Weimob 微盟

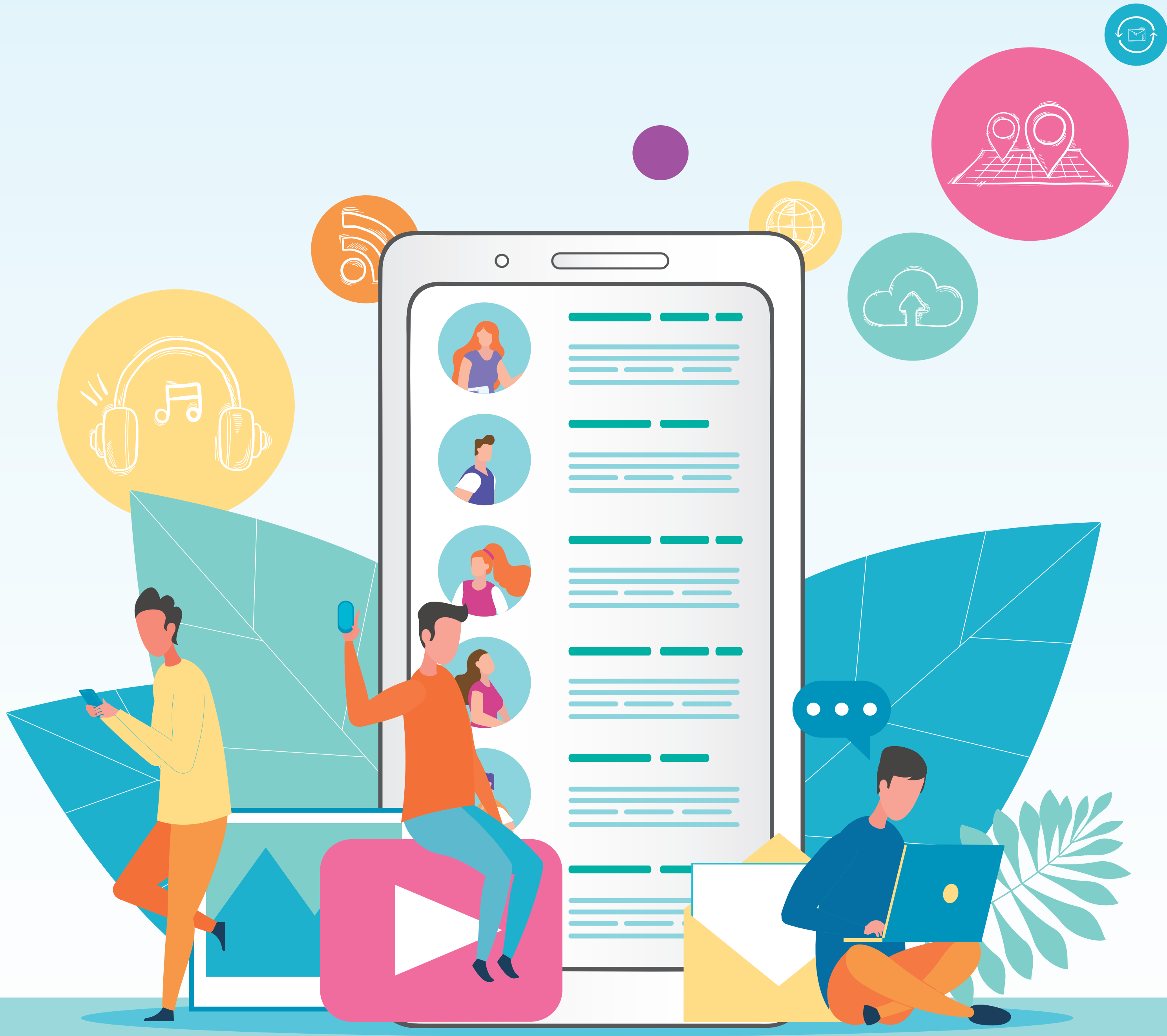
WEIMOB INC.
微盟集團*

(Incorporated in the Cayman Islands with limited liability)

（於開曼群島註冊成立之有限公司）

Stock Code 股份代號：2013

Annual Report 年度報告 2022



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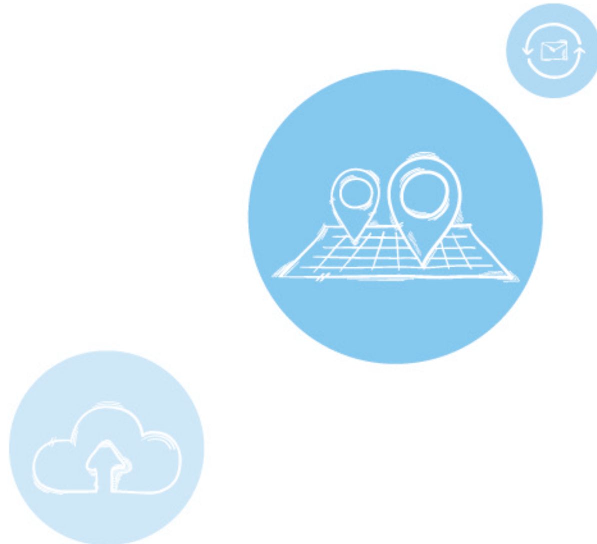

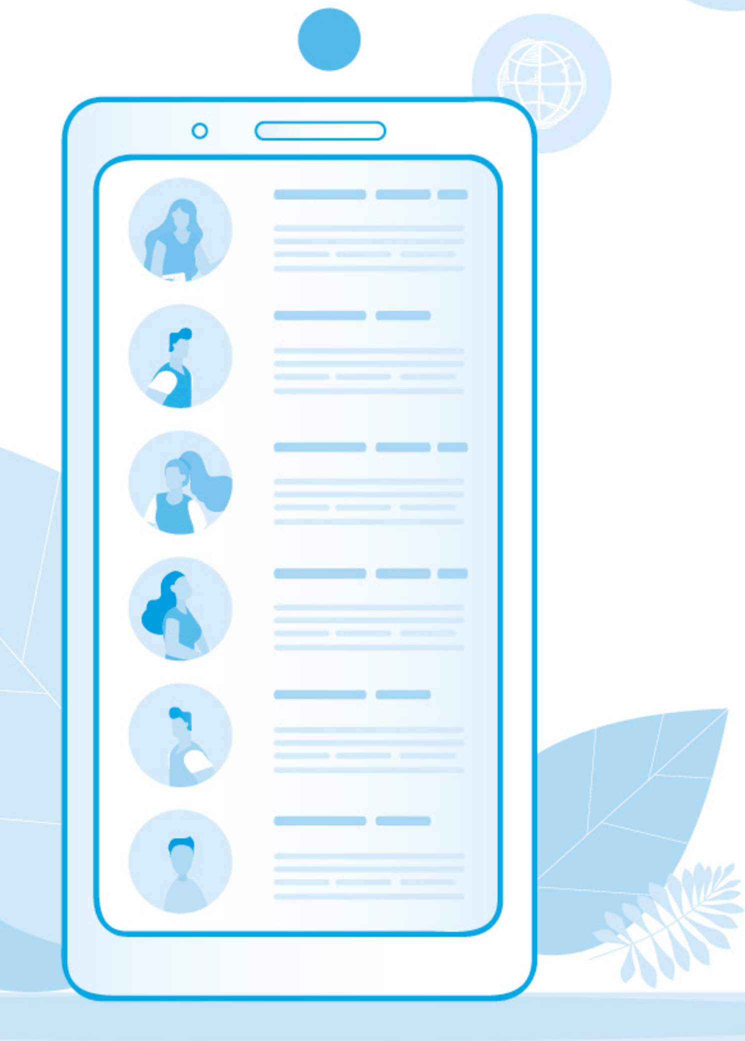

Contents

CORPORATE INFORMATION

DIRECTORS

Executive Directors

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

Independent Non-executive Directors

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

JOINT COMPANY SECRETARIES

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

AUDITOR

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

LEGAL ADVISOR

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

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

PRINCIPAL BANKERS

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Pilot Free Trade Zone Branch
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Shanghai
PRC

China CITIC Bank Co., Ltd.
Waitan Branch
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Shanghai
PRC

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

CORPORATE INFORMATION

AUTHORIZED REPRESENTATIVES

Mr. SUN Taoyong
Ms. NG Sau Mei

REGISTERED OFFICE

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Grand Cayman, KY1-1104
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Maples Fund Services (Cayman) Limited
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Grand Cayman, KY1-1102
Cayman Islands

HONG KONG SHARE REGISTRAR

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

STOCK CODE

2013

COMPANY'S WEBSITE

www.weimob.com

FINANCIAL SUMMARY AND OPERATIONAL HIGHLIGHTS

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE (LOSS)/INCOME

	Year ended December 31,				
	2022[1]	2021	2020	2019	2018
			(RMB'000)		
Revenue	**1,838,988**	2,685,686	2,064,362[2]	1,436,787	865,031
Gross profit	**1,090,651**	1,516,475	1,098,167[2]	797,130	517,649
Operating (loss)/gain	**(1,849,652)**	(761,061)	103,289[2]	37,767	(41,892)
(Loss)/profit before income tax	**(1,989,738)**	(844,330)	(1,144,067)	328,406	(1,090,597)
(Loss)/profit for the year	**(1,918,874)**	(853,243)	(1,166,379)	311,308	(1,091,207)
Total comprehensive (loss)/income for the year	**(1,901,568)**	(860,664)	(1,166,379)	311,308	(1,094,690)
Adjusted EBITDA	**(1,177,800)**	(320,277)	299,157	167,808	72,609
Adjusted net (loss)/profit	**(1,548,000)**	(566,031)	107,504	77,340	50,838

Notes: (1) *All financial figures mentioned thereafter refer to financial performance from continuing operations.*
(2) *Excluding SaaS sabotage event.*

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Year ended December 31,				
	2022	2021	2020	2019	2018
			(RMB'000)		
Assets					
Non-current assets	**3,028,205**	2,918,998	1,633,180	448,757	234,412
Current assets	**4,942,511**	6,517,563	4,221,034	2,855,158	846,335
Total assets	**7,970,716**	9,436,561	5,854,214	3,303,915	1,080,747
Equity					
Capital and reserves attributable to equity holders of the Company	**2,149,545**	4,063,473	1,048,017	1,990,103	(2,431,382)
Non-controlling interests	**91,501**	150,345	204,473	(295)	(1,154)
Total equity/(deficit)	**2,241,046**	4,213,818	1,252,490	1,989,808	(2,432,536)
Liabilities					
Non-current liabilities	**1,980,861**	2,429,802	2,231,699	140,285	2,899,976
Current liabilities	**3,748,809**	2,792,941	2,370,025	1,173,822	613,307
Total liabilities	**5,729,670**	5,222,743	4,601,724	1,314,107	3,513,283
Total equity and liabilities	**7,970,716**	9,436,561	5,854,214	3,303,915	1,080,747

CHAIRMAN'S STATEMENT

Dear Shareholders,

2022 was an extremely challenging year. There were unprecedented challenges from the international situation to the domestic economy at the macro level and from the corporate business expansion to individual economic entities at the micro level. As the past experience and development path may no longer be suitable at this stage, we had to reflect on ourselves and make changes with our focus shifting from revenue to efficiency and from growth to quality improvement. After two rounds of personnel adjustments in 2022, we have truly experienced transition contradictions and temporary pains, but we firmly stuck to our long-term strategy of reducing costs and increasing efficiency. As a Chinese poem reads, "Past a fallen ship, one thousand sail onward", we believe we can achieve a better growth under new circumstances with streamlined organization.

In 2022, we launched WOS, a new business operating system, and established a technological foundation featured by "SaaS + PaaS platform + ecological innovation and sharing". After the migration of all existing customers, we successfully enhanced our research and development efficiency and enabled our customers to reduce costs and increase efficiency. Our smart retail products have penetrated into more industries and became the first choice of retail group companies and industrial retail companies, leading to a further increase in the percentage of revenue. We have launched the "Channel Marketing Tool" solution to deeply explore the commercialization of video accounts and promote the growth of our performance, thus enhancing the core competitiveness of the Group in the industry. Meantime, the headquarters building of Weimob officially started construction in Baoshan District of Shanghai in 2022 with effective financial support from a number of banks. Through reducing costs, increasing efficiency and expanding capital sources from several channels, the Company gained sufficient cash reserves and a sound financial structure.

Thanks to the long-term trust and support from all Shareholders in this extraordinary year, we have full confidence in the long-term development of Weimob Group. With the recovery of the Chinese economy and the restoration of confidence in Chinese companies and the consumer market, the digital transformation of industries showed a positive trend and we expect that Weimob Group will make further progress in its business development and internal governance in 2023.

On behalf of Weimob Inc., I would like to present to you the financial position and operating highlights of the Company for the year ended December 31, 2022, review the business development of the Company in 2022 and summarize its strategy and outlook for 2023.

CHAIRMAN'S STATEMENT

2022 RESULTS HIGHLIGHTS

In 2022, we continued to adhere to the Group's three major strategies of moving up-market, ecosystem build-up and globalization, and invested in R&D for a long time. Our new WOS business operating system was successfully launched in 2022, creating a decentralized "digital infrastructure eco-base" and demonstrating our sensitivity and execution ability to raise the technological barriers to industry competition. Our SaaS subscription business performance maintained growth and the share of smart retail revenue continued to increase. We deeply synergized with Tencent strategy and actively explored the path of video account commercialization to empower retail enterprises to develop operational capabilities for multi-channel public and private domain traffic. Our business was growing resiliently.

Our total revenue[(1)] for 2022 reached RMB1,839 million, representing a decrease of 6.5% as compared to last year. The adjusted gross profit[(1)] decreased by 26.2% from RMB1,517 million in 2021 to RMB1,120 million in 2022, mainly due to the tightening of advertising budgets of merchants, which led to the intensification of competition among the industry and a higher year-on-year decrease in gross profit of Merchant Solutions, impacted by the pandemic and the macro environment. The adjusted net loss was RMB1,548 million, mainly because of a greater impact of pandemic and lockdown on the Company's business development; the deferred impact of increase in 2021 R&D investment, with staff cost reduction and efficiency gains not fully reflected throughout 2022. Also affected by the macro environment, we recorded fair value change of investments and specific provision for credit loss on financial assets of RMB568 million in aggregate; meanwhile, our net operating cash outflow throughout the year was RMB730 million, significantly lower than the adjusted net loss. It is worth noting that our total revenue for the second half of 2022 was RMB939 million, of which revenue from Subscription Solutions was RMB711 million, increased by 22.3% sequentially from the first half of the year, gross revenue from Merchant Solutions advertising for the second half of the year was RMB5,800 million, increased by 37.9% sequentially from the first half of the year, and operating cash outflow for the second half of the year was RMB246 million, decreased by 49.2% sequentially from the first half of the year. As of December 31, 2022, our cash and bank balances reached RMB3,066 million, with a healthy and stable financial structure.

For the year ended December 31, 2022, our revenue from Subscription Solutions was RMB1,292 million, representing a year-on-year increase of 8.7%, the number of paying merchants decreased by 3.1% to 99,604, and the ARPU increased by 12.2% to RMB12,968. Revenue from Merchant Solutions was RMB547 million, representing a year-on-year decrease of 29.7%; the number of paying merchants decreased by 7.0% to 53,855. Under the impact of the pandemic and the macro economy, the advertising budgets of merchants tightened, competition among the industry intensified, and the ARPU decreased by 24.5% to RMB10,163. We assisted merchants in the placement of a gross billing of RMB10.01 billion, representing a year-on-year decrease of 8.6%, and it stabilized and recovered in the second half of 2022, representing a year-on-year increase of 9.3%.

The Group continued to promote the implementation of three major strategies of "moving up-market", "ecosystem build-up" and "globalization". In terms of moving up-market, our revenue from Smart Retail amounted to RMB513 million for the whole year, representing a year-on-year increase of 20.4% and an organic year-on-year increase of 45.5%, still in relatively strong growth. Revenue from Smart Retail accounted for 40.0% of revenue from Subscription Solutions. It is expected that the proportion will increase to nearly 50% in 2023 and nearly 70% in 2025. We have also officially become the operation service provider for the WeChat video account, and launched the "Video Accounts ("VA") Marketing Tool" solution in December 2022, which can enhance the full-chain marketing service capabilities with "video accounts" as the carrier and provide customers with a closed-loop marketing from live streaming sales in the public domain to the operating growth of users in the private domain.

In terms of ecosystem, we rolled out WOS, the first decentralized commercial operating system in the industry. WOS provided enterprises with a digital business infrastructure featured with "rapid iteration, high integration, expandability and flexible customization". Since its launch, WOS has attracted 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) and 3trees (三棵樹). As such, the speed of entering mini program of enterprises merchants increased by 30%, and the traffic carrying capacity increased by two to eight times. At present, WOS has launched 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 2022, 115 high-quality ecosystem partners newly joined the Weimob Cloud Platform, and over 1,700 cloud market applications and services were newly developed and released. Weimob Cloud worked with ecosystem partners to launch the "Beidou Star Service Provider Selection Program (北斗星服務商評選計劃)" and selected 21 ecosystem partners as Weimob Cloud Beidou Star service providers for whom we provided our platform capabilities and business innovation opportunities. By the end of 2022, Weimob Cloud Platform has launched 2,541 applications and services with order revenue reaching more than RMB15 million.

In terms of globalization, the Company established cooperation with foreign mainstream media including Google, Facebook and TikTok. Our ShopExpress has introduced the "sailing overseas to obtain global orders (跨境揚帆, 全球搶單)" program to provide cross-border companies with refined and professional agency operation, so as to support the post-pandemic economic recovery and help cross-border companies obtain overseas orders. Our ShopExpress has launched full-chain, digital and international solutions for B2B industries including machinery, lighting, automobile and motorcycle parts and electronic components.

During the reporting period, our market recognition and influence were further improved. In particular, we were included in the list of "2021 China Top 500 New Economy Enterprises", the "Shanghai Top 100 Digital Trade Innovation Companies" and the "Shanghai Enterprise Technology Centers", and were honored the "Growth Value Award of the Year" by Guru Club, the "Most Valuable Investment Award of the Year" by Cailian Press, the "Best Hong Kong Stock Connect Companies" by Zhitongcaijing.com, and the gold celebrity award and the excellent brand award in "2022 Kuaishou Magnetic Golden Bull Competition for Million Award (2022 快手磁力金牛百萬奪金爭霸賽)". Mr. Sun Taoyong, the Chairman and Chief Executive Officer of the Group, was honored the "Pioneer of 2022 Shanghai Urban Digital Transformation" and the "Outstanding Development Leader Award" by JRJ.com.

The Company also actively fulfilled its corporate social responsibilities, supported the development of the real economy, and promoted the digital transformation of industries in Shanghai. During the COVID-19 outbreak in Shanghai, the Group launched the "Spring Rain" plan to support small and medium merchants in the fight against the pandemic and provided a free exposure of up to a million-level traffic in a single event, so as to help drive public traffic for cooperative brands in different industries. The Company offered digital tools to help a series of fresh merchants, such as "Caixiaorui", "Counting Delicious" and "Haitianxia", and traditional vegetable markets to set up mini program malls. During the pandemic period, it provided services for a total of 450,000 residents in 3,568 communities, ensuring their "Vegetable Basket" supply. In addition, the Group donated 21 tons of emergency daily life and medical supplies to residents where the headquarters is located, mobilized resources from various parties, and fully promoted staff volunteers to participate in the Shanghai anti-epidemic campaign.

CHAIRMAN'S STATEMENT

In July 2022, the foundation stone laying ceremony of the headquarters building of the Group was launched. In an effort to make the headquarters building a new landmark for the cloud services of Chinese companies, we performed the mission to "support the digital transformation and upgrade of enterprises and drive business innovation through technologies, thus making business more intelligent" and actively responded to the goal of developing Shanghai as a major center for science and technology innovation.

In 2022, we rethought our past experience and development path and made changes, from revenue priority to efficiency priority, from growth priority to high-quality growth priority. We have experienced two rounds of staff adjustment in 2022, and it is our long-term and firm strategy to reduce costs and increase efficiency. The alternation of old and new is the theory of nature, we believe that we can achieve better growth in the new situation with a light burden.

BUSINESS REVIEW

In 2022, we continued to invest in promoting the digital infrastructure, expanding video accounts and private domain operations, and training digital talents, with a view to seeking for high quality, efficiency improvement and technological upgrading. Our key performances of the principal businesses and products during the reporting period are set out as below:

Subscription Solutions:

Our Subscription Solutions mainly provides SaaS software for e-commerce retail, catering, local life and other industries, enabling merchants to carry out private traffic management. During the reporting period, our revenue from Subscription Solutions was RMB1,292 million, representing a year-on-year increase of 8.7%, the number of paying merchants was 99,604, and the ARPU increased by 12.2% to RMB12,968.

As of December 31, 2022, we had 6,054 merchants in Smart Retail, and the revenue from Smart Retail was RMB513 million, representing a year-on-year increase of 20.4% and an organic year-on-year increase of 45.5%, and accounting for 40.0% of our revenue from Subscription Solutions. Among them, there were 1,212 branded merchants, each with an average contract value of RMB201 thousand. Weimob Smart Retail is becoming the preferred service provider for retail group enterprises, such as Marisfrolg Group, Joeone Group, Youngor Group, Fastfish Group, Uni-President Group, Huangshanghuang Group and Blue Moon. By serving conglomerates and large retailers, our Smart Retail has further increased its influence in KA market, 47% of the top 100 fashion retailers, 43% of the top 100 commercial properties and 35% of the top 100 chain convenience stores in China are using our services. In 2023, we will continue to digitalize retailers through various aspects such as system, technology, business, and ecology, to achieve win-win cooperation.

As video accounts became a powerful tool to combine public and private domains, the leading merchants for which the Group provided services recorded an average daily live streaming of up to 11 hours in 2022, with an average monthly live streaming of 26.7 days. During the Third 616 Weimob Retail Shopping Festival, the business scale of merchants in the Weimob video account live streaming segment hit a new high, and some branded merchants achieved over 200% GMV goals.

In 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 promoted to form the complete chain from content recommendation to transaction transformation in the ecosystem of Xiaohongshu for merchants.

In order to promote the resilient growth of retail companies in the stock era and serve the digital upgrade of the real economy, we organized the "Weimob Shopping Guide Competition" with focus on "digital shopping guides" to increase sales, reduce inventories, improve efficiency and serve consumers. Over 200,000 first-line shopping guides and nearly 100 renowned brands participated in this competition. During the competition, the performance of participating merchants increased by 64.5% year-on-year; the number of new customers obtained by participating shopping guides increased by 160% year-on-year, and the performance of participating shopping guides increased by 81% year-on-year; the closed-shop performance of participating merchants increased by 37% month-on-month; and the number of live streaming viewers on the final night exceeded 530,000.

In terms of Smart Catering, we have made strategic adjustments to our product operation services, and deeply penetrated into the large-scale Chinese food industry through the "three-store integration and private domain operation". Meantime, in order to promote the digital upgrade of catering companies, we implemented the program of doubling cash flows and new customer flows to increase the cash flows and new customer flows of various catering companies in the post-pandemic era. 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 1,619 international and domestic high-end branded hotel groups and their single stores. Along with the recovery of the tourism sector after the pandemic, Xiangminiao has opened up Douyin, and has created a single shop campaign of RMB7.5 million and RMB5 million of GMV in Douyin. At the same time, it has exported a refined operation methodology that can be replicated by the Douyin project, and deployed Xiangminiao to the Douyin market.

Weimob WeCom Assistant is an Integrated Marketing and Sales Smart 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 refined 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, activation 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. As of December 31, 2022, our revenue from WeCom Assistant increased year-on-year by over 300%. The number of communities and external contacts of the merchants it serves maintained rapid growth. It has now covered more than 10 million 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.

Meanwhile, "Xiaoke (銷氪)" of Sales 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. Combining core capabilities of smart outbound call with several reach and communication tools and capitalizing on private domain operation capabilities from mini program malls and WeCom Assistant, "Xiaoke" provides L2C business companies with SaaS tools and accompanying operation services for post-chain sales and operations, enabling the human-machine collaboration and automation in the user reach and marketing and sales stages. At present, it has established cooperation with numerous leading brands covering education, life services, consumer goods and retail industries.

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.

Due to the impact of internal and external conditions in 2022 including resurgence of COVID-19 in China, turbulent international situations and trade conflicts, the digital transformation became a strategic choice for enterprises to cope with uncertain market conditions. As such, the Company expanded the penetration of its TSO full-chain marketing strategy into different industries and scenarios.

During the reporting period, our revenue from Merchant Solutions was RMB547 million, representing a year-on-year decrease of 29.7%. We provided services to 53,855 paying merchants, and the ARPU decreased by 24.5% to RMB10,163. The gross billing from targeted marketing for merchants to acquire traffic was RMB10.01 billion, and it stabilized and recovered in the second half of 2022, representing a year-on-year increase of 9.3%.

We continued to strengthen our capabilities in the advertising and marketing innovation, in-depth penetration into industries and brand-efficiency synergy, empowered brand customers in various regions to achieve long-term growth, and further expanded into overseas markets to tap the value of private domain marketing for branded merchants in all industries. Currently, our services covered over 20 industries such as food, clothing, beauty, 3C and home decoration. In 2022, there were nearly 600 merchants receiving our TSO full-chain marketing services, including over 100 KA branded merchants, GMV growth for TSO merchants was over 100% year-on-year.

In terms of the breadth of public domain traffic, we continued to enhance our advertisement cooperation with Tencent, such as the placement and application of advertisements on Souyisou (搜一搜), video accounts and other new resources, and strengthened our in-depth cooperation with domestic and overseas mainstream media channels, such as Kuaishou, Xiaohongshu, Douyin, Google, Meta and TikTok. In terms of improving the traffic conversion rate of branded merchants, leveraging our advantages in SaaS technology and digital operation capabilities and relying on our products including WeiMall, WeCom Assistant and VA Marketing Tool, we provided branded merchants with a complete digital marketing matrix, and integrated one-stop marketing services with private domain operations empowered by data technology, thereby achieving a high-quality growth in the integration of full-chain services.

In terms of the video account content, we have successively set up short video livestreaming bases in Shanghai and Changsha, which aim to establish an integrated base for short video making, creative content planning, live streaming operation services and placement of advertisement and meet diversified marketing needs of domestic and overseas customers. At present, our short video livestreaming bases had over 100 million square meters of indoor and outdoor scenes and over 35 professional livestreaming rooms, with more than 100,000 short videos delivered each year.

We have promoted the growth of our international businesses while exploring to help Chinese merchants gain new growth in overseas markets. In order to support the post-pandemic economic recovery and help cross-border companies obtain overseas orders in a timely manner, our ShopExpress has introduced the "sailing overseas to obtain global orders (跨境揚帆, 全球搶單)" program to provide merchants with refined and professional agency operation and enable Chinese enterprises to explore overseas markets.

BUSINESS OUTLOOK

In 2023, we will focus on the following major directions:

1. **Improving products and services and enhancing penetration rate in KA market.** We will continue to improve our products and services, promote the strategy of moving up-market to increase our market share, serve high-quality customers, continuously enhance the unit value of our products and services, and further increase the proportion of revenue from KA market to our revenue. To achieve this, we have launched a plan, by hook or by crook, and it is expected that by 2030, there will be more than 100 customers with tens of millions of revenue and more than 1,000 customers at million-level.

2. **Investing in product technology infrastructure continuously and collaborating on new business ecosystem of WOS.** We will continue to invest in technical infrastructure to ensure the leading position of Weimob product technology in the industry, and will incorporate more ecosystem partners into our new WOS commercial operating system and carry out personalized and customized development relying on the digital business infrastructure of WOS, thus create a new digital business ecosystem featured with joint work, sharing and win-win cooperation.

3. **Closely monitoring new technology directions such as AI and exploring opportunities at the application level.** We are open and keen to embrace the new technologies and its development, and are actively exploring GPT, Bard, ERNIE, etc. and self-developed in certain fields through open-source technology. We believe there are many possibilities and opportunities brought by the new technologies in the application level. In the context of retail industry, we have already started to explore in the fields of advertising and marketing, data intelligence, operation efficiency, and user experience, etc. It is our belief that with the new technologies, we can enable merchants to do business smarter and more efficient in the future.

4. **Internal strategic interoperability to drive high-quality growth.** After the launch of the new WOS commercial operating system, we will integrate our ecosystem with the strategy of moving up-market and cultivate the minds of users through the strategy of moving up-market and enhance user stickiness through our ecosystem, at the same time, the internal team will work together to expand the scale of high quality customers and facilitate high quality growth of the Group's business.

5. **Strategic synergy with Tencent, increased investment in video account.** We will continue to collaborate with Tencent on strategic direction and upgrade the operation services for video accounts, promote the commercial process of video accounts, and support merchants to establish a whole chain of "attracting traffic from public domain – live streaming sales – accumulation in private domain" via video accounts, thereby securing the combined operation of public and private domains.

6. **Deepening TSO full-link layout and expand international business.** We will deepen our cooperation with major foreign media channels, through the "sailing overseas to obtain global orders" program, we will enable the efficient operation of cross-border merchants and promote the development of our global businesses.

Down the road we will see strong winds and great tides. Under more coordination and alignment of macro-control policies and optimized COVID-19 prevention and control policies in 2023, China will see an overall improvement in economic operations, and the SaaS industry will also seize opportunities from the digital transformation of enterprises to rebound from the bottom. In 2023, we will stick to the long term principles, keep on doing the right things despite all the difficulties, and provide better products and valuable services for the market and customers. In the future, our core direction is to enable our customers to increase their revenue and to be the best partner of our customer to promote their business growth, so as to achieve our mutual development, and create greater value for our shareholders and investors.

MANAGEMENT DISCUSSION AND ANALYSIS

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
		(Restated)
Continuing operations		
Revenue	**1,838,988**	1,966,908
Cost of sales	**(748,337)**	(465,405)
Gross profit	**1,090,651**	1,501,503
Selling and distribution expenses	**(1,637,126)**	(1,655,506)
General and administrative expenses	**(995,393)**	(805,086)
Net impairment losses on financial assets	**(170,803)**	(77,252)
Other income	**112,655**	123,280
Other (losses)/gains, net	**(249,636)**	200,747
Operating loss	**(1,849,652)**	(712,314)
Finance costs	**(171,063)**	(91,133)
Finance income	**21,322**	15,563
Share of net (loss)/gain of associates accounted for using the equity method	**(4,344)**	6,991
Change in fair value of convertible bonds	**13,999**	(14,690)
Loss before income tax	**(1,989,738)**	(795,583)
Income tax credit/(expenses)	**70,864**	(20,068)
Loss from continuing operations	**(1,918,874)**	(815,651)
Discontinued operations		
Loss from discontinued operations	**(852)**	(37,592)
Loss for the year	**(1,919,726)**	(853,243)
Loss attributable to:		
– Equity holders of the Company	**(1,828,566)**	(783,023)
– Non-controlling interests	**(91,160)**	(70,220)

Key Operating Data

The following table sets forth our key operating data for the years ended/as of December 31, 2022 and 2021.

