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**WEIMOB INC.**

**微盟集團\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 2013)**

**(Convertible Bonds Code: 40702)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED JUNE 30, 2023**

The board of directors (the “**Directors**”) (the “**Board**”) of Weimob Inc. (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended June 30, 2023 (the “**Reporting Period**”) together with the comparative figures for the six months ended June 30, 2022 as follows:

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

**FINANCIAL PERFORMANCE HIGHLIGHTS**

	<b>Six months ended June 30,</b>		<b>Year-on-year change</b>
	<b>2023</b>	<b>2022</b>	
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	
	<i>(RMB in millions, except percentages)</i>		
Revenue	<b>1,209.6</b>	899.6	34.5%
Gross profit	<b>816.3</b>	597.7	36.6%
Operating loss	<b>(385.3)</b>	(630.6)	(38.9%)
Loss before income tax	<b>(438.4)</b>	(680.4)	(35.6%)
Loss for the period	<b>(469.6)</b>	(658.8)	(28.7%)
Non-HKFRS Measures:			
Adjusted loss before interest, tax, depreciation and amortization	<b>(92.7)</b>	(384.7)	(75.9%)
Adjusted net loss	<b>(254.2)</b>	(567.4)	(55.2%)

## RESULTS HIGHLIGHTS FOR THE FIRST HALF OF 2023

In the first half of 2023, with a macro backdrop of economic resilience and growth, we worked together with our customers and experienced economic recovery. Relying on our Smart Retail, Weimob Marketing and other products and solutions as well as our Weimob WAI, an AI product, we helped our customers expand sales channels, invigorate existing customers, reduce operating costs, and enhance operating efficiency. In the meantime, after the launch of the new WOS commercial operating system, we have established an open ecosystem to attract partners, quickly respond to and meet the diversified needs of customers, and enhance the overall efficiency of research and development. In the first half of 2023, focused on the strategies of “moving up-market”, “ecosystem build-up” and “globalization”, we recorded a rapid growth in revenue, a stable gross profit and effectively controlled the losses. The Group continues its high-quality development.

In the first half of 2023, The Group's total revenue reached RMB1,210 million, representing an increase of 34.5% as compared with the same period of last year. The proportion of revenue from key accounts merchants increased, and the revenue quality continued to improve. Our gross profit increased by 36.6% from approximately RMB598 million in the first half of last year to approximately RMB816 million in the first half of 2023, and the overall gross margin has rebounded. The adjusted loss before interest, tax, depreciation and amortization was approximately RMB93 million, representing a significant decrease of 75.9% as compared with the same period of last year. The adjusted net loss was approximately RMB254 million, representing a sharp decrease of 55.2% as compared with the same period of last year, mainly due to the recovery of the increase in revenue from Subscription and Merchant Solutions and the gross margin from these solutions also remained stable under the environment of the macro economy recovery, in particular, the significant rebound in demand for the advertising of Merchant Solutions. Meanwhile, the costs were effectively controlled by way of cost reduction and efficiency increase in 2022. As of June 30, 2023, the Group has repurchased all of the outstanding convertible bonds issued in 2020 and partial convertible bonds issued in 2021, with an aggregate amount of approximately US\$86.9 million. The Group's cash and bank balances were approximately RMB2,613 million, resulting in a healthy cash and financial position.

As of June 30, 2023, our revenue from Subscription Solutions was approximately RMB706 million, representing a year-on-year increase of 21.4%, the number of paying merchants slightly decreased by 3% year-on-year to 100,092, representing a month-on-month improvement of 0.5%, mainly due to the merchant turnover rate was affected by the deferred effect of the last year, and Average Revenue Per User (the “ARPU”) increased by 26% year-on-year to RMB7,047, demonstrating phased results of our moving up-market strategy. Revenue from Merchant Solutions was approximately RMB504 million, representing a year-on-year increase of 58.3%; the number of paying merchants increased by 51.3% to 40,494; and the ARPU increased by 4.6% to RMB12,452. Our advertising business has expanded to more diversified channels, industries and customer groups, and our advertising business of Tencent Video Accounts recorded a market leading share and a rapid improvement of profit. In the first half of 2023, we assisted merchants in the placement of a gross billing of approximately RMB6,988 million, representing a year-on-year increase of 66.1%.

The Group continued to promote 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 RMB312 million in the first half of 2023, representing a year-on-year increase of 32% and an organic year-on-year increase of 45%, maintaining strong growth. The proportion of revenue from Smart Retail to revenue from Subscription Solutions increased to 44%. It is expected to achieve the goal that the proportion of revenue from key accounts merchants will increase to nearly 50% in 2023 and nearly 70% in 2025.

