutions for public domain, private domain and costs. Through the “three-store integration”, we helped catering enterprises “increase revenue and reduce expenditure” and served well-known Chinese food brands, including Bi Feng Tang (避風塘), Yuku (魚酷), Heji (和記), Chef Queen (小廚娘) and Zhi Wei Guan (知味觀). As of June 30, 2022, 43% of our customers are among the top 100 catering enterprises; revenue from high-quality customers who purchased three or more products or services accounted for 61%. In the Smart Hotel and Tourism, our partner hotels cover the whole country (in East China, South China, Southwest China, Hainan and North China), including more than 1,500 international and domestic high-end brand hotel groups and their single stores. In the first half of 2022, Weimob’s Smart Hotel and Tourism assisted the merchants to grow against the trend, achieving a year-on-year increase of 22% in the second quarter, and its monthly GMV hit a new record high in June 2022, reaching a year-on-year growth rate of 52%, and month-on-month growth rate of 112%.

Weimob WeCom Assistant is a full-chain private domain growth solution developed by us based on WeCom. With the four core capabilities, namely full-domain customer acquisition, private domain retention, conversion and re-purchase, and data analysis, Weimob WeCom Assistant enables the considerate private domain operation by enterprises and promotes the efficient conversion of customers. In view of the situation of the consumer market after the outbreak of the Covid-19 pandemic, Weimob WeCom Assistant also focused on three major private domain operation strategies, namely accumulation, startup and retention, to help merchants quickly recover their operation capabilities and achieve full-domain growth online and offline after the outbreak of the Covid-19 pandemic. For the six months ended June 30, 2022, our revenue from WeCom Assistant increased year-on-year by over 140%, and the monthly compound growth rate was nearly 30%. The number of communities and external contacts of the merchants it serves maintained rapid growth. It has now covered millions of consumers in the community, and has obvious advantages in industries such as clothing, home furnishing, beauty and personal care and fast-moving consumer goods.

In addition, “Xiaoke (銷氩)” of intelligent CRM invested by us had a total of more than 400,000 paid accounts and served more than 30,000 enterprises through SaaS-based products and capabilities including enterprise data services, tools integrating telephone and network to reach customers, and digital sales process management.

Merchant Solutions:

Our Merchant Solutions serve the existing and potential merchants of our Subscription Solutions and provide merchants with integrated solutions that combine traffic, tool and operation, as well as a one-stop closed-loop operation covering user identification, demand matching, creativity and photography, targeted placement, data analysis and post-SaaS link conversion.

In the first half of 2022, under the background of repeated Covid-19 pandemic in many places across the country, enterprises accelerated their shift to digital marketing, so that Weimob's full-chain marketing business maintained steady development. In order to help more brands to deepen their digital marketing, Weimob adopted strategies such as the deep cultivation of vertical industries, channel sinking and strengthening of local services, along with the expansion of the national market, to further help regional companies seize opportunities for marketing transformation.

In the first half of 2022, the gross billing from targeted marketing for merchants to acquire traffic was RMB4,208 million. The revenue from Merchant Solutions was RMB319 million, representing a decrease of 22.3% year-on-year. In the first half of 2022, we provided services to 26,770 paying merchants and the ARPU decreased by 20.2% to RMB11,899.

The Company continued to improve its TSO full-chain marketing service capabilities. By strengthening its cooperation with leading traffic channels, Weimob continued to deepen the cooperation with Tencent Ads, such as Souyisou (搜一搜) and placing advertisements on video accounts. We also strengthened the development of Xiaohongshu, Douyin, Kuaishou, etc., increased the synergy with its SaaS products, and continuously innovated the marketing mix links to penetrate the private domain service capabilities into all industries. At present, TSO full-chain marketing strategies have covered many industries such as fast-moving consumer goods, e-commerce, catering, wedding dresses and home furnishing, which can achieve precise marketing and drainage. Combined with Weimob's SaaS products and other capacities upgrade, these strategies can access to the full-chain closed-loop and provide enterprises with full-chain marketing business growth. At present, there are more than 50 full-chain operation KA merchants.

In addition, the Group has extended its full-chain marketing service capabilities to the overseas market. In order to help more domestic companies go overseas, the Group has cooperated with foreign mainstream media such as Google, Facebook and Tik Tok, so as to help Chinese companies leverage the advantages of overseas high-quality traffic. In addition, with its own SaaS core technology and private domain operation capability, the Group provided the full-chain marketing for enterprises going overseas, efficiently empowering Chinese companies to dig into the overseas market.

In the short video field, the Group continued to increase its short video and live services. In terms of short video creation and shooting, following the launch of the Shanghai Short Video Live Center Phase I and Phase II project, the Group established a short video live base in Changsha to further promote the innovative and diversified development of the short video live industry and the number of short videos delivered each year was more than 100,000.

BUSINESS OUTLOOK

In the second half of 2022, we will focus on the following major directions:

1. Putting more focus on moving up-market, and increasing the value per customer. We will continuously strengthen our strategic investment in moving up-market, maintain our leading position in the fashion retail industry, further increase the proportion of revenue from moving up-market, and continuously increase our unit value.
2. Improving the product strength of WOS, and creating new engines for business growth. Based on seven core products, namely, transaction, CRM, WeCom, CDP, traffic, shopping guide and statistics, we will outsource more in-depth personalized development to third parties, and build an ecosystem through the Weimob Cloud market. We will provide more solution portfolios for cross-selling, so as to meet the needs of merchants to the maximum extent.
3. Cultivating of ecological capabilities intensively to expand the scale of customer penetration. We will further deepen the ecological value, introduce more third-party developers through Weimob Cloud Platform, WOS, the new commercial operating system, etc., to strengthen the in-depth characterized development, assist customers in enhancing the value, and achieve the two-way guarantee in respect of customer value and ecosystem partners.
4. Advancing interconnections and increasing investment in private domain. We will help merchants save the costs for customers acquisition, customer communication and customer management, through three channels in the private domain, namely “WeCom Assistant, OneCRM and CDP+MA”, so as to provide comprehensive and integrated private domain product solutions for merchants.
5. Empowering the enterprises through full-domain layout. In 2022, we will continue to expand our business footprint, deepen our business arrangements for business cloud, marketing cloud and sales cloud, and enable enterprises to achieve new growth through our products and technologies.
6. Deepening TSO full-chain operation and expanding service scenarios. We will support the smart growth of customers through private domain talent training plans, process standardization and large-scale replication, Kylin (麒麟) system for operational efficiency improvement, deepening of industry practice, creation of full-domain growth model and expansion of the scope of the private domain, etc.
7. Expanding differentiated advantages with global layout. Leveraging the Group’s massive customer data and experience, we will empower our customers and complement the ecology of cross-border overseas products rapidly, helping Chinese enterprises go global.