	Year ended/as of December 31,	
	2022	2021
Subscription Solutions		
Addition in number of paying merchants	**23,568**	27,690
Number of paying merchants	**99,604**	102,813
Attrition rate(1)	**26.0%**	23.3%
Revenue (RMB in millions)	**1,291.7**	1,187.8
ARPU(2) (RMB)	**12,968**	11,553
Merchant Solutions		
Number of paying merchants	**53,855**	57,909
Revenue (RMB in millions)	**547.3**	779.1
ARPU (RMB)	**10,163**	13,454
Gross billing (RMB in millions)	**10,010.5**	10,947.8

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,	
	2022	2021
	%	%
Total revenue growth	**(6.5)**	57.8[1]
Adjusted gross margin[2]	**60.9**	77.1
Adjusted EBITDA margin[3]	**(64.0)**	(13.9)
Net margin[4] attributable to equity holders of the Company	**(99.4)**	(37.9)
Adjusted net margin[5] attributable to equity holders of the Company	**(77.0)**	(24.7)

Notes:

(1) Equals total revenue before deducting compensation for SaaS sabotage event divided by total revenue for the year and multiplied by 100%.

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

(3) 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.

(4) Equals net profit/(loss) attributable to equity holders of the Company divided by revenue for the year and multiplied by 100%.

(5) 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

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 year ended December 31, 2022 due to the discontinued operation of Digital Media.

Our total revenue decreased by 6.5% from approximately RMB1,966.9 million in 2021 to approximately RMB1,839.0 million in 2022, primarily due to the decrease in revenue from Merchant Solutions. The following table sets forth a breakdown of our revenue by business segments for the years indicated.

	Year ended December 31,			
	2022		2021	
	(RMB in millions, except percentages)			
Revenue	**Revenue per financial statement**	**%**	Revenue per financial statement	%
– Subscription Solutions	**1,291.7**	**70.2**	1,187.8	60.4
– Merchant Solutions	**547.3**	**29.8**	779.1	39.6
Total	**1,839.0**	**100**	1,966.9	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 Catering (智慧餐飲), Smart Hotel (智慧酒店), Heading ERP (海鼎ERP) and others. Based on our WOS and PaaS, we also provide key accounts customization services, and offer applications developed by third-party vendors on the WOS.

Revenue from Subscription Solutions increased by 8.7% from approximately RMB1,187.8 million in 2021 to approximately RMB1,291.7 million in 2022. As a result of pandemic and a challenging macro environment, the number of newly acquired merchants was less than that of the prior year and the attrition rate of merchants, especially small and medium merchants, increased. Hence, the number of paying merchants decreased by approximately 3.1% from 102,813 by the end of 2021 to 99,604 by the end of 2022. Despite the headwinds, the Company continued to drive forward the strategy of moving up-market and enhanced the ARPU by 12.2% from RMB11,553 in 2021 to RMB12,968 in 2022.

Merchant Solutions

	Year ended December 31,		
	2022	2021	Year-on-year change
	(RMB in millions, except percentages)		
Merchant Solutions			
Gross billing	**10,010.5**	10,947.8	(8.6%)
Revenue	**547.3**	779.1	(29.7%)

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 our Merchant Solutions decreased from approximately RMB10,947.8 million in 2021 to approximately RMB10,010.5 million in 2022, primarily attributable to the decrease in the number of paying merchants from 57,909 in 2021 to 53,855 in 2022, as well as a decrease in average spend per advertiser from RMB189,051 in 2021 to RMB185,877 in 2022 due to macro headwind and pandemic impact throughout the year, which contributed to shortfall in new customer development and customer advertising budget cut.

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 decreased by 29.7% from approximately RMB779.1 million in 2021 to approximately RMB547.3 million in 2022, as a result of the decrease in gross billing for reasons aforementioned as well as the decrease in the net rebates, due to challenging macro and industrial environment and heated pricing competition within channels.

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,			
	2022		2021	
	(RMB in millions, except percentages)			
Cost of sales				
Advertising traffic cost	**91.0**	**12.2%**	37.1	8.0%
Staff costs	**133.9**	**17.9%**	131.6	28.3%
Broadband and hardware costs	**47.3**	**6.3%**	58.9	12.6%
Contract operation services costs	**211.6**	**28.3%**	131.2	28.2%
Amortization of and impairment provision for intangible assets	**250.8**	**33.5%**	100.8	21.6%
Taxes and surcharges	**12.6**	**1.7%**	4.4	1.0%
Depreciation	**1.1**	**0.1%**	1.4	0.3%
Total	**748.3**	**100%**	465.4	100%

Our cost of sales increased by 60.8% from RMB465.4 million in 2021 to RMB748.3 million in 2022, primarily because (i) our advertising traffic cost increased from RMB37.1 million in 2021 to RMB91.0 million in 2022, in line with growing budget from key account merchants to obtain traffic as part of their TSO services; (ii) our operation services costs increased from RMB131.2 million in 2021 to RMB211.6 million in 2022, in line with the strong growth in the operating service to our key account merchants; and (iii) our amortization of and impairment provision for intangible assets increased RMB150.0 million from RMB100.8 million in 2021 to RMB250.8 million in 2022, due to (a) an increase of RMB136.0 million arising from amortisation of sustained investment in R&D in prior years to build up WOS and upgrade SaaS products and functionalities; and (b) an increase of RMB14.0 million from amortization and impairment loss of intangible assets of invested companies, which is the reconciliation item under Non-HKFRS measures as listed below.

Excluding the above Non-HKFRS items, our adjusted cost of sales increased by 59.7% from RMB450.2 million in 2021 to RMB719.1 million in 2022 (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,			
	2022		2021	
	(RMB in millions, except percentages)			
Cost of sales				
– Subscription Solutions	**522.5**	**69.8%**	338.9	72.8%
– Merchant Solutions	**225.8**	**30.2%**	126.5	27.2%
Total	**748.3**	**100%**	465.4	100%

Subscription Solutions

Cost of sales of our Subscription Solutions increased by 54.2% from RMB338.9 million in 2021 to RMB522.5 million in 2022, primarily due to (i) an increase of RMB42.4 million in our contract operation service costs, which was in line with the revenue growth relating to operating services to key accounts merchants; and (ii) an increase of RMB150.0 million in amortization and impairment loss of intangible assets due to the high R&D investment in prior years, as well as the amortization and impairment loss of intangible assets of invested companies, which is the reconciliation item under Non-HKFRS measures as listed below.

Excluding the above Non-HKFRS items, the adjusted cost of sales of our Subscription Solutions increased by 52.4% from RMB323.7 million in 2021 to RMB493.3 million in 2022 (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 our Merchant Solutions increased by 78.6% from RMB126.5 million in 2021 to RMB225.8 million in 2022, primarily due to the increase in traffic costs, as well as 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,					
	2022			2021		
	Gross profit	**%**	**Gross margin**	Gross profit	%	Gross margin
	(RMB in millions, except percentages)					
– Subscription Solutions	**769.2**	**70.5**	**59.5%**	848.9	56.5	71.5%
– Merchant Solutions	**321.5**	**29.5**	**58.7%**	652.6	43.5	83.8%
Total	**1,090.7**	**100.0**	**59.3%**	1,501.5	100.0	76.3%

Our gross profit decreased by 27.4% from approximately RMB1,501.5 million in 2021 to approximately RMB1,090.7 million in 2022, primary due to the decrease in gross margin in both Subscription Solutions and Merchant Solutions.

The gross margin of our Subscription Solutions decreased from 71.5% in 2021 to 59.5% in 2022, primary due to slower revenue growth due to tough business environment for our merchants, the high research and development costs capitalized in previous years and the amortization so caused, as well as the amortization & impairment loss of intangible assets of invested companies, which is the reconciliation item under Non-HKFRS measures as listed below.

Excluding the above Non-HKFRS items, the gross margin of our Subscription Solutions decreased from 72.7% in 2021 to 61.8% in 2022 (Adjusted cost, please refer to the section "Non-HKFRS Measures: Adjusted Revenue, Adjusted EBITDA and Adjusted Net Loss" below).

The gross margin of our Merchant Solutions decreased from 83.8% to 58.7% due to the changes in revenue mix as, in addition to the relatively high gross margin from targeted marketing net rebate revenue, the gross margin of targeted marketing operation service, TSO service and credit technology solutions were relatively low.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by 1.1% from RMB1,655.5 million in 2021 to RMB1,637.1 million in 2022, primarily due to the following items: (i) decrease in marketing and promotion expenses from RMB287.6 million in 2021 to RMB228.6 million in 2022 as a result of cost control as well as the pandemic impact during the year; (ii) decrease in contract acquisition costs from RMB261.6 million in 2021 to RMB200.2 million in 2022, in line with the decline in revenue from channels; and (iii) increase in staff costs for our sales and marketing personnel from RMB950.1 million in 2021 to RMB1,046.1 million in 2022. Excluding the Non-HKFRS items (share-based compensation), adjusted staff costs increased by RMB115.1 million from RMB897.1 million in 2021 to RMB1,012.2 million in 2022, which is elaborated in "Employee Benefits" below. Two rounds of organization optimization enabled us to decrease the adjusted staff costs by RMB5.2 million from RMB508.7 million in the first half of 2022 to RMB503.5 million in the second half of 2022.

General and Administrative Expenses

Our general and administrative expenses increased by 23.6% from RMB805.1 million in 2021 to RMB995.4 million in 2022, primarily due to (i) the decrease in other general and administrative expenses mainly including rental and traveling expenses as a result of cost control and pandemic impact; and (ii) the increase in staff cost from RMB579.9 million in 2021 to RMB787.6 million in 2022. Excluding the Non-HKFRS items (share-based compensation), adjusted staff costs increased by RMB243.3 million from RMB458.9 million in 2021 to RMB702.2 million in 2022, which is elaborated in "Employee Benefits" below; as a result of organization optimization, the adjusted staff costs have seen a decrease of RMB98.0 million from RMB400.1 million in the first half of 2022 to RMB302.1 million in the second half of 2022.

Research and Development Expenditure

	Year ended December 31,	
	2022	2021
	(RMB in millions)	
Research and development expenditure		
Research and development expenditure capitalized in development cost & intangible assets	**241.3**	330.4
Research and development expenditure in general & administrative expenses	**578.2**	444.6
Total research and development expenditure	**819.5**	775.0

Research and development expenditure increased by 5.7% from RMB775.0 million in 2021 to RMB819.5 million in 2022. Excluding the Non-HKFRS items (share-based compensation), adjusted research and development expenditure increased by 6.8% from RMB761.3 million in 2021 to RMB812.8 million in 2022, due to cost savings from our "Organization Optimization" while net off by the annualization effect which is elaborated in "Employee Benefits in Costs and Expenses" below.

Employee Benefits in Costs and Expenses

	2022	2021
	(RMB'000, except employee number)	
Number of employees	**6,278**	8,562
Employee benefits	**2,089,587**	1,818,022
Include:		
Sales & operation	**1,146,087**	1,028,700
R&D	**745,162**	679,859
– Capitalization	**241,300**	330,422
– Expense	**503,862**	349,437
Other general & administrative staff cost	**198,338**	109,463
Total general & administrative cost	**702,200**	458,900

Our adjusted employee benefits increased by RMB271.6 million from RMB1,818.0 million in 2021 to RMB2,089.6 million in 2022 due to the following reasons: (i) RMB503.0 million from annualization effect of our increased headcounts in 2021; (ii) RMB321.4 million deduction due to our "Organization Optimization" in 2022; and (iii) RMB89.9 million in severance compensation.

Net Impairment Losses on Financial Assets

We had net impairment losses on financial assets of approximately RMB170.8 million in 2022, 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, reflecting a challenging macro environment in 2022.

Other Income

Our other income decreased from approximately RMB123.3 million in 2021 to approximately RMB112.7 million in 2022, primarily due to a decrease of approximately RMB15.9 million in input VAT super deduction.

Other Losses, Net

We recorded other net losses of approximately RMB249.6 million in 2022, mainly due to the investment loss of RMB301.2 million netting off the foreign exchange gain of RMB59.0 million, while we recorded other net gains of approximately RMB200.7 million in 2021. The investment loss mainly included below items.

	RMB in millions
Syoo	(41.2)
Xiaoke	(144.5)
Xiangxinyun(1)	(194.8)

(1) Goodwill of RMB236,752,000 generated from Xiangxinyun acquisition was initially allocated to Subscription Solution CGU and was reallocated back to Xiangxinyun CGU due to business structure adjustment in October 2022. For goodwill allocated to Xiangxinyun CGU, the Group recorded impairment of RMB194,843,000 as at December 31, 2022 in light of the changes in economic, operating and market environment.

Operating Loss

As a result of the foregoing, we had an operating loss of approximately RMB1,849.7 million in 2022 while we had an operating loss of approximately RMB712.3 million in 2021. The increase of operating loss was mainly attributed to the slow revenue growth under tough macro-environment, the increase of RMB93.5 million in impairment losses on financial assets and fair value losses of RMB397.4 million in our investments considering the tough economic and financial environment.

Finance Costs

Our finance costs increased significantly from approximately RMB91.1 million in 2021 to approximately RMB171.1 million in 2022, primarily due to an increase of RMB34.9 million in our interest expense from our bank borrowings and an increase of RMB42.8 million in the amortization of interest expense on convertible bonds under effective interest method.

Finance Income

Our finance income increased from approximately RMB15.6 million in 2021 to approximately RMB21.3 million in 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)/Gain of Associates Accounted for Using the Equity Method

We recorded share of net loss of associates accounted for using the equity method of approximately RMB4.3 million in 2022, which mainly represented our share of loss from equity investment funds.

Change in Fair Value of Convertible Bonds

We recorded a gain of approximately RMB14.0 million in change in fair value of the convertible bonds issued in 2020 due to favourable changes in fair value of convertible bonds.

Income Tax Credit/(Expense)

We recorded income tax expense of approximately RMB20.1 million in 2021 and income tax credit of approximately RMB70.9 million in 2022, primarily due to the recognition of deferred income tax assets resulting from the increased impairment losses on financial assets and increased tax losses in our subsidiaries in PRC.

Loss for the Year

As a result of the foregoing, we recorded a loss of approximately RMB1,918.9 million in 2022 while we recorded a loss of approximately RMB815.7 million in 2021.

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, 2022							
		Adjustments[2] *(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	Impairment loss of intangible assets	Amortisation of intangible assets[1]	Tax effects	Non-GAAP
Gross profit	1,090.7				20.4	8.8		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	20.4	45.5		(1,488.6)
Operating margin	(100.6%)							(80.9%)
EBITDA	(1,489.8)	119.3		172.3	20.4			(1,177.8)
EBITDA margin	(81.0%)							(64.0%)
Net loss	(1,918.9)	119.3	98.3	158.3	20.4	45.5	(70.9)	(1,548.0)
Net margin	(104.3%)							(84.2%)
Net loss attributable to equity holders of the Company	(1,827.7)	119.3	98.3	158.3	20.4	26.9	(11.0)	(1,415.5)
Net margin attributable to equity holders of the Company	(99.4%)							(77.0%)

	For the year ended December 31, 2021						
		Adjustments[2]					
		(RMB in millions, unless specified)					
	As reported	Share-based compensation	Financing, listing and other one-off expenses	Change in fair value of convertible bonds	Amortisation of intangible assets	Tax effects	Non-GAAP
Gross profit	1,501.5				15.2		1,516.7
Gross margin	76.3%						77.1%
Subscription Solutions	71.5%						72.7%
Merchant Solutions	83.8%						83.8%
Operating loss	(712.3)	174.0			37.8		(500.5)
Operating margin	(36.2%)						(25.4%)
EBITDA	(446.7)	174.0					(272.7)
EBITDA margin	(22.7%)						(13.9%)
Net loss	(815.7)	174.0	51.9	14.7	37.8	20.1	(517.2)
Net margin	(41.5%)						(26.3%)
Net loss attributable to equity holders of the Company	(745.4)	174.0	51.9	14.7	21.5	(3.3)	(486.6)
Net margin attributable to equity holders of the Company	(37.9%)						(24.7%)

Notes:

(1) Refers to amortisation resulting from acquisition. This includes amortisation of intangible assets from cost of sales of RMB8.8 million, from selling and distribution expenses of RMB23.2 million and from general and administrative expenses of RMB13.5 million.

(2) All data for the years 2021 and 2022 here were from the profit and loss of continuing operations and subject to adjustments.

Our non-GAAP loss increased from RMB517.2 million in 2021 to RMB1,548.0 million in 2022, mainly because (i) our net impairment loss increased by RMB93.5 million from RMB77.3 million in 2021 to RMB170.8 million in 2022 as we provided more reserves on receivable from customers; and (ii) we had a fair value loss of RMB397.4 million in 2022, while we had a fair value gain of RMB182.2 million in 2021, the difference between two years was RMB(579.6) million, excluding the above reserves, our non-GAAP loss was RMB979.8 million in 2022.

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, 2022, we had cash and bank balances of approximately RMB3,065.8 million. The details are as below.

	RMB'000
Cash and bank balances	
Financial assets at fair value through profit or loss	
Structured deposits	345,000
Bank wealth management products	229,008
Restricted cash*	781,308
Term deposits	417
Cash and cash equivalents	1,710,103
Total	3,065,836

* 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, 2022 and December 31, 2021, respectively.

	As of December 31,	
	2022	2021
	(RMB'000, except percentages)	
Net debt/(cash)	**1,424,761**	(694,536)
Total equity	**2,241,046**	4,213,818
Total capital	**3,665,807**	3,519,282
Net debt to equity ratio	**64%**	N/A

As of December 31, 2022, we had bank loan of approximately RMB1,818.9 million. The table below sets forth our short-term bank loans and letter of credit:

Bank	**Loan balance** *(RMB in millions)*	**Loan period**	**Interest rate (per annum unless otherwise stated)**
Short-term bank loans			
CCB Shanghai Zhangmiao Sub-branch	50.00	1 year	3.85%
SPD Silicon Valley Bank Co., Ltd.	130.00	6 mths	4.2%-4.4%
HSBC Shanghai Branch	63.00	3 mths	4.15%
China Zheshang Bank Shanghai Branch	50.00	6 mths	4.35%
Shanghai Rural Commercial Bank Songnan Sub-branch	30.00	6 mths	3.40%
Shanghai Rural Commercial Bank Songnan Sub-branch	70.00	1 year	4.38%
Bank of Shanghai Puxi Sub-branch	695.87	1 year	2.8%-4%
China CITIC Bank Waitan Sub-branch	150.00	1 year	4.10%
Bank of Communications Shanghai Baoshan Sub-branch	100.00	6 mths	3.55%
Bank of China Shanghai Gaojing Sub-branch	50.00	6 mths	3.65%
Bank of China Shanghai Gaojing Sub-branch	150.00	1 year	2.85%
Letter of credit			
SPD Changning Sub-branch	50.00	1 year	3.20%
Bank of Ningbo Jinqiao Sub-branch	80.00	1 year	3.28%-3.35%
China Merchants Bank Shanghai Branch	50.00	1 year	3.50%
China Zheshang Bank Shanghai Branch	100.00	1 year	2.75%

Capital Expenditures

Our capital expenditures primarily consist of expenditures for (i) fixed assets, comprising computer equipment, office furniture, vehicles and renovation of rental offices and 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,	
	2022	2021
	(RMB in millions)	
Fixed assets	**87.2**	47.7
Intangible assets	**241.6**	331.7
Right-of-use assets-land use rights	**334.2**	–
Total	**663.0**	379.4

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, 2022. Apart from those disclosed in the Report, there were no material investments or additions of capital assets authorised by the Board as at the date of the Report.

Pledge of Assets

As of December 31, 2022, we did not pledge any of our assets.

Foreign Exchange Risk Management

We mainly carry out our operations in the PRC with most transactions settled in Renminbi, and we are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar and the Hong Kong dollar. Therefore, foreign exchange risk primarily arose from our recognized assets and liabilities when receiving or to receive foreign currencies from, or paying or to pay foreign currencies to, overseas business partners. In 2022, 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, 2022, we did not have any material contingent liabilities.

Employees

As of December 31, 2022, we had 6,278 full-time employees, the majority of whom are based in Shanghai, China.

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

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

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

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

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. SUN Taoyong (孫濤勇), aged 35, is the Founder of our Group. Mr. Sun currently serves as the Chairman of the Board, executive Director and the Chief Executive Officer of our Company. Mr. Sun also serves as an executive director and the chief executive officer of Weimob Development and holds various directorships in our subsidiaries. Mr. Sun is responsible for formulation of business plans, strategies and other major decisions of our Group, as well as overall management of our Group. In recognition of his innovation, entrepreneurship and contributions, Mr. Sun has received numerous awards and recognitions, including "Top 10 Young IT Pioneers in Shanghai" (上海 IT 青年新銳獎) by Shanghai Informatization Youth Talent Association in 2015, "100 Most Innovative Individual in PRC Business of 2015" (2015 中國商業最具創意人物 100) by Fast Company Magazine in 2016, "China E-Commerce Innovation Best Person of the Year – Service Vendor" (年度電商創新服務商人物) by International E-Commerce Innovation Association (IECIA) in 2016, "Person of the Year in Anhui Province" (安徽年度新聞人物) by Anhui TV Station in 2016, "2016 Entrepreneurs Under 30" (2016 年 30 歲以下創業新貴) by CYZone (創業邦) in 2016, and "Forbes 30 Under 30 Asia List" by Forbes in 2017 (福布斯亞洲 30 歲以下傑出人物榜), and was selected to the "2018 Shanghai Leading Talents Training Program" (2018 上海領軍人才培養計劃). Mr. Sun was also awarded the "Leading Pioneer" of the 2022 Shanghai digital transformation. Mr. Sun was also the national champion of the first season of "I am the Founder" (我是創始人), a competitive reality TV show for technology entrepreneurs. Mr. Sun is also a representative of the eighth Shanghai Baoshan District People's Congress.

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

Mr. FANG Tongshu (方桐舒), aged 38, is the co-founder of our Group. Mr. Fang currently serves as an executive Director and president of the intelligent business career group of our Company. Mr. Fang also serves as the senior vice president at Weimob Development since September 2014. Mr. Fang is mainly responsible for overall operation and management of the software business. Prior to joining our Group, from March 2006 to March 2007, Mr. Fang served as a general sales manager at Hotsales Software Technology Co., Ltd. (上海火速軟件技術有限公司). From April 2007 to March 2013, Mr. Fang served as a general sales and operations manager at Hotsales Network Technology Co., Ltd. (上海火速網絡科技有限公司).

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

Mr. YOU Fengchun (游鳳椿), aged 34, is the co-founder of our Group. Mr. You currently serves as an executive Director, President and president of intelligent marketing career group of our Company. Mr. You also serves as the senior vice president at Weimob Development since December 2015. Mr. You is mainly responsible for overall planning and operation of the targeted marketing business. Prior to joining our Group, Mr. You was mainly engaged in early investment and personal entrepreneurship projects.

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

Mr. HUANG Junwei (黃駿偉), aged 43, is an executive Director and the Chief Technology Officer of our Company. Mr. Huang also serves as the vice president and chief technology officer of Weimob Development since September 2014. Mr. Huang is mainly responsible for overall technological policies, product research and development, and the establishment of technological platforms. Mr. Huang has over 10 years of experience in software product research and development.

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

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. SUN Mingchun (孫明春), aged 51, is an independent non-executive Director of our Company. Dr. Sun has over 20 years of experience in finance.

From July 1993 to August 1999, Dr. Sun served as an economist at the State Administration of Foreign Exchange of the PRC (中國國家外匯管理局). Dr. Sun worked at Capital One Financial (美國第壹資本金融公司) in 2002, and worked as an economist at Lehman Brothers Asia Limited (雷曼兄弟(亞洲)有限公司) in 2006. From October 2008 to November 2010, Dr. Sun served as the managing director, chief China economist and head of China equity research at Nomura International (Hong Kong) Limited (野村國際(香港)有限公司). From November 2010 to May 2013, Dr. Sun served as the managing director, head of China research and chief greater China economist at Daiwa Capital Markets Hong Kong Limited. From September 2013 to May 2014, Dr. Sun served as a senior partner and chief economist of China Broad Capital Co., Ltd. (上海博道投資管理有限公司). From July 2014 to June 2020, Dr. Sun served as an independent non-executive director at Huafa Property Services Group Company Limited (華發物業服務集團有限公司), formerly known as HJ Capital (International) Holdings Company Limited (華金國際資本控股有限公司), a company listed on the Stock Exchange (stock code: 0982). Since October 2014, Dr. Sun has been serving as the chairman and chief investment officer at Deepwater Capital Limited (博海資本有限公司). Since November 2016, Dr. Sun has been serving as an independent non-executive director at Great Wall Pan Asia Holdings Limited (長城環亞控股有限公司), a company listed on the Stock Exchange (stock code: 0583).

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

DIRECTORS AND SENIOR MANAGEMENT

Dr. LI Xufu (李緒富), aged 56, is an independent non-executive Director of our Company. Dr. Li was formerly known as Li Xufu (李緒付). Dr. Li has 24 years of experience in the securities and investment industry.

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

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

Mr. TANG Wei (唐偉), aged 47, is an independent non-executive Director of our Company.

Mr. Tang has over 10 years of experience in accounting, financial management and investment banking. Most notably, from September 2006 to September 2008 and then January 2010 to October 2014, Mr. Tang served as an associate and an executive director of the investment banking department at Goldman Sachs Gao Hua Securities Co., Ltd. (高盛高華證券有限責任公司). From October 2008 to January 2010, Mr. Tang served as a deputy general manager in the investment banking department in China International Capital Corporation Limited (中國國際金融股份有限公司). From June 2015 to December 2015, he served as an investment director at CNIC Co., Ltd. (國新國際(中國)投資有限公司). From January 2016 to September 2018, Mr. Tang served as the chief financial officer of NavInfo Co., Ltd. (北京四維圖新科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002405). Since October 2018, Mr. Tang has been serving as the chief financial officer and secretary to the board of directors of AsiaInfo Company Limited (亞信科技(成都)有限公司). Since August 2022, Mr. Tang has been serving as an independent non-executive director of Joy Spreader Group Inc. (樂享集團有限公司), formerly known as Joy Spreader Interactive Technology. Ltd (乐享互动有限公司), a company listed on the Stock Exchange (stock code: 6988).

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

SENIOR MANAGEMENT

Mr. CAO Yi (曹懿), aged 45, is the Chief Financial Officer of our Company and one of our joint company secretaries. Mr. Cao has also been the vice president and chief financial officer of Weimob Development since August 2016. Mr. Cao is primarily responsible for the overall financial management, financial matters and strategic development of our Group. He has 15 years of experience in the financial management and accountancy industry.

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

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

Mr. FEI Leiming (費雷鳴), aged 42, is the Chief Human Resources Officer of our Company. Mr. Fei has also been the vice president and chief human resources officer of Weimob Development since January 2017. Mr. Fei is mainly responsible for the planning and operation of human resources. He has more than 10 years of experience in human resources and administration.

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

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

DIRECTORS' REPORT

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

GLOBAL OFFERING

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

PRINCIPAL ACTIVITIES

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

RESULTS

The results of the Group for the year ended December 31, 2022 are set out in the consolidated statement of comprehensive loss on page 84 of the Report.

FINAL DIVIDEND

The Board did not recommend the payment of any final dividend for the year ended December 31, 2022.

BUSINESS REVIEW

The business review and performance analysis of the Group for the Reporting Period is set out in the section headed "Chairman's Statement" from pages 5 to 11 and "Management Discussion and Analysis" from pages 12 to 29 of the Report. A description of the Group's future business development is set out in the section headed "Chairman's Statement" from page 11 of the Report.

Compliance with Laws and Regulations

During the year ended December 31, 2022, as far as the Board is aware, the Group has complied with the relevant laws and regulations that have a significant impact on the Group in all material aspects.

Environmental Policies and Performance

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

For details of the Company's environmental policies and performance, and the important relationship between the Company and its employees, customers and suppliers, please refer to the Environmental, Social and Governance Report of the Company for the year ended December 31, 2022, published on the website of the Stock Exchange (http://www.hkexnews.hk) and the Company's own website (http://www.weimob.com) according to the Listing Rules.

Principal Risks and Uncertainties

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

FINANCIAL SUMMARY

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

ISSUE OF THE 2020 CONVERTIBLE BONDS

On May 15, 2020, Weimob Investment Limited (the "**Bond Issuer**"), a wholly-owned subsidiary of the Company, completed the issue of convertible bonds in an aggregate principal amount of US$150,000,000 with the guarantee provided by the Company (the "**2020 Convertible Bonds**"). The last closing Share price as quoted on the Stock Exchange on the trading day on which the subscription agreement was signed (i.e. May 6, 2020) was HK$5.95 per Share, and the initial conversion price is HK$6.72 per Share. Based on such initial conversion price and assuming full conversion of the 2020 Convertible Bonds at the initial conversion price, the 2020 Convertible Bonds will be convertible into a maximum of 173,035,715 new Shares. The gross proceeds from the issue of the 2020 Convertible Bonds were US$150.0 million. The net proceeds from the issue of the 2020 Convertible Bonds were approximately US$146.6 million which had been fully utilized. For more information on the use of such net proceeds, see "Use of Proceeds from Issue of 2020 Convertible Bonds, Placing and Issue of the 2021 Convertible Bonds" below. Based on such net proceeds and assuming the full conversion of the 2020 Convertible Bonds, the net price per new Share will be approximately HK$6.57.

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

On July 6, 2021, the Bond Issuer and the Company entered into a dealer manager agreement in connection with the proposed conversion offer pursuant to which the Bond Issuer and the Company have appointed Credit Suisse (Hong Kong) Limited as the Bond Issuer's and the Company's dealer manager to, amongst others, assist the Bond Issuer and the Company in collecting the acceptances for conversion pursuant to the terms of the proposed conversion offer from the 2020 Convertible Bond holders. The Bond Issuer and the Company allowed the 2020 Convertible Bonds holders to submit conversion notices to convert their holdings of the 2020 Convertible Bonds into Shares at any time between 4:30 p.m. (Hong Kong time) on July 6, 2021 and 11:00 p.m. (Hong Kong time) on July 9, 2021 (the "**Conversion Offer Period**") in accordance with the terms and conditions of the 2020 Convertible Bonds. As at the end of the Conversion Offer Period, the Bond Issuer and the Company had received conversion notices in respect of the 2020 Convertible Bonds in an aggregate principal amount of US$117,900,000, which had been converted into 136,006,063 conversion Shares (the "**Conversion Shares**"), based on the conversion price of HK$6.72. Out of the conversion notices in respect of the 2020 Convertible Bonds received, holders of an aggregate principal amount of US$116,700,000 are entitled to the early cash incentive in the sum of US$6,301,800 and an aggregate principal amount of US$1,200,000 are entitled to the cash incentive in the sum of US$48,000. The Conversion Shares have been delivered to the 2020 Convertible Bonds holders in accordance with the terms and conditions of the 2020 Convertible Bonds on July 16, 2021 and the Bond Issuer made the payment of the early cash incentive and the cash incentive on the same date. Upon completion of the proposed conversion offer, US$117,900,000 in aggregate principal amount of the 2020 Convertible Bonds have been cancelled, and the remaining outstanding principal amount of the 2020 Convertible Bonds amounted to approximately US$17,700,000. Save as disclosed in the Report, there had not been any exercise of the 2020 Convertible Bonds during the year ended December 31, 2022, and no redemption right had been exercised by the bondholders or the Company during the same period.