We officially launched the plan of “achieving a thousand customers with a million revenue and a hundred customers with ten million revenue” and enhanced the unit value of Key Accounts (“KA”) market through the synergy of products in the ecosystem of the Group. It is expected that by 2027, we will achieve the strategic goal of having more than 100 customers with revenue over RMB10 million and more than 1,000 customers with revenue over RMB1 million. In the meantime, we proactively explored the video account ecosystem, and constantly enhanced the integration of original products with video accounts and the construction of user operation capabilities, helping enterprises gain dividends from growth of the video account business. In particular, the Weimob video account business has reached an in-depth cooperation with a number of popular brands including LELECHA, Hotwind and Belle.

In terms of ecosystem build-up, we released Weimob WAI, an AI application product, and continued to promote the layout of “AI+SaaS” by way of open-source and self-developed technologies as well as our cooperation with AI technology partners such as ERNIE Bot of Baidu (百度文心一言) and the industry-specific large model of Tencent Cloud. During the Reporting Period, the Weimob Cloud Platform has developed and released 39 new cloud applications and services, and has introduced nine new high-quality ecosystem partners. A total of 476 applications and services, 760 games and 1,165 templates & components were launched.

In terms of globalization, our targeted marketing business has been upgraded and renamed as “Weimob Marketing” (微盟營銷), which has become an official recognized partner of Apple Ads and Google Ads. Capitalizing on its all-platform operating capabilities and advantages covering foreign mainstream media, Weimob Marketing empowered over 300 merchants from home furnishing, fitness, 3C and other industries in exploring global operation.

During the Reporting Period, our market recognition and influence were further improved. Our Group was included in the list of “China Top 500 New Economy Enterprises” and the “Leading Enterprises in Digital Advertising”, and obtained the “2022 Tencent IN Education Innovation and Smart Marketing Award”, the “Video Account Sales Services Provider of the Year”, eight awards by TopDigital, and the “2023 Top 10 Emerging Partners”, “2023 Emerging Partners” in terms of effect channel and “2023 Emerging Partners” in terms of regional channel by Kuaishou Magnetic Engine. Mr. Sun Taoyong, the chairman of the Board and chief executive officer of the Group, was honored the “Shanghai Industry and Commerce Leaders” and the “Shanghai Outstanding Builders of Socialism with Chinese Characteristics in the Sixth Session”.

In the first half of 2023, we deepened the measures for refined management and measures for cost reduction and efficiency increase, ensuring the healthy and efficient development of the Company’s operation. The continuous implementation of forward-looking strategies also provided more guarantees for the Company to tame industry cycles and move towards high-quality development.

## **BUSINESS REVIEW**

In the first half of 2023, we deepened the construction of public domain channels and the layout of targeted private domain operations, and optimized our business structure, promoting quality and 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 provide 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 approximately RMB706 million, representing a year-on-year increase of 21.4%, the number of paying merchants decreased by 3% to 100,092, representing a month-on-month improvement of 0.5%, and the ARPU increased by 26% to RMB7,047.

In terms of Smart Retail, as of June 30, 2023, our revenue from Smart Retail was approximately RMB312 million, representing a year-on-year increase of 32%, accounting for 44% of revenue from Subscription Solutions. We had 6,428 merchants in Smart Retail, of which 1,223 were branded merchants, with an average contract value of RMB224 thousand.

In line with the development stages and demand trends of retail companies in digital businesses, we focused on promoting the construction of “consumer value growth” and “integrated all-channel business system”, and launched all-channel user operation solutions covering online and offline channels, public and private domains, and customer acquisition and repeat purchase. Currently, over 22% of existing customers and over 40% of new customers have chosen to establish cooperation with us. Some leading retail companies in digital business, such as Peacebird Group, Embry Group and Really Sports, selected us as their strategic partner based on their demand of long-term development of digital business, and fully adopted the integrated all-channel user operation solution of Weimob for their all brands. In addition, the moving up-market strategy was continuously promoting the constant iteration and expansion of the Group’s digital business capabilities, leading to the sustained increase in the average annual price of customers as well as the frequent cross-selling activities. In the first half of 2023, customers who purchased two or more products and businesses accounted for 58% of the total number of customers.

Based on the industry differences of the retail industry and the research and summary of operational models and core industry demands, we created the vertical solutions covering clothing, building materials, Fast Moving Consumer Goods (“FMCG”) and shopping malls. During the Reporting Period, we have attracted 32 new leading segment customers, and the number of group customers recorded a year-on-year increase of 12%.