Only hardships would reveal one's perseverance and courage; only polishing would make a jade shine. Although the economic recovery at home and abroad is currently facing many risks and challenges, the epidemic has not changed the fundamentals of China's long-term economic improvement, nor has it changed the general trend of high-quality development of China's SaaS and cloud-based industry. SaaS information service technology deeply integrates with the industry, and the digital transformation of traditional enterprises has become inevitable. We will diligently take its responsibilities and insist on innovation and make progress in China's SaaS industry. In the process of growth, we continue to strengthen technical strength, continuously improve product innovation capabilities, and improve practicability and service quality of our products without keeping a slash hand. We will never forget why we started and accomplish our mission with persistence to help customers succeed and create greater value for shareholders and investors.

MANAGEMENT DISCUSSION AND ANALYSIS

Six Months Ended June 30, 2022 Compared to Six Months Ended June 30, 2021

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and Restated)
Continuing operations		
Revenue	899,612	959,372
Cost of sales	<u>(301,936)</u>	<u>(199,361)</u>
Gross profit	597,676	760,011
Selling and distribution expenses	(782,870)	(780,916)
General and administrative expenses	(543,695)	(310,376)
Net impairment losses on financial assets	(60,266)	(21,324)
Other income	38,421	63,455
Other gains, net	<u>120,179</u>	<u>125,473</u>
Operating loss	(630,555)	(163,677)
Finance costs	(79,550)	(27,995)
Finance income	9,090	7,404
Share of net loss of associates accounted for using the equity method	(2,762)	(84)
Change in fair value of convertible bonds	<u>23,347</u>	<u>(385,406)</u>
Loss before income tax	(680,430)	(569,758)
Income tax credit	<u>21,669</u>	<u>9,520</u>
Loss from continuing operations	<u>(658,761)</u>	<u>(560,238)</u>
Discontinued operations		
Loss from discontinued operations	<u>(852)</u>	<u>(24,092)</u>
Loss for the period	<u>(659,613)</u>	<u>(584,330)</u>
Loss attributable to:		
– Equity holders of the Company	(608,548)	(557,713)
– Non-controlling interests	<u>(51,065)</u>	<u>(26,617)</u>
	<u>(659,613)</u>	<u>(584,330)</u>

Key Operating Data

The following table sets forth our key operating data for the six months ended/as of June 30, 2022 and 2021.

Six months ended/as of June 30,
2022 **2021**

Subscription Solutions

Addition in number of paying merchants	13,205	14,776
Number of paying merchants	103,616	101,867
Attrition rate ⁽¹⁾	12.1%	11.1%
ARPU ⁽²⁾ (RMB)	5,608	5,395

Merchant Solutions

Number of paying merchants	26,770	27,484
Revenue (RMB in millions)	318.5	409.8
ARPU (RMB)	11,899	14,909
Gross billing (RMB in millions)	4,208.1	5,640.4

Notes:

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

Key Financial Ratios

	Six months ended June 30,	
	2022	2021
	Per financial statements	Per financial statements
	%	%
Total revenue growth	(6.2)	107.6
Gross margin ⁽¹⁾	66.4	79.2
Adjusted EBITDA margin ⁽²⁾	(42.8)	1.6
Net margin ⁽³⁾	(73.2)	(58.4)
Adjusted net margin⁽⁴⁾	(63.1)	(9.9)

Notes:

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

Revenue

In 2022, the Company’s management determined to terminate Digital Media business considering the business operation adjustment for simplifying business and focusing on key business. Therefore, no revenue was recorded for the six months ended June 30, 2022 due to the discontinued operation of Digital Media.

Our total revenue decreased by 6.2% from RMB959.4 million in the six months ended June 30, 2021 to RMB899.6 million in the six months ended June 30, 2022, primarily due to the decrease in revenue from Merchant Solutions. The following table sets forth a breakdown of our revenue by business segment for the periods indicated.

	Six months ended June 30,			
	2022		2021	
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	<i>(RMB in millions, except percentages)</i>			
	<i>Revenue</i>	<i>%</i>	<i>Revenue</i>	<i>%</i>
Revenue				
– Subscription Solutions	581.1	64.6%	549.6	57.3%
– Merchant Solutions	318.5	35.4%	409.8	42.7%
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Total	899.6	100%	959.4	100.0%
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Subscription Solutions

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

Revenue from Subscription Solutions increased by 5.7% from RMB549.6 million in the six months ended June 30, 2021 to RMB581.1 million in the six months ended June 30, 2022, primarily due to the increased number of paying merchants from 101,867 in the six months ended June 30, 2021 to 103,616 in the six months ended June 30, 2022, and the ARPU increased from RMB5,395 in the six months ended June 30, 2021 to RMB5,608 in the six months ended June 30, 2022.

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

Merchant Solutions

	Six months ended June 30,		
	2022	2021	Year-on-year change
	<i>(Unaudited)</i>		
	<i>(RMB in millions, except percentages)</i>		
Merchant Solutions			
Gross billing	4,208.1	5,640.4	(25.4%)
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Revenue	318.5	409.8	(22.3%)
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Merchant Solutions mainly comprise value-added services offered to merchants as part of the integral solutions to meet merchants' online commerce and marketing needs, including mainly targeted marketing services that enable merchants to acquire online customer traffic in various top online advertising platforms, as well as TSO.

Gross billing from our Merchant Solutions decreased from RMB5.64 billion in the six months ended June 30, 2021 to RMB4.21 billion in the six months ended June 30, 2022, primarily due to decrease in average spend per advertiser from RMB205,223 in the six months ended June 30, 2021 to RMB157,193 in the six months ended June 30, 2022. Due to the economic headwind, our customers profile of the Merchant Solutions cut or controlled their advertising budget, therefore, average spend per advertiser dropped significantly.

Revenue from Merchant Solutions represents net rebate earned from advertising platforms by providing services to enable merchants to acquire online customer traffic, commission from targeted marketing operation service as well as fees and commission from TSO service. It decreased by 22.3% from RMB409.8 million in the six months ended June 30, 2021 to RMB318.5 million in the six months ended June 30, 2022, as a result of the change in gross billing.

Cost of Sales

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

	Six months ended June 30,			
	2022		2021	
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	<i>(RMB in millions, except percentages)</i>			
Cost of sales				
Advertising traffic cost	30.6	10.1%	5.5	2.8%
Staff costs	49.9	16.5%	25.7	12.9%
Broadband and hardware costs	26.1	8.7%	46.2	23.2%
Operation services costs	79.4	26.3%	54.1	27.1%
Amortization of intangible assets	106.5	35.3%	64.8	32.5%
Taxes and surcharges	8.7	2.9%	2.4	1.2%
Depreciation and amortization	0.7	0.2%	0.6	0.3%
	<hr/>		<hr/>	
Total	301.9	100.0%	199.3	100.0%
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Our cost of sales increased by 51.5% from RMB199.3 million in the six months ended June 30, 2021 to RMB301.9 million in the six months ended June 30, 2022, primarily because (i) our staff costs increased from RMB25.7 million in the six months ended June 30, 2021 to RMB49.9 million in the six months ended June 30, 2022, (ii) our operation services costs increased from RMB54.1 million in the six months ended June 30, 2021 to RMB79.4 million in the six months ended June 30, 2022, both in line with the strong growth in the operating service to our key accounts merchants, (iii) our amortization of intangible assets increased from RMB64.8 million in the six months ended June 30, 2021 to RMB106.5 million in the six months ended June 30, 2022 as a result of sustained investment in R&D to build up WOS and upgrade SaaS products and functionalities; and (iv) our advertising traffic cost increased from RMB5.5 million in the six months ended June 30, 2021 to RMB30.6 million in the six months ended June 30, 2022, in line with growing budget from key account merchants to obtain traffic as part of their TSO services.