As of December 31, 2022, the outstanding 2020 Convertible Bonds, with US$17,700,000 principal amount, are convertible into a maximum of 20,418,214 Shares at the initial conversion price of HK$6.72 per Share. Assuming the outstanding 2020 Convertible Bonds were fully exercised at the initial conversion price of HK$6.72 per Share on December 31, 2022, the shareholdings of the Company immediately before and after the full exercise of the outstanding 2020 Convertible Bonds are set out below for illustration purposes:

	Shareholding immediately before the full exercise of the outstanding 2020 Convertible Bonds		Assuming the outstanding 2020 Convertible Bonds are fully converted into new Shares at the initial conversion price of HK$6.72 each	
Shareholders	**No. of Shares**	**% of issued ordinary share capital of the Company**	**No. of Shares**	**% of issued ordinary share capital of the Company**
Shares held by Substantial Shareholders Group[1]				
Yomi.sun Holding Limited[2]	321,145,000	12.60%	321,145,000	12.50%
Jeff.Fang Holding Limited[3]	18,220,000	0.71%	18,220,000	0.71%
Alter.You Holding Limited[4]	67,015,000	2.63%	67,015,000	2.61%
Sub-total:	406,380,000	15.94%	406,380,000	15.81%
Shares held by public Shareholders				
Bondholders of the 2020 Convertible Bonds	152,617,490	5.99%	173,035,704	6.73%
Other public Shareholders	1,990,331,000	78.07%	1,990,331,000	77.45%
Sub-total:	2,142,948,490	84.06%	2,163,366,704	84.19%
Total	2,549,328,490	100.00%	2,569,746,704	100.00%

Notes:

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

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

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

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

By issue of the 2020 Convertible Bonds, the Company wishes to further implement its business plans, including: (i) to get prepared to carry out mergers and acquisitions at an appropriate time in the future; (ii) to continuously improve and deepen the SaaS technology, thus maintaining its market leading position; and (iii) to comprehensively optimize and enhance its targeted marketing system. The Directors consider the issue of the 2020 Convertible Bonds is an appropriate means of raising additional capital since (i) it can provide the Company with additional funds at lower funding cost for the said purposes; (ii) it will not have an immediate dilution effect on the shareholding of the existing Shareholders; and (iii) in the event that the 2020 Convertible Bonds are converted into new Shares, the Company can improve its capital base, benefiting the long-term development of the Company.

Based on the cash and cash equivalents as at December 31, 2022 and the cash flow from operating activities of the Company, the Company has the ability to meet its redemption obligation under the 2020 Convertible Bonds.

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

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

ISSUE OF THE 2021 CONVERTIBLE BONDS

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

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

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

There had not been any exercise of the 2021 Convertible Bonds as of December 31, 2022, and during the year ended December 31, 2022, the Company repurchased and cancelled the 2021 Convertible Bonds listed on the Stock Exchange with a principal amount of approximately US$25.38 million through the open market for a total price of approximately US$15.83 million, representing approximately 8.46% of the initial aggregate principal amount of the 2021 Convertible Bonds. Assuming the 2021 Convertible Bonds were fully exercised at the initial conversion price of HK$21.00 per Share on December 31, 2022, the shareholdings of the Company immediately before and after the full exercise of the outstanding 2021 Convertible Bonds are set out below for illustration purposes:

	Shareholding immediately before the full exercise of the outstanding 2021 Convertible Bonds		Assuming the outstanding 2021 Convertible Bonds are fully converted into new Shares at the initial conversion price of HK$6.72 each	
Shareholder	**No. of Shares**	**% of issued ordinary share capital of the Company**	**No. of Shares**	**% of issued ordinary share capital of the Company**
Shares held by Substantial Shareholders Group[(1)]				
Yomi.sun Holding Limited[(2)]	321,145,000	12.60%	321,145,000	12.11%
Jeff.Fang Holding Limited[(3)]	18,220,000	0.71%	18,220,000	0.69%
Alter.You Holding Limited[(4)]	67,015,000	2.63%	67,015,000	2.53%
Sub-total:	406,380,000	15.94%	406,380,000	15.33%
Shares held by public Shareholders				
Bondholders of the 2021 Convertible Bonds	–	–	101,529,828	3.83%
Other public Shareholders	2,142,948,490	84.06%	2,142,948,490	80.84%
Sub-total:	2,142,948,490	84.06%	2,244,478,318	84.67%
Total	2,549,328,490	100.00%	2,650,858,318	100.00%

Notes:

(1) Mr. Sun Taoyong, Mr. Fang Tongshu and Mr. You Fengchun are parties acting in concert (having the meaning ascribed thereto in the Hong Kong Code on Takeovers and Mergers) and form the Substantial Shareholders Group. As such, each of Mr. Sun Taoyong, Mr. Fang Tongshu and Mr. You Fengchun is deemed to be interested in the Shares held by other members of the Substantial Shareholders Group.

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

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

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

Based on the cash and cash equivalents as at December 31, 2022 and the cash flow from operating activities of the Company, the Company has the ability to meet its redemption obligation under the 2021 Convertible Bonds.

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

Details of the 2021 Convertible Bonds were disclosed in the announcements of the Company dated May 25, 2021, June 7, 2021 and June 8, 2021.

PLACING OF NEW SHARES UNDER THE GENERAL MANDATE

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

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

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

In May 2020, the Bond Issuer completed the issue of the 2020 Convertible Bonds, and raised net proceeds of approximately US$146.6 million. As of December 31, 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 December 31, 2022:

Use of proceeds	Net proceeds utilized up to December 31, 2022 (US$ million)	Unutilized net proceeds as of December 31, 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 December 31, 2022, the Company had utilized HK$1,681.3 million as intended. The unutilized net proceeds will be used in accordance with such intended purposes as set out in the announcement of the Company dated May 25, 2021. The table below sets out the details of actual usage of the net proceeds as of December 31, 2022:

Use of proceeds	Net proceeds utilized up to December 31, 2022 (HK$ million)	Unutilized net proceeds as of December 31, 2022 (HK$ million)	Expected timeline of full utilization
Improving the Group's comprehensive research and development capabilities	523.5	634.3	By December 31, 2023
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, the Bond Issuer completed the issue of the 2021 Convertible Bonds and raised net proceeds of approximately US$293.6 million. As of December 31, 2022, the Company had utilized US$88.9 million as intended. The unutilized net proceeds will be used in accordance with such intended purposes as set out in the announcement of the Company dated May 25, 2021. The table below sets out the details of actual usage of the net proceeds as of December 31, 2022:

Use of proceeds	Net proceeds utilized up to December 31, 2022 (US$ million)	Unutilized net proceeds as of December 31, 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	21.9	22.1	By December 31, 2023
Supplementing capital for potential strategic investment and merger and acquisition and working capital	58.8	–	Not applicable
General corporate purposes	8.2	35.8	By December 31, 2023

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

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

For the year ended December 31, 2022, the transaction amounts of the Group's top five customers accounted for 22.0% (2021: 36.1%) of the Group's total revenues while the transaction amounts of our single largest customer, Beijing Tencent Culture Media Company Limited, accounted for 15.7% (2021: Beijing Tencent Culture Media Company Limited, 19.0%) of the Group's total revenues.

Major Suppliers

For the year ended December 31, 2022, the transaction amounts of the Group's top five suppliers accounted for 47.4% (2021: 65.0%) of the total purchases while the transaction amounts of our single largest supplier, Tencent Cloud Computing (Beijing) Co., Ltd, accounted for 18.4% (2021: 44.0%) of the Group's total purchases.

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

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

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

RESERVES

Details of the movements in the reserves of the Company and the Group during the Reporting Period are set out in the consolidated statement of changes in equity on page 88 of the Report. As at December 31, 2022, the Company's reserves available for distribution amounted to approximately RMB6,041 million (as at December 31, 2021: RMB5,975 million).

BANK BORROWINGS

Particulars of bank borrowings of the Company and the Group as of December 31, 2022 are set out in note 32 to the consolidated financial statements.

DIRECTORS

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

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

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

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

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

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

DIRECTORS AND SENIOR MANAGEMENT

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

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

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

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENTS

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

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

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

None of the Directors had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party during the year ended December 31, 2022 and up to the date of the Report.

MANAGEMENT CONTRACTS

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

EMOLUMENT POLICY

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

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

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

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

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

As of December 31, 2022, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules were as follows:

Interests in Shares

Name of Director	Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholding (%)	Long/short position
Mr. SUN Taoyong ("**Mr. SUN**")	Settlor of a discretionary trust[1]; interest held jointly with other persons[2]	406,380,000 70,304,000	15.94 2.76	Long position Short position
Mr. FANG Tongshu ("**Mr. FANG**")	Interest in controlled corporation[3]; interest held jointly with other persons[2]	406,380,000 70,304,000	15.94 2.76	Long position Short position
Mr. YOU Fengchun ("**Mr. YOU**")	Settlor of a discretionary trust[4]; interest held jointly with other persons[2]	406,380,000 70,304,000	15.94 2.76	Long position Short position
Mr. HUANG Junwei	Beneficial owner	13,940,000	0.55	Long position

Notes:

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

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

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

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

Save as disclosed above, as of December 31, 2022, none of the Directors or the chief executive of the Company (including their spouses and children under 18 years of age) had or was deemed to have any interest or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

As of December 31, 2022, to the best knowledge of the Directors, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under Section 336 of the SFO:

Interests in Shares

Name of Shareholder	Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholding (%)	Long/short position/ lending pool
Cantrust (Far East) Limited	Trustee[(1)]	321,145,000	12.60	Long position
		61,000,000	2.39	Short position
Youmi Investment Limited	Interest in controlled corporation[(1)]	321,145,000	12.60	Long position
		61,000,000	2.39	Short position
Sun SPV	Beneficial interest[(1)]	321,145,000	12.60	Long position
		61,000,000	2.39	Short position
Tencent Mobility Limited	Beneficial interest[(2)]	84,306,000	3.31	Long position
THL H Limited	Beneficial interest[(2)]	122,220,000	4.79	Long position
Tencent Holdings Limited	Interest in controlled corporation[(2)]	206,526,000	8.10	Long position
JPMorgan Chase & Co.	Interest in controlled corporation; person	141,904,007	5.57	Long position
	having a security interest in shares;	75,291,282	2.95	Short position
	approved lending agent[(3)]	19,188,699	0.75	Lending pool

Notes:

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

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

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

Save as disclosed above, as of December 31, 2022, the Directors were not aware of any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under section 336 of the SFO.

2018 RESTRICTED STOCK UNIT PLAN

The 2018 restricted stock unit plan (the "**2018 RSU Plan**") of the Company was approved and adopted by the Board on July 1, 2018 (the "**2018 RSU Plan Adoption Date**"). The purpose of the 2018 RSU Plan is to recognize and reward participants for their contribution to the Group, to attract best available personnel to provide services to the Group, and to provide additional incentives to them to remain with and further promote the success of the Group's business. For more information on the 2018 RSU Plan, please refer to the section headed "F. RSU PLAN" under Statutory and General Information in Appendix IV of the Prospectus. Certain principal terms and details of the RSU Plan are summarized as follows:

Effectiveness and Duration

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

Administration

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

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

Who may join

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

The maximum number of 2018 RSU Awards that may be granted to each 2018 RSU Plan Participant shall not exceed 1% of the Shares in issue of the Company as of the date of adoption of the 2018 RSU Plan.

Purchase price

The grant to 2018 RSU Plan Participants is nil consideration.

Maximum number of Shares

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

Details of the RSUs granted under the 2018 RSU Plan

As disclosed in the announcement of the Company dated May 28, 2021, the Board approved the grant of the 2018 RSU Awards in respect of an aggregate of 1,900,000 underlying Shares to five grantees for nil consideration under the 2018 RSU Plan, which would be vested to grantees within four years subject to other conditions in the 2018 RSU Plan. All of the grantees are employees of the Company and none of them are Directors or other connected persons of the Company.

As of December 31, 2022, the aggregate number of Shares underlying the granted RSUs under the 2018 RSU Plan was 70,495,000 Shares, representing approximately 2.77% of the issued share capital of the Company as of December 31, 2022, and the aggregate number of Shares underlying the vested RSUs under the 2018 RSU Plan was 70,033,000 Shares. As of the date of this Report, the aggregate number of Shares underlying the granted RSUs and the aggregate number of Shares underlying the vested RSUs under the 2018 RSU Plan remained unchanged.

The aggregate number of Shares available for further grant under the 2018 RSU Plan is 162,000 Shares, representing approximately 0.01% of the issued share capital of the Company as of the date of the Report.

The purchase price of the 2018 RSU Awards granted was RMB0 and the 2018 RSU Awards granted vested in four to six tranches over a four-year vesting period.

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

Category of grantee	Grant date	Number of Shares underlying the RSUs as at January 1, 2022	Granted during the year[1]	Vested during the year	Cancelled during the year	Lapsed during the year	Number of Shares underlying the RSUs outstanding as at December 31, 2022	Vesting period	Weighted average closing price of Shares immediately prior to the vesting date (RMB)
Employee (in aggregate)	July 1, 2018	433,750	–	433,750	–	0	0	July 1, 2018 to July 1, 2022	4.58
	May 28, 2021	300,000	–	100,000	–	0	200,000	May 28, 2021 to January 1, 2025	5.95
Total		**733,750**	**–**	**533,750**	**–**	**0**	**200,000**		

Notes:

(1) RSUs are granted at purchase price of zero.

(2) At the beginning of the financial year, there were no RSUs outstanding or not vested of any of the Directors or the five highest paid individuals as beneficiaries during the Reporting Period. In the current financial year, there were no RSUs granted to any of the Directors and the five highest paid individuals during the Reporting Period. At the end of the financial year, there were no RSUs outstanding or not vested of any of the Directors or the five highest paid individuals as beneficiaries during the Reporting Period.

2020 RESTRICTED SHARE UNIT SCHEME

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

Effectiveness and Duration

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

Administration

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

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

Who may join

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

The maximum number of 2020 RSU Awards that may be granted to each 2020 RSU Scheme Participant shall not exceed 1% of the Shares in issue of the Company as of the date of adoption of the 2020 RSU Scheme.

Purchase price

The grant to 2020 RSU Plan Participants is without consideration.

Maximum number of Shares

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

The RSU Mandate Limit may be refreshed from time to time subject to prior approval of the Shareholders, but in any event, the total number of Shares that may underlie the 2020 RSU Awards granted following the date of approval of the refreshed limit (the "**New Approval Date**") as refreshed from time to time must not exceed 3% of the total issued Shares at the relevant date of Shareholders' approval. Shares underlying the RSUs granted pursuant to the 2020 RSU Scheme (including those outstanding, cancelled, lapsed or vested) prior to the New Approval Date will not be counted for the purpose of determining the maximum aggregate number of Shares that may underlie the RSUs granted following the New Approval Date under the limit as renewed. The total number of Shares available for issue under the 2020 RSU Scheme was 437,480 Shares, representing approximately 0.02% of the issued share capital of the Company as at the date of the Report.

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

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

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

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

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

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

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

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

Details of the RSUs granted under the 2020 RSU Scheme

Pursuant to the RSU Scheme Annual Mandate approved by the Shareholders at the 2021 annual general meeting held on June 29, 2022, the Company is authorised to allot and issue new Shares up to approximately 2% of the total number of the issued Shares as at the date of the 2021 annual general meeting to satisfy the grant of 2020 RSU Awards.

As disclosed in the announcement of the Company dated October 15, 2020, the Board approved the grant of 2020 RSU Awards in respect of an aggregate of 20,620,000 underlying Shares to 252 grantees for nil consideration under the 2020 RSU Scheme, which would be vested to grantees within four years subject to other conditions in the 2020 RSU Scheme. Due to the termination of employment, five grantees failed to accept the grant of 2020 RSU Awards in respect of an aggregate of 270,000 underlying Shares. All of the grantees are employees of the Company and none of them are Directors or other connected persons of the Company.

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

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

The total number of awards available for grant under the scheme mandate of the 2020 RSU Scheme as at January 1, 2022 and December 31, 2022 were 3,379,500 and 7,814,300 respectively.

The purchase price of the 2020 RSU Awards granted was RMB0 and the 2020 RSU Awards granted vested over a four-year vesting period.

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

Category of grantee	Grant date	Number of Shares underlying the RSUs as at January 1, 2022	Granted during the year[1]	Vested during the year	Cancelled during the year	Lapsed during the year	Number of Shares underlying the RSUs outstanding as at December 31, 2022	Vesting period	Weighted average closing price of Shares immediately prior to the vesting date (RMB)
Employee (in aggregate)	October 15, 2020	11,774,200	–	3,463,750	–	1,382,900	6,927,550	October 15, 2020 to October 15, 2024	2.19
	May 28, 2021	15,193,000	–	4,015,430	–	1,028,910	10,148,660	May 28, 2021 to May 28, 2025	3.56
	December 20, 2021	15,331,000	–	3,407,750	–	2,023,000	9,900,250	December 20, 2021 to October 15, 2025	2.19
Total		**42,298,200**		**10,886,930**		**4,434,810**	**26,976,460**		

Notes:

(1) RSUs are granted at purchase price of zero.

(2) At the beginning of the financial year, there were no RSUs outstanding or not vested of any of the Directors or the five highest paid individuals as beneficiaries during the Reporting Period. In the current financial year, there were no RSUs granted to any of the Directors and the five highest paid individuals during the Reporting Period. At the end of the financial year, there were no RSUs outstanding or not vested of any of the Directors or the five highest paid individuals as beneficiaries during the Reporting Period.

During the year ended December 31, 2022, the Company has not granted any RSUs, the total number of Shares that may be issued in respect of options and awards granted under all schemes of the Company divided by the weighted average number of Shares in issue for the year was nil.

EQUITY-LINKED AGREEMENT

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

PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES

During the year ended December 31, 2022, the Company has purchased a total of 31,643,000 Shares on the Stock Exchange with an aggregate amount of HK$133,438,099.6, pursuant to the share buy-back mandate approved by our Shareholders at the annual general meetings of the Company held on June 29, 2021 and June 29, 2022. As at the date of the Report, the bought-back Shares were subsequently cancelled. Details of Shares purchased during the year ended December 31, 2022 are set out as follows:

Month of repurchases	Number of Shares purchased on the Stock Exchange	Price paid per Share Highest *(HK$)*	Price paid per Share Lowest *(HK$)*	Aggregate consideration paid *(HK$)*
January 2022	9,010,000	7.37	5.63	60,474,616.0
February 2022	5,773,000	5.42	4.94	29,977,096.0
October 2022	16,860,000	2.88	2.32	42,986,387.6

During the year ended December 31, 2022, the Company has repurchased and cancelled the 2021 Convertible Bonds listed on the Stock Exchange with a principal amount of approximately US$25.38 million through the open market for a total price of approximately US$15.83 million, representing approximately 8.46% 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, redeemed or sold any of the Company's listed securities during the year ended December 31, 2022.

PRE-EMPTIVE RIGHTS

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

DIRECTORS' INTEREST IN COMPETING BUSINESS

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

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Details of related party transactions in the normal course of business are set out in note 40 to the consolidated financial statements. During the Reporting Period, there were no connected transactions or continuing connected transactions which are required to be disclosed by the Company in accordance with the provisions concerning the disclosure of connected transactions under Chapter 14A of the Listing Rules.

DONATIONS

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

MATERIAL LEGAL PROCEEDINGS

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

PERMITTED INDEMNITY PROVISIONS

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

SUBSEQUENT EVENT

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 (the "**Placing Shares**") of the Company (the "**Placing**") at the placing price of HK$6.41 per share. The Placing 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 of the Company. None of the placees and their ultimate beneficial owners became a substantial shareholder (as defined under the Listing Rules) of the Company as a result of the Placing.

The net proceeds to the Company from the Placing are approximately HK$1,568.7 million. The Company intends to apply the net proceeds for improving the Group's comprehensive research and development capabilities, upgrading the Group's marketing system, supplementing working capital, and general corporate purposes.

Save as disclosed in the Report, there are no material subsequent events undertaken by the Group after December 31, 2022 and up to the date of the Report.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has, together with the senior management of the Company and the external auditor of the Company, reviewed the accounting principles and practices adopted by the Group as well as the audited consolidated financial statements of the Group for the year ended December 31, 2022.

CORPORATE GOVERNANCE

The Company is committed to maintaining high level of corporate governance practices. Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 59 to 77 of the Report.

DIRECTORS' REPORT

PUBLIC FLOAT

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

AUDITOR

PricewaterhouseCoopers is appointed as auditor of the Company for the year ended December 31, 2022. PricewaterhouseCoopers has audited the accompanying financial statements which were prepared in accordance with the HKFRS.

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

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

By order of the Board
Sun Taoyong
Chairman of the Board

Shanghai, March 30, 2023

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

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

During the year ended December 31, 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 and the chief executive officer in Mr. SUN Taoyong is beneficial and in the interests of the Company and its Shareholders as a whole. The Board will review the current structure from time to time and shall make necessary changes when appropriate and inform the shareholders accordingly.

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

BOARD OF DIRECTORS

Responsibilities

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

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

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

BOARD COMPOSITION

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

Executive Directors:

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

Independent Non-executive Directors:

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

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

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

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

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

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

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

The Company understands that the independence of the Board is essential to good corporate governance. The Board has established a mechanism to enable Directors to seek independent professional advice to make decisions when exercising their duties as Directors, ensuring that the Board has a strong independent element, which is the key to an effective Board.

According to the mechanism, with the prior approval of the executive Directors (without unreasonable refusal or delay of approval), the Directors may, where appropriate, seek independent legal, financial or other professional advice from advisers independent of the Company as necessary to enable them to perform their duties effectively.

The Board will review the mechanism annually to ensure its implementation and effectiveness.

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

BOARD DIVERSITY POLICY

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

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

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

As at December 31, 2022, 56.8% of all employees (including senior management) of the Group were male. The Group will continue to maintain gender diversity among employees. For further details on gender ratios and measures taken to enhance gender diversity and related data, please refer to the disclosure in the Environmental, Social and Governance Report for 2022 of the Company published on the same day on the Stock Exchange by the Company.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

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

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

Based on the information provided by the Directors, during the year ended December 31, 2022, a summary of training received by the Directors is as follows:

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

Notes:

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

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

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

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

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

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

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

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

BOARD MEETINGS

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

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

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

During the year ended December 31, 2022, six Board meetings were held and one general meeting was convened by the Board. Attendance of each Director at the Board meetings and the annual general meeting of the Company held on June 29, 2022 is set out below:

Director	Board meetings attended/Eligible to attend	General meeting attended/Eligible to attend
Mr. SUN Taoyong	6/6	1/1
Mr. FANG Tongshu	6/6	1/1
Mr. YOU Fengchun	6/6	1/1
Mr. HUANG Junwei	6/6	1/1
Dr. SUN Mingchun	6/6	0/1
Dr. LI Xufu	6/6	0/1
Mr. TANG Wei	6/6	0/1

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all Directors and each of the Directors has confirmed that he has complied with the required standards as set out in the Model Code during the year ended December 31, 2022.

DELEGATION BY THE BOARD

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

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

CORPORATE GOVERNANCE FUNCTIONS

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

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

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

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

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

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

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

THE BOARD COMMITTEES

Audit Committee

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

The primary duties of the Audit Committee are:

Relationship with the Company's auditors

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

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

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

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

Review of the Company's financial information

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

(i) any changes in accounting policies and practices;

(ii) major judgmental areas;

(iii) significant adjustments resulting from audit;

(iv) the going concern assumptions and any qualifications;

(v) compliance with accounting standards; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Two meetings were held by the Audit Committee during the year ended December 31, 2022 and the attendance of each Audit Committee member at the Audit Committee meetings is set out in the table below:

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

During the meetings, the Audit Committee:

- reviewed the annual results of the Group for the year ended December 31, 2021 and the interim results of the Group for the six months ended June 30, 2022 as well as the relevant financial reports;

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

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

Nomination Committee

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

The primary duties of the Nomination Committee are:

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

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

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

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

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

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

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

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

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

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

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

One meeting was held by the Nomination Committee during the year ended December 31, 2022 and the attendance of each Nomination Committee member at the Nomination Committee meeting is set out in the table below:

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

During the meeting, the Nomination Committee:

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

Nomination Policy

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

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

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

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

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

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

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

Remuneration Committee

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

The primary duties of the Remuneration Committee are:

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

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

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

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

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

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

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

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

(i) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules;

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

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

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

One meeting was held by the Remuneration Committee during the year ended December 31, 2022 and the attendance of each Remuneration Committee member at the Remuneration Committee meeting is set out in the table below:

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

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

Remuneration of Directors and Senior Management

For the year ended December 31, 2022, for the remuneration policy of the Directors of the Company, please refer to the section headed "Directors' Report – Emolument Policy", and the remuneration of Directors and senior management of the Company (whose biographies are set out on pages 30 to 33 of the Report) by band is set out below:

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

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2022 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

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

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

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

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

AUDITOR'S REMUNERATION

The auditor's approximate remuneration in respect of the audit and non-audit services provided to the Company for the year ended December 31, 2022 is as follows:

Type of services	**Amount** *(RMB'000)*
Audit services	5,520
Non-audit services (Hong Kong stamp duty tax consulting and ESG reporting support services)	310
Total	**5,830**

JOINT COMPANY SECRETARIES

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

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

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONSHIP

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

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

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

During the year ended December 31, 2022, the Company has reviewed the implementation and effectiveness of the shareholders' communication policy. Due to the adoption of the above measures, the shareholders' communication policy is deemed to have been effectively implemented.

SHAREHOLDERS' RIGHTS

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

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

DIVIDEND POLICY

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

CONVENING AN EXTRAORDINARY GENERAL MEETING AND PUTTING FORWARD PROPOSALS

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

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

ENQUIRIES TO THE BOARD

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

AMENDMENTS TO CONSTITUTIONAL DOCUMENTS

The Company approved the amendments to the Articles of Association at the annual general meeting held on June 29, 2022. The latest Articles of Association of the Company are available on the websites of the Stock Exchange and the Company.

Save as disclosed above, during the Reporting Period, there was no change on the Articles of Association.

INDEPENDENT AUDITOR'S REPORT

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

OPINION

What we have audited

The consolidated financial statements of Weimob Inc. (the "Company") and its subsidiaries (the "Group"), which are set out on pages 84 to 226, comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of comprehensive loss for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

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

Independence

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

KEY AUDIT MATTERS

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

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

- Impairment assessment of goodwill
- Fair value measurement of investments in unlisted companies

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of goodwill Refer to Note 2.10, Note 2.12 and Note 19 to the consolidated financial statements. As at December 31, 2022, the Group had goodwill balance of RMB743 million after impairment provision. The Group recognised impairment loss of RMB195 million during the year ended December 31, 2022. The management performed impairment assessment on goodwill, with the assistance of external independent appraiser, annually or more frequently if events or changes in circumstances indicate that they might be impaired. To assess the impairment, the goodwill has been allocated to the cash-generating units ("CGU") level. The impairment assessment was based on a value in use model that required significant management's judgements on key assumptions including revenue growth rates, sales margins, terminal growth rates, and weighted average cost of capital ("WACC") applicable to the CGUs. We focused on this area due to the significance of goodwill and the subjectivity of significant assumptions of the impairment assessments.	We have performed the following procedures to address this key audit matter: i. Understood and evaluated the key controls over the Group's goodwill impairment assessment, including the valuation model adopted and key assumptions made by the management. ii. Evaluated management's identification of CGU and the allocation of goodwill to the CGU for the purpose of impairment assessment. iii. Assessed the competency, independency and objectivity of the external independent appraiser engaged by the Group. iv. Assessed the reasonableness of valuation methodologies and tested, on a sample basis, the key assumptions used in the valuation with the involvement of our internal valuation specialists. Compared the key assumptions applied by management with historical business performance and future development plans at individual CGU level with reference to our understanding of the business and available industry information and market data. vi. Tested, on a sample basis, the arithmetical accuracy of impairment computation. vii. Reviewed the sensitivity analyses performed by the management on the key assumptions in the discounted cash flow forecasts and assessed whether the judgements would give rise to indicators of management bias. Based on the above, we considered that management's judgements and assumptions applied in impairment assessment of goodwill were supportable by the evidence obtained and procedures performed.