In May 2023, the Company published an announcement regarding the disposal of Smart Catering business. Shanghai Weimob Enterprise Development Co., Ltd. (“**Weimob Development**”, an indirect wholly-owned subsidiary of our Company) conditionally agreed to subscribe for the additional registered capital of Acewill Information Technology (Beijing) Co., Ltd. (“**Acewill**”) of RMB12,449,053.74, representing approximately 25.6757% equity interest in Acewill, at the consideration of RMB20 million in cash and 100% equity interest in Shanghai Weimob Canlin Information Technology Co., Ltd. (“**Weimob Canlin**”, an indirect wholly-owned subsidiary of our Company) held by Weimob Development. Upon completion of the transaction, Weimob Canlin and its subsidiaries ceased to be the subsidiaries of our Company.

In terms of the Smart Hotel and Tourism, due to the restoration of the tourism industry, the GMV (Gross Merchandise Value) of Weimob Xiangminiao reached RMB683 million during the Reporting Period, representing a year-on-year increase of 63%. Currently, Weimob Xiangminiao was stepping up our layout on Douyin, and the GMV of our Douyin Business Division amounted to RMB70.02 million, including a month-on-month GMV increase of 125% in June 2023.

Meanwhile, “Xiaoke (销氩)” of Sales CRM invested by us combines the smart outbound call with several reach and communication tools and private domain operation capabilities, which provides companies with SaaS tools and accompanying operation services for post-chain sales and operations. Currently, it has a total of 107,178 paid accounts and serves 8,008 companies. In the first half of 2023, Xiaoke upgraded its AI outbound call products in all respects to deeply connect with WOS systems and fully integrate into the Weimob ecosystem. Xiaoke has made rapid progress in investment promotion, exhibitions, e-commerce, retails, consumer goods, games and other industries, and has established cooperation with leading companies such as Mengniu Dairy, 37 Interactive Entertainment, Totole and JNBY Group.

We have been paying attention to the innovations and changes brought about by new AI technologies. Through the self-developed and collaborative third-party LLM (Large Language Model) models, we officially released Weimob WAI, an AI application product, in May 2023, which currently has been iterated to version 2.0 and significantly enhanced the capability in automatic content creation technology. All of the SaaS products and services of the Group, including WeiMall, WeCom Assistant, OneCRM and others, have already been integrated into Weimob WAI to help merchants build full-chain business scenarios covering smart construction, smart marketing and smart management by using Weimob systems. Weimob WAI has helped various large retailers such as Hodo Home, Metersbonwe and Xtep to achieve cost reduction and efficiency increase in smart marketing scenarios. During the “618” shopping festival in 2023, the usage of Weimob WAI by merchants was doubled and redoubled. Taking the SaaS integration scenario as an example, the weekly content generation of Weimob WAI increased by 63%, among which the number of tweets from official Wechat accounts increased by 400%, the recommendation headlines by 257%, and the carousel images by 243%.



## **Merchant Solutions:**

Our Merchant Solutions serve the existing and potential merchants of our Subscription Solutions and provide merchants with one-stop integrated solutions that combine advertising, marketing and operations to achieve efficient operations. During the Reporting Period, our revenue from Merchant Solutions was approximately RMB504 million, representing a year-on-year increase of 58.3%, the number of paying merchants increased by 51.3% to 40,494 and the ARPU increased by 4.6% to RMB12,452. Our advertising business expanded to a wider range of channels, industries and customer bases, gaining an overwhelming share in the advertising business of Tencent Video Accounts, and the profit situation was also improved rapidly. In the first half of 2023, we assisted merchants in the placement of a gross billing of approximately RMB6,988 million, representing a year-on-year increase of 66.1%.

As the economy picked up and the consumption recovery accelerated in the first half of 2023, the demand for digital brand marketing was further unleashed. In order to further capture market opportunities, we upgraded the targeted marketing business into “Weimob Marketing”. Under the guidance of the TSO full-chain marketing strategy, we achieved the integrated upgrading of “media resources, service chain and digital technology” to expand our leadership in the marketing industry.

In terms of the depth of our service chain, we continued to expand the penetration of short video content, private domain operation and live-streaming operation services to help the brands to achieve the full-chain closed-loop marketing. In the sector of short video and live-streaming, the Weimob video account business provides brands with one-stop solutions covering attracting live-streaming traffic, all-domain malls, KOLs (Key Opinion Leader) matching and accompanying operation. Currently, it has provided services for more than 5,000 enterprises, and a number of industry-leading brands have achieved rapid growth in video account business, including Lenovo, Mengniu’s Just Yoghurt, Anta and SKSHU.