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

	Six months ended June 30,			
	2022		2021	
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	<i>(RMB in millions, except percentages)</i>			
Cost of sales				
– Subscription Solutions	227.9	75.5%	143.0	71.7%
– Merchant Solutions	74.0	24.5%	56.3	28.3%
	<hr/>	<hr/>	<hr/>	<hr/>
Total	301.9	100.0%	199.3	100.0%
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Subscription Solutions

Cost of sales of our Subscription Solutions increased by 59.4% from RMB143.0 million in the six months ended June 30, 2021 to RMB227.9 million in the six months ended June 30, 2022, primarily due to (i) an increase of RMB26.8 million in staff cost; (ii) an increase of RMB32.5 million in our contract operation service costs, both in line with the revenue growth relating to operating services to key accounts merchants; and (iii) an increase of RMB41.7 million in our amortization of intangible assets relating to the R&D investment.

Merchant Solutions

The cost of sales of our Merchant Solutions increased by 31.3% from RMB56.3 million in the six months ended June 30, 2021 to RMB74.0 million in the six months ended June 30, 2022, primarily due to the increase in TSO traffic costs which was in line with the growth of revenue from TSO.

Gross Profit and Gross Margin

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

	Six months ended June 30,					
	2022		2021			
	<i>Gross profit</i>	<i>%</i>	<i>Gross Margin</i>	<i>Gross profit</i>	<i>%</i>	<i>Gross margin</i>
	<i>(Unaudited)</i>		<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	<i>(RMB in millions, except percentages)</i>					
- Subscription Solutions	353.2	59.1%	60.8%	406.6	53.5%	74.0%
- Merchant Solutions	244.5	40.9%	76.8%	353.4	46.5%	86.2%
Total	597.7	100.0%	66.4%	760.0	100.0%	79.2%

Our overall gross profit decreased by 21.4% from RMB760.0 million in the six months ended June 30, 2021 to RMB597.7 million in the six months ended June 30, 2022.

Our overall gross margin decreased from 79.2% in the six months ended June 30, 2021 to 66.4% in the six months ended June 30, 2022.

The gross margin of our Subscription Solutions decreased from 74.0% in the six months ended June 30, 2021 to 60.8% in the six months ended June 30, 2022, primarily due to (i) relatively low gross margin of Heading ERP business; (ii) amortization of intangible asset arising from continuing R&D investment in the past three years; and (iii) increase in staff cost and contract service cost due to growing demand from key account merchants for private traffic operation services.

The gross margin of our Merchant Solutions decreased from 86.2% in the six months ended June 30, 2021 to 76.8% in the six months ended June 30, 2022, primarily due to the change in revenue mix as, in addition to targeted marketing net rebate revenue which has a high gross margin, targeted marketing operation service and TSO service revenue have relatively lower gross margin.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 0.3% from RMB780.9 million in the six months ended June 30, 2021 to RMB782.9 million in the six months ended June 30, 2022, primarily due to the following items: (i) increase in staff costs for our sales and marketing personnel from RMB436.9 million in the six months ended June 30, 2021 to RMB528.5 million in the six months ended June 30, 2022 due to (a) RMB10.0 million increase in staff severance compensation; and (b) RMB62.0 million increase due to annualization effect of our increased sales and marketing staff in the second half of 2021; (ii) decrease in marketing and promotion expenses from RMB166.2 million in the six months ended June 30, 2021 to RMB89.5 million in the six months ended June 30, 2022 as a result of cost control and decreased budget on brand and targeted marketing; and (iii) decreased in contract acquisition costs from RMB127.0 million in the six months ended June 30, 2021 to RMB98.7 million in the six months ended June 30, 2022, which was in line with the changing sales mix of subscription solution business, in which proportion of revenue from direct sales increased as compared with that from channels.

General and Administrative Expenses

Our general and administrative expenses increased by 75.2% from RMB310.4 million in the six months ended June 30, 2021 to RMB543.7 million in the six months ended June 30, 2022, primarily due to (i) the increase in staff cost from RMB253.9 million in the six months ended June 30, 2021 to RMB445.1 million in the six months ended June 30, 2022 in which (a) RMB118.7 million increase was due to annualization impact of our increased R&D headcount in the second half of 2021; (b) RMB37.5 million increase due to annualization effect of our increased administrative headcount in the second half of 2021; and (c) RMB25.3 million increase in staff severance compensation, (ii) the increase in rental and property service expenses, and (iii) the increase in depreciation and amortization, both in line with the increase in staff cost.

Research and Development Expenditure

	Six months ended/as of June 30,	
	2022	2021
	(Unaudited)	(Unaudited)
	(RMB in millions)	
Research and Development Expenditure		
Research and development expenditure capitalized in development cost & intangible assets	173.3	125.9
Research and development expenditure in general & administrative expenses	296.1	178.1
Total research and development expenditure	469.4	304.0

Research and development expenditure increased by 54.4% from RMB304.0 million in the six months ended June 30, 2021 to RMB469.4 million in the six months ended June 30, 2022 due to annualization effect of our increased R&D staff in the second half of 2021, as R&D headcount increased from 1,284 at the beginning of 2021 to 1,971 by the end of 2021, mainly due to the building up and upgrade of Weimob Cloud, our PaaS solution for the purpose of building up our ecosystem. With launch of WOS in the first half of 2022, we reduced the R&D headcount to 1,867 as part of the cost optimization efforts.

Net Impairment Losses on Financial Assets

We had net impairment losses on financial assets of RMB60.3 million in the six months ended June 30, 2022, primarily as a result of the general provision for credit loss from our trade receivables, notes receivables, other receivables and financial assets measured at fair value through other comprehensive income.

Other Income

Our other income decreased from RMB63.5 million in the six months ended June 30, 2021 to RMB38.4 million in the six months ended June 30, 2022, primarily due to a decrease of RMB17.1 million in input VAT super deduction and a decrease of RMB6.5 million in government grants provided to us in the form of VAT refunds.

Other Gains, net

Our other net gains decreased from RMB125.5 million in the six months ended June 30, 2021 to RMB120.2 million in the six months ended June 30, 2022, mainly due to a decrease of RMB81.7 million in favourable fair value change of our investments netting off an increase of RMB78.7 million in foreign exchange gain.