Key Audit Matter	How our audit addressed the Key Audit Matter
Fair value measurement of investments in unlisted companies Refer to Note 3.3 and Note 25(a) to the consolidated financial statements. The Group made investments in unlisted companies ("Unlisted Companies") and classified these investments as non-current financial assets measured at fair value through profit or loss ("FVPL"). These investments were categorised into level 3 financial instruments given the significant unobservable inputs used to measure the fair value. As at December 31, 2022, the investments in Unlisted Companies carried at fair value were RMB538 million. For the year ended December 31, 2022, the Group recognised RMB175 million fair value losses in other (losses)/gains, net from these investments. Management performed fair value assessments of the investments in Unlisted Companies with the assistance of an external independent appraiser. The determination of fair values of these investments required significant management's judgements on key assumptions and inputs including discount for lack of marketability ("DLOM"), WACC, and the relevant underlying assumptions used in the financial projections (in particular revenue growth rates, sales margins), and the market information of recent transactions (such as recent fund raising transactions undertaken by Unlisted Companies). We focused on this area due to the high degree of judgements required in determining the respective fair value of level 3 financial instruments, with respect to the adoption of applicable valuation methodology and the application of appropriate assumptions in the valuation.	We have performed the following procedures to address this key audit matter: i. Understood and evaluated the key controls over the Group's assessment of the fair value of level 3 financial instruments, including the valuation model adopted and key assumptions made by the management. ii. Assessed the competency, independency and objectivity of the external independent appraiser engaged by the Group; iii. Assessed the reasonableness of the valuation methodologies and tested, on a sample basis, the key assumptions used in the valuation with the involvement of our internal valuation specialists. Compared the key assumptions applied by management with historical business performance with reference to our understanding of the business and available industry information and market data. iv. Tested, on a sample basis, the arithmetical accuracy of valuation computation. v. Reviewed, on a sample basis, the sensitivity analyses performed by the management on the key assumptions in the discounted cash flow forecasts and assessed whether the judgements would give rise to indicators of management bias. Based on the above, we considered that management's judgements and assumptions applied in fair value measurement of investments in Unlisted Companies are supportable by the evidence obtained and procedures performed.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in Weimob Inc. 2022 Annual Report (the "annual report") other than the consolidated financial statements and our auditor's report thereon. We have obtained some of the other information including the financial summary and business review, chairman's statement, management discussion and analysis prior to the date of this auditor's report. The remaining other information, including the corporate governance report, report of the directors and the other sections to be included in the annual report, are expected to be made available to us after that date.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 30 March 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

FOR THE YEAR ENDED DECEMBER 31, 2022

		Year ended December 31	
		2022	2021
	Note	**RMB'000**	RMB'000
			(Restated)
Continuing operations			
Revenue	*6*	**1,838,988**	1,966,908
Cost of sales	*7*	**(748,337)**	(465,405)
Gross profit		**1,090,651**	1,501,503
Selling and distribution expenses	*7*	**(1,637,126)**	(1,655,506)
General and administrative expenses	*7*	**(995,393)**	(805,086)
Net impairment losses on financial assets	*3.1*	**(170,803)**	(77,252)
Other income	*9*	**112,655**	123,280
Other (losses)/gains, net	*10*	**(249,636)**	200,747
Operating loss		**(1,849,652)**	(712,314)
Finance costs	*11*	**(171,063)**	(91,133)
Finance income	*12*	**21,322**	15,563
Share of net (loss)/gain of associates accounted for using the equity method	*22*	**(4,344)**	6,991
Change in fair value of convertible bonds	*25(b)*	**13,999**	(14,690)
Loss before income tax		**(1,989,738)**	(795,583)
Income tax credit/(expenses)	*13*	**70,864**	(20,068)
Loss from continuing operations		**(1,918,874)**	(815,651)
Discontinued operations			
Loss from discontinued operation	*27*	**(852)**	(37,592)
Loss for the year		**(1,919,726)**	(853,243)
Loss attributable to:			
– Equity holders of the Company		**(1,828,566)**	(783,023)
– Non-controlling interests		**(91,160)**	(70,220)
		(1,919,726)	(853,243)

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	Year ended December 31 2022 RMB'000	2021 RMB'000 (Restated)
Other comprehensive loss, net of tax			
Items that may not be subsequently reclassified to profit or loss			
Change in fair value of financial liabilities from own credit risk	*25(b)*	–	4,864
Items that may be subsequently reclassified to profit or loss			
Currency translation differences		**17,306**	(12,285)
Total comprehensive loss for the year		**(1,902,420)**	(860,664)
Total comprehensive loss attributable to:			
– Equity holders of the Company		**(1,811,260)**	(790,444)
– Non-controlling interests		**(91,160)**	(70,220)
		(1,902,420)	(860,664)
Total comprehensive loss attributable to equity holders of the Company arises from:			
– Continuing operations		**(1,810,408)**	(752,852)
– Discontinued operations	*27*	**(852)**	(37,592)
		(1,811,260)	(790,444)
Loss per share from continuing operations attributable to the equity holders of the Company (expressed in RMB per share)			
– Basic loss per share	*15*	**(0.73)**	(0.31)
– Diluted loss per share	*15*	**(0.73)**	(0.31)
Loss per share attributable to the equity holders of the Company (expressed in RMB per share)			
– Basic loss per share	*15*	**(0.73)**	(0.33)
– Diluted loss per share	*15*	**(0.73)**	(0.33)

The notes on pages 92 to 226 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

	Note	As at December 31 2022 RMB'000	2021 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	*16*	**150,772**	87,959
Right-of-use assets	*17*	**475,356**	266,584
Investment properties	*18*	**35,720**	34,940
Intangible assets	*19*	**1,410,466**	1,229,798
Development costs	*20*	**4,754**	51,253
Deferred income tax assets	*28*	**61,808**	25,087
Contract acquisition cost	*6*	**37,096**	44,979
Investments accounted for using the equity method	*22*	**245,560**	57,433
Financial assets at fair value through profit or loss	*3.3, 25*	**537,969**	1,064,574
Prepayments, deposits and other assets	*29*	**68,704**	21,174
Other non-current assets	*37(a)*	**–**	35,217
Total non-current assets		**3,028,205**	2,918,998
Current assets			
Trade and notes receivables	*30*	**376,330**	361,468
Contract acquisition cost	*6*	**72,270**	88,649
Prepayments, deposits and other assets	*29*	**1,054,327**	1,609,247
Financial assets at fair value through profit or loss	*3.3, 25*	**624,012**	458,297
Financial assets at fair value through other comprehensive income	*24*	**323,744**	190,298
Restricted cash	*31*	**781,308**	535
Cash and cash equivalents	*31*	**1,710,103**	3,809,069
Term deposits		**417**	–
Total current assets		**4,942,511**	6,517,563
Total assets		**7,970,716**	9,436,561
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	*34*	**1,717**	1,716
Shares held for RSU scheme	*34*	**(644)**	(1,928)
Share premium	*34*	**7,475,254**	7,549,147
Equity component of convertible bonds	*26*	**335,474**	366,482
Treasury shares	*34*	**(39,110)**	–
Other reserves	*35*	**(905,569)**	(962,933)
Accumulated losses		**(4,717,577)**	(2,889,011)
		2,149,545	4,063,473
Non-controlling interests		**91,501**	150,345
Total equity		**2,241,046**	4,213,818

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

		As at December 31	
		2022	2021
	Note	**RMB'000**	RMB'000
LIABILITIES			
Non-current liabilities			
Financial liabilities measured at fair value through profit or loss	*3.3, 25*	**37,595**	538,029
Financial liabilities measured at amortised cost	*26*	**1,772,167**	1,561,499
Lease liabilities	*17*	**85,059**	177,267
Contract liabilities	*6*	**67,791**	90,875
Deferred income tax liabilities	*28*	**13,093**	56,726
Other non-current liabilities	*33*	**5,156**	5,406
Total non-current liabilities		**1,980,861**	2,429,802
Current liabilities			
Bank borrowings	*32*	**1,818,870**	745,000
Lease liabilities	*17*	**66,196**	93,273
Trade and other payables	*33*	**1,426,123**	1,637,017
Contract liabilities	*6*	**291,312**	316,505
Current income tax liabilities		**9,606**	1,146
Financial liabilities measured at fair value through profit or loss	*3.3, 25*	**136,702**	–
Total current liabilities		**3,748,809**	2,792,941
Total liabilities		**5,729,670**	5,222,743
Total equity and liabilities		**7,970,716**	9,436,561

The notes on pages 92 to 226 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 84 to 226 were approved by the Board of Directors on March 30, 2023 and were signed on its behalf.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	Attributable to equity holders of the Company									
		Share capital	Share premium	Treasury Shares	Shares held for RSU scheme	Equity component of convertible bonds	Other reserves	Accumulated losses	Sub-total	Non-controlling interests	Total
	Note	RMB'000	RMB'000	RMB'00	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	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	*34*	11	–	–	(11)	–	–	–	–	–	–
Cancellation of buy-back shares	*34*	(10)	(73,893)	–	–	–	–	–	(73,903)	–	(73,903)
Transfer of vested RSUs	*36(a)*	–	–	–	1,295	–	(1,295)	–	–	–	–
Buy-back of ordinary shares (not yet cancelled)	*34*	–	–	(39,110)	–	–	–	–	(39,110)	–	(39,110)
Buy-back of convertible bonds	*26*	–	–	–	–	(31,008)	(23,584)	–	(54,592)	–	(54,592)
Share-based compensation expenses for employees	*36(a)*	–	–	–	–	–	112,220	–	112,220	–	112,220
Share-based compensation expenses for non-controlling shareholders	*36(b)*	–	–	–	–	–	–	–	–	7,118	7,118
Non-controlling interests from acquisition of subsidiaries	*37*	–	–	–	–	–	(53,195)	–	(53,195)	39,772	(13,423)
Non-controlling interests from disposal of subsidiaries		–	–	–	–	–	–	–	–	(8,662)	(8,662)
Transaction with non-controlling interests	*36(b)*	–	–	–	–	–	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 CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2022

		Attributable to equity holders of the Company								
	Note	Share capital RMB'000	Share premium RMB'000	Shares held for RSU scheme RMB'000	Equity component of convertible bonds RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
As at January 1, 2021		1,529	4,278,775	(15,819)	–	(1,106,251)	(2,110,217)	1,048,017	204,473	1,252,490
Comprehensive loss										
Loss for the year		–	–	–	–	–	(783,023)	(783,023)	(70,220)	(853,243)
Currency translation differences		–	–	–	–	(12,285)	–	(12,285)	–	(12,285)
Change in fair value of financial liabilities from own credit risk		–	–	–	–	4,864	–	4,864	–	4,864
Total comprehensive loss for the year		–	–	–	–	(7,421)	(783,023)	(790,444)	(70,220)	(860,664)
Transfer of realized fair value changes that were initially recorded in other comprehensive income to retained earnings		–	–	–	–	(4,229)	4,229	–	–	–
Transaction with owners										
Issuance of ordinary shares	*34*	99	1,916,595	–	–	–	–	1,916,694	–	1,916,694
Share issuance costs	*34*	–	(19,950)	–	–	–	–	(19,950)	–	(19,950)
Issuance of ordinary shares for share-based compensation	*34*	24	–	(24)	–	–	–	–	–	–
Cancellation of buy-back shares	*34*	(24)	(336,704)	–	–	–	–	(336,728)	–	(336,728)
Conversion of convertible bonds	*34*	88	1,710,431	–	–	–	–	1,710,519	–	1,710,519
Recognition of equity component of convertible bonds	*26*	–	–	–	366,482	–	–	366,482	–	366,482
Transfer of vested RSUs	*36(a)*	–	–	13,915	–	(13,915)	–	–	–	–
Share-based compensation expenses for employees	*36(a)*	–	–	–	–	164,935	–	164,935	9,028	173,963
Transaction with non-controlling interests	*36(b)*	–	–	–	–	3,948	–	3,948	(3,948)	–
Capital injection from non-controlling interests		–	–	–	–	–	–	–	7,000	7,000
Non-controlling interests from acquisition of a subsidiary	*37*	–	–	–	–	–	–	–	4,012	4,012
Transactions with owners in their capacity for the year		187	3,270,372	13,891	366,482	154,968	–	3,805,900	16,092	3,821,992
As at December 31, 2021		1,716	7,549,147	(1,928)	366,482	(962,933)	(2,889,011)	4,063,473	150,345	4,213,818

The notes on pages 92 to 226 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	Year ended December 31 2022 RMB'000	 2021 RMB'000
Cash flows used in operating activities			
Cash used in operations	*38*	**(675,208)**	(614,642)
Interest received	*12*	**18,075**	15,563
Interest paid		**(71,988)**	(75,311)
Income tax paid		**(770)**	(799)
Net cash used in operating activities		**(729,891)**	(675,189)
Cash flows from investing activities			
Purchase of investments measured at fair value through profit or loss (current and non-current portion)	*25*	**(1,440,676)**	(1,478,884)
Proceeds from disposals of investments measured at fair value through profit or loss		**1,104,887**	794,919
Placements of term deposits		**(1,260,697)**	–
Receipt from term deposits		**1,341,845**	–
Interest received from term deposits		**5,884**	–
Payment to invest in associates	*22(c)*	**(17,500)**	(22,500)
Receipt of dividends from an associate		**–**	19,091
Proceeds from disposals of investments in associates	*22*	**226**	321
Payment for acquisition of subsidiaries, net of cash acquired	*37(f)*	**(361,289)**	(27,081)
Net cash outflow arising from disposal of subsidiaries	*22(a)*	**(144,126)**	–
Prepayment for equity investment	*37(a)*	**–**	(35,217)
Purchase of property, plant and equipment		**(37,807)**	(46,389)
Purchase of land use right	*17*	**(334,214)**	–
Proceeds from disposal of property, plant and equipment	*38(a)*	**1,481**	1,831
Purchase of intangible assets	*19*	**(383)**	(1,318)
Payment for development cost	*20*	**(241,253)**	(331,029)
Loan to related parties	*40(b)*	**(89,000)**	(110,169)
Repayment from a related party	*40(b)*	**16,000**	4,000
Loan to a third party		**(153,787)**	–
Repayment from a third party		**128,544**	–
Net cash used in investing activities		**(1,481,865)**	(1,232,425)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	Year ended December 31 2022 RMB'000	 2021 RMB'000
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	*34(d)*	–	1,916,694
Transaction costs of share issuance	*34(d)*	–	(19,950)
Proceeds from issuance of convertible bonds at amortised cost	*26*	–	1,929,930
Issuance costs of convertible bonds at amortised cost	*26*	–	(40,297)
Buy-back of convertible bonds at amortised cost	*26*	(112,948)	–
Buy-back of shares	*34(b)*	(113,013)	(336,728)
Proceeds from bank borrowings		2,807,870	1,251,000
Proceeds from borrowing from a third party		–	2,500
Repayments of bank borrowings		(1,734,000)	(971,050)
Proceeds from financial liabilities measured at fair value through profit or loss		–	345,000
Payment for borrowings due to a third party	*33*	(250)	–
Repayment of financial liabilities measured at fair value through profit or loss		–	(19,787)
Principal elements of lease payments		(60,065)	(54,436)
Redemption of preferred shares in subsidiaries		–	(29,934)
Increase in deposits pledged for bank borrowings		(720,839)	–
Capital injection from non-controlling interests		–	7,000
Cash incentives paid for convertible bonds conversion	*26*	–	(41,151)
Net cash generated from financing activities		66,755	3,938,791
Net (decrease)/increase in cash and cash equivalents		(2,145,001)	2,031,177
Effect on exchange rate difference		46,035	(46,084)
Cash and cash equivalents at beginning of the year		3,809,069	1,823,976
Cash and cash equivalents at end of the year		1,710,103	3,809,069
Cash flows relating to discontinued operations	*27*	(1,112)	(50,657)

The notes on pages 92 to 226 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 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 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 30, 2023.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

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

New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2022:

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to HKAS 16
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to HKAS 37
- Annual Improvements to HKFRS Standards 2018-2020
- Reference to the Conceptual Framework – Amendments to HKFRS 3
- Covid-19 Related Rent Concessions beyond 30 June 2021 – Amendment to HKFRS 16 (March 2021) (the "HKFRS 16 Amendment (March 2021)")
- Amendments to AG 5 Merger Accounting for Common Control Combinations

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

New standards and interpretations not yet adopted

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on January 1, 2022 and have not been early adopted by the Group:

	New standards, amendments and interpretations	**Effective for annual periods beginning on or after**
HKFRS 17	Insurance Contracts	January 1, 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	January 1, 2024
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	January 1, 2023
Amendments to HKAS 8	Definition of Accounting Estimates	January 1, 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Hong Kong Interpretations 5 (2020)	Presentation of Financial Statements-classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	January 1, 2023
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	January 1, 2024

For the amendments which are effective after January 1, 2023, the Group has assessed and concluded that it has no material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods. For those amendments which have not been effective as of the report date, the Group is still assessing the likely impact of adopting the above new standards. The management of the Group plans to adopt these new standards and amendments to existing standards when they become effective.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Principle of consolidation and equity accounting

(i) Subsidiaries

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

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

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

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

(ii) Associates

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Principle of consolidation and equity accounting (Continued)

(iii) Equity method

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

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

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group, unless the investment in associate is held indirectly through venture capital organisations, or mutual funds, unit trusts and similar entities including investment-linked insurance funds, which all qualifies for the investment entities disclosed in Note 2.11. For investment entity associate, the Group could elect to retain the fair value measurement applied by that associate to its interests in subsidiaries. This election is made separately for each investment entity associate, at the latest of the date on which (a) the investment entity associate is initially recognised, (b) the associate becomes an investment entity, and (c) the investment entity associate first becomes a parent.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.13.

(iv) Changes in ownership interests

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Principle of consolidation and equity accounting (Continued)

(iv) Changes in ownership interests (Continued)

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

2.3 Business combinations

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

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

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

Acquisition-related costs are expensed off as incurred.

The excess of the:

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Business combinations (Continued)

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

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

2.4 Separate financial statements

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

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

2.5 Segment reporting

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

2.6 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

(iii) Group companies

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Property, plant and equipment

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

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

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

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.12).

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

2.9 Investment properties

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Intangible assets

(i) Goodwill

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

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

(ii) Trademarks

Separately acquired trademark is shown at historical cost.

The trademark used to identify and distinguish ("Weimob"; carrying amount of RMB3,398,000) has a remaining legal life of 1.5 years as at December 31, 2022 but is renewable every ten years at little cost and is well established. The Group intends to renew the trademark continuously and evidence supports its ability to do so. An analysis of the Group's business performance provides evidence that the Weimob brand will generate net cash inflows for the Group for an indefinite period. Therefore, the trademark is carried at cost without amortisation, but is tested for impairment in accordance with Note 2.12.

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Intangible assets (Continued)

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

- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

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

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

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

(iv) Acquired software licenses

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Intangible assets (Continued)

(v) Customer relationships

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

(vi) Amortisation methods and periods

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

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

2.11 Investment entities

An investment entity is an entity that:

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Impairment of non-financial assets

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

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

2.13 Investments and other financial assets

(i) Classification

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

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

- those to be measured at amortised cost.

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Investments and other financial assets (Continued)

(ii) Recognition and derecognition

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

(iii) Measurement

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

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

Debt instruments

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Investments and other financial assets (Continued)

(iii) Measurement (Continued)

Equity instruments

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

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

(iv) Impairment

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

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

2.14 Offsetting financial instruments

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Trade receivables

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

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 30 for further information about the Group's accounting for trade receivables and Note 3.1 for a description of the Group's impairment policies.

2.16 Cash and cash equivalents

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

2.17 Share capital and shares held for employee share scheme

Ordinary shares are classified as equity.

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Borrowings

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

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

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

2.19 Borrowings costs

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

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

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

2.20 Trade and other payables

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Convertible bonds

(i) *Convertible bonds measured at FVPL*

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

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

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

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

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

(ii) *Convertible bonds measured at amortised cost*

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Convertible bonds (Continued)

(ii) Convertible bonds measured at amortised cost (Continued)

If convertible bonds are redeemed or repurchased before maturity without affecting the conversion rights, the redemption consideration paid (including any transaction costs) is allocated to the instrument's liability and equity components at the date of repurchase or redemption, following the same methodology used to allocate the consideration used in the original allocation of proceeds between liability and equity components on initial recognition. The difference between the consideration allocated to the liability component and its carrying value is recognised in profit or loss and the difference relating to the equity component is recognised in equity.

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

Other financial liabilities at FVPL consist of (i) investment from venture capitals in funds consolidated by the Company and the variable returns belonging to the venture capitals given the limited life of the fund, which was subsequently measured based on the fair value of the underlying investment and the predetermined profit distribution mechanism that set out in the fund agreement and (ii) contingent payables for investments.

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

2.23 Current and deferred income tax

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

(i) Current income tax

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

(ii) Deferred income tax

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Current and deferred income tax (Continued)

(ii) Deferred income tax (Continued)

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

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

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

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

2.24 Employee benefits

(i) Pension obligations

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Employee benefits (Continued)

(iii) Termination benefits

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

(iv) Employee leave entitlements

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

2.25 Share-based payment

The Group operates an equity-settled share-based compensation plan, under which the Group receives service from its employees in exchange for the equity instruments of the Company. As disclosed in Note 36, the Group granted RSUs to employees. The fair value of the employee service received in exchange for the grant of RSUs is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Share-based payment (Continued)

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

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

2.26 Provision

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 Revenue recognition

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

1) Digital commerce services offering

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

1.1) Subscription solutions

1.1.1) Standard cloud-hosted software offering:

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 Revenue recognition (Continued)

1) Digital commerce services offering (Continued)

1.1) Subscription solutions (Continued)

1.1.2) Customised software development:

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

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

1.1.3) Software related services:

The Group provides integrated operation services to its customers including daily software maintenance and operation supporting service, technical support service and integrated marketing activities. Revenue is recognised at a point in time when relevant service has been rendered.

1.2) Merchant solutions services

1.2.1) Online marketing support services offering:

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 Revenue recognition (Continued)

1) Digital commerce services offering (Continued)

1.2) Merchant solutions services (Continued)

1.2.1) Online marketing support services offering: (Continued)

While none of the factors individually are considered presumptive or determinative, the Group is not the principal in this arrangement as it does not control the specified service before that service is transferred to an advertiser, because:

- the specified service being purchased by the advertiser is the viewership (CPM) or click (CPC) of its advertisement. Media publisher, rather than the Group, is primarily responsible for providing the media publishing service. The Group does not have any commitment to the advertiser about the effectiveness of advertisement;

- the media advertisement space is not owned by the Group, and the Group does not have any commitments to purchase the advertising space. As such the Group does not have inventory risk; and

- The Group charges the advertisers based on CPM or CPC, which is the same pricing mechanism that the media publishers charge the Group.

Although the Group has some discretion in determining the price charged to the advertisers in the form of discounts and rebates given to the advertisers, the Group determines it is the agent in the transaction based on the weight of the aforementioned factors. The Group acts as an intermediary in executing transactions with third parties.

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 Revenue recognition (Continued)

1) Digital commerce services offering (Continued)

1.2) Merchant solutions services (Continued)

1.2.2) In-depth operation and marketing services offering:

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 Revenue recognition (Continued)

1) Digital commerce services offering (Continued)

1.2) Merchant solutions services (Continued)

1.2.3) Credit technology solutions

The Group provides a suite of data-driven credit analytics solutions that help financial institutions provide financing for qualified borrowers (usually merchants). The Group generates revenues by charging service fees pursuant to agreements between the Group and the financial institutions where the fees are usually expressed as a percentage of the amount of loans granted by the financing institutions to the qualified merchants. Revenue is recognised at a point in time when relevant service has been rendered.

2) Digital media services offering

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 Revenue recognition (Continued)

2) Digital media services offering (Continued)

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

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

The Group discontinued the business of digital media services in 2022 considering the business adjustment for simplifying disadvantage business and focusing on key business (Note 27).

3) Contract assets and liabilities

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

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

2.28 Leases

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.28 Leases (Continued)

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

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

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

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

To determine the incremental borrowing rate, the Group:

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.28 Leases (Continued)

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

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

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

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

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

2.29 Dividend distribution

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

2.30 Government grants

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.31 Interest income

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

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

2.32 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

(ii) Diluted earnings per share

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

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

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

(i) Market risk

(a) Foreign exchange risk

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

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

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

As at December 31, 2022, if USD had strengthened/weakened by 5% against RMB with all other variables held constant, the Group's post-tax loss for the year ended December 31, 2022 would have approximately RMB52,054,000 higher/lower, as a result of net foreign exchange gains on translation of net monetary liabilities denominated in USD. (2021: RMB103,738,000 lower/higher, as a result of net foreign exchange gains on translation of net monetary assets denominated in USD)

As at December 31, 2022, if HKD had strengthened/weakened by 5% against RMB with all other variables held constant, the Group's post-tax loss for the year ended December 31, 2022 would have approximately RMB2,331,000 (2021: RMB29,813,000) lower/higher, as a result of net foreign exchange gains on translation of net monetary assets denominated in HKD.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(i) Market risk (Continued)

(b) Fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates and the Group has no significant interest-bearing assets except for cash and cash equivalents, restricted cash and loan to related parties and third parties and wealth management products, details of which have been disclosed in Note 30 and Note 31.

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

(ii) Price risk

The Group's exposure to price risk arises from its investments in Hong Kong listed companies ("Listed Companies") and investment in unlisted companies which are classified as financial asset at FVPL (Note 25). The investments were made for strategic purposes or for the purpose of achieving investment yield.

Sensitivity analysis is performed by management to assess the exposure of the Group's financial results to equity price risk of FVPL at the end of each reporting period. As of December 31, 2022, if the price of the respective instruments is 5% lower/higher and all other variables are held constant, the Group's post-tax loss for the year ended December 31, 2022 would have been approximately RMB22,426,000 higher/lower (2021: RMB3,416,200).

(iii) Credit risk

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

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

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(iii) Credit risk (Continued)

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

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

(b) Credit risk of trade and notes receivables

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

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

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

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(iii) Credit risk (Continued)

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

i) Trade and notes receivables in relation to advertising services

The loss allowance of trade and notes receivables in relation to advertising services as at December 31, 2022 and 2021 were determined as follows:

As mentioned in Note 27, the Group discontinued the business of digital media services in 2022. As at December 31, 2022, "Trade and notes receivables" represented rebates receivable in the form of cash granted by the media publishers.

		Pass due				
	Within credit term	30 days	31 – 90 days	91 – 120 days	Over 120 days	Total
December 31, 2022						
Expected loss rate	0.10%					
Gross carrying amount – trade and notes receivables (in RMB'000)	61,010	–	–	–	–	61,010
Loss allowance (in RMB'000)	58	–	–	–	–	58

As at December 31, 2021, "Trade and notes receivables" and "Other receivables in relation to payment on behalf of advertisers" represented payments made to the media publishers on behalf of the advertisers, under which the Group acted as a principal and an agent and the advertising revenue was recognised on gross and net basis, respectively. These receivables relate to advertising services have substantially the same risk characteristics and for the same business in substance. The Group has therefore concluded that the expected loss rates for trade and notes receivables related to advertising services are a reasonable approximation of the loss rates for other receivables in relation to payment on behalf of advertisers.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(iii) Credit risk (Continued)

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

i) Trade and notes receivables in relation to advertising services (Continued)

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

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

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(iii) Credit risk (Continued)

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

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

The loss allowance of trade and notes receivables in relation to subscription solution services as at December 31, 2022 and 2021 was determined as follows:

	Within credit term	Credit term – 30 days	31 – 90 days	91 – 120 days	Over 120 days	Total
December 31, 2022						
Expected loss rate	**0.11%**	**0.23%**	**0.45%**	**1.61%**	**2.32%**	
Gross carrying amount – trade and notes receivables (in RMB'000)	**298,142**	**6,261**	**3,715**	**482**	**7,296**	**315,896**
Loss allowance (in RMB'000)	**309**	**14**	**17**	**8**	**170**	**518**

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(iii) Credit risk (Continued)

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

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

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

	2022 RMB'000	2021 RMB'000
At the beginning of the year	**2,834**	6,412
Reversal for doubtful receivables	**(2,258)**	(3,578)
At the end of the year	**576**	2,834

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

As at December 31, 2022 and 2021, there were no individually impaired trade and notes receivables.

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

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

	As at December 31	
	2022	2021
Hubei Toutiao Technology Co., Ltd. ("Toutiao")	**Less than 10%**	36%

Except for the revenue generated from Toutiao, the Group has a large number of customers and there is no concentration of credit risk.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(iii) Credit risk (Continued)

(c) Credit risk of other receivables

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

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

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

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

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(iii) Credit risk (Continued)

(c) Credit risk of other receivables (Continued)

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

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

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

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

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

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(iii) Credit risk (Continued)

(c) Credit risk of other receivables (Continued)

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

As at December 31, 2022 and 2021, the loss allowance of individually impaired other receivables in relation to payment on behalf of advertisers is determined as follows:

2022:

	Other receivables RMB'000	**Expected credit loss rate**	**Loss allowance** RMB'000	**Reason**
Subtotal of individual impaired	240,413	98%	(235,587)	No reasonable expectation of fully recovery

2021:

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(iii) Credit risk (Continued)

(c) Credit risk of other receivables (Continued)

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

The loss allowance made on a collective basis for the other receivables in relation to payment on behalf of advertisers as at December 31, 2022 and 2021 was determined as follows:

		Pass due				
	Within credit term	30 days	31 – 90 days	91 – 120 days	Over 120 days	Total
December 31, 2022						
Expected loss rate *(i)*	0.20%- 81.48%	0.19%- 97.57%	0.31%- 100%	1.04%- 100%	1.65%- 100%	
Gross carrying amount – other receivables in relation to payment on behalf of advertisers (in RMB'000)	429,517	51,738	40,073	14,693	33,894	569,915
Loss allowance (in RMB'000)	9,662	2,227	4,017	4,608	8,627	29,141

(i) The Group increased the expected loss rate on the receivables due from secondary advertising agents due to its increased credit risk.

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(iii) Credit risk (Continued)

(c) Credit risk of other receivables (Continued)

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

For deposits, other loan receivables due from third parties and related parties, the management considers the credit risk of other receivables is insignificant when they have a low risk of default and the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and the loss allowance recognised is therefore limited to 12 months expected losses. As at December 31, 2022 and 2021, the loss allowance for deposits, other loan receivables due from third parties and related parties is RMB1,808,000 and RMB2,213,000, respectively.

As at December 31, 2022 and 2021, among the total loss allowance of RMB1,808,000 and RMB2,213,000, the loss allowance of individually impaired other receivables amounted to RMB nil and 1,206,000, respectively, which is in relation loan receivables due from related parties and determined as follows:

2021:

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(iii) Credit risk (Continued)

(c) Credit risk of other receivables (Continued)

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

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

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

	Other receivables As at December 31,	
	2022	2021
	RMB'000	RMB'000
At the beginning of the year	**95,232**	8,716
Provision for doubtful receivables	**171,304**	86,516
At the end of the year	**266,536**	95,232

No significant changes to estimation techniques or assumptions were made during the years ended December 31, 2022 and 2021.

(d) Credit risk of financial assets carried at FVOCI

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

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

	Debt instruments carried at FVOCI As at December 31,	
	2022	2021
	RMB'000	RMB'000
At the beginning of the year	**277**	99
Provision for doubtful receivables	**1,757**	178
At the end of the year	**2,034**	277

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(iv) Liquidity risk

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

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

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at December 31, 2022					
Trade and other payables (excluding staff costs and welfare accruals, advance from advertisers and other tax payable) *(Note 33)*	345,074	–	–	–	345,074
Other non-current liabilities *(Note 33)*	–	2,250	2,906	–	5,156
Bank borrowing (including interest accrual up to maturity) *(Note 32)*	1,854,351	–	–	–	1,854,351
Convertible bonds measured at amortised cost *(Note 26)*	–	2,010,331	–	–	2,010,331
Lease liabilities *(Note 17)*	70,537	51,795	30,578	–	152,910
Total	2,269,962	2,064,376	33,484	–	4,367,822

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(iv) Liquidity risk (Continued)

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at December 31, 2021					
Trade and other payables (excluding staff costs and welfare accruals, advance from advertisers and other tax payable) *(Note 33)*	732,053	–	–	–	732,053
Other non-current liabilities *(Note 33)*	–	–	5,406	–	5,406
Bank borrowing (including interest accrual up to maturity) *(Note 32)*	753,004	–	–	–	753,004
Convertible bonds measured at amortised cost *(Note 26)*	–	–	1,641,292	–	1,641,292
Lease liabilities *(Note 17)*	120,769	99,027	52,508	–	272,304
Total	1,605,826	99,027	1,699,206	–	3,404,059

As at December 31, 2022 and 2021, the Group's financial liabilities at FVPL (current and non-current portion) amounted to RMB174,297,000 and RMB538,029,000 respectively (Note 25). The financial liabilities at FVPL have not been included in above tables because the contractual maturities are not essential for an understanding of the timing of the cash flows. These liabilities are managed on a fair value basis rather than by maturity date. If the Group were requested to repay the current financial liability at FVPL (Note 25(b)), the repayment amount would be RMB131,932,000.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital management

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

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total debt (Note 38) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debt.

The gearing ratios at December 31, 2022 and 2021 were as follows:

	As at December 31	
	2022	2021
	RMB'000	RMB'000
Net debt/(cash) *(Note 38)*	**1,424,761**	(694,536)
Total equity	**2,241,046**	4,213,818
Total capital	**3,665,807**	3,519,282
Net debt to equity ratio	**64%**	N/A

As at December 31, 2021, the Group was in a net cash position due to placement of shares to certain investors. As at December 31, 2022, the Group changed to a net debt position due to operating and investing cash outflows.