In the first half of 2023, the merchants who we served had a total of over 32,000 live-streaming sales sessions, and the maximum GMV of live-streaming merchants reached over RMB570 million. The total GMV of KOL live-streaming sales via video account recorded a year-on-year increase of 9.27 times, and the GMV of a single KOL live-streaming sales session over RMB10 million. In terms of the penetration of short video content, we have established short video and live-streaming bases in Shanghai and Changsha of Hunan Province, with over 35 live-streaming rooms. In terms of media resource expansion, we have officially become the only authorized service provider of Tencent automobile advertising in Zone I of Eastern China (i.e. Shanghai and Jiangsu Province), assisting automobile companies and regional dealers in building an “integrated marketing ecosystem” around the entire user lifecycle. In the meantime, we made our presence in all-domain traffic in China and the world, including our in-depth cooperation with high-quality media such as Xiaohongshu, Kuaishou, Apple, Google, Meta and TikTok to help brands connect users through diversified traffic channels. Up to now, we have empowered over 300 merchants from home furnishing, fitness, 3C, musical instruments, jewelry and other industries in exploring global operation, with the customer renewal rate of 45%.

## BUSINESS OUTLOOK

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

1. **Enhancing penetration rate in KA market and continuing to practice the industrialization strategy.** We will build high-quality industrial solutions through cooperation with major industrial customers with advanced business experience and clear business directions and continue to practice our industrialization strategy to better serve our industry-leading customers with the lighthouse effect, accelerate the development of industrial sales and speed up the progress of the plan of “achieving a thousand customers with a million revenue and a hundred customers with ten million revenue”, so as to further the proportion of revenue from KA market to our revenue.
2. **Continue our layout in “AI+SaaS” to capture opportunities at the application level.** We will accelerate the implementation of the “AI+SaaS” strategy, and integrate all of the products and services of Weimob into Weimob WAI, and diversify our application scenarios, thus helping merchants improve efficiency and reduce costs. In the meantime, we will continue to invest in the research and development and accelerate the iteration of Weimob WAI, ensuring the competitiveness and leadership of Weimob WAI in the industry.
3. **Embracing the WOS ecosystem to improve the digital business “infrastructure”.** We will use our new WOS commercial operating system to empower the integrated upgrading of more ecosystem partners, and enhance the feasibility and efficiency of research and development of new functions and products relying on our WOS digital business infrastructure. Through the mutual penetration and promotion of “ecosystem build-up” and “moving up-market” strategies, we will create a new digital business ecosystem featured with joint work, sharing and win-win, enhance our ability to serve high-quality customers, and promote the high-quality growth of our Group’s business.
4. **Multi-platform layout, expanding more commercial feasibility.** We adhere to the multi-platform layout, enhance the penetration of the WeChat ecology, and make efforts to Kuaishou, Xiaohongshu and other multi-platforms to explore more commercial realization possibilities. We will continue to upgrade the operation service of video account, improve the realization ability outside of advertising sales, and help the merchants obtain traffic dividends from video account through the combination of video account advertising and operation. We will also increase the expansion of advertising marketing business of Kuaishou and Xiaohongshu, so as to provide more comprehensive traffic and data support for merchants, and improve the conversion efficiency of overall traffic to business growth.

In 2023, trends such as the recovery of the macro economy and the rise of AIGC (Artificial Intelligence Generated Content) wave are driving the digital reform and transformation of all industries. Enterprises are constantly exploring new business possibilities and growth space in the new situation, and the investment in the digital upgrade is gradually increasing. 2023 is the tenth anniversary of our Group. On this occasion, we will stay true to our original aspiration, make more persistent efforts to capture epoch-making opportunities from AI technology and capitalize on advanced digital technologies to empower productivity, so as to grow together with our customers and create greater value for our shareholders and investors.

## MANAGEMENT DISCUSSION AND ANALYSIS

Six Months Ended June 30, 2023 Compared to Six Months Ended June 30, 2022

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Continuing operations</b>		
<b>Revenue</b>	<b>1,209,570</b>	899,612
Cost of sales	<u>(393,313)</u>	<u>(301,936)</u>
<b>Gross profit</b>	<b>816,257</b>	597,676
Selling and distribution expenses	<b>(844,056)</b>	(782,870)
General and administrative expenses	<b>(380,009)</b>	(543,695)
Net impairment losses on financial assets	<b>(39,272)</b>	(60,266)
Other income	<b>50,504</b>	38,421
Other gains, net	<u><b>11,279</b></u>	<u>120,179</u>
<b>Operating loss</b>	<b>(385,297)</b>	(630,555)
Finance costs	<b>(79,971)</b>	(79,550)
Finance income	<b>20,857</b>	9,090
Share of net profit/