Operating Loss

As a result of the foregoing, our operating loss increased from RMB163.7 million in the six months ended June 30, 2021 to RMB630.6 million in the six months ended June 30, 2022.

Finance Costs

Our finance costs increased from RMB28.0 million in the six months ended June 30, 2021 to RMB79.6 million in the six months ended June 30, 2022, primarily due to (i) an increase of RMB11.5 million in interest expenses from our increased bank borrowings for business expansion; and (ii) an increase of RMB37.7 million in the amortization of interest expenses on convertible bonds under effective interest method.

Finance Income

Our finance income increased from RMB7.4 million in the six months ended June 30, 2021 to RMB9.1 million in the six months ended June 30, 2022, primarily due to an increased interest income on our bank deposits as a result of an increase in the average balance of our bank deposits in 2022.

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

We recorded share of net loss of associates accounted for using the equity method of RMB2.8 million as of June 30, 2022, which represented our share of loss from our contractual funds.

Change in Fair Value of Convertible Bonds

We recorded a gain of RMB23.3 million in change in fair value of convertible bonds as of June 30, 2022 due to the favorable changes in fair value of the convertible bonds.

Income Tax Credit

We recorded income tax credit of RMB21.7 million in the six months ended June 30, 2022, primarily due to the recognition of deferred income tax assets resulting from increased impairment losses on financial assets.

Loss for the Period

As a result of the foregoing, we recorded a loss of RMB658.8 million from continuing operations in the six months ended June 30, 2022 while we recorded a loss of RMB560.2 million from continuing operations in the six months ended June 30, 2021.

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

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

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

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

	For the six months ended June 30, 2022 (unaudited)						
	Adjustments (RMB in millions, unless specified)						
	As reported	Share-based compensation	Financing, listing and other one-off expenses ⁽¹⁾	Change in fair value of convertible bonds	Amortisation of intangible assets ⁽²⁾	Tax effects	Non-GAAP
Gross profit	597.7				5.0		602.7
Gross margin	66.4%						67.0%
Subscription Solutions	60.8%						61.6%
Merchant Solutions	76.8%						76.8%
Operating profit/(loss)	(630.6)	68.9			22.0		(539.7)
Operating margin	(70.1%)						(60.0%)
EBITDA	(453.6)	68.9					(384.7)
EBITDA margin	(50.4%)						(42.8%)
Net loss	(658.8)	68.9	45.5	(23.3)	22.0	(21.7)	(567.4)
Net margin	(73.2%)						(63.1%)
Net loss attributable to equity holders of the Company	(607.7)	68.9	45.5	(23.3)	12.6	(17.5)	(521.5)
Net margin attributable to equity holders of the Company	(67.6%)						(58.0%)

For the six months ended June 30, 2021 (unaudited)

Adjustments

(RMB in millions, unless specified)

	As reported	Share-based compensation	Financing, Listing and other one-off expenses ⁽¹⁾	Change in fair value of convertible bonds	Amortisation of intangible assets	Tax effects	Non-GAAP
Gross profit	760.0				7.2		767.2
Gross margin	79.2%						80.0%
Subscription Solutions	74.0%						75.3%
Merchant Solutions	86.2%						86.2%
Operating profit/(loss)	(163.7)	70.9			18.2		(74.6)
Operating margin	(17.1%)						(7.8%)
EBITDA	(55.1)	70.9					15.8
EBITDA margin	(5.7%)						1.6%
Net loss	(560.2)	70.9	7.7	385.4	18.2	(16.7)	(94.7)
Net margin	(58.4%)						(9.9%)
Net loss attributable to equity holders of the Company	(533.6)	70.9	7.7	385.4	10.2	(7.7)	(67.1)
Net margin attributable to equity holders of the Company	(55.6%)						(7.0%)

Notes:

- (1) Refers to one-off expenses related to issuance of convertible bonds in 2020 and 2021.
- (2) Refers to amortisation resulting from acquisition. This includes amortisation of intangible assets from cost of sales RMB5.0 million, from selling and distribution expenses of RMB11.6 million, from general and administrative expenses of RMB5.4 million.

Liquidity and Financial Resources

We fund our cash requirements principally from proceeds from our business operations, bank borrowings, other debt financing and shareholder equity contribution. As of June 30, 2022, we had cash and bank balances of RMB3,682 million, including RMB283 million structured deposit and RMB519 million restricted cash, with abundant cash reserves and a healthy financial structure.

The following table sets forth our gearing ratios as of June 30, 2022 and June 30, 2021, respectively.

	As of six months ended June 30,	
	2022	2021
	(<i>unaudited</i>)	(<i>unaudited</i>)
	RMB' 000	
Net (cash)/debt ⁽¹⁾	692,503	(175,487)
Total equity	3,449,058	2,997,594
Total capital	4,141,561	N/A
Net debt to equity ratio	17%	N/A

Note:

- (1) Net cash is calculated as cash and cash equivalents and restricted cash less total borrowings and put option liability

As of June 30, 2022, we had bank loan of approximately RMB1,563.0 million. The table below sets forth our main short-term bank loans and letter of credit:

Bank	Loan Balance	Loan Period	Interest Rate
	<i>(RMB in millions)</i>		<i>(per annum unless otherwise stated)</i>
Short-term bank loans			
SPD Silicon Valley Bank	180.00	6 months	4.40%
Bank of Shanghai (Puxi Branch)	250.00	1 year	4.50%
Bank of Shanghai (Puxi Branch)	300.00	1 year	3.51%
The HongKong and Shanghai Banking Corporation Limited	63.00	3 months	4.30%
Shanghai Rural Commercial Bank (Songnan Branch)	100.00	2 months	4.58%
China CITIC Bank Waitan branch	150.00	1 year	4.35%
China CITIC Bank Waitan branch	50.00	11 months	4.35%
China Zheshang Bank (Shanghai Branch)	50.00	6 months	4.35%
Bank of Communications (Shanghai Baoshan Branch)	100.00	6 months	3.85%
Bank of China (Gaojing Branch)	150.00	1 year	2.85%
Bank of China (Gaojing Branch)	50.00	6 months	3.70%
China Everbright Bank Shanghai North Bund Branch	70.00	6 months	4.00%
Letter of Credit			
Bank of Ningbo (Jinqiao Branch)	50.00	1 year	3.45%

Capital Expenditures

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

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

	Six months ended June 30,	
	2022	2021
	<i>(RMB in millions)</i>	
Fixed assets	7.1	22.7
Intangible assets	173.7	126.1
Right-of-use assets-land use rights	324.5	—
Total	505.3	148.8

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

The Company held a significant investment, with a value of over 5% of the Company's total assets as at June 30, 2022, in Xiaoke. Xiaoke was engaged in the principal activities of developing and selling smart Customer Relationship Management (“CRM”) products. As at June 30, 2022, the Group owned 34.9% equity interests in Xiaoke, including 31.9% redeemable preferred shares and 3% common shares. The investment cost in Xiaoke amounted to RMB302,299,000. As at June 30, 2022, the Directors assessed the fair value of this investment to be approximately RMB492.9 million by using the equity allocation method, representing approximately 5.27% of the total assets of the Group as at June 30, 2022. No fair value changed during the six months ended June 30, 2022. Through the launch of B2C industry solutions, focused development of WeCom private domain capacity, enriching the functionalities of the full chain of L2C, and the provision of access to underlying data interfaces, we will continuously strengthen our technical, product and service capabilities, and facilitate enterprises with new growth drivers by digital and intelligent technology.