3.3 Fair value estimation

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

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

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

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value as at December 31, 2022.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Financial assets measured at FVPL				
– Non-current *(Note 25)*	–	–	537,969	537,969
– Current *(Note 25)*	49,215	–	574,797	624,012
Financial assets measured at FVOCI				
– Current *(Note 24)*	–	–	323,744	323,744
	49,215	–	1,436,510	1,485,725
Liabilities				
Financial liabilities measured at FVPL				
– Current *(Note 25)*	136,702	–	–	136,702
– Non-current *(Note 3.3(i)(c))*	–	–	37,595	37,595
	136,702	–	37,595	174,297

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

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Financial assets measured at FVPL				
– Non-current *(Note 25)*	–	–	1,064,574	1,064,574
– Current *(Note 25)*	68,324	–	389,973	458,297
Financial assets measured at FVOCI				
– Current *(Note 24)*	–	–	190,298	190,298
	68,324	–	1,644,845	1,713,169
Liabilities				
Financial liabilities measured at FVPL				
– Non-current *(Note 25)*	138,523	–	399,506	538,029

There were no transfers of financial assets and liabilities between level 1, level 2 and level 3 during the year ended December 31, 2022 and 2021.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

Financial instruments in level 1

Level 1 financial asset as at December 31, 2022 and 2021 represented Hong Kong listed equity securities (Note 25).

Level 1 financial liability as at December 31, 2022 and 2021 represented convertible bonds with quoted price in Hong Kong active market (Note 25(b)).

Financial instruments in level 3

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

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

Financial instruments in level 3 (Continued)

The following table presents the changes in level 3 financial instruments for the years ended December 31, 2022 and 2021. As one or more of the significant inputs used in the valuation of these instruments is not based on observable market data, the instruments are included in level 3.

	Current Financial assets measured at FVPL *(Note 25)* RMB'000	Non-current financial assets measured at FVPL *(Note 25(a))* RMB'000	Financial assets measured at FVOCI *(Note 24)* RMB'000	Non-current financial liabilities measured at FVPL *(Note 22)* RMB'000	Total RMB'000
Balance as at January 1, 2022	389,973	1,064,574	190,298	(399,506)	1,245,339
Addition	1,233,624	92,163	656,255	–	1,982,042
Business combination *(Note 37)*	5,000	–	–	–	5,000
Changes in fair value	4,873	(174,729)	2,806	(7,904)	(174,954)
Settlements	(1,058,673)	(32,849)	(525,615)	–	(1,617,137)
Disposal of a subsidiary *(Note 22(a))*	–	(411,190)	–	369,815	(41,375)
Balance as at December 31, 2022	574,797	537,969	323,744	(37,595)	1,398,915
Net unrealized gains/(losses) for the year	790	(174,729)	2,806	(7,904)	(179,037)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

Financial instruments in level 3 (Continued)

	Current Financial assets at FVPL *(Note 25)* RMB'000	Non-current financial assets at FVPL *(Note 25(a))* RMB'000	Financial assets at FVOCI *(Note 24)* RMB'000	Derivative financial instrument RMB'000	Current financial liability at FVPL *(Note 25)* RMB'000	Non-current financial liabilities at FVPL *(Note 22)* RMB'000	Total RMB'000
Balance as at January 1, 2021	145,740	215,094	44,834	15,468	(46,365)	(51,919)	322,852
Addition	1,033,800	655,566	1,958,981	–	–	(345,000)	3,303,347
Changes in fair value	5,352	194,235	(10,682)	–	–	(21,411)	167,494
Settlements	(794,919)	(321)	(1,802,835)	(15,468)	46,365	18,824	(2,548,354)
Balance as at December 31, 2021	389,973	1,064,574	190,298	–	–	(399,506)	1,245,339
Net unrealized gains/(losses) for the year	1,883	194,235	–	–	–	(21,411)	174,707

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

Financial instruments in level 3 (Continued)

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

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

Description	Fair value at December 31 2022 RMB'000	2021 RMB'000	Significant unobservable inputs	Range of inputs (probability-weighted average) 2022	2021	Relationship of unobservable inputs to fair value
Assets						
Investment in unlisted companies *(a)*	**537,969**	1,054,628	Discount for lack of marketability ("DLOM")	**25.00%-30.00%**	25.00%	Negative correlation
			Weighted average cost of capital ("WACC")	**26.00%-28.00%**	26.00%	Negative correlation
Short-term investments at FVPL *(b)*	**574,797**	389,973	Expected yield	**1.30%-3.96%**	1.48%-3.40%	Positive correlation
Investment in convertible bonds of Growing Corporation *(Note 25(a)(vii))*	**–**	9,946	*Note 25(a)(vii)*	***Note 25(a)(vii)***		
Financial assets at FVOCI *(Note 24)*	**323,744**	190,298	Discount rate	**5.46%**	5.46%	Negative correlation
Liabilities						
Contingent payable – Shanghai Heading Information Engineering Co., Ltd. ("Heading") *(c)*	**37,595**	37,595	Discount Rate	**4.00%**	4.00%	Negative correlation
Other non-current financial liabilities at FVPL – Beijing Weizhi Shuke Investment Center (Limited Partnership) ("Weizhi Shuke") *(d)*	**–**	361,911	*Note d*			

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

Financial instruments in level 3 (Continued)

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

(a) Investments in unlisted companies

As disclosed in Note 25(a), the Group made investments in several unlisted companies ("Unlisted Companies") directly or indirectly from 2020 to 2022, all of which are classified as financial assets at FVPL. The fair value of those investments in Unlisted Companies were calculated using the equity allocation method.

(b) Short-term investments at FVPL

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

(c) Contingent consideration – Heading

The Group acquired 51% equity interests of Heading in November 2020 at a total consideration of RMB510,000,000, among which RMB37,595,000 is contingent consideration and is payable upon the achievement of certain business performance targets. The contingent payment is recorded as non-current financial liabilities measured at FVPL as it is expected to be settled in 2024. There was no significant change in the fair value of this contingent payable during the year ended December 31, 2022.

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

As disclosed in Note 22(a), the Group established and consolidated a 5-year contractual based fund, Weizhi Shuke with Beijing Weizhi Management Consulting Co., Ltd. ("Beijing Weizhi") and other three venture capital partners to invest in unlisted cloud computing and big data companies in early 2021. Beijing Weizhi is the general partner and responsible for all the investment affairs.

The investment in the portfolio companies under Weizhi Shuke are accounted for as non-current financial assets at FVPL, and the financing from venture capital partners are recorded as non-current financial liabilities at FVPL. The fair value was determined according to the value of underlying investments and the predetermined profit distribution mechanism that set out in the fund agreement.

In September 2022, the Group transferred certain equity interests in Beijing Weizhi to Beijing Weizhi's management team and lost its control on Beijing Weizhi. Accordingly, the Group could no longer exercise control on Beijing Weizhi or Weizhi Shuke and therefore recorded its investment in both Beijing Weizhi and Wezhi Shuke using equity method. The Group remeasured Beijing Weizhi and Weizhi Shuke to its fair value of RMB4,701,000 and RMB160,789,000, and recognized RMB1,305,000 loss and nil in "Other (losses)/gains, net".

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

Financial instruments in level 3 (Continued)

(ii) *Sensitivity analysis*

For the fair value of the Group's level 3 instruments, namely investments in Unlisted Companies, short-term investments at FVPL, financial assets at FVOCI, other non-current financial liabilities at FVPL and contingent payable, reasonably possible changes at December 31, 2022 and 2021 to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

	Increase/(Decrease) in fair value (in RMB'000) As at December 31,			
	2022		2021	
Investment in Unlisted Companies				
– DLOM (5% increase/decrease)	**(7,371)**	**7,354**	(12,249)	12,235
– WACC (5% increase/decrease)	**(36,470)**	**41,002**	(64,875)	73,976
Contingent payable				
– Discounted cashflows (5% increase/ decrease)	**(69)**	**70**	(69)	70
Financial assets at FVOCI				
– Discounted cashflows (5% increase/ decrease)	**(73)**	**73**	(519)	519

(iii) *Valuation processes*

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

Except for the level 3 instruments mentioned above, long-term deposits, lease liabilities (non-current portion) and other non-current liabilities, the Group's financial assets and liabilities include cash and cash equivalents, restricted cash, term deposits, trade and notes receivables, other receivables, bank borrowings, lease liabilities (current portion), trade and other payables, the carrying values of which approximated their fair values due to their short maturities. The carrying amount of the long-term deposits, lease liabilities (non-current portion) and other non-current liabilities approximates its fair values since it bears an interest rate which approximates market interest rate.

4 CRITICAL ESTIMATES AND JUDGEMENTS

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

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

(a) Gross vs. net judgement in revenue recognition

As disclosed in Note 2.27, the Group provides different level of advertising services to various advertisers, which involves the assessment of revenue recognition on a gross or net basis, i.e. principal vs. agent assessment in different business models. The Group follows the accounting guidance for principal-agent considerations to assess whether the Group controls the specified service before it is transferred to the customer, the indicators of which including but not limited to (a) whether the entity is primarily responsible for fulfilling the promise to provide the specified service; (b) whether the entity has inventory risk before the specified service has been transferred to a customer; and (c) whether the entity has discretion in establishing the prices for the specified goods or service. The management considers the above factors in totality, as none of the factors individually are considered presumptive or determinative and applies judgment when assessing the indicators depending on each different circumstance. The Group reported advertising revenue on a gross basis in digital media revenue and reported advertising-traffic-driven rebate revenue on a net basis in merchant solutions revenue. 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.

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

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

(c) Estimation of the rebates earned from media publishers

As disclosed in Note 2.27, for the Group's merchant solutions and digital media revenue, certain rebates granted by the media publishers are variable and outside the entity's influence and are recognised as revenue (where the Group acts as agent) or deduction of cost of sales (where the Group acts as principal) at the time incentives are granted. In some circumstances, whereby the management cannot reasonably estimate the amount of rebates that the Group is expected to earn, the Group only recognises the minimum amount of rebates as agreed by the media publishers, which is highly probable that a significant reversal in the amount of cumulative revenue will not occur or probable that a reversal of cost of sales will occur. Management updates its estimate at each reporting date when additional information becomes available.

4 CRITICAL ESTIMATES AND JUDGEMENTS (Continued)

(d) Current and deferred income taxes

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

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

(e) Impairment of receivables

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

(f) Business combination

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

(g) Estimation of goodwill impairment

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

4 CRITICAL ESTIMATES AND JUDGEMENTS (Continued)

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

Costs incurred on development projects are recognized as intangible assets when it is probable that the projects will be successful considering the criteria set out in Notes 2.10(iii) and Note 20. Significant judgment is involved in assessing whether the criteria have been met, including the likelihood of the project delivering sufficient future economic benefits, and whether costs, including employment costs, were directly attributable to relevant projects.

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

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

5 SEGMENT INFORMATION

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

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, 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 (Note 27).

5 SEGMENT INFORMATION (Continued)

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

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

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

	Subscription solutions RMB'000	**Merchant solutions** RMB'000	**Total** RMB'000
Year ended December 31, 2022			
Segment revenue *(a)*	**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**

	Subscription solutions RMB'000	Merchant solutions RMB'000	Total RMB'000
Year ended December 31, 2021			
Segment revenue *(a)*	1,187,826	779,082	1,966,908
Segment cost of sales	(338,924)	(126,481)	(465,405)
Gross profit	848,902	652,601	1,501,503

(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 (Note 27).

5 SEGMENT INFORMATION (Continued)

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

	Year ended December 31	
	2022	2021
Beijing Tencent Culture Media Company Limited ("Tencent")	**15.7%**	19.0%

Except for the revenue generated from Tencent where the Group provides merchant solutions to advertisers acting as the agent of Tencent and earns rebate, 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, 2022 and 2021, respectively.

6 REVENUE

An analysis of the Group's revenue by category for the years ended December 31, 2022 and 2021, is as follows:

6.1 Disaggregation of revenue from contracts with customers

	Year ended December 31	
	2022	2021
	RMB'000	RMB'000
Subscription solutions	**1,291,676**	1,187,826
Merchant solutions*	**547,312**	779,082
Total revenue from continuing operations	**1,838,988**	1,966,908

	Year ended December 31	
	2022	2021
	RMB'000	RMB'000
Timing of revenue recognition		
– At a point in time	**805,980**	1,104,225
– Over time	**1,033,008**	862,683
Total revenue from continuing operations	**1,838,988**	1,966,908

* Included in the merchant solutions revenue, the Group recognized variable rebates received from media publishers in the current period of RMB156,016,000 (December 31, 2021: RMB178,996,000), for which the related performance obligations were satisfied in previous periods.

6 REVENUE (Continued)

6.2 Assets and liabilities related to contract with customers

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

	As at December 31	
	2022	2021
	RMB'000	RMB'000
Contract acquisition cost (current)	**72,270**	88,649
Contract acquisition cost (non-current)	**37,096**	44,979
Total assets related to contracts with customers	**109,366**	133,628
Contract liabilities (current)	**291,312**	316,505
Contract liabilities (non-current)	**67,791**	90,875
Total contract liabilities	**359,103**	407,380

(i) Significant changes in contract liabilities

Contract liabilities of the Group mainly arise from the non-refundable advance payments in relation to subscription solutions services. Decrease in contract liabilities was mainly due to decrease of advance payment from subscription solutions services.

6 REVENUE (Continued)

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

(ii) Revenue recognised in relation to contract liabilities

	Year ended December 31	
	2022	2021
	RMB'000	RMB'000
Beginning balance	**407,380**	481,354
Addition	**590,656**	671,257
Business combination *(Note 37)*	**7,055**	–
Recognized in revenue	**(645,988)**	(745,231)
Ending balance	**359,103**	407,380

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

	Year ended December 31	
	2022	2021
	RMB'000	RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	**316,505**	376,195

(iii) Unsatisfied performance obligations

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

	As at December 31	
	2022	2021
	RMB'000	RMB'000
Subscription solutions related	**359,103**	407,380

The Company expects that out of total unsatisfied performance obligations as at December 31, 2022, approximately RMB291,312,000 (December 31, 2021: RMB316,505,000) will be recognized as revenue within 1 year. The remaining approximately RMB67,791,000 (December 31, 2021: RMB90,875,000) will be recognized as revenue within two to three years.

6 REVENUE (Continued)

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

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

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

	Year ended December 31	
	2022	2021
	RMB'000	RMB'000
Amortisation recognized as selling expenses related to subscription solutions during the year *(Note 7(a))*	**200,148**	261,596

(v) Assets recognised from costs to fulfil a contract

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

	Year ended December 31	
	2022	2021
	RMB'000	RMB'000
Beginning balance	**26,003**	14,124
Addition	**109,391**	131,754
Recognised as cost of providing customized software development during the year	**(107,979)**	(119,875)
Ending balance	**27,415**	26,003

7 EXPENSES BY NATURE

	Year ended December 31	
	2022	2021
	RMB'000	RMB'000
Employee benefits expenses *(Note 8)*	**1,967,582**	1,661,506
Promotion and advertising expenses *(a)*	**434,093**	549,161
Depreciation and amortisation	**294,307**	195,684
Outsourced service fee	**211,584**	132,645
Server and SMS charges related to subscription solutions revenue	**116,709**	106,476
Advertising traffic cost	**90,995**	37,136
Utilities and office expenses	**90,231**	87,031
Depreciation of right-of-use assets *(Note 17)*	**65,526**	70,048
Impairment provision for intangible assets *(Note 19)*	**40,725**	–
Travelling and entertainment expenses	**32,530**	44,893
Other consulting fees	**14,336**	22,127
Auditors' remuneration	**5,754**	6,019
Others	**16,484**	13,271
	3,380,856	2,925,997

(a) Promotion and advertising expenses for the current year mainly consists of (i) RMB200,148,000 amortisation expenses of contract acquisition cost (2021: RMB261,596,000) and (ii) RMB190,122,000 advertising expenses, mainly paid and payable to the companies affiliated with Shenzhen Tencent Computer Systems Company Limited and Baidu Com (Beijing) Co., Ltd. (2021: RMB298,864,000).

8 EMPLOYEE BENEFIT EXPENSES

	Year ended December 31	
	2022	2021
	RMB'000	RMB'000
Wages, salaries and bonuses	**1,498,164**	1,221,993
Other social security costs, housing benefits and other employee benefits	**203,235**	154,343
Pension costs-defined contribution plans	**146,845**	111,207
Share-based compensation expenses for employees *(Note 36)*	**119,338**	173,963
	1,967,582	1,661,506

8 EMPLOYEE BENEFIT EXPENSES (Continued)

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended December 31, 2022 and 2021 included two directors whose emoluments are reflected in the analysis shown in Note 41. The emoluments payable to the remaining three individuals for the years ended December 31, 2022 and 2021 are as follows:

	Year ended December 31	
	2022	2021
	RMB'000	RMB'000
Salaries and wages	**5,076**	5,075
Bonuses	**1,055**	1,110
Pension costs-defined contribution plans	**197**	198
Other social security costs, housing benefits and other employee benefits	**168**	163
Share-based compensation	**18,079**	22,082
	24,575	28,628

The emoluments fell within the following bands:

	Year ended December 31	
	2022	2021
HK$1,000,001 to HK$1,500,000	**–**	1
HK$2,000,001 to HK$2,500,000	**1**	–
HK$5,000,001 to HK$5,500,000	**1**	1
HK$21,000,001 to HK$21,500,000	**1**	–
HK$28,000,001 to HK$28,500,000	**–**	1
	3	3

9 OTHER INCOME

	Year ended December 31	
	2022	2021
	RMB'000	RMB'000
Super deduction of input VAT *(a)*	**64,919**	80,857
Government grants *(b)*	**41,042**	39,661
Interest income from term deposits and loan to related and third parties	**6,694**	2,762
	112,655	123,280

(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.

(b) Government grants mainly represent tax refund entitled to receive.

10 OTHER (LOSSES)/GAINS, NET

	Year ended December 31	
	2022	2021
	RMB'000	RMB'000
Gains from settlement of financial liabilities *(Note 26)*	**89,809**	–
Foreign exchange gain, net	**59,016**	29,363
Gain from disposal of short-term investments measured at FVPL	**3,414**	3,469
Fair value change of current financial assets measured at FVPL	**790**	1,883
Fair value change of investment properties *(Note 18)*	**780**	2,539
Losses on disposals of financial assets measured at FVOCI *(Note 30)*	**(2,806)**	(10,682)
Fair value change of non-current financial liabilities measured at FVPL	**(7,904)**	(21,411)
Fair value change of listed equity security investments	**(19,109)**	2,220
Fair value change of non-current financial assets measured at FVPL	**(174,729)**	194,235
Impairment loss of goodwill *(Note 19)*	**(194,843)**	–
Others, net	**(4,054)**	(869)
	(249,636)	200,747

11 FINANCE COSTS

	Year ended December 31	
	2022	2021
	RMB'000	RMB'000
Interest expenses on liability component of convertible bonds *(Note 26)*	**94,689**	51,863
Interest expenses on borrowings	**64,348**	29,451
Interest expenses on lease liabilities *(Note 17)*	**8,409**	9,819
Interest expenses on put option liability *(Note 26)*	**3,617**	–
	171,063	91,133

12 FINANCE INCOME

	Year ended December 31	
	2022	2021
	RMB'000	RMB'000
Interest income on bank deposits held for cash management purpose	**21,322**	15,563

13 TAXATION

(a) Value added tax

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

(b) Income tax

(i) Cayman Islands Income Tax

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

(ii) Hong Kong Profits Tax

No provision for Hong Kong profits tax was made as the Group did not have any assessable income subject to Hong Kong profits tax for the year ended December 31, 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 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.

13 TAXATION (Continued)

(b) Income tax (Continued)

(iv) PRC withholding Tax

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after January 1, 2008 are generally subject to a 10% withholding income tax. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%. There is no provision of withholding tax made for the years ended December 31 2022 and 2021 as majority of subsidiaries incorporated in the PRC have accumulated losses as at December 31, 2022 and 2021.

	Year ended December 31	
	2022	2021
	RMB'000	RMB'000
Current tax	**9,490**	12,279
Deferred income tax *(Note 28)*	**(80,354)**	7,789
Income tax (credit)/expenses	**(70,864)**	20,068
Income tax (credit)/expenses is attributable to		
Profit from continuing operations	**(70,864)**	20,068
Profit from discontinued operation	**(260)**	(11,155)
	(71,124)	8,913

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the tax rate of 25% for the years ended December 31, 2022 and 2021, being the tax rate of the major subsidiaries of the Group.

13 TAXATION (Continued)

(b) Income tax (Continued)

(iv) PRC withholding Tax (Continued)

	Year ended December 31	
	2022	2021
	RMB'000	RMB'000
Loss before income tax from continuing operations	**(1,989,738)**	(795,583)
Tax calculated at PRC statutory income tax rate of 25%	**(497,435)**	(198,896)
Effects of preferential tax rates applicable to high and new technology enterprises	**130,536**	6,539
Accelerated research and development deductible expenses	**(111,785)**	(98,942)
Fair value changes in convertible bonds not deductible for taxation purpose	**(3,500)**	3,672
Expenses not deductible for taxation purpose	**34,930**	41,359
Temporary differences and tax losses for which no deferred income tax asset was recognized	**376,130**	255,181
Income tax (credit)/expenses	**(71,124)**	8,913

14 DIVIDENDS

No dividends have been paid or declared by the Company for the years ended December 31, 2022 and 2021.

15 LOSS PER SHARE

(a) Basic

Basic loss per share for the years ended December 31, 2022 and 2021 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	
	2022	2021
Net loss attributable to the equity holders of the Company (RMB'000) from:		
Continuing operations	**(1,827,714)**	(745,431)
Discontinued operations	**(852)**	(37,592)
	(1,828,566)	(783,023)
Weighted average numbers of ordinary shares in issue	**2,513,221,578**	2,402,215,702
Basic loss per share (expressed in RMB per share):		
Continuing operations	**(0.73)**	(0.31)
Discontinued operations	**–**	(0.02)

(b) Diluted

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

For the years ended December 31, 2022 and 2021, convertible bonds (Note 25(b) and Note 26) issued by the Company and restricted shares units ("RSUs") granted to employees (Note 36) are considered to be potential ordinary shares. As the Group incurred losses for the years ended December 31, 2022 and 2021, the dilutive potential ordinary shares of convertible bonds and RSUs were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive.

Accordingly, diluted loss per share for the years ended December 31, 2022 and 2021 was the same as basic loss per share of the respective period.

16 PROPERTY, PLANT AND EQUIPMENT

	Computer and electronic equipment RMB'000	Furniture and fixtures RMB'000	Vehicles RMB'000	Buildings RMB'000	Leasehold improvement RMB'000	Assets under construction RMB'000	Total RMB'000
Cost							
At January 1, 2022	37,882	6,301	4,463	35,500	46,869	2,219	133,234
Additions	1,866	4,373	42	–	8,290	76,130	90,701
Business combination *(Note 37)*	318	41	–	–	–	–	359
Disposals	(3,617)	(2,130)	(169)	–	–	–	(5,916)
At December 31, 2022	36,449	8,585	4,336	35,500	55,159	78,349	218,378
Accumulated depreciation							
At January 1, 2022	(18,201)	(3,193)	(961)	(1,673)	(21,247)	–	(45,275)
Depreciation	(9,247)	(1,418)	(712)	(1,434)	(13,723)	–	(26,534)
Disposals	2,398	1,706	99	–	–	–	4,203
At December 31, 2022	(25,050)	(2,905)	(1,574)	(3,107)	(34,970)	–	(67,606)
Net carrying amount							
At January 1, 2022	19,681	3,108	3,502	33,827	25,622	2,219	87,959
At December 31, 2022	11,399	5,680	2,762	32,393	20,189	78,349	150,772
Cost							
At January 1, 2021	20,894	5,114	2,841	35,500	24,986	–	89,335
Additions	18,903	1,191	3,473	–	21,883	2,219	47,669
Business combination *(Note 37)*	7	5	–	–	–	–	12
Disposals	(1,922)	(9)	(1,851)	–	–	–	(3,782)
At December 31, 2021	37,882	6,301	4,463	35,500	46,869	2,219	133,234
Accumulated depreciation							
At January 1, 2021	(10,142)	(2,364)	(1,224)	(239)	(11,721)	–	(25,690)
Depreciation	(9,479)	(831)	(563)	(1,434)	(9,526)	–	(21,833)
Disposals	1,420	2	826	–	–	–	2,248
At December 31, 2021	(18,201)	(3,193)	(961)	(1,673)	(21,247)	–	(45,275)
Net carrying amount							
At January 1, 2021	10,752	2,750	1,617	35,261	13,265	–	63,645
At December 31, 2021	19,681	3,108	3,502	33,827	25,622	2,219	87,959

16 PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation of the Group's property, plant and equipment has been recognised as follows:

	Year ended December 31	
	2022	2021
	RMB'000	RMB'000
Cost of sales	**294**	1,384
Administrative expenses	**9,205**	7,279
Selling and marketing expenses	**17,035**	13,170
	26,534	21,833

Impairment test on property, plant and equipment and other long term assets have been conducted on individual CGU level (Note 19) and no impairment is considered necessary based on the impairment tests performed as at December 31, 2022 and 2021.

17 LEASES

(i) Right-of-use assets

	Land-use rights (a) RMB'000	Buildings RMB'000	Total RMB'000
Cost			
At January 1, 2022	**10,000**	**386,434**	**396,434**
Additions	**334,214**	**8,877**	**343,091**
Business combination *(Note 37)*	**–**	**1,826**	**1,826**
Other decrease *(a)*	**–**	**(50,847)**	**(50,847)**
Disposals *(b)*	**–**	**(59,661)**	**(59,661)**
At December 31, 2022	**344,214**	**286,629**	**630,843**
Accumulated depreciation			
At January 1, 2022	**(365)**	**(129,485)**	**(129,850)**
Depreciation	**(3,794)**	**(65,214)**	**(69,008)**
Other decrease *(a)*	**–**	**7,751**	**7,751**
Disposals *(b)*	**–**	**35,620**	**35,620**
At December 31, 2022	**(4,159)**	**(151,328)**	**(155,487)**
Net carrying amount			
At January 1, 2022	**9,635**	**256,949**	**266,584**
At December 31, 2022	**340,055**	**135,301**	**475,356**

17 LEASES (Continued)

(i) Right-of-use assets (Continued)

	Land-use rights RMB'000	Buildings RMB'000	Total RMB'000
Cost			
At January 1, 2021	10,000	165,734	175,734
Additions	–	224,068	224,068
Disposals *(b)*	–	(3,368)	(3,368)
At December 31, 2021	10,000	386,434	396,434
Accumulated depreciation			
At January 1, 2021	(52)	(61,453)	(61,505)
Depreciation	(313)	(69,955)	(70,268)
Disposals *(b)*	–	1,923	1,923
At December 31, 2021	(365)	(129,485)	(129,850)
Net carrying amount			
At January 1, 2021	9,948	104,281	114,229
At December 31, 2021	9,635	256,949	266,584

(a) Other decrease of right-of-use assets for the year ended December 31, 2022 was mainly due to the modification of rental agreement. The Group recognised approximately RMB5,800,000 as deduction of rental expenses in "General and administrative expenses".

(b) Disposals of right-of-use assets for the years ended December 31, 2022 and 2021 were due to the early termination of rental agreements. The Group recognised approximately RMB2,647,000 as rental expenses incurred in "General and administrative expenses".

17 LEASES (Continued)

(ii) Lease liabilities

	Year ended December 31, 2022 RMB'000	2021 RMB'000
Lease liability		
Current	66,196	93,273
Non-current	85,059	177,267
	151,255	270,540

(iii) Amounts recognised in the consolidated statement of comprehensive loss

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

	Year ended December 31, 2022 RMB'000	2021 RMB'000
Depreciation charge of right-of-use assets *(Note 7)*		
Buildings	65,214	69,955
Land-use rights	3,794	313
	69,008	70,268
Interest expenses (included in finance cost) *(Note 11)*	8,409	9,819
Expense relating to short-term leases (included in administrative expenses)	8,513	14,019

The total cash outflow for long-term leases including principal elements and interest expenses as well as short-term leases for the year ended December 31, 2022 was approximately RMB411,201,000 (2021:RMB78,274,000).

(iv) The Group's leasing activities and how these are accounted for

Land use right was amortized ratably over the term of the useful life of 40 years at a straight-line basis. For office buildings, rental contracts are typically made for fixed periods of 1 to 4 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease agreements do not impose any covenants.

17 LEASES (Continued)

(v) Accounting for a lessor with operating leases

The Group owned certain residential real estates leased to tenants under operating leases, which meets the definition of investment properties. The information of investment properties is disclosed in Note 18.

18 INVESTMENT PROPERTIES

	Year ended December 31	
	2022	2021
	RMB'000	RMB'000
Opening balance at January 1	**34,940**	32,401
Fair value change *(Note 10)*	**780**	2,539
Ending balance at December 31	**35,720**	34,940

(i) Amounts recognised in the consolidated statement of comprehensive loss for investment properties

	2022	2021
	RMB'000	RMB'000
Rental income from operating leases	**307**	340
Direct operating expenses from property that generated rental income	**12**	12

(ii) Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly. There are no other variable lease payments that depend on an index or rate.

(iii) Valuation processes of the Group

The Group's policy is to recognise change of fair value hierarchy levels as of the date of the event or change in circumstances that caused the change. As at December 31, 2022 and 2021, the Group had only level 3 investment properties.

The Group's investment properties were acquired on November 9, 2020 through business combination of Heading and were valued by an external, independent and qualified appraiser on the acquisition date and at the year end. For all investment properties, their current use equates the highest and best use.

18 INVESTMENT PROPERTIES (Continued)

(iv) Valuation techniques

Valuation are based on direct comparison approach assuming sale of each of these properties in its existing status with the benefit of vacant possession. By making reference to sales transactions as available in the relevant market, comparable properties in close proximity have been selected and adjustments have been made to account for the difference in factors such as locations and property size. There were no changes to the valuation techniques during the year.

Information about fair value measurements using significant unobservable inputs (level 3)

Description	Fair value as at December 31, 2022 RMB'000	Fair value as at December 31, 2021 RMB'000	Valuation techniques	Unobservable inputs	Range of Unobservable inputs December 31, 2022	Range of Unobservable inputs December 31, 2021	Relationship of unobservable inputs to fair value
Investment properties	**35,720**	34,940	Direct comparison	Adjusted market price (RMB/square meter)	**RMB54,503**	RMB53,300	The higher market price, the higher fair value.

19 INTANGIBLE ASSETS

	Goodwill RMB'000	Trademarks RMB'000	Self-developed software RMB'000	Acquired software licenses RMB'000	Customer relationships RMB'000	Total RMB'000
Cost						
At January 1, 2022	583,137	3,398	750,950	3,454	226,295	1,567,234
Additions	–	–	–	383	–	383
Business combination *(Note 37)*	354,771	–	40,004	1,099	–	395,874
Capitalisation of development costs *(Note 20)*	–	–	287,752	–	–	287,752
At December 31, 2022	937,908	3,398	1,078,706	4,936	226,295	2,251,243
Accumulated amortization						
At January 1, 2022	–	–	(310,248)	(1,195)	(25,993)	(337,436)
Amortisation	–	–	(244,509)	(46)	(23,218)	(267,773)
At December 31, 2022	–	–	(554,757)	(1,241)	(49,211)	(605,209)
Impairment						
At January 1, 2022	–	–	–	–	–	–
Impairment	(194,843)	–	(40,725)	–	–	(235,568)
At December 31, 2022	(194,843)	–	(40,725)	–	–	(235,568)
Net carrying amount						
At January 1, 2022	583,137	3,398	440,702	2,259	200,302	1,229,798
At December 31, 2022	743,065	3,398	483,224	3,695	177,084	1,410,466

19 INTANGIBLE ASSETS (Continued)

	Goodwill RMB'000	Trademarks RMB'000	Self-developed software RMB'000	Acquired software licenses RMB'000	Customer relationships RMB'000	Total RMB'000
Cost						
At January 1, 2021	538,382	3,398	423,693	2,136	210,885	1,178,494
Business combination *(Note 37)*	44,755	–	9,387	–	15,410	69,552
Capitalisation of development costs *(Note 20)*	–	–	317,870	–	–	317,870
Other additions	–	–	–	1,318	–	1,318
At December 31, 2021	583,137	3,398	750,950	3,454	226,295	1,567,234
Accumulated amortization						
At January 1, 2021	–	–	(158,762)	(536)	(3,417)	(162,715)
Amortisation	–	–	(151,486)	(659)	(22,576)	(174,721)
At December 31, 2021	–	–	(310,248)	(1,195)	(25,993)	(337,436)
Net carrying amount						
At January 1, 2021	538,382	3,398	264,931	1,600	207,468	1,015,779
At December 31, 2021	583,137	3,398	440,702	2,259	200,302	1,229,798

Amortisation of the Group's intangible assets has been recognised as follows:

	Year ended December 31	
	2022	2021
	RMB'000	RMB'000
Cost of sales	**230,413**	100,757
General and administrative expenses	**14,142**	51,388
Selling expenses	**23,218**	22,576
	267,773	174,721

19 INTANGIBLE ASSETS (Continued)

Allocation of goodwill

Goodwill is monitored by management at the level of operating segment before aggregation. As at December 31, 2022, goodwill of RMB937,908,000 represented the excess of total consideration over identifiable net assets arisen from the acquisitions of Wuxi Yazuo Zaixian Technology Co., Ltd.("Wuxi Yazuo"), Heading, Shanghai Jingxin Information Technology Co., Ltd. ("Jingxin"), Guangzhou Xiangminiao Internet Technology Co., Ltd. ("Xiangminiao"), Shanghai Xiaomeng Technology Co., Ltd. ("Xiaomeng Technology"), Xiangxinyun and Shanghai Xiaomeng Financial Information Service Co., Ltd. ("Xiaomeng Financial") (collectively "Acquirees").

Goodwill of RMB118,019,000 generated from Xiaomeng Financial acquisition was allocated to both subscription solutions CGU and merchant solutions CGU with the amount of RMB25,443,000 and RMB92,576,000, respectively, considering the synergies expected after the acquisition.

Goodwill of RMB236,752,000 generated from Xiangxinyun acquisition was initially allocated to subscription solution CGU and was reallocated back to Xiangxinyun CGU due to business structure adjustment in October 2022.

Except for the goodwill generated from Xiaomeng Financial acquisition and Xiangxinyun, the Group's remaining goodwill are all allocated to subscription solutions CGU.

Impairment tests for goodwill

As at December 31, 2022 and 2021, the Group has performed the goodwill impairment assessments. The recoverable amount of goodwill was determined based on value-in-use calculations. The value-in-use calculations use cash flow projections based on business plan for the purpose of impairment reviews covering a seven-year, five-year and nine-year period for subscription solutions CGU, merchant solutions CGU and Xiangxinyun CGU, respectively. The accuracy and reliability of the information is reasonably assured by the appropriate budgeting, forecast and control process established by the Group. The management leveraged their experiences in the industries and provided forecast based on past performance and their expectation of future business plans and market developments.

The Group has engaged an independent external appraiser to assist management to perform the goodwill impairment assessments. The following table sets out the key assumptions for the subscription solutions CGU, merchant solutions CGU and Xiangxinyun CGU that have all goodwill allocated to them:

As at December 31, 2022	Subscription solutions	Merchant solutions	Xiangxinyun
Gross margin (%)	66.2%-84.6%	62.0%	45.0%-63.3%
Annual growth rate (%)	6.4%-26.8%	10.0%-30.0%	5.0%-45.5%
Terminal growth rate (%)	2.3%	2.3%	2.3%
Pre-tax discount rate (%)	17%	19%	21%

19 INTANGIBLE ASSETS (Continued)

Impairment tests for goodwill (Continued)

As at December 31, 2021	Subscription solutions
Gross margin (%)	From 62.0% to 84.6%
Annual growth rate (%)	From 6.4% to 30%
Terminal growth rate (%)	2.3%
Pre-tax discount rate (%)	19%

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

The recoverable amount of the goodwill is shown as below:

	As at December 31	
	2022	2021
	RMB'000	RMB'000
Recoverable amount for subscription solutions	**2,250,087**	4,552,052
Recoverable amount for merchants solutions	**385,198**	NA
Recoverable amount for Xiangxinyun	**41,909**	NA
	2,677,194	4,552,052

The headroom of the goodwill is shown as below:

	As at December 31	
	2022	2021
	RMB'000	RMB'000
Headroom for subscription solutions	**1,641,507**	3,660,941
Headroom for merchants solutions	**292,622**	NA
	1,641,507	3,660,941

Based on the impairment test, as the headroom for goodwill allocated to subscription solutions CGU and merchant solutions CGU is far larger than the carrying amount of goodwill, the reasonable possible changes in key assumptions would not lead to any impairment of allocated goodwill to as at December 31, 2022.

19 INTANGIBLE ASSETS (Continued)

Impairment tests for goodwill (Continued)

For goodwill allocated to Xiangxinyun CGU, the Group recorded impairment of RMB194,843,000 as at December 31, 2022 in light of the changes in economic, operating and market environment.

Impairment tests on trademark

The Group carries out its impairment test on trademark ("Weimob", carrying amount of RMB3,398,000) by comparing the recoverable amounts to the carrying amounts as of the end of each reporting period.

Recoverable amounts of trademark are determined by the management based on past performance and adjusted for its expectation for market development. The expected sales performance adopted for the recoverable amount determination is consistent with the business plan of the Group. Post-tax discount rates reflect market assessments of the time values and the specific risks relating to the trademark.

No impairment is considered necessary based on the impairment tests performed as at December 31, 2022 and 2021.

Impairment of other intangible assets

Impairment test on other long term assets including property, plant and equipment (Note 16), self-developed software, customer relationships, acquired software licenses and development costs (Note 20) of the Group has been conducted by the management as at December 2022 and 2021 for CGUs with impairment indicator. Based on the impairment test, the Group recorded impairment of RMB40,725,000 on self-developed software as at December 31, 2022.

20 DEVELOPMENT COSTS

Development costs that do not meet the criteria in Note 2.10 (iii) are recognised as an expense as incurred. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. The self-developed software with development costs occurred but not ready for use is presented in a separate line item "Development costs" in the statement of financial position and subject to impairment test at each year end.

	Year ended December 31	
	2022	2021
	RMB'000	RMB'000
As at January 1	**51,253**	38,701
Development costs capitalized during the year	**241,253**	330,422
Transfer to intangible assets	**(287,752)**	(317,870)
As at December 31	**4,754**	51,253

Impairment test on development costs and other long term assets have been conducted on individual CGU level (Note 19) and no impairment is considered necessary based on the impairment tests performed as at December 31, 2022 and 2021.

21 MAJOR SUBSIDIARIES

As at December 31, 2022 and 2021, the Company had direct and indirect interests in the following major subsidiaries (including controlled structured entities):

Company Name	Type of legal entity registered under PRC law	Place of incorporation/ establishment operation	Date of incorporation/ establishment	Registered Capital	Percentage of attributable equity interest As at December 31, 2022	Percentage of attributable equity interest As at December 31, 2021	Principal activities
Direct interest:							
Weimob Holding Limited	Not applicable, not PRC subsidiary	British Virgin Islands ("BVI")	February 7, 2018	USD50,000	100%	100%	Investment holding
Indirect interest:							
Weimob Technology HK Limited ("Weimob HK")	Not applicable, not PRC subsidiary	Hong Kong	March 6, 2018	HKD10,000	100%	100%	Investment holding
Weimob Investment Limited	Not applicable, not PRC subsidiary	BVI	March 6, 2020	USD50,000	100%	100%	Investment holding
Weimob Global Limited	Not applicable, not PRC subsidiary	Hong Kong	December 17, 2020	HKD10,000	100%	100%	Subscription and merchant solutions
Weimob Development (上海微盟企業發展有限公司)	Limited liability company	The PRC	September 10, 2014	RMB 4,000,000,000	100%	100%	Subscription solutions
Beijing Weimob Information Technology Co., Ltd.(北京為盟信息科技有限公司) ("Beijing Weimob")	Limited liability company	The PRC	September 9, 2015	RMB1,000,000	100%	100%	Subscription and merchant solutions
Shanghai Mengju Weimob Information Technology Co., Ltd. (上海盟聚信息科技有限公司) ("Shanghai Mengju")	Limited liability company	The PRC	December 29, 2015	RMB2,200,000,000	100%	100%	Digital media and merchant solutions
Shanghai Mengyao Weimob Information Technology Co., Ltd. (上海盟耀信息科技有限公司) ("Shanghai Mengyao")	Limited liability company	The PRC	February 1, 2016	RMB1,600,000,000	100%	100%	Merchant solutions
Shanghai Mengzhun Information Technology Co., Ltd. (上海盟准信息科技有限公司)	Limited liability company	The PRC	March 21, 2019	RMB50,000,000	100%	100%	Merchant solutions

21 MAJOR SUBSIDIARIES (Continued)

Company Name	Type of legal entity registered under PRC law	Place of incorporation/ establishment operation	Date of incorporation/ establishment	Registered Capital	Percentage of attributable equity interest As at December 31, 2022	Percentage of attributable equity interest As at December 31, 2021	Principal activities
Shanghai Weimob Yunbing Information Technology Co., Ltd. (上海微盟雲冰信息科技有限公司) ("Weimob Yunbing")	Limited liability company	The PRC	May 10, 2019	RMB100,000,000	100%	100%	Investment activities
Shanghai Mengxiao Information Technology Co., Ltd. (上海盟效信息科技有限公司)	Limited liability company	The PRC	May 11, 2018	RMB50,000,000	70%	70%	Merchant solutions
Beijing Weimob Enterprise Development Co., Ltd. (北京微盟企業發展有限公司)	Limited liability company	The PRC	December 2, 2020	RMB100,000,000	100%	100%	Subscription and merchant solutions
Heading (上海海鼎信息工程股份有限公司)	Company limited by shares	The PRC	January 8, 1997	RMB37,324,463	51%	51%	Subscription solutions
Shanghai Heading Information Technology Co., Ltd. (上海海鼎信息科技有限公司)	Limited liability company	The PRC	March 14, 2019	RMB31,000,000	37.8%	37.8%	Subscription solutions
Shanghai Xiangxinyun Internet Technology Co., Ltd. (上海向心雲網絡科技有限公司)	Limited liability company	The PRC	April 4, 2014	RMB29,164,683	51.89%	N/A	Subscription solutions
Consolidated structured entities:							
Weimob Teamwork (PTC) Limited *(Note 36)*	Not applicable, not PRC subsidiary	BVI	January 15, 2019	USD50,000	100%	100%	RSU scheme trust

22 ASSOCIATES

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
Investments in associates accounted for using the equity method	**245,560**	57,433

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Beijing Weizhi Shuke Investment Center (Limited Partnership) ("Weizhi Shuke") *(a)*	**160,032**	–
Nanjing Chuangyi Meridian Weimob Emerging Industry Equity Investment Fund Partnership (Limited Partnership) ("Nanjing Chuangyi") *(b)*	**53,672**	57,207
Shanghai Weixin Investment Center (Limited Partnership) ("Shanghai Weixin") *(c)*	**17,448**	–
Others	**14,408**	226
	245,560	57,433

22 ASSOCIATES (Continued)

The following is a list of principal investments in associates of the Company as at December 31, 2022. The entities listed below have share capital consisting of both ordinary shares and ordinary shares with preference rights, which are held directly or indirectly by the Group.

				Percentage of ownership interest attribution to the Group			
Name	Date of incorporation	Particulars of issued shares held (thousand)	Place of incorporation and principal places of business	As at December 31, 2022	As at December 31, 2021	Principal activities	Accounting method
Weizhi Shuke *(a)*	January 7, 2021	RMB 150,000	China	30.00%	Not applicable	Investment	Equity method
Nanjing Chuangyi *(b)*	October 1, 2019	RMB 50,000	China	25.25%	25.25%	Investment	Equity method
Shanghai Weixin *(c)*	July 7, 2022	RMB 35,000	China	43.21%	Not applicable	Investment	Equity method
Shanghai Xiaoke Information Technology Co., Ltd. ("Xiaoke") *(Note 25(a))*	November 27, 2019	RMB 299,620	China	34.74%	34.90%	Subscription solutions	Fair value*
Zhejiang Damo Network Technology Co., Ltd. ("Demo") *(Note 25(a))*	February 11, 2015	RMB 49,800	China	32.38%	32.38%	Subscription solutions	Fair value*
Shanghai Shangyou Network Technology Co., Ltd. ("Syoo") *(Note 25(a))*	November 20, 2017	RMB 46,000	China	40.00%	40.00%	Subscription solutions	Fair value*
Yijing Zhilian (Beijing) Technology Co., Ltd. ("Yijing") *(Note 25(a))*	November 18, 2019	RMB 6,000	China	7.93%	Not applicable	Subscription and merchant solutions	Fair value*
Beijing Nengtong Tianxia Network Technology Co., Ltd. ("Nengtong") *(Note 25(a))*	September 19, 2007	RMB 30,000	China	13.52%	Not applicable	Subscription solutions	Fair value*

* The Group has significant influence over these investments based on its representation on the respective board of directors. For investments held by the Group in common shares, the Group accounted for those investments in equity method. For investments held by the Group in redeemable preferred shares, these investments have been accounted for under financial assets through profit or loss (Note 25(a)) in the consolidated statement of financial position of the Group and are not qualified for equity accounting.

22 ASSOCIATES (Continued)

(a) Weizhi Shuke

In January 2021, the Group established a five-year limited life fund Weizhi Shuke through its subsidiaries, Beijing Weizhi Management Consulting Co., Ltd. ("Beijing Weizhi") and Weimob Development, together with other three venture capitals, to invest in cloud computing and big data companies and respective upstream and downstream sectors. Pursuant to the fund agreement, Beijing Weizhi is the general partner and responsible for all the investment affairs. The Group was able to control all investment affairs and was entitled to the largest variable return from its involvement in the fund through Beijing Weizhi and Weimob Development.

In Sepetmber 2022, the Group transferred certain equity interests in Beijing Weizhi to Beijing Weizhi's management team, and lost its control on Beijing Weizhi. Accordingly, the Group could no longer exercise control on Weizhi Shuke and therefore recorded its investment in both Beijing Weizhi and Wezhi Shuke using equity method. The Group remeasured Beijing Weizhi and Weizhi Shuke to its fair value of RMB4,701,000 and RMB160,789,000, and recognized RMB1,305,000 loss and nil in "Other (losses)/gains, net".

Weizhi Shuke qualifies for the definition of investment entity, and hence its investments in the portfolio companies are measured at FVPL in accordance with HKFRS 9. There was no significant change in the fair value of portfolio companies during the period from September 30, 2022 to December 31, 2022.

(b) Nanjing Chuangyi

In November 2019, Shanghai Weimeng Yunbing Information Technology Co., Ltd. ("Weimob Yunbing") invested in a limited partnership, Nanjing Chuangyi, through another two limited partnerships, Changshu Meridian Weimob Technology Investment Center ("Changshu Huaying") and Nanjing Meridian Equity Investment Management Partnership ("Nanjing Meridian"), to invest in SaaS companies and related sectors. As at December 31, 2022, Weimob Yunbing made a total investment of RMB51,000,000 to Nanjing Chuangyi through Changshu Huaying and Nanjing Meridian, and indirectly holds 25.25% of the equity interests of Nanjing Chuangyi. The partnership companies followed the predetermined profit distribution mechanism that set out in the investment agreement, depending on Nanjing Chuangyi's performance.

Weimob Yunbing is the limited partner which has one out of five board seats and has significant influence in above three partnership companies, and hence the Group has accounted for the investments using equity method.

Nanjing Chuangyi qualifies for the definition of investment entity, and its investments in the portfolio companies are measured at FVPL in accordance with HKFRS 9. The net loss and profit of Nanjing Chuangyi for the years ended December 31, 2022 and 2021 are RMB15,236,000 and RMB24,594,000 respectively, mainly arising from fair value change of the portfolio companies. The share of loss and profit of Nanjing Chuangyi attributable to the Group for the years ended December 31, 2022 and 2021 were RMB3,535,000 and RMB7,401,000, respectively.

22 ASSOCIATES (Continued)

(c) Shanghai Weixin

In July 2022, Weimob Development established a seven-year limited life fund, Shanghai Weixin with other three partnerships to invest in information technology companies and respective upstream and downstream sectors.

Weimob Development is the limited partner with two out of five investment committee seats and has significant influence in Shanghai Weixin. The Group accounted for the investment in Shanghai Weixin using equity method. As at December 31, 2022, Weimob Development has made a total investment of RMB17,500,000 to Shanghai Weixin and holds 43.21% of the equity interest of Shanghai Weixin. The partnership companies followed the predetermined profit distribution mechanism that set out in the investment agreement, depending on Shanghai Weixin's performance.

Shanghai Weixin qualifies for the definition of investment entity, and its investments in the portfolio companies are measured at FVPL in accordance with HKFRS 9. As at December 31, 2022, the share of loss of Shanghai Weixin attributable to the Group for the year ended December 31, 2022 was insignificant.

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

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
At the beginning of the year	**57,433**	47,033
Additions	**17,500**	22,500
Conversion from subsidiaries to associates *(Note 22(a))*	**175,197**	–
Disposals	**(226)**	(19,091)
The Group's share of (loss)/profit	**(4,344)**	6,991
At the end of the year	**245,560**	57,433

23 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	Note	As at December 31, 2022 RMB'000	2021 RMB'000
Financial assets			
Financial assets at FVPL (current)	*25*	**624,012**	458,297
Financial assets at FVPL (non-current)	*25*	**537,969**	1,064,574
Financial assets at FVOCI (current)	*24*	**323,744**	190,298
Financial assets at amortised cost:			
– Trade and notes receivables	*30*	**376,330**	361,468
– Other receivables (current and non-current portions)	*29*	**695,355**	904,988
– Restricted cash	*31*	**781,308**	535
– Cash and cash equivalents	*31*	**1,710,103**	3,809,069
		5,048,821	6,789,229
Financial liabilities			
Financial liabilities at FVPL (current and non-current)	*25*	**174,297**	538,029
Financial liabilities at amortized cost:			
– Trade and other payables (excluding advances from advertisers, payroll and welfare payables and other taxes payable)	*33*	**345,074**	732,053
– Other non-current liabilities	*33*	**5,156**	5,406
– Bank borrowings	*32*	**1,818,870**	745,000
– Convertible bonds at amortized cost	*26*	**1,653,217**	1,561,499
– Lease liabilities (current and non-current portions)	*17*	**151,255**	270,540
– Put option liability	*26*	**118,950**	–
		4,266,819	3,852,527

24 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
Trade and other receivables at FVOCI	**325,778**	190,575
Less: Provision for impairment of trade and other receivables at FVOCI	**(2,034)**	(277)
	323,744	190,298

Trade and other receivables due from certain advertisers with high reputation or long-term business relationship with Group are held for collection of contractual cash flows and for selling the financial assets by factoring, and are measured at FVOCI. Movements on the trade and other receivables measured at FVOCI were disclosed in Note 3.3(iii).

As of December 31, 2022 and 2021, the directors of the Company assessed the carrying amount of trade and other receivables at FVOCI approximated their fair values due to short maturities.

25 FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group classifies the following financial assets and liabilities at fair value through profit or loss:

- debt instruments that do not qualify for measurement at either amortised cost or at fair value through other comprehensive income;
- equity investments that are held for trading; and
- equity investments for which the entity has not elected to recognise fair value gains or losses through other comprehensive income.

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

Financial assets and liabilities measured at FVPL include the following:

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
Current assets		
Structured deposits	**345,519**	310,535
Bank wealth management products	**229,278**	79,438
Hong Kong listed equity securities	**49,215**	68,324
Total current financial assets	**624,012**	458,297
Non-current assets		
Long-term investments measured at FVPL – Weizhi Shuke portfolio companies *(Note 22(a))*	**–**	346,390
Long-term investments measured at FVPL – Xiaoke *(a)(i)*	**348,419**	492,943
Long-term investments measured at FVPL – Syoo *(a)(ii)*	**52,851**	94,038
Long-term investments measured at FVPL – Demo *(a)(iii)*	**87,772**	87,330
Long-term investments measured at FVPL – Nengtong *(a)(iv)*	**30,000**	–
Long-term investments measured at FVPL – Yijing *(a)(v)*	**17,927**	27,927
Long-term investments measured at FVPL – Fenfenzhong *(a)(vi)*	**–**	6,000
Investments in convertible bonds measured at FVPL – Growing Corporation *(a)(vii)*	**–**	9,946
Others	**1,000**	–
Sub-total	**537,969**	1,064,574
Total financial assets	**1,161,981**	1,522,871
Current liabilities		
2020 Convertible Bonds *(b)*	**136,702**	–
Non-current liabilities		
2020 Convertible Bonds *(b)*	**–**	138,523
Contingent payable for the acquisition of Heading *(Note 3.3 (i)(c))*	**37,595**	37,595
Other financial liabilities measured at FVPL – Weizhi Shuke *(Notes 3.3 (i)(d))*	**–**	361,911
Sub-total	**37,595**	538,029
Total financial liabilities	**174,297**	538,029

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

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

(i) Investment in a SaaS company - "Xiaoke"

As at December 31, 2022 and 2021, the Group owned 34.90% equity interests in Xiaoke, including 31.90% redeemable preferred shares and 3.00% common shares. The equity interests acquired by the Group enjoys certain preferential rights including, but not limited to, redemption rights and liquidation preference etc. The Group accounts for all its 34.90% equity interests in Xiaoke as financial asset at FVPL.

As at December 31, 2022, the directors of the Company assessed the fair value of this investment to be approximately RMB348,419,000 (December 31, 2021: RMB492,943,000) by using the equity allocation method with RMB144,524,000 loss recognized in "Other (losses)/gains, net" for the year ended December 31, 2022 (2021: RMB193,644,000 gain).

(ii) Investment in a SaaS company – "Syoo"

As at December 31, 2022 and 2021, the Group owned 40.00% redeemable preferred shares in Syoo. The directors of the Company assessed the fair value of this investment to be approximately RMB52,851,000 (December 31, 2021: RMB94,038,000) by using the equity allocation method with RMB41,187,000 loss recognized in "Other (losses)/gains, net" for the year ended December 31, 2022 (2021: RMB12,019,000 gain).

(iii) Investment in a SaaS Company – "Demo"

As at December 31, 2022 and 2021, the Group owned 32.38% redeemable preferred shares in Demo. The directors of the Company assessed the fair value of investment in Demo to be approximately RMB87,772,000 (December 31, 2021: RMB87,330,000) by using the equity allocation method with RMB442,000 gain recognised in "Other (losses)/gains, net" for the year ended December 31, 2022 (2021: RMB23,688,000 loss).

(iv) Investment in a SaaS Company "Nengtong"

In August 2022, the Group acquired 11.62% redeemable preferred shares of Nengtong from its existing shareholders with a consideration of RMB24,091,000 and acquired 1.90% through new shares subscription with a consideration of RMB5,909,000 in cash. The equity interest acquired by the Group enjoys certain preferential rights including, but not limited to, redemption rights and liquidation preference etc. The investment in Nengtong is accounted for as financial assets at FVPL.

As at December 31, 2022, the directors of the Company assessed the fair value of this investment close to the initial investment cost of RMB30,000,000.

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

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

(v) Investment in a short-video-making Company "Yijing"

As at December 31, 2021, the Group owned 13.16% redeemable preferred shares in Clipworks and recorded the investment as financial assets at FVPL of RMB27,927,000.

In 2022, Clipworks was acquired by Yijing and the Group's 13.16% redeemable preferred shares in Clipworks was replaced with 7.93% redeemable preferred shares in Yijing. As at December 31, 2022, the directors of the Company assessed the fair value of investment in Yijing to be approximately RMB17,927,000 by using the equity allocation method with RMB10,000,000 loss recognised in "Other (losses)/gains, net" for the year ended December 31, 2022 (2021: RMB7,930,000).

(vi) Investment in a SaaS company - "Fenfenzhong"

As at December 31, 2022 and 2021, the Group owned 15.00% redeemable preferred shares in Fenfenzhong. Due to the underperformance of Fenfenzhong, the directors of the Company assessed the fair value of this investment close to nil (December 31, 2021: RMB6,000,000) with RMB6,000,000 loss recognized in "Other (losses)/gains, net" for the year ended December 31, 2022 (2021: nil).

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

In December 2021, the Group reached a notes purchase agreement with Growing Corporation, which entitled the Group to convert the convertible notes to preferred shares upon closing of any sales and issuance by Growing Corporation of its preferred shares. If equity financing has not occurred, Growing Corporation shall be entitled to repurchase all notes with the price of the principal plus an 8% annual interest.

The convertible notes of Growing Corporation was measured at FVPL. As at December 31, 2021, the Group paid USD1,560,000 (approximately equivalent to RMB9,946,000), and the directors of the Company assessed the fair value of convertible notes of Growing Corporation close to the initial investment cost. In early 2022, the Group paid another USD3,120,000 to Growing Corporation with the aggregated payment of USD4,680,000.

On June 30, 2022 (the "Amendment Date"), the Group and Growing Corporation reached an agreement to repurchase the convertible notes held by the Group in connection with a proposed acquisition of Growing Corporation by a 3rd party (the "Amendment Agreement") with the price of USD4,768,000 including principal plus interest of USD88,000 computed from the date of notes to July 31, 2022 at an 3.5% annual interest.

The fair value of the convertible notes of Growing Corporation on the Amendment Date was USD4,898,000 and a gain of USD218,000 (approximately equivalent to RMB1,429,000) was recognised in "Other gains, net" for the fair value change of the investment in Growing Corporation for the period from January 1, 2022 to June 30, 2022.

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

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

(vii) Investment in convertible bonds at FVPL – Growing Corporation (Continued)

The Amendment Agreement transferred substantially all the risks and rewards of ownership of the asset, and therefore the Group derecognised the investment in Growing Corporation measured at FVPL of USD4,898,000 and recognised other receivable due from Growing Corporation of USD4,768,000 as at June 30, 2022. The loss of USD130,000 (approximately equivalent to RMB855,000) was recognised in "Other gains, net" for the year ended December 31, 2022. In August 2022, the receivable due from Growing Corporation has been collected.

(b) 2020 Convertible Bonds

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

Conversion price

Initial conversion price is HKD6.72 per share, which is subject to adjustment for consolidation, subdivision, redesignation or reclassification of shares, and other events as described in the terms and conditions of the 2020 Convertible Bonds.

Redemption for delisting or change of control

The 2020 Convertible Bonds holders have the option to require the Group to repurchase the Bonds, in whole or in part, in the event of i) when the shares cease to be listed or admitted to trading or suspended for trading for a period equal to or exceeding 30 consecutive trading days on the Hong Kong Stock Exchange; or ii) when there is a change of control (collectively as "Relevant Events") for an amount equal to the 100% of the principal amount and any accrued and unpaid interest in the Relevant Events occurs. Management assessed the likelihood of Relevant Events and concluded it is remote.

Redemption at the option of the bonds holders

The 2020 Convertible Bonds holders will have the right to require the Group to repurchase for cash all or any portion of their Bonds on May 15, 2023 at a repurchase price equal to 106.27% of the principal amount of the Bonds, together with interest accrued but unpaid up to but excluding such date.

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

(b) 2020 Convertible Bonds (Continued)

Redemption at the option of the bond issuer

The bond issuer will have the right to repurchase for cash in whole i) may at any time after 29 May 2023 and prior to the Maturity Date redeem in whole, but not in part, the Bonds for the time being outstanding at the early redemption amount, together with interest accrued but unpaid up to but excluding the date fixed for redemption, provided that the closing price of the shares for each of 20 out of 30 consecutive trading days, the last of which occurs not more than five trading days prior to the date upon which notice of such redemption is published was at least 130% of the applicable early redemption amount for each bond divided by the conversion ratio then applicable; or ii) may at any time prior to the Maturity Date redeem in whole, but not in part, the Bonds for the time being outstanding at the early redemption amount, together with interest accrued but unpaid up to but excluding the date fixed for redemption, provided that prior to the date of such notice at least 90% in principal amount of the Bonds originally issued has already been converted, redeemed or purchased and cancelled.

Final Redemption

Unless previously redeemed, converted or purchased and cancelled, the bond issuer will redeem each 2020 Convertible bond at 110.83% of its principal amount together with accrued and unpaid interest thereon on the Maturity Date.

Proposed Conversion Offer

On July 6, 2021, the Group proposed an offer for conversion of the outstanding 2020 Convertible Bonds ("Proposed Conversion Offer"). Pursuant to the Proposed Conversion Offer, if the 2020 Convertible Bonds holders submitted the conversion notices prior to July 6, 2021 or after July 6, 2021 but prior to July 9, 2021, the Group would grant a cash incentive of USD54 ("Early Cash Incentive") and USD40 ("Cash Incentive"), respectively for each USD1,000 principle amount of 2020 Convertible Bonds converted. The 2020 Convertible Bonds holders who choose not to participate in the Proposed Conversion Offer will continue with all the original terms and conditions of the 2020 Convertible Bonds. The Proposed Conversion Offer was closed on July 9, 2021.

On July 14 2021, the Group completed the delivery of 136,006,063 conversion shares in respect of the 2020 Convertible Bonds in an aggregate principal amount of USD117,900,000 for which it received conversion notices, representing 78.6% of the aggregated principal amount of the 2020 Convertible Bonds originally issued. On July 16 2021, the Group completed the payment of the Early Cash Incentive and the Cash Incentive to the relevant 2020 Convertible Bonds holders of USD6,349,800 in total (equivalents to RMB41,151,000). The Early Cash Incentive and the Cash Incentive was treated as fair value loss of 2020 Convertible Bonds and was recorded as "Change in fair value of convertible bonds".