Save as disclosed in this announcement, there were no other significant investments held, nor were there material acquisitions or disposals of subsidiaries, associates or joint ventures by the Group during the six months ended June 30, 2022. There were no future plans for material investments or additions of capital assets authorised by the Board as at the date of this announcement.

Pledge of Assets

As of June 30, 2022, we pledged our bank deposits amounted to USD77.4 million (equivalent to RMB519.5 million) for RMB loan to be used domestically.

Foreign Exchange Risk Management

We mainly carry out our operations in the PRC with most transactions settled in Renminbi, and we are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar and the Hong Kong dollar. Therefore, foreign exchange risk primarily arose from our recognized assets and liabilities when receiving or to receive foreign currencies from, or paying or to pay foreign currencies to, overseas business partners. In the six months ended June 30, 2022, we did not adopt any long-term contracts, currency borrowings or other means to hedge our foreign currency exposure.

Contingent Liabilities

As of June 30, 2022, we did not have any material contingent liabilities.

Employees

As of June 30, 2022, we had 6,907 full-time employees, the majority of whom are based in Shanghai, China. Within the total headcount, 2,074 are sales and marketing staff and 1,867 are R&D staff.

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

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

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

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

	<i>Note</i>	Six months ended June 30, 2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited and Restated)
Continuing operations			
Revenue	<i>6</i>	899,612	959,372
Cost of sales	<i>7</i>	<u>(301,936)</u>	<u>(199,361)</u>
Gross profit		597,676	760,011
Selling and distribution expenses	<i>7</i>	(782,870)	(780,916)
General and administrative expenses	<i>7</i>	(543,695)	(310,376)
Net impairment losses on financial assets		(60,266)	(21,324)
Other income	<i>8</i>	38,421	63,455
Other gains, net	<i>9</i>	<u>120,179</u>	<u>125,473</u>
Operating loss		(630,555)	(163,677)
Finance costs	<i>10</i>	(79,550)	(27,995)
Finance income	<i>11</i>	9,090	7,404
Share of net loss of associates accounted for using the equity method		(2,762)	(84)
Change in fair value of convertible bonds		<u>23,347</u>	<u>(385,406)</u>
Loss before income tax		(680,430)	(569,758)
Income tax credit	<i>12</i>	<u>21,669</u>	<u>9,520</u>
Loss from continuing operations		<u>(658,761)</u>	<u>(560,238)</u>
Discontinued operations			
Loss from discontinued operation		<u>(852)</u>	<u>(24,092)</u>
Loss for the period		<u>(659,613)</u>	<u>(584,330)</u>
Loss attributable to:			
– Equity holders of the Company		(608,548)	(557,713)
– Non-controlling interests		<u>(51,065)</u>	<u>(26,617)</u>
		<u>(659,613)</u>	<u>(584,330)</u>

	<i>Note</i>	Six months ended June 30, 2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited and Restated)
Other comprehensive loss, net of tax			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Currency translation differences		(86,751)	(10,863)
<i>Items that may not be subsequently reclassified to profit or loss</i>			
Change in fair value of financial liabilities from own credit risk		—	(4,864)
Total comprehensive loss for the period		<u>(746,364)</u>	<u>(600,057)</u>
Total comprehensive loss attributable to:			
– Equity holders of the Company		(695,299)	(573,440)
– Non-controlling interests		(51,065)	(26,617)
		<u>(746,364)</u>	<u>(600,057)</u>
Total comprehensive loss attributable to owners of the Company arises from:			
– Continuing operations		(745,512)	(575,965)
– Discontinued operations		(852)	(24,092)
		<u>(746,364)</u>	<u>(600,057)</u>
Loss per share from continuing operations attributable to the ordinary equity holders of the Company (expressed in RMB per share)			
– Basic loss per share	14	<u>(0.24)</u>	<u>(0.23)</u>
– Diluted loss per share	14	<u>(0.24)</u>	<u>(0.23)</u>
Loss per share attributable to the ordinary equity holders of the Company (expressed in RMB per share)			
– Basic loss per share	14	<u>(0.24)</u>	<u>(0.24)</u>
– Diluted loss per share	14	<u>(0.24)</u>	<u>(0.24)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	<i>Note</i>	As at June 30, 2022 <i>RMB'000</i> <i>(Unaudited)</i>	As at December 31, 2021 <i>RMB'000</i> <i>(Audited)</i>
ASSETS			
Non-current assets			
Property, plant and equipment		82,421	87,959
Right-of-use assets		511,898	266,584
Investment properties		34,940	34,940
Intangible assets		1,663,185	1,229,798
Development costs		63,409	51,253
Deferred income tax assets		43,138	25,087
Contract acquisition cost		42,711	44,979
Investments accounted for using the equity method		54,671	57,433
Financial assets at fair value through profit or loss		1,084,628	1,064,574
Prepayments, deposits and other assets	15	20,064	21,174
Other non-current assets		–	35,217
Total non-current assets		3,601,065	2,918,998
Current assets			
Trade and notes receivables	16	298,359	361,468
Contract acquisition cost		85,234	88,649
Prepayments, deposits and other assets	15	1,482,743	1,609,247
Financial assets at fair value through profit or loss		336,859	458,297
Financial assets at fair value through other comprehensive income		151,823	190,298
Restricted cash		519,474	535
Cash and cash equivalents		2,880,191	3,809,069
Total current assets		5,754,683	6,517,563
Total assets		9,355,748	9,436,561
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		1,706	1,716
Shares held for RSU Scheme		(880)	(1,928)
Share premium		7,475,254	7,549,147
Equity component of convertible bonds		366,482	366,482
Other reserves		(983,681)	(962,933)
Accumulated losses		(3,497,559)	(2,889,011)
Total equity		3,361,322	4,063,473
Non-controlling interests		87,736	150,345
Total equity		3,449,058	4,213,818