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

(b) 2020 Convertible Bonds (Continued)

Accounting for the 2020 Convertible Bonds

The issuer had the contractual obligation to repay the principal upon maturity if the holders chose not to exercise the conversion option. Therefore, the host contract of the Bonds should be classified as a financial liability.

The conversion feature is an embedded derivative, since it cannot be contractually transferable independently which is not considered closely related to the host contract. The Bond Issuer has RMB as its functional currency and the Bonds are denominated in USD. As a result, it is determined that the conversion feature of the Bonds violates the equity classification.

The redemption option by the holders/issuers involves both the host contract and the derivative conversion feature, the redemption option and conversion feature are considered interdependent with each other and should be treated as a single compound embedded derivative.

Therefore, the 2020 Convertible Bonds are considered as having a host debt instrument and a single compound embedded derivative which is not closely related to the debt host. In accordance with HKFRS, the Group could designate the whole 2020 Convertible Bonds at fair value through profit or loss or bifurcate the embedded derivative at fair value through profit or loss and host debt at amortised costs. The Group elected to measure the 2020 Convertible Bonds in its entirety at fair value initially. Transaction cost related to the issuance is charged to profit and loss immediately.

Subsequent to initial recognition, the 2020 Convertible Bonds are measured at fair value with changes in fair value recognised in the profit and loss, except that the fair value change due to the foreign exchange presented in "Other (losses)/gains, net" and the fair value change due to the own credit risk presented in other comprehensive income.

As at December 31, 2022, by taking reference to the average quoted bid and ask price in Hong Kong active market, the estimated fair value of the outstanding 2020 Convertible Bonds was RMB136,702,000 (2021: RMB138,523,000). The Company recorded RMB13,999,000 gain (2021: RMB14,690,000 gain) from change in fair value of the 2020 Convertible Bonds in"Change in fair value of convertible bonds" and the loss from change in foreign exchange rate of RMB12,178,000 was recognized (2021: RMB21,249,000 gain) in "Other comprehensive loss, net of tax" and "Other (losses)/ gains, net" for the year ended December 31, 2022.

The directors of the Company assessed the fair value change due to the own credit risk of 2020 Convertible Bonds was nil (2021: RMB4,864,000).

26 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
2021 Convertible Bonds *(a)*	**1,653,217**	1,561,499
Put option liability *(b)*	**118,950**	–
	1,772,167	1,561,499

(a) 2021 Convertible Bonds

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

Conversion price

Initial conversion price is USD2.705 per share, which is subject to adjustment for consolidation, subdivision, redesignation or reclassification of shares, and other events as described in the terms and conditions of the 2021 Convertible Bonds.

Redemption for delisting or change of control

The 2021 Convertible Bonds holders have the option to require the Group to repurchase the 2021 Convertible Bonds, in whole or in part, in the event of i) when the shares cease to be listed or admitted to trading or suspended for trading for a period equal to or exceeding 45 consecutive trading days on the Hong Kong Stock Exchange; or ii) when there is a change of control (collectively as "Relevant Events") for an amount equal to the 100% of the principal amount. Management assessed the likelihood of Relevant Events and concluded it is remote.

Redemption at the option of the 2021 Convertible Bonds holders

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

26 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST (Continued)

(a) 2021 Convertible Bonds (Continued)

Redemption at the option of the 2021 Convertible Bonds issuer

The 2021 Convertible Bonds issuer has the right to repurchase for cash in whole i) may at any time after June 21 2024 and prior to the Maturity Date redeem in whole, but not in part, the 2021 Convertible Bonds for the time being outstanding at the early redemption amount, provided that the closing price of the shares for each of 20 out of 30 consecutive trading days, the last of which occurs not more than five trading days prior to the date upon which notice of such redemption is published was at least 130% of the applicable early redemption amount for each bond divided by the conversion ratio then applicable; or ii) may at any time prior to the Maturity Date redeem in whole, but not in part, 2021 Convertible Bonds for the time being outstanding at the early redemption amount, provided that prior to the date of such notice at least 90% in principal amount of the 2021 Convertible Bonds originally issued has already been converted, redeemed or purchased and cancelled.

Final Redemption

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

Accounting for the 2021 Convertible Bonds

Convertible bonds that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for financial liability at FVPL or as compound financial instruments which contain both a liability component and an equity component. The Group chose to account for the 2021 Convertible Bonds as compound financial instruments.

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

26 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST (Continued)

(a) 2021 Convertible Bonds (Continued)

Accounting for the 2021 Convertible Bonds (Continued)

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

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

Movement of the 2021 Convertible Bonds is presented as follows:

	Year ended December 31	
	2022	2021
	RMB'000	RMB'000
Liability component as of December 31, 2021	**1,561,499**	1,523,151
Interest expenses *(Note 11)*	**94,689**	51,863
Repurchase before maturity *(i)*	**(151,382)**	–
Currency translation differences	**148,411**	(13,515)
Liability component as of December 31, 2022	**1,653,217**	1,561,499

	Year ended December 31	
	2022	2021
	RMB'000	RMB'000
Equity component as of December 31, 2021	**366,482**	366,482
Repurchase before maturity *(i)*	**(31,008)**	–
Equity component as of December 31, 2022	**335,474**	366,482

(i) For the year ended December 31, 2022, the Group repurchased the 2021 Convertible Bonds with principal amount of USD25,383,000 from active market with the consideration of USD15,820,000 (equivalents to RMB112,948,000). The Group allocated the redemption consideration to liability and equity components following the same logic in initial allocation, and recognized the gain on liability component of RMB89,809,000 in "Other (losses)/gains,net" and the loss on equity component of RMB23,584,000 in other reserves for the year ended December 31, 2022.

26 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST (Continued)

(b) Put option liability

As disclosed in Note 37, a financial liability in relation to Shenzhen Tencent Industrial Fund Co., Ltd. ("Tencent Fund") of RMB115,333,000 was recorded at amortized cost based on the estimated future cash outflows on the closing date and the carrying amount of the financial liability was RMB118,950,000 as at December 31, 2022, under which RMB3,617,000 was recognized in finance cost (Note 11).

27 DISCONTINUED OPERATION

The Group discontinued the business of digital media services in 2022, considering the business operation adjustment for simplifying disadvantaged business and focusing on key business. The financial performance and cash flow information relating to digital media services during the year ended December 31, 2022 and 2021 are set out below.

	Year ended December 31	
	2022	2021
	RMB'000	RMB'000
Discontinued operations		
Revenue	–	718,778
Cost of sales	–	(703,806)
Gross profit from discontinued operations	–	14,972
Selling and distribution expenses	–	(59,268)
General and administrative expenses	**(1,112)**	(6,360)
Net impairment losses on financial assets	–	(5,864)
Other income	–	7,773
Operating loss and loss before income tax	**(1,112)**	(48,747)
Income tax benefit	**260**	11,155
Loss from discontinued operation	**(852)**	(37,592)
Net cash outflow used in operating activities	**(1,112)**	(50,657)
Net decrease in cash generated	**(1,112)**	(50,657)

28 DEFERRED INCOME TAX

Deferred income taxes are calculated in full on temporary differences under the liability method using the tax rates which are expected to apply at the time of reversal of the temporary differences.

The following amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position:

	As at December 31	
	2022	2021
	RMB'000	RMB'000
The balance comprises temporary differences attributable to:		
– Provision for impairment of trade and notes receivables	**64,388**	21,688
– Tax losses	**60,193**	54,482
– Contract liabilities	**23,992**	24,017
– Others	**4,975**	5,324
Total gross deferred tax assets	**153,548**	105,511
Set-off of deferred tax assets pursuant to set-off provisions	**(91,740)**	(80,424)
Net deferred tax assets	**61,808**	25,087

	As at December 31	
	2022	2021
	RMB'000	RMB'000
Net deferred tax assets:		
To be recovered after 12 months	**2,664**	3,101
To be recovered within 12 months	**59,144**	21,986
	61,808	25,087

28 DEFERRED INCOME TAX (Continued)

	As at December 31	
	2022	2021
	RMB'000	RMB'000
The balance comprises temporary differences attributable to:		
– Intangible assets arising from business combinations	**(53,175)**	(51,779)
– Unrealized investment income	**(22,002)**	(55,767)
– Contract acquisition cost	**(21,005)**	(22,551)
– Others	**(8,651)**	(7,053)
Total gross deferred tax liabilities	**(104,833)**	(137,150)
Set-off of deferred tax liabilities pursuant to set-off provisions	**91,740**	80,424
Net deferred tax liabilities	**(13,093)**	(56,726)

	As at December 31	
	2022	2021
	RMB'000	RMB'000
Deferred income tax liabilities:		
To be recovered after 12 months	**(7,958)**	(48,887)
To be recovered within 12 months	**(5,135)**	(7,839)
	(13,093)	(56,726)

The movements in deferred income tax assets and liabilities for each of the years ended December 31, 2022 and 2021 without taking into consideration the offsetting of balances within the same jurisdiction are as follows:

28 DEFERRED INCOME TAX (Continued)

Deferred income tax assets

	Provision for impairment of trade and notes receivables	Tax losses	Contract liabilities	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2022	**21,688**	**54,482**	**24,017**	**5,324**	**105,511**
Business combination *(Note 37)*	**–**	**7,601**	**–**	**–**	**7,601**
Recognized in the profit or loss	**42,700**	**(1,890)**	**(25)**	**(349)**	**40,436**
As at December 31, 2022	**64,388**	**60,193**	**23,992**	**4,975**	**153,548**
As at January 1, 2021	59	48,490	41,373	12,524	102,446
Business combination *(Note 37)*	–	5,167	–	–	5,167
Recognized in the profit or loss	21,629	825	(17,356)	(7,200)	(2,102)
As at December 31, 2021	21,688	54,482	24,017	5,324	105,511

Deferred income tax assets are recognized for tax losses carrying forwards and deductible temporary differences to the extent that realisation of the related tax benefits through the future taxable profits is probable. As at December 31, 2022, the Group did not recognise net deferred income tax assets in respect of losses and deductible temporary differences of RMB3,958,551,429 (2021: RMB1,574,647,103) and RMB454,862,962 (2021: RMB343,532,912), respectively. These tax losses will expire from 2023 to 2031.

Deferred income tax liabilities

	Contract acquisition cost	Investment income	Intangible assets arising from business combination	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2022	**(22,551)**	**(55,767)**	**(51,779)**	**(7,053)**	**(137,150)**
Business combination *(Note 37)*	**–**	**–**	**(7,601)**	**–**	**(7,601)**
Recognised in the profit or loss	**1,546**	**33,765**	**6,205**	**(1,598)**	**39,918**
As at December 31, 2022	**(21,005)**	**(22,002)**	**(53,175)**	**(8,651)**	**(104,833)**
As at January 1, 2021	(30,081)	(30,518)	(53,024)	(11,641)	(125,264)
Business combination *(Note 37)*	–	–	(6,199)	–	(6,199)
Recognised in the profit or loss	7,530	(25,249)	7,444	4,588	(5,687)
As at December 31, 2021	(22,551)	(55,767)	(51,779)	(7,053)	(137,150)

29 PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	As at December 31	
	2022	2021
	RMB'000	RMB'000
Non-current		
Deposits – third parties	**12,704**	15,555
Long term loan receivables due from a related party *(Note 40(c))*	**56,000**	5,619
	68,704	21,174
Current		
Other receivables in relation to payment on behalf of advertisers – third parties *(a)*	**794,920**	805,341
Prepayments for purchasing advertising traffic	**258,356**	580,449
Recoverable value-added tax	**91,211**	75,047
Other loan receivables due from third parties	**25,073**	3,205
Prepayments to other vendors	**34,172**	26,027
Deposits – third parties	**32,427**	25,011
Contract fulfillment cost *(Note 6.2(v))*	**27,415**	26,003
Other receivables due from related parties *(Note 40(c))*	**15,408**	12,935
Prepayments for contract operation service costs	**10,371**	9,411
Other loan receivables due from related parties *(Note 40(c))*	**7,676**	119,588
Prepayments for rent and property management fee	**3,661**	3,947
Interest receivable from deposits within three months and restricted cash	**3,247**	–
Receivables in relation to value-added tax refund *(Note 9(ii))*	**2,943**	5,888
Staff advance	**2,432**	3,379
Prepayments for purchasing advertising services	**1,942**	3,013
Prepayment to related parties *(Note 40(c))*	**549**	1,536
Others	**9,060**	3,699
	1,320,863	1,704,479
Less: provision for impairment of other receivables *(Note 3.1(iii))*	**(266,536)**	(95,232)
	1,054,327	1,609,247

(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 advertisoers. These prepayments on behalf of advertisers are recognised as other receivables.

30 TRADE AND NOTES RECEIVABLES

	As at December 31	
	2022	2021
	RMB'000	RMB'000
Trade receivables due from third parties	**292,872**	333,197
Trade receivables due from related parties *(Note 40(c))*	**46,734**	17,624
Notes receivables	**37,300**	13,481
Less: Provision for impairment of trade and notes receivables *(i)*	**(576)**	(2,834)
	376,330	361,468

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	
	2022	2021
	RMB'000	RMB'000
0 – 90 days	**365,579**	354,446
90 – 180 days	**4,030**	1,417
Over 180 days	**7,297**	8,439
	376,906	364,302

(i) Derecognition of financial assets

During year ended December 31, 2022 and 2021, the Group entered into certain factoring agreements with Sinopharm Rosino (Shanghai) Commercial Factoring Co., Ltd. (the "Factor"). Pursuant to the agreements, the Group has transferred the relevant receivables amounting to RMB525,615,000 (2021: RMB587,320,000) in total and substantially all the risks and rewards of ownership of those receivables to the Factor in exchange for cash of RMB525,615,000 (2021: RMB587,320,000). The Group therefore derecognised the transferred assets in their entirety and the service charge of RMB2,806,000 (2021: RMB10,682,000) related to the factoring are recognised in other (losses)/gains, net.

(ii) Impairment of trade and notes receivables

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

Movements on the Group's allowance for impairment of trade and notes receivable have been disclosed in Note 3.1(iii).

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

31 CASH AND BANK BALANCES

(a) Cash and cash equivalents

	As at December 31	
	2022	2021
	RMB'000	RMB'000
Cash at bank	1,699,773	3,801,724
Cash equivalents *(i)*	10,316	7,270
Cash on hand	14	75
	1,710,103	3,809,069
Maximum exposure to credit risk	1,710,089	3,808,994

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

Cash and cash equivalents are denominated in the following currencies:

	As at December 31	
	2022	2021
	RMB'000	RMB'000
RMB	1,020,553	995,451
USD	668,845	2,285,550
HKD	19,515	527,926
EUR	378	142
AUD	719	–
JPY	93	–

31 CASH AND BANK BALANCES (Continued)

(b) Restricted cash

	As at December 31	
	2022	2021
	RMB'000	RMB'000
Offshore deposits pledged for domestic bank borrowings	**736,741**	–
Restricted cash in relation to litigation	**44,567**	–
Inactive bank account	**–**	535
	781,308	535

32 BANK BORROWINGS

	As at December 31	
	2022	2021
	RMB'000	RMB'000
Short-term bank borrowings	**1,538,870**	695,000
Letter of credit	**280,000**	50,000
	1,818,870	745,000

As at December 31, 2022, short-term bank borrowing was RMB1,538,870,000, among which RMB595,870,000 and RMB813,000,000 were secured and guaranteed, respectively. The remaining balance of RMB130,000,000 was unsecured and unguaranteed (2021: RMB695,000,000 bank borrowings was unsecured and unguaranteed). As at December 31, 2022, RMB595,870,000 of the Group's short-term bank borrowings and RMB100,000,000 of the Group's letter of credit were secured by the pledge of Group's bank deposits (Note 31) (2021: nil).

As at December 31, 2022, letter of credit was RMB280,000,000, among which RMB100,000,000 and RMB180,000,000 were secured and guaranteed, respectively (2021: RMB50,000,000 letter of credit was guaranteed).

As at December 31, 2022, annual average interest rate of the total balance of short-term bank borrowings and letter of credit was 3.54% (2021: 4.30%).

For the year ended December 31, 2022, the weighted average effective rate for bank borrowings was 3.86% (2021: 4.54%).

33 TRADE AND OTHER PAYABLES

	As at December 31	
	2022	2021
	RMB'000	RMB'000
Non-current		
Loan payable to a third party *(a)*	**2,250**	2,500
Payable related to business acquisition *(b)*	**2,906**	2,906
	5,156	5,406
Current		
Advance from advertisers-third parties	**561,323**	477,823
Payroll and welfare payables	**442,520**	354,132
Payable related to investments and business acquisitions *(b)*	**145,711**	495,847
Other taxes payable	**77,206**	73,009
Payable related to property, plant and equipment	**54,687**	2,923
Trade payables for purchasing advertising traffic	**37,056**	134,349
Commission payable	**27,860**	12,876
Amount due to related parties *(Note 40(c))*	**12,875**	12,443
Deposits	**11,756**	13,830
Auditors' remuneration accrual	**3,501**	4,968
Payment received from end customers through e-commerce platform on behalf of merchants	**3,305**	504
Payable related to factoring cost *(Note 24)*	**2,496**	5,195
Payable related to purchase non-controlling interests	**–**	2,341
Other payables and accruals	**45,827**	46,777
	1,426,123	1,637,017

(a) In November, 2021, Heading, a subsidiary of the Group entered into unsecured interest free three-years loan agreements with an individual and borrowed RMB2,500,000 from the individual, among which, RMB250,000 has been paid.

(b) As at December 31, 2022, payable related to investments and business acquisitions included payable related to the acquisition of Xiangxinyun of RMB83,414,000 (Note 37(a)), the acquisition of Heading of RMB61,297,000, and the acquisition of Xiangminiao of RMB3,906,000. For payable related to Xiangminiao, RMB2,906,000 is classified as non-current payable as it will be paid when Xiangminiao becomes profitable.

As at December 31, 2022 and 2021, the aging of the trade payables is all within 3 months.

34 SHARE CAPITAL, SHARES HELD FOR RSU SCHEME, TREASURY SHARES AND SHARE PREMIUM

	Number of ordinary shares	Share capital RMB'000	Share premium RMB'000	Shares held for RSU scheme RMB'000	Treasury shares RMB'000	Total RMB'000
As at January 1, 2022	2,548,460,490	1,716	7,549,147	(1,928)	–	7,548,935
Issuance of ordinary shares for RSU Scheme *(a)*	15,651,000	11	–	(11)	–	–
Cancellation of buy-back shares *(b)*	(14,783,000)	(10)	(73,893)	–	–	(73,903)
Buy-back of shares *(b)*	–	–	–	–	(39,110)	(39,110)
Transfer of vested RSUs *(Note 36)*	–	–	–	1,295	–	1,295
As at December 31, 2022	2,549,328,490	1,717	7,475,254	(644)	(39,110)	7,437,217

	Number of ordinary shares	Share capital RMB'000	Share premium RMB'000	Shares held for RSU scheme RMB'000	Treasury shares RMB'000	Total RMB'000
As at January 1, 2021	2,254,977,427	1,529	4,278,775	(15,819)	–	4,264,485
Issuance of ordinary shares for RSU Scheme *(a)*	36,936,000	24	–	(24)	–	–
Issuance of ordinary shares *(c)*	156,000,000	99	1,916,595	–	–	1,916,694
Share issuance costs *(c)*	–	–	(19,950)	–	–	(19,950)
Conversion of convertible bonds into ordinary shares *(d)*	136,006,063	88	1,710,431	–	–	1,710,519
Cancellation of buy-back shares *(e)*	(35,459,000)	(24)	(336,704)	–	–	(336,728)
Transfer of vested RSUs *(Note 36)*	–	–	–	13,915	–	13,915
As at December 31, 2021	2,548,460,490	1,716	7,549,147	(1,928)	–	7,548,935

34 SHARE CAPITAL, SHARES HELD FOR RSU SCHEME, TREASURY SHARES AND SHARE PREMIUM (Continued)

(a) During the years ended December 31, 2022 and 2021, the Company issued 15,651,000 shares and 36,936,000 shares to Weimob Teamwork (PTC) Limited for RSU Scheme with nil consideration, respectively. The respective share capital amount was approximately RMB11,000 and RMB24,000, respectively. The ordinary shares held for the Company's RSU Scheme were regarded as treasury shares and presented as a deduction in equity as "Shares held for RSU Scheme".

(b) During the year ended December 31, 2022, the Group bought back a total of 31,643,000 ordinary shares that listed on the Stock Exchange of Hong Kong Limited with total consideration approximately HKD133,438,000 (equivalent to approximately RMB113,013,000). As at December 31, 2022, 14,783,000 out of 31,643,000 bought back ordinary shares were cancelled and deducted from the share capital and share premium within shareholders' equity, and the remaining 16,860,000 shares was recorded as "Treasury Shares".

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

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

(d) For the year ended December 31, 2021, 2020 Convertible Bonds amounting to USD117,900,000 were converted into 136,006,063 ordinary shares of the Company at conversion price of HKD6.72 per ordinary share. The fair value of the convertible bonds immediately before the conversion was RMB1,710,519,000, and the conversion resulted in the increase in share capital of RMB88,000 and share premium of approximately RMB1,710,431,000.

(e) During the year ended December 31, 2021, the Group bought back a total of 35,459,000 ordinary shares that listed on the Stock Exchange of Hong Kong Limited. As at December 31, 2021, all bought back ordinary shares were cancelled and deducted from the share capital and share premium within shareholders' equity. The respective share capital amount was approximately RMB24,000 and share premium arising from the issuance was approximately RMB336,704,000.

35 OTHER RESERVES

	Capital reserves	Financial liability measured at fair value	Share-based payments	Currency translation differences	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2022	**(1,177,418)**	**635**	**226,135**	**(12,285)**	**–**	**(962,933)**
Currency translation differences	**–**	**–**	**–**	**17,306**	**–**	**17,306**
Transfer of vested RSUs *(Note 36(a))*	**–**	**–**	**(1,295)**	**–**	**–**	**(1,295)**
Buy-back of convertible bonds *(Note 26)*				**–**	**(23,584)**	**(23,584)**
Share-based compensation expenses for employees *(Note 36(a))*	**–**	**–**	**112,220**	**–**	**–**	**112,220**
Transaction with non-controlling interests *(Note 36(b))*	**–**	**–**	**5,912**	**–**	**–**	**5,912**
Non-controlling interests from acquisition of subsidiaries	**–**	**–**	**–**	**–**	**(53,195)**	**(53,195)**
As at December 31, 2022	**(1,177,418)**	**635**	**342,972**	**5,021**	**(76,779)**	**(905,569)**
As at January 1, 2021	(1,177,418)	–	71,167	–	–	(1,106,251)
Currency translation differences	–	–	–	(12,285)	–	(12,285)
Change in fair value of financial liabilities from own credit risk		4,864	–	–	–	4,864
Transfer of realized fair value changes relating to changes in own credit risk of convertible bonds that initially recorded in other comprehensive income to retained earnings	–	(4,229)	–	–	–	(4,229)
Transfer of vested RSUs *(Note 36(a))*	–	–	(13,915)	–	–	(13,915)
Share-based compensation expenses for employees *(Note 36(a))*	–	–	164,935	–	–	164,935
Transaction with non-controlling interests *(Note 36(b))*	–	–	3,948	–	–	3,948
As at December 31, 2021	(1,177,418)	635	226,135	(12,285)	–	(962,933)

36 SHARE-BASED PAYMENTS

The share-based compensation expenses recognised for the years ended December 31, 2022 and 2021 are summarised in the following table:

	Year ended December 31	
	2022	2021
	RMB'000	RMB'000
Share-based compensation expenses for employees *(a)*	**112,220**	164,935
Share-based compensation expenses for non-controlling interests *(b)*	**7,118**	9,028
Sub-total	**119,338**	173,963

(a) Share-based compensation plans of the Company

Original Option Plan

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

Since the Company's shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited on January 15, 2019, the Company has the power to direct the relevant activities of the RSU Scheme Trust and it has the ability to use its power over the RSU Scheme Trust to affect its exposure to returns. Therefore, the assets and liabilities of the RSU Scheme Trust are included in the Group's consolidated statement of financial position and the ordinary shares held for the Company's RSU scheme were regarded as treasury shares and presented as a deduction in equity as "Shares held for RSU scheme".

On May 28, 2021, the Group granted 1,900,000 to certain employees under the Original Option Plan. The vesting period of the Original Option Plan varies from two to four years subject to employees' continuous service to the Company and the exercise price of the RSUs granted under Original Option Plan is nil. The RSUs granted are vested by four to six tranches within 4 years vesting period.

36 SHARE-BASED PAYMENTS (Continued)

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

2020 RSU Scheme

On May 25, 2020, the board of the Company approved the adoption of the 2020 Restricted Share Unit Scheme (the "2020 RSU Scheme") to grant awards through RSU Scheme Trust to the Group's employees and business partners including suppliers, customers or any persons who provide the technical support, consultancy or other services to the Group.

As of December 31, 2022, the total shares approved under 2020 RSU Scheme was 52,587,000. The Group did not grant to any suppliers, customers and any other persons who provide service to the Group. The vesting period of the 2020 RSU Scheme varies from one to four years subject to employees' continuous service to the Group and the exercise price of the RSUs granted under 2020 RSU Scheme is nil. The RSUs granted are normally vested by four or five tranches within four years vesting period.

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

	Original Option Plan		2020 RSU Scheme		
	Number of RSUs (in thousand)	Weighted Average Fair value per RSU (RMB)	Number of RSUs (in thousand)	Weighted Average Fair value per RSU (RMB)	Total Number of RSUs (in thousand)
As at January 1, 2022	**733**	**6.45**	**42,299**	**6.45**	**43,032**
Vested	**(534)**	**4.84**	**(10,887)**	**2.70**	**(11,421)**
Forfeited	**–**	**–**	**(4,435)**	**3.92**	**(4,435)**
As at December 31, 2022	**199**	**5.95**	**26,977**	**5.95**	**27,176**
As at January 1, 2021	4,682	11.73	17,604	11.73	22,286
Granted *(i)*	1,900	14.15	31,776	10.18	33,676
Vested	(5,769)	11.99	(5,055)	9.83	(10,824)
Forfeited	(80)	8.70	(2,026)	12.87	(2,106)
As at December 31, 2021	733	6.45	42,299	6.45	43,032

(i) The fair value of RSUs granted on May 28, 2021 and December 20, 2021 was HK$17.2 and HK$7.41 per RSU, respectively. The fair value at grant date was determined based on the market price of the Company's shares on that date.

No RSUs were expired during the years ended December 31, 2022 and 2021.

As at December 31, 2022, the Company granted 123,695,500 RSUs from beginning of the scheme, among which 88,970,480 shares were vested and 7,548,560 shares were forfeited.

36 SHARE-BASED PAYMENTS (Continued)

(b) Share-based compensation plan of Wuxi Yazuo and Xiangminiao

The Group acquired 63.83% and 66.98% equity interests in Wuxi Yazuo and Xiangminiao in March 2020 and May 2021, respectively. Pursuant to the relevant share purchase and subscription agreements, each of the co-founders of Wuxi Yazuo and Xiangminiao (collectively the "Subsidiaries") committed a five-years post-combination services period. The number of shares subject to transfer is calculated on a time proportion basis. The post-combination services commitment was treated as service condition of the share-based compensation to the founders.

In addition, the share purchase and subscription agreements with Xiangminiao also stipulated that if Xiangminiao achieved certain performance target in the two years since the acquisition date, the Group shall transfer 3% common shares of Xiangminiao to the founders for free each year. The achievement of performance target was treated as performance condition of the share-based compensation to the founders.

For the year ended December 31, 2022, the service expense amounting to RMB7,118,000 (2021: RMB9,028,000) was charged to "general and administrative expenses" in the consolidated statement of comprehensive loss and credited to "Non-controlling interests" as consideration was settled by equity of Wuxi Yazuo and Xiangminiao instead of the Company's common shares.

The difference of RMB5,912,000 (2021: RMB3,948,000) between the amount of changes in non-controlling interests and the cost of common share vested is recognised in reserve within equity attributable to owners of the Group.

37 BUSINESS COMBINATION

2022 Acquisitions

(a) Acquisition of Xiangxinyun

On November 9, 2021, Weimob Development entered into an agreement with the selling shareholders ("Sellers") and Shanghai Xiangxinyun Network Technology Co., Ltd. ("Xiangxinyun") to purchase 51.89% of the total equity interests in Xiangxinyun with a cash consideration of RMB221,950,000, including RMB141,950,000 to be paid to the Sellers, and RMB80,000,000 to be paid to Xiangxinyun as capital injection.

The acquisition was completed on January 19, 2022 ("Closing Date"). As at December 31, 2022, the Group has paid the considerations of RMB78,537,000 including RMB58,537,000 to the Sellers and RMB20,000,000 as capital injection.

In addition, Xiangxinyun controlled a limited partnership that held 3.69% common share of Xiangxinyun for the purpose of administering its RSU scheme. As at the Closing Date, no RSU has been granted. Therefore, the Group's equity interests in Xiangxinyun as at the Closing Date was 53.88%.

Before the Group's acquisition of Xiangxinyun, Tencent Fund, as one of the existing shareholders of Xiangxinyun, had certain preferential rights, including but not limited to redemption rights and liquidation preference against the founders and Xiangxinyun. After the Group's acquisition of Xiangxinyun, the Group assumed the obligation that if Xiangxinyun fails to submit application to stock exchanges within 60 months after the Closing Date, Tencent Fund shall be entitled to request the Group to repurchase all its equity interests of Xiangxinyun with the price of principal of RMB115,333,000 plus 6% annual interest.

After the Group's acquisition of Xiangxinyun, the investment from Tencent Fund is classified as non-controlling interest. In addition, as neither Xiangxinyun nor the Group has the unconditional right to avoid delivering cash or financial assets in other forms when Tencent Fund exercises its redemption right, a financial liability of RMB115,333,000 was recorded at amortized cost based on the estimated future cash outflows on the Closing Date (Note 26(b)). The Group's assuming Tencent Fund's liability is considered as part of the consideration in goodwill allocation calculation.

Details of the purchase consideration, the net assets acquired and goodwill are as follows. The net assets include the subscription amount of RMB60,000,000 as part of the acquisition transaction.

37 BUSINESS COMBINATION (Continued)

2022 Acquisitions (Continued)

(a) Acquisition of Xiangxinyun (Continued)

	RMB'000
Purchase consideration	
– By cash	221,950
– 53.88% of Tencent Fund's liability assumed by the Group	62,138
	284,088

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

	As at Jan 19, 2022 Fair value RMB'000
Cash and cash equivalents	7,378
Financial assets at fair value through profit or loss – current	5,000
Contract acquisition cost	1,389
Prepayments, deposits and other assets	70,758
Trade and notes receivables	3,426
Property, plant and equipment	359
Right-of-use assets	801
Intangible assets	1,099
Self-developed software *(i)*	24,000
Trade payables	(105)
Other payables and accruals	(18,367)
Lease liabilities	(823)
Contract liabilities	(7,055)
Total identifiable net assets	87,860
Less: non-controlling interests	(40,524)
Add: goodwill	236,752
	284,088

The goodwill is attributable to Xiangxinyun's strong position in SaaS retail sector and synergies expected to arise after the acquisition. Goodwill of RMB236,752,000 generated from Xiangxinyun acquisition was initially allocated to subscription solution CGU and was reallocated back to Xiangxinyun CGU due to business structure adjustment in October 2022. The goodwill is not deductible for tax purposes.