	<i>Note</i>	As at June 30, 2022 <i>RMB'000</i> <i>(Unaudited)</i>	As at December 31, 2021 <i>RMB'000</i> <i>(Audited)</i>
LIABILITIES			
Non-current liabilities			
Financial liabilities measured at fair value through profit or loss		399,506	538,029
Financial liabilities measured at amortised cost		1,808,755	1,561,499
Lease liabilities		123,780	177,267
Contract liabilities		77,537	90,875
Deferred income tax liabilities		48,539	56,726
Other non-current liabilities	<i>17</i>	5,306	5,406
Total non-current liabilities		<u>2,463,423</u>	<u>2,429,802</u>
Current liabilities			
Financial liabilities measured at fair value through profit or loss		120,559	–
Bank borrowings		1,563,000	745,000
Lease liabilities		76,568	93,273
Trade and other payables	<i>17</i>	1,366,597	1,637,017
Contract liabilities		311,473	316,505
Current income tax liabilities		5,070	1,146
Total current liabilities		<u>3,443,267</u>	<u>2,792,941</u>
Total liabilities		<u><u>5,906,690</u></u>	<u><u>5,222,743</u></u>
Total equity and liabilities		<u><u>9,355,748</u></u>	<u><u>9,436,561</u></u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2022

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

Attributable to equity holders of the Company

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

	Six months ended June 30,	
	2022	2021
<i>Note</i>	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows used in operating activities		
Cash used in operations	(459,334)	(472,719)
Interest received	7,121	7,404
Interest paid	(31,360)	(32,591)
Income tax paid	(385)	(556)
	<u>(483,958)</u>	<u>(498,462)</u>
Cash flows from investing activities		
Purchase of investments measured at fair value through profit or loss (current and non-current portion)	(589,405)	(258,300)
Proceeds from disposal of investments measured at fair value through profit or loss	545,437	92,866
Interest received from term deposits and loan to third parties	–	279
Proceeds from disposals of investments in an associate	–	321
Payment for acquisition of subsidiaries, net of cash acquired	(176,807)	(6,640)
Purchase of property, plant and equipment	(6,516)	(24,560)
Purchase of land use right	(324,480)	–
Proceeds from disposal of property, plant and equipment	29	1,349
Purchase of intangible assets	(429)	(135)
Payment for development costs	(177,759)	(126,524)
Loan to related parties	(33,000)	(40,619)
Repayment from a related party	–	4,000
	<u>(762,930)</u>	<u>(357,963)</u>

	Six months ended June 30,	
	2022	2021
<i>Note</i>	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	–	1,916,694
Transaction costs of share issuance	–	(19,950)
Proceeds from issuance of convertible bonds at amortised cost	–	1,929,930
Issuance costs of convertible bonds at amortised cost	–	(40,297)
Buy-back of shares	(73,903)	–
Proceeds from bank borrowings	1,126,000	543,000
Repayments of bank borrowings	(308,000)	(483,050)
Borrowing from third parties	–	241,500
Settlement of financial liabilities measured at fair value through profit or loss	–	(49,721)
Principal elements of lease payments	(25,438)	(23,617)
Capital injection from non-controlling interests	–	7,000
Payment for borrowings due to a third party	(100)	–
Increase in deposits pledged for bank borrowings	(519,474)	–
	<hr/>	<hr/>
Net cash generated from financing activities	199,085	4,021,489
	<hr/>	<hr/>
Net increase in cash and cash equivalents	(1,047,803)	3,165,064
Effect on exchange rate difference	118,925	(26,013)
Cash and cash equivalents at beginning of the period	3,809,069	1,823,976
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	2,880,191	4,963,027
	<hr/> <hr/>	<hr/> <hr/>
Cash flows relating to discontinued operations	(1,112)	(29,862)
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2022

1 GENERAL INFORMATION

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

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

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

The condensed consolidated interim financial information comprises the condensed consolidated statement of financial position as at June 30, 2022, the related condensed consolidated statement of comprehensive loss for the six-month period then ended, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the “Interim Financial Information”). The Interim Financial Information is presented in Renminbi (“RMB”), unless otherwise stated.

The Interim Financial Information has been approved for issue by the Board of Directors on August 15, 2022.

2 BASIS OF PREPARATION

The Interim Financial Information has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 ‘Interim Financial Reporting’ issued by the Hong Kong Accounting Standards Board and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended December 31, 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), as set out in the 2021 annual report of the Company dated March 28, 2022 (the “2021 Financial Statements”).

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with those used in the 2021 Financial Statements, as described in those annual financial statements, except for the newly added accounting policy of discontinued operation and the adoption of new and amended standards as set out below.

3.1 Discontinued operation

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss. The comparative figures in the condensed consolidated comprehensive loss have been restated to conform with the discontinued operation.

3.2 New and amended standards adopted by the Group

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

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

A number of new standards and amendments to standards have not come into effect for the financial year beginning January 1, 2022 and have not been early adopted by the Group in preparing the condensed consolidated financial statements. None of these is expected to have a significant effect on the condensed consolidated financial statements of the Group.

4 ESTIMATES

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

In preparing this Interim Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2021 Financial Statements.

5 SEGMENT INFORMATION

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

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

As at June 30, 2022 and December 31, 2021, substantial majority of the non-current assets of the Group were located in the PRC. Therefore, no geographical segments are presented.

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

	Subscription solutions RMB'000	Merchant solutions RMB'000	Digital media^(a) RMB'000	Total RMB'000
(Unaudited)				
Six months ended June 30, 2022				
Segment revenue	581,078	318,534	–	899,612
Segment cost of sales	<u>(227,902)</u>	<u>(74,034)</u>	<u>–</u>	<u>(301,936)</u>
Gross profit	<u><u>353,176</u></u>	<u><u>244,500</u></u>	<u><u>–</u></u>	<u><u>597,676</u></u>
(Unaudited)				
Six months ended June 30, 2021				
Segment revenue	549,617	409,755	423,708	1,383,080
Segment cost of sales	<u>(142,987)</u>	<u>(56,374)</u>	<u>(417,388)</u>	<u>(616,749)</u>
Gross profit	<u><u>406,630</u></u>	<u><u>353,381</u></u>	<u><u>6,320</u></u>	<u><u>766,331</u></u>

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

6 REVENUE

An analysis of the Group's revenue by category for the six months ended June 30, 2021 and 2022 was as follows:

	Six months ended June 30, 2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Digital commerce		
– Subscription solutions	581,078	549,617
– Merchant solutions*	<u>318,534</u>	<u>409,755</u>
	<u><u>899,612</u></u>	<u><u>959,372</u></u>
Digital media	<u><u>–</u></u>	<u><u>423,708</u></u>
Total revenue	<u><u>899,612</u></u>	<u><u>1,383,080</u></u>

* Included in merchant solutions revenue, the Group recognized variable rebates received from media publishers in current period of RMB125,423,000 (six months ended June 30, 2021: RMB1,132,000), for which the related performance obligations were satisfied in previous periods.

7 EXPENSES BY NATURE

	Six months ended June 30,	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Employee benefits expenses	1,024,299	736,061
Promotion and advertising expenses ^(a)	190,752	300,638
Depreciation and amortisation	136,917	84,454
Outsourced service fee	87,121	54,178
Server and SMS charges related to subscription solutions revenue	59,611	46,221
Depreciation of right-of-use assets	40,112	24,134
Advertising traffic cost	30,577	418,200
Utilities and office expenses	29,910	32,228
Travelling and entertainment expenses	11,582	19,625
Taxes and surcharges	8,658	7,075
Other consulting fees	5,706	7,253
Auditors' remuneration	3,127	2,407
Others	1,241	14,254
	1,629,613	1,746,728

- (a) For the six months ended June 30, 2022, promotion and advertising expenses mainly consists of amortisation expenses of contract acquisition cost of RMB98,662,000 (June 30, 2021: RMB126,282,000), and advertising expenses of RMB79,596,000, which were mainly paid and payable to Beijing Tencent Culture Media Company Limited (June 30, 2021: RMB155,494,000).

8 OTHER INCOME

	Six months ended June 30,	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Super deduction of input VAT ^(a)	24,221	45,892
Government grants	14,200	20,702
Interest income from loan to related and third parties	–	1,443
	38,421	68,037

- (a) Pursuant to the 'Announcement on Relevant Policies for Deepening the Value-added Tax Reform' (Cai Shui Haiguan [2019] 39) jointly issued by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs, the Group, as a service company, qualifies for additional 10% deduction of input value-added tax ("Super Deduction of input VAT") from output VAT since April 1, 2019.

9 OTHER GAINS, NET

	Six months ended June 30,	
	2022 <i>RMB'000</i> <i>(Unaudited)</i>	2021 <i>RMB'000</i> <i>(Unaudited)</i>
Foreign exchange gains, net	136,528	57,861
Gains from disposal of short-term investments measured at FVPL	742	1,167
Losses on disposals of investment in Growing Corporation	(855)	–
Fair value losses on disposals of financial assets measured at FVOCI	(1,550)	(7,915)
Fair value change of listed equity security investment	(13,985)	11,081
Fair value change of non-current financial assets measured at FVPL	1,429	71,590
Fair value change of current financial assets measured at FVPL	–	613
Fair value change of non-current financial liabilities measured at FVPL	–	(7,822)
Others, net	(2,130)	(1,102)
	120,179	125,473
	120,179	125,473

10 FINANCE COSTS

	Six months ended June 30,	
	2022 <i>RMB'000</i> <i>(Unaudited)</i>	2021 <i>RMB'000</i> <i>(Unaudited)</i>
Interest expenses on liability component of 2021 convertible bonds	45,492	7,745
Interest expenses on borrowings	26,494	15,026
Interest expenses on lease liabilities	5,182	5,224
Interest expenses on put option liability	2,382	–
	79,550	27,995
	79,550	27,995

11 FINANCE INCOME

	Six months ended June 30,	
	2022 <i>RMB'000</i> <i>(Unaudited)</i>	2021 <i>RMB'000</i> <i>(Unaudited)</i>
Interest income on bank deposits held for cash management purpose	9,090	7,404
	9,090	7,404
	9,090	7,404

12 TAXATION

(a) Value added tax

The Group is principally subject to 6% and 13% VAT, and surcharges on VAT payments according to PRC tax law. The Group enjoyed Super Deduction of input VAT since April 2019 (Note 8(a)).

(b) Income tax

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax/(credit)	4,309	(250)
Deferred income tax	(26,238)	(16,420)
Income tax credit	(21,929)	(16,670)

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

(i) *Cayman Islands Income Tax*

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

(ii) *Hong Kong Profits Tax*

No provision for Hong Kong profits tax was made as the Group did not have any assessable income subject to Hong Kong profits tax for the six months ended June 30, 2022.

(iii) *PRC Enterprise Income Tax*

Income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the period, based on the existing legislation, interpretations and practices in respect thereof. The general corporate income tax rate in the PRC is 25%. Certain subsidiaries of the Group in the PRC including Shanghai Weimob Enterprise Development Co., Ltd. (“Weimob Development”), Heading, Shanghai Heading Information Technology Co., Ltd. (“Heading Technology”), Shanghai Xiangxinyun Internet Technology Co., Ltd. (“Xiangxinyun”) and Shanghai Meimeng Weimob Software Technology Co., Ltd. (“Meimeng”) qualified as “high and new technology enterprises” and their taxable income were subject to a preferential income tax rate of 15% from 2020 to 2023.

(iv) *PRC Withholding Tax*

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after January 1, 2008 are generally subject to a 10% withholding income tax. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%. There is no provision of withholding tax made for the six months ended June 30, 2021 and 2022 as majority of subsidiaries incorporated in the PRC have accumulated losses as at June 30, 2021 and 2022.

13 DIVIDENDS

No dividends have been paid or declared by the Company for the six months ended June 30, 2021 and 2022.

14 LOSS PER SHARE

(a) Basic

Basic loss per share for the six months ended June 30, 2021 and 2022 are calculated by dividing the loss attribute to the Company's equity holders by the weighted average number of ordinary shares excluding those restricted ordinary shares not granted or vested during the respective periods.

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net loss attributable to the equity holders of the Company (RMB'000) from:		
Continuing operations	(607,696)	(533,621)
Discontinued operations	(852)	(24,092)
	(608,548)	(557,713)
Weighted average numbers of ordinary shares in issue	2,543,549,857	2,277,432,865
Basic loss per share (expressed in RMB per share):		
Continuing operations	(0.24)	(0.23)
Discontinued operations	-	(0.01)

(b) Diluted

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

For the six months ended June 30, 2021 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 six months ended June 30, 2021 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 six months ended June 30, 2021 and 2022 was the same as basic loss per share of the respective period.

15 PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	As at June 30, 2022 <i>RMB'000</i> <i>(Unaudited)</i>	As at December 31, 2021 <i>RMB'000</i> <i>(Audited)</i>
Non-current		
Deposits – third parties	14,445	15,555
Long term loan receivables due from a related party	5,619	5,619
	<u>20,064</u>	<u>21,174</u>
Current		
Other receivables in relation to prepayment on behalf of advertisers – third parties	770,956	805,341
Prepayments for purchasing advertising traffic	593,356	580,449
Recoverable value-added tax	60,870	75,047
Contract fulfilment cost	36,659	26,003
Other loan receivables due from third parties	34,937	3,205
Other receivables due from related parties	33,779	132,523
Deposits – third parties	30,115	25,011
Prepayments to other vendors	27,986	26,027
Receivables in relation to value-added tax refund <i>(Note 8)</i>	11,940	5,888
Prepayments for contract operation service costs	6,801	9,411
Prepayments for purchasing advertising services	5,447	3,013
Prepayments for rent and property management fee	3,285	3,947
Staff advance	2,599	3,379
Interest receivable from term-deposit	1,969	–
Prepayment to related parties	229	1,536
Others	15,420	3,699
	<u>1,636,348</u>	<u>1,704,479</u>
Less : Provision for impairment of other receivables	<u>(153,605)</u>	<u>(95,232)</u>
	<u><u>1,482,743</u></u>	<u><u>1,609,247</u></u>