37 BUSINESS COMBINATION (Continued)

2022 Acquisitions (Continued)

(a) Acquisition of Xiangxinyun (Continued)

(i) Identified intangible assets

The identified intangible assets for the acquisition primarily consist of self-developed software of approximately RMB24,000,000. They are initially recognised and measured at fair value. The recognition of self-developed software as part of the acquisition arose mainly from the cost saving by owing the self-developed software rather than licensing it. The fair value of self-developed software was developed through the application of the valuation technique which has taken into account the replacement cost method and is amortised on straight-line basis over the estimated useful life of 5 years by taking reference to comparable companies.

(ii) Revenue and profit contribution

The acquired business contributed revenues of RMB33,767,000 and net loss of RMB40,368,000 to the Group for the period from January 19, 2022 to December 31, 2022.

If the acquisition had occurred on January 1, 2022, consolidated pro-forma revenue and loss for the year ended December 31, 2022 would have been RMB1,840,601,000 and RMB1,922,802,000, respectively. These amounts have been calculated using the subsidiary's results and adjusting them for the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to intangible assets had applied from January 1, 2022, together with the consequential tax effects.

(b) Acquisition of Xiaomeng Financial

On June 1, 2022, Weimob Development entered into an agreement with the selling shareholders and Xiaomeng Financial to purchase 100% equity interests in Xiaomeng Financial with a total consideration of RMB130,000,000. Xiaomeng Financial has been engaged in financial service business (the "Excluded Business"). In preparation for the Company's IPO, the Group went through a reorganisation and sold the Excluded Business to a 3rd party in 2015.

Upon the completion of the transaction on June 30, 2022, Weimob Development owns 100% equity interests in Xiaomeng Financial and Xiaomeng Financial became a wholly-owned subsidiary of the Company.

As at December 31, 2022, Weimob Development has paid total consideration of RMB130,000,000.

37 BUSINESS COMBINATION (Continued)

2022 Acquisitions (Continued)

(b) Acquisition of Xiaomeng Financial (Continued)

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

	RMB'000
Purchase consideration	
– By cash	130,000

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

	As at Jun 30, 2022 Fair value RMB'000
Cash and cash equivalents	1,456
Prepayments, deposits and other assets	927
Trade and notes receivables	5,548
Right-of-use assets	1,025
Self-developed software *(i)*	16,004
Trade payables	(7,605)
Other payables and accruals	(4,307)
Lease liabilities	(1,067)
Total identifiable net assets	11,981
Less: non-controlling interests	–
Add: goodwill	118,019
	130,000

The goodwill is attributable to Xiaomeng Financial's strong position in financing sector and the synergies expected after the acquisition of Xiaomeng Financial. Goodwill of RMB118,019,000 generated from Xiaomeng Financial acquisition was allocated to the Group's subscription solutions CGU of RMB25,443,000 and merchant solutions CGU of RMB92,576,000, respectively, with consideration of the synergies expected after the acquisition. None of the goodwill is expected to be deductible for tax purposes.

37 BUSINESS COMBINATION (Continued)

2022 Acquisitions (Continued)

(b) Acquisition of Xiaomeng Financial (Continued)

(i) Identified intangible assets

The identified intangible assets for the acquisition primarily consist of self-developed software of approximately RMB16,004,000. They are initially recognised and measured at fair value. The recognition of self-developed software as part of the acquisition arose mainly from the cost saving by owing the self-developed software rather than licensing it. The fair value of self-developed software was developed through the application of the valuation technique which has taken into account the replacement cost method and is amortised on straight-line basis over the estimated useful life of 3 years by taking reference to comparable companies.

(ii) Revenue and profit contribution

The acquired business contributed revenues of RMB41,515,000 and net loss of RMB6,818,000 to the Group for the period from June 30, 2022 to December 31, 2022.

If the acquisition had occurred on January 1, 2022, consolidated pro-forma revenue and loss for the year ended December 31, 2022 would have been RMB1,867,758,000 and RMB1,918,352,000, respectively. These amounts have been calculated using the subsidiary's results and adjusting them for the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to intangible assets had applied from January 1, 2022, together with the consequential tax effects.

2021 Acquisitions

(c) Acquisition of Xiangminiao

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

The co-founders of Xiangminiao hold 19.18% common share of Xiangminiao in total after the transaction. As mentioned in Note 36(b), due to their post-combination service commitment, the 19.18% common share was deemed as being transferred to Weimob Development at the acquisition date.

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

37 BUSINESS COMBINATION (Continued)

2021 Acquisitions (Continued)

(c) Acquisition of Xiangminiao (Continued)

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

	RMB'000
Purchase consideration	
– By cash	31,000
– By debt-equity swap	26,350
	57,350

The assets and liabilities recognised as a result of the acquisition are as follows. The net assets include the subscription amount of RMB14,500,000 as part of the acquisition transaction

	As at May 31, 2020 Fair value RMB'000
Cash and cash equivalents	6,926
Prepayments, deposits and other assets	15,591
Trade and notes receivables	116
Property, plant and equipment	11
Customer relationships *(i)*	15,410
Self-developed software *(i)*	9,387
Trade payables	(60)
Other payables and accruals	(9,745)
Deferred income tax liabilities	(1,032)
Total identifiable net assets	36,604
Less: non-controlling interests	(4,012)
Add: goodwill	24,758
	57,350

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

37 BUSINESS COMBINATION (Continued)

2021 Acquisitions (Continued)

(c) Acquisition of Xiangminiao (Continued)

(i) Identified intangible assets

The identified intangible assets for the acquisition primarily consist of self-developed software of approximately RMB9,387,000 and customer relationship of RMB15,410,000. They are initially recognised and measured at fair value. The recognition of self-developed software as part of the acquisition arose mainly from the cost saving by owing the self-developed software rather than licensing it. The fair value of self-developed software was developed through the application of the valuation technique which has taken into account the replacement cost method and is amortised on straight-line basis over the estimated useful life of 5 years by taking reference to comparable companies. The customer relationship represents the present value of the future cash flow attributed to established customer base and other business relationships built up by Xiangminiao in hotel industry and has a definite useful life and is amortised on straight-line basis over the estimated useful life of 10 years. The Company recognised deferred tax asset and deferred tax liability of RMB5,167,000 and RMB6,199,000, which has been partially offset on Xiangminiao entity level.

(ii) Revenue and profit contribution

The acquired business contributed revenues of RMB20,155,000 and net loss of RMB12,928,000 to the Group for the period from May 31, 2021 to December 31, 2021. Had the acquisition occurred on January 1, 2021, consolidated pro-forma revenue and loss for the year ended December 31, 2021 would have been RMB2,697,089,000 and RMB855,881,000, respectively. These amounts have been calculated using the subsidiary's results and adjusting them for the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to intangible assets had applied from January 1, 2021, together with the consequential tax effects.

(d) Acquisition of Xiaomeng Technology

On August 31, 2021, Weimob Development entered into an agreement with the selling shareholders and Xiaomeng Technology to purchase 100% equity interests in Xiaomeng Technology with a total consideration of RMB20,500,000. Upon the completion of the transaction on August 31, 2021, Weimob Development owns 100% equity interests in Xiaomeng Technology and Xiaomeng Technology became a subsidiary of the Company.

As at December 31, 2021, Weimob Development has paid the total consideration of RMB20,500,000.

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

37 BUSINESS COMBINATION (Continued)

2021 Acquisitions (Continued)

(d) Acquisition of Xiaomeng Technology (Continued)

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

	RMB'000
Purchase consideration by cash	20,500

	As at August 31, 2021 Fair value RMB'000
Cash and cash equivalents	58
Prepayments, deposits and other assets	581
Property, plant and equipment	1
Trade and other payables and accruals	(137)
Total identifiable net assets	503
Less: non-controlling interests	–
Add: goodwill	19,997
	20,500

The goodwill is attributable to Xiaomeng Technology's strong position in artificial intelligence sector and synergies expected to arise after the acquisition. It has been allocated to the Group's subscription solution operating segment. None of the goodwill is expected to be deductible for tax purposes.

(i) Revenue and profit contribution

During the year ended December 31, 2021, Xiaomeng Technology was focused on internal research and development without any revenue generated. The acquired business contributed net loss of RMB588,000 to the Group for the period from August 31 to December 31, 2021.

Had the acquisition occurred on January 1, 2021, consolidated pro-forma revenue and loss for the year ended December 31, 2021 would have been RMB2,685,706,000 and RMB853,743,000, respectively. These amounts have been calculated using the subsidiary's results.

37 BUSINESS COMBINATION (Continued)

(e) Non-controlling interests

The Group has chosen to recognise the non-controlling interest at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

(f) Purchase consideration – cash flow

	Year ended December 31	
	2022	2021
	RMB'000	RMB'000
Outflow of cash to acquire subsidiaries, net of cash acquired		
Cash consideration	**351,950**	77,850
Less: balance of cash acquired	**(10,356)**	(6,984)
Less: subscription for new shares of the subsidiaries which are eliminated at Group level	**(60,000)**	(51,350)
Less: investment payable for current year's acquisitions	**(83,414)**	(3,906)
Less: investment prepaid in prior year for current year's acquisition *(Note 37(a))*	**(35,217)**	–
Add: investment paid for prior years' acquisitions	**198,326**	11,471
Net outflow of cash – investing activities	**361,289**	27,081

(g) Acquisition related costs

Acquisition-related costs of RMB nil are included in general and administrative expenses in profit or loss (2021: RMB150,000).

38 NET CASH USED IN OPERATION

(a) Cash used in operations

	Year ended December 31 2022 RMB'000	2021 RMB'000
Loss before income tax from:		
Continuing operations	**(1,989,738)**	(795,583)
Discontinued operations	**(1,112)**	(48,747)
	(1,990,850)	(844,330)
Adjustment for:		
Depreciation of property, plant and equipment *(Note 16)*	**26,534**	21,833
Depreciation of right-of-use assets *(Note 17)*	**69,008**	70,268
Amortisation of intangible assets *(Note 19)*	**267,773**	174,721
Loss/(Gain) on disposal of property, plant and equipment *(Note 38(a))*	**232**	(297)
Fair value (gain)/loss on convertible bonds *(Note 25(b))*	**(13,999)**	14,690
Net fair value loss/(gain) on other financial assets and liabilities at FVPL *(Note 10)*	**197,538**	(180,396)
Fair value gain on investment properties *(Note 10)*	**(780)**	(2,539)
Share-based payment expenses *(Notes 8)*	**119,338**	173,963
Interest expenses *(Note 11)*	**171,063**	91,133
Interest income from bank deposits held for cash management purpose *(Note 12)*	**(21,322)**	(15,563)
Interest income from term deposits and loan to third and related parties *(Note 9)*	**(6,694)**	(2,762)
Foreign exchange loss, net	**28,921**	21,060
Net impairment losses on financial assets *(Note 3.1(iii))*	**170,803**	83,116
Share of net loss/(profit) of investments accounted for using equity method *(Note 22)*	**4,344**	(6,991)
Gains from buy-back of convertible bonds measured at amortised cost before maturity *(Note 10)*	**(89,809)**	–
Impairment loss of goodwill *(Note 10)*	**194,843**	–
Impairment provision for intangible assets *(Note 19)*	**40,725**	–
Others	**(1,663)**	–
	(833,995)	(402,094)
Changes in working capital:		
Increase in restricted cash	**(44,032)**	(535)
Increase in trade and notes receivables	**(3,630)**	(128,297)
Decrease in contract liabilities	**(55,332)**	(73,974)
Increase in financial assets at FVOCI	**(135,203)**	(145,641)
Decrease in prepayments, deposits and other assets	**319,188**	130,838
Decrease in contract acquisition cost	**25,651**	63,959
Increase/(Decrease) in trade and other payables	**52,145**	(58,898)
Cash used in operations	**(675,208)**	(614,642)

38 NET CASH USED IN OPERATION (Continued)

(a) Cash used in operations (Continued)

In the consolidated statement of cash flow, proceeds from disposal of property, plant and equipment comprise:

	Year ended December 31	
	2022	2021
	RMB'000	RMB'000
Net book amount	**1,713**	1,534
Net (loss)/gain on disposal of property, plant and equipment	**(232)**	297
Proceeds from disposal of property, plant and equipment	**1,481**	1,831

(b) Net debt reconciliation

	Year ended December 31	
	2022	2021
	RMB'000	RMB'000
Cash and cash equivalents	**1,710,103**	3,809,069
Restricted cash	**781,308**	535
Term deposits	**417**	–
Other financial liabilities at FVPL (current and non-current)	**(37,595)**	(399,506)
Bank borrowings (current and non-current)	**(1,818,870)**	(745,000)
Convertible bonds measured at FVPL	**(136,702)**	(138,523)
Convertible bonds at amortised cost	**(1,653,217)**	(1,561,499)
Put option liability	**(118,950)**	–
Lease liabilities (current and non-current)	**(151,255)**	(270,540)
Net (debt)/cash	**(1,424,761)**	694,536

38 NET CASH USED IN OPERATION (Continued)

(b) Net debt reconciliation (Continued)

	Cash and cash equivalents RMB'000	Term deposits RMB'000	Restricted cash RMB'000	Leases (principal elements) RMB'000	Borrowings (current and non-current) RMB'000	Convertible bonds at FVPL RMB'000	Convertible bonds at amortization cost RMB'000	Other financial liabilities at FVPL (current and non-current) *(Note 25)* RMB'000	Put option liability RMB'000	Total RMB'000
Net debt as at January 1, 2022	3,809,069	–	535	(270,540)	(745,000)	(138,523)	(1,561,499)	(399,506)	–	694,536
Cash flows	(1,837,911)	(81,148)	764,871	60,065	(1,073,870)	–	61,573	–	–	(2,106,420)
Business combination	(162,964)	–	–	(1,890)	–	–	–	–	(115,333)	(280,187)
Disposal of subsidiaries	(144,126)	–	–	–	–	–	–	369,815	–	225,689
Foreign exchange	46,035	81,565	15,902	–	–	(12,178)	(148,411)	–	–	(17,087)
Fair value changes	–	–	–	–	–	13,999	–	(7,904)	–	6,095
Gains from buy-back of convertible bonds measured at amortised cost before maturity	–	–	–	–	–	–	89,809	–	–	89,809
Other non-cash movement *(i)*	–	–	–	61,110	–	–	(94,689)	–	(3,617)	(37,196)
Net debt as at December 31, 2022	1,710,103	417	781,308	(151,255)	(1,818,870)	(136,702)	(1,653,217)	(37,595)	(118,950)	(1,424,761)
Net debt as at January 1, 2021	1,823,976	–	–	(102,353)	(465,050)	(1,895,634)	–	(98,284)	–	(737,345)
Cash flows	2,024,193	–	–	54,436	(279,950)	48,554	(1,889,633)	(295,279)	–	(337,679)
Business Combination	6,984	–	–	–	–	–	–	–	–	6,984
Foreign exchange	(46,084)	–	–	–	–	7,864	13,515	–	–	(24,705)
Fair value changes	–	–	–	–	–	(14,690)		(21,411)	–	(36,101)
Conversion of convertible bonds	–	–	–	–	–	1,710,519	–	–	–	1,710,519
Equity component of convertible bonds	–	–	–	–	–	–	366,482	–	–	366,482
Other non-cash movement	–	–	535	(222,623)	–	4,864	(51,863)	15,468	–	(253,619)
Net debt as at December 31, 2021	3,809,069	–	535	(270,540)	(745,000)	(138,523)	(1,561,499)	(399,506)	–	694,536

(i) Other major non-cash movement includes disposal of lease liabilities and finance cost related to convertible bonds measure at amortised cost and put option liability.

38 NET CASH USED IN OPERATION (Continued)

(c) Other non-cash investing and financing activities

	Year ended December 31	
	2022	2021
	RMB'000	RMB'000
Conversion of convertible bonds measured at FVPL	**–**	1,710,519
Settlement of investment in Xiaoke by debt-equity swap *(Note 40(b)(i))*	**129,462**	9,000
Settlement of investment in Xiangminiao by debt-equity swap	**–**	26,350
	129,462	1,745,869

39 CAPITAL COMMITMENTS

Commitments for capital expenditures

Significant capital expenditure contracted for at as December 31, 2022 and 2021 but not recognised as liabilities is as follows:

	As at December 31	
	2022	2021
	RMB'000	RMB'000
Long-term investment	**256,700**	483,708
Buildings	**357,144**	–
	613,844	483,708

40 RELATED PARTY TRANSACTIONS

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

(a) The directors of the Company are of the view that the following parties/companies were related parties that had significant transaction or balances with the Group for the years ended December 31, 2022 and 2021:

Name of related parties	Relationship with the Group
Xiaoke	Associate of the Group
Syoo	Associate of the Group
Clipworks	Associate of the Group
Demo	Associate of the Group
Mengyou	Associate of the Group
Xi'an Mengyou	Associate of the Group
Shanghai Beyond Science Technology Co., Ltd. ("Beyond Science")	Non-controlling shareholder of Heading
Mr. Bai	Non-controlling shareholder of Wuxi Yazuo
Mr. Sun	Executive director of the Group

40 RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties

Operating activities:

	Year ended December 31	
	2022	2021
	RMB'000	RMB'000
Provide subscription solutions service to related parties		
Xiaoke	**35,609**	6,325
Beyond Science	**2,279**	–
	37,888	6,325
Purchase of short-video-making service from a related party		
Clipworks	**2,131**	7,103
Purchase of advertising traffic on behalf of a related party		
Xiaoke	**2,791**	12,935
Technology service fee charged by related parties		
Beyond Science	**191**	7,848
Clipworks	**472**	–
Xiaoke	**1,082**	2,494
	1,745	10,342
Sales commissions paid to related parties as channel partners for subscription solutions service		
Demo	**7,108**	5,201
Syoo	**–**	41
	7,108	5,242

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

40 RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties (Continued)

Non-operating Activities:

	Year ended December 31	
	2022	2021
	RMB'000	RMB'000
Loan to related parties		
Xiaoke	**87,000**	100,000
Mr. Bai	**–**	5,619
Xi'an Mengyou	**–**	4,550
Clipworks	**2,000**	–
	89,000	110,169
Interest income from a related party		
Xiaoke	**–**	2,936
Rental fee charged by a related party		
Beyond Science	**–**	2,657
Repayment from related parties		
Xiaoke *(i)*	**145,462**	–
Syoo	**–**	4,000
	145,462	4,000
Payment to a related party due to subscription of new shares		
Xiaoke *(i)*	**229,462**	–
Investment in a related party by debt-equity swap		
Xiaoke	**–**	9,000
Compensation received from an executive director related to SaaS sabotage event		
Mr. Sun	**–**	26,937

(i) As at December 31, 2021, the Group had other receivable (non-trade nature) due from Xiaoke and investment payable due to Xiaoke of RMB114,636,000 and RMB229,525,000, respectively. In January 2022, the Group lent another RMB15,000,000 to Xiaoke with the aggregated other receivable (non-trade nature) of RMB129,462,000. In March 2022, the Group and Xiaoke reached an agreement to offset the receivable and payable balances of RMB129,462,000. The remaining receivable due from Xiaoke and payable due to Xiaoke were settled in cash. As at December 31, 2022, the balance of other receivable (non-trade nature) due from Xiaoke and investment payable due to Xiaoke were nil.

40 RELATED PARTY TRANSACTIONS (Continued)

(c) Year-end balances with related parties

	As at December 31	
	2022	2021
	RMB'000	RMB'000
Trade receivables from related parties		
Xiaoke	**39,524**	13,662
Syoo	**3,962**	3,962
Beyond Science	**3,248**	–
	46,734	17,624
Less: Provision for impairment of trade receivable	**–**	–
	46,734	17,624
Other receivables from related parties		
Trade nature – related to advertising services where the Group acts as agent		
Xiaoke	**15,408**	12,935
Non-trade nature		
Xiaoke	**–**	114,636
Clipworks	**2,057**	–
Mr. Bai	**5,619**	–
Xi'an Mengyou	**–**	4,550
Syoo	**–**	402
	7,676	119,588
Total other receivables from related parties	**23,084**	132,523
Less: provision for impairment of other receivable	**–**	(1,206)
Total other receivables from related parties	**23,084**	131,317
Long term receivables from a related party		
Non-trade nature		
Xiaoke	**56,000**	–
Mr. Bai	**–**	5,619
Prepayments to related parties for outsourcing services		
Beyond Science	**–**	1,147
Xiaoke	**–**	389
Clipworks	**509**	–
Syoo	**40**	–
	549	1,536

40 RELATED PARTY TRANSACTIONS (Continued)

(c) Year-end balances with related parties (Continued)

	As at December 31	
	2022	2021
	RMB'000	RMB'000
Other payable due to related parties		
Beyond Science	**7,229**	7,200
Xiaoke	**943**	532
	8,172	7,732
Investment payables due to subscription of new shares of a related party		
Xiaoke	**–**	229,525
Dividend payable		
Beyond Science	**4,703**	4,703

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

As at December 31, 2022, loan receivables from Xiaoke of RMB56,000,000 was non-trade in nature and unsecured, bearing a fixed interest rate of 7% per annum due in 2025. Loan receivables from Mr. Bai of RMB5,619,000 were non-trade in nature, unsecured, interest-free and repayable in November 2023. Loan receivables from Clipwork of RMB2,000,000 were non-trade in nature, unsecured, bearing a fixed interest rate of 4% per annum and repayable in April 2023.

Payable to Beyond Science was attributed to technology service fee and was unsecured, interest-free and repayable on demand, among which RMB7,200,000 was related to transactions before the Group's acquisition of Heading.

Dividend payable to Beyond Science was attributed to the dividend distributed by Heading in May 2020 before the Group's acquisition of Heading.

The amounts due from and to other related parties are neither past due nor impaired. The carrying amounts of the amounts due from and to related parties approximate their fair values and are denominated in RMB.

40 RELATED PARTY TRANSACTIONS (Continued)

(d) Key management compensation

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

	Year ended December 31 2022 RMB'000	2021 RMB'000
Salaries and wages	**8,459**	8,255
Bonuses	**1,555**	1,614
Other social security costs, housing benefits and other employee benefits	**556**	522
Pension cost – defined contribution plan	**486**	446
Share-based compensation	**25,155**	22,256
	36,211	33,093

41 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

Remuneration of every director and the chief executive's is set out below:

	Directors' fees RMB'000	Salaries and wages RMB'000	Bonuses RMB'000	Other social security costs housing benefits and other employee benefits RMB'000	Pension cost-defined contribution plan RMB'000	Share-based Compensation RMB'000	Total RMB'000
For the year ended December 31, 2022							
Executive director:							
Mr. Sun	–	775	100	71	63	–	1,009
Mr. Huang	–	805	100	71	63	–	1,039
Mr. Fang	–	617	100	71	63	–	851
Mr. You	–	590	100	71	63	–	824
Independent non-executive directors							
Sun Mingchun	259	–	–	–	–	–	259
Li Xufu	259	–	–	–	–	–	259
Tang Wei	259	–	–	–	–	–	259
	777	2,787	400	284	252	–	4,500

41 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' and chief executive's emoluments (Continued)

	Directors' fees RMB'000	Salaries and wages RMB'000	Bonuses RMB'000	Other social security costs housing benefits and other employee benefits RMB'000	Pension cost-defined contribution plan RMB'000	Share-based Compensation RMB'000	Total RMB'000
For the year ended December 31, 2021							
Executive director:							
Mr. Sun	–	775	123	65	57	–	1,020
Mr. Huang	–	603	93	65	57	–	818
Mr. Fang	–	617	100	65	57	–	839
Mr. You	–	590	98	65	57	–	810
Independent non-executive directors							
Sun Mingchun	249	–	–	–	–	–	249
Li Xufu	249	–	–	–	–	–	249
Tang Wei	249	–	–	–	–	–	249
	747	2,585	414	260	228	–	4,234

(b) Directors' retirement and termination benefits

No retirement or termination benefits have been paid to the Company's directors for the years ended December 31, 2022 and 2021.

(c) Consideration provided to third parties for making available directors' services

No consideration provided to third parties for making available directors' services subsisted at the end of the year or at any time for the years ended December 31, 2022 and 2021.

(d) Information about loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors

No loans, quasi-loans or other dealings are entered into by the Company in favor of directors, controlled bodies corporate by and connected entities with such directors for the years ended December 31, 2022 and 2021.

(e) Directors' material interests in transactions, arrangements or contract

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted for the years ended December 31, 2022 and 2021.

42 CONTINGENT LIABILITIES

Saved as contingent consideration payable for acquiring Heading disclosed in Note 3.3(i)(c), the Group did not have any material contingent liabilities as at December 31, 2022.

43 SUBSEQUENT EVENTS

On January 13, 2023, the Company issued 248,000,000 placing shares to certain investors at the placing price of HK$6.41 per share and raised net proceeds of approximately HKD1,569,000,000 (equivalent to approximately RMB1,352,218,000).

44 FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Financial position of the Company

		As at December 31	
		2022	2021
	Note	**RMB'000**	RMB'000
ASSETS			
Non-current assets			
Investment in subsidiaries	*(i)*	**6,052,559**	5,199,339
Total non-current assets		**6,052,559**	5,199,339
Current assets			
Financial assets at fair value through profit or loss		**258,451**	68,324
Prepayments, deposits and other assets		**30,228**	1,006
Restricted cash		**736,742**	–
Cash and cash equivalents		**1,037,756**	2,776,262
Term deposits		**417**	–
Total current assets		**2,063,594**	2,845,592
Total assets		**8,116,153**	8,044,931
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	*34*	**1,717**	1,716
Shares held for RSU scheme	*34*	**(644)**	(1,928)
Share premium	*34*	**7,475,254**	7,549,147
Treasury shares		**(39,110)**	–
Other reserves		**(101,528)**	(212,453)
Accumulated losses		**(1,295,176)**	(1,361,500)
Total equity		**6,040,513**	5,974,982

44 FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(a) Financial position of the Company (Continued)

	Note	As at December 31 2022 RMB'000	2021 RMB'000
Current liabilities			
Payables due to intercompany		2,005,674	1,561,499
Other payables and accruals		69,966	369,927
Total current liabilities		2,075,640	1,931,426
Non-current liabilities			
Payables due to intercompany		–	138,523
Total Non-current liabilities		–	138,523
Total liabilities		2,075,640	2,069,949
Total equity and liabilities		8,116,153	8,044,931

(i) Investment in subsidiaries

During the year ended December 31, 2022, the Company made RMB741,000,000 additional capital injection to Weimob Development through Weimob HK (2021: RMB1,029,419,000). As at December 31, 2022, the accumulated capital injection to Weimob Development is RMB4,123,717,000 (As at December 31, 2021: RMB3,382,717,000).

As disclosed in Note 36, immediately after the consummation of the IPO, Weimob Teamwork started to administer and hold the RSU Scheme which is included in the Group's consolidated statement. The RSUs grant by the Company to the employees of its subsidiaries is treated as a capital contribution to subsidiaries. The Company recognised an increase in the investment in the subsidiaries of RMB112,220,000 during the year ended December 31, 2022 (2021: RMB164,935,000). As at December 31, 2022, the accumulated capital contribution related to RSUs Scheme amounted to RMB325,340,000 (As at December 31, 2021: RMB213,120,000).

During the year ended December 31, 2021, the Company funded RMB604,891,000 to its PRC subsidiaries to support their daily operation. As the Company has no intention to collect the amount back from PRC subsidiaries, the cash transferred is recognized as investment in subsidiaries. The accumulated capital contribution to PRC Subsidiaries as at December 31, 2022 and 2021 was RMB1,603,502,000.

44 FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(b) Reserve movement of the Company

	Other reserves RMB'000	Accumulated losses RMB'000
As at January 1, 2022	**(212,453)**	**(1,361,500)**
Comprehensive loss		
Loss for the year	**–**	**66,324**
Total comprehensive loss for the year	**–**	**66,324**
Transfer of vested RSUs *(Note 36)*	**(1,295)**	**–**
Share-based compensation expenses for employees *(Note 36)*	**112,220**	**–**
Total transactions with owners recognized directly in equity for the year	**110,925**	**–**
As at December 31, 2022	**(101,528)**	**(1,295,176)**

	Other reserves RMB'000	Accumulated losses RMB'000
As at January 1, 2021	(364,108)	(1,360,946)
Comprehensive loss		
Loss for the year	–	(4,783)
Change in fair value of financial liabilities from own credit risk	4,864	–
Total comprehensive loss for the year	4,864	(4,783)
Transfer of realized fair value changes relating to changes in own credit risk of convertible bonds that initially recorded in other comprehensive income to retained earnings	(4,229)	4,229
Transfer of vested RSUs *(Note 36)*	(13,915)	–
Share-based compensation expenses for employees *(Note 36)*	164,935	–
Total transactions with owners recognized directly in equity for the year	151,020	–
As at December 31, 2021	(212,453)	(1,361,500)

DEFINITIONS

"AGM"	the forthcoming annual general meeting of the Company
"Articles of Association"	the amended and restated articles of association of the Company
"Board"	the board of Directors of the Company
"Company"	Weimob Inc., an exempted company incorporated in the Cayman Islands with limited liability on January 30, 2018
"Corporate Governance Code"	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
"Director(s)"	director(s) of the Company
"Group", "our Group", "the Group", "we", "us" or "our"	our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require)
"HKFRS"	Hong Kong Financial Reporting Standards
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange on January 15, 2019
"Listing Date"	January 15, 2019, the date on which the Shares are listed on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers

DEFINITIONS

"PRC" or "China"	the People's Republic of China. For the purposes of the Report only and except where the context requires otherwise, excludes Hong Kong, Macau and Taiwan
"Prospectus"	the prospectus of the Company dated December 31, 2018
"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC
"Report"	the 2022 annual report of the Company
"Reporting Period"	the year ended December 31, 2022
"RSU"	the restricted stock unit
"SFO"	the Securities and Futures Ordinance
"Share(s)"	ordinary shares in the share capital of the Company with a par value of US$0.0001
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning as ascribed thereto under the Listing Rules
"Substantial Shareholders Group"	Mr. SUN Taoyong, Mr. FANG Tongshu, Mr. YOU Fengchun, a group of individuals acting in concert with each other and the single largest shareholder group of the Company
"Tencent"	Tencent Holdings Limited, a limited liability company organized and existing under the laws of the Cayman Islands and the shares of which are listed on the Main Board (stock code: 700) and/or its subsidiaries
"Weimob Development"	Shanghai Weimob Enterprise Development Co., Ltd.* (上海微盟企業發展有限公司), a company established under the laws of the PRC on September 10, 2014, being a wholly-owned subsidiary of our Company

* *For identification purpose only*

WEIMOB INC. 微盟集團