16 TRADE AND NOTES RECEIVABLES

	As at June 30, 2022 <i>RMB'000</i> <i>(Unaudited)</i>	As at December 31, 2021 <i>RMB'000</i> <i>(Audited)</i>
Trade receivables due from third parties	230,181	333,197
Trade receivables due from related parties	34,621	17,624
Notes receivables	38,944	13,481
	<u>303,746</u>	<u>364,302</u>
Less: Provision for impairment of trade and notes receivables	<u>(5,387)</u>	<u>(2,834)</u>
	<u>298,359</u>	<u>361,468</u>

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

	As at June 30, 2022 <i>RMB'000</i> <i>(Unaudited)</i>	As at December 31, 2021 <i>RMB'000</i> <i>(Audited)</i>
0 – 90 days	285,014	354,446
90 – 180 days	2,362	1,417
over 180 days	16,370	8,439
	<u>303,746</u>	<u>364,302</u>

(a) Impairment of trade and notes receivables

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

As at June 30, 2022 and December 31, 2021, the carrying amounts of trade and notes receivables were primarily denominated in RMB and approximated their fair values at each of the reporting dates.

17 TRADE AND OTHER PAYABLES

	As at June 30, 2022 <i>RMB'000</i> <i>(Unaudited)</i>	As at December 31, 2021 <i>RMB'000</i> <i>(Audited)</i>
Non-current		
Loan payable to a third party	2,400	2,500
Payable related to business acquisitions	2,906	2,906
	<u>5,306</u>	<u>5,406</u>
Current		
Advance from advertisers – third parties	416,154	477,823
Payroll and welfare payables	380,390	354,132
Payable related to investments	330,192	266,322
Other taxes payable	82,698	73,009
Trade payables for purchasing advertising traffic ^(a)	40,738	134,349
Commission payable to merchants	20,343	12,876
Deposits	16,841	13,830
Amount due to related parties	13,465	241,960
Payable related to factoring cost	4,204	5,195
Auditors' remuneration accrual	3,305	4,968
Payable related to purchase non-controlling interests	2,341	2,341
Other payable and accruals	55,926	50,212
	<u>1,366,597</u>	<u>1,637,017</u>
Total	<u>1,371,903</u>	<u>1,642,423</u>

(a) As at December 31, 2021 and June 30, 2022, the aging of the trade payables was all within 3 months.

USE OF PROCEEDS FROM ISSUE OF THE 2020 CONVERTIBLE BONDS, PLACING AND ISSUE OF THE 2021 CONVERTIBLE BONDS

In May 2020, Weimob Investment Limited (the “**Bond Issuer**”), a wholly-owned subsidiary of the Company, completed the issue of convertible bonds (the “**2020 Convertible Bonds**”) and raised net proceeds of approximately US\$146.6 million. As of June 30, 2022, the Company had fully utilized the proceeds as intended. The table below sets out the details of actual usage of the net proceeds as of June 30, 2022:

Use of proceeds	Net proceeds utilized up to June 30, 2022 (US\$ million)	Unutilized net proceeds as of June 30, 2022 (US\$ million)	Expected timeline of full utilization
Improving the Group’s comprehensive research and development capabilities which mainly includes purchasing hardware equipment and paying employees’ remuneration	58.6	–	Not applicable
Upgrading the Group’s marketing system	29.3	–	Not applicable
Establishing industry funds	36.7	–	Not applicable
Supplementing working capital	22.0	–	Not applicable

In June 2021, the Company completed the placing of 156,000,000 new shares and raised net proceeds of approximately HK\$2,315.6 million. As of June 30, 2022, the Company had utilized HK\$574.7 million as intended. The table below sets out the details of actual usage of the net proceeds as of June 30, 2022:

Use of proceeds	Net proceeds utilized up to June 30, 2022 (HK\$ million)	Unutilized net proceeds as of June 30, 2022 (HK\$ million)	Expected timeline of full utilization
Improving the Group’s comprehensive research and development capabilities	111.5	1,046.3	By December 31, 2023
Upgrading the Group’s marketing system	–	347.3	By December 31, 2023
Supplementing capital for potential strategic investment and merger and acquisition and working capital	463.2	–	Not applicable
General corporate purposes	–	347.3	By December 31, 2023

In June 2021, the Bond Issuer completed the issue of the convertible bonds (the “**2021 Convertible Bonds**”) and raised net proceeds of approximately US\$293.6 million. As of June 30, 2022, the Company had utilized US\$20.4 million as intended. The table below sets out the details of actual usage of the net proceeds as of June 30, 2022:

Use of proceeds	Net proceeds utilized up to June 30, 2022 (US\$ million)	Unutilized net proceeds as of June 30, 2022 (US\$ million)	Expected timeline of full utilization
Improving the Group’s comprehensive research and development capabilities	–	146.8	By December 31, 2023
Upgrading the Group’s marketing system	–	44.0	By December 31, 2023
Supplementing capital for potential strategic investment and merger and acquisition and working capital	20.4	38.4	By December 31, 2023
General corporate purposes	–	44.0	By December 31, 2023

INTERIM DIVIDEND

The Board did not declare any interim dividend for the six months ended June 30, 2022.

CORPORATE GOVERNANCE

The Group is committed to maintaining a high standard of corporate governance to safeguard the interests of its shareholders and enhance its value and accountability. The Company has adopted the principles and code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) (the “**Corporate Governance Code**”).

During the six months ended June 30, 2022, the Company has complied with all the applicable code provisions under the Corporate Governance Code with the exception for the deviation from code provision C.2.1 of the Corporate Governance Code.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Specific enquiry has been made to all Directors and each of the Directors has confirmed that he has complied with the required standards as set out in the Model Code during the six months ended June 30, 2022.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SHARES

During the six months ended June 30, 2022, the Company has purchased a total of 14,783,000 shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with an aggregate amount of HK\$90,451,712, pursuant to the share buy-back mandate approved by our shareholders at the annual general meeting held on June 29, 2021. The bought-back shares were subsequently cancelled. Details of shares purchased during the six months ended June 30, 2022 are set out as follows:

Month of repurchases	Number of shares purchased on the Stock Exchange	Price paid per share		Aggregate consideration paid (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
January 2022	9,010,000	7.37	5.63	60,474,616
February 2022	5,773,000	5.42	4.94	29,977,096

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company’s listed securities during the six months ended June 30, 2022.

SUBSEQUENT EVENT

No significant events have taken place to subsequent June 30, 2022 and up to the date of this announcement.

AUDIT COMMITTEE

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

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

PUBLICATION OF INTERIM RESULTS AND 2022 INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.weimob.com). The interim report of the Company for the six months ended June 30, 2022 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
August 15, 2022

As at the date of this announcement, the Board comprises Mr. SUN Taoyong, Mr. FANG Tongshu, Mr. YOU Fengchun and Mr. HUANG Junwei as executive Directors; and Mr. SUN Mingchun, Mr. LI Xufu and Mr. TANG Wei as independent non-executive Directors.

* *For identification purpose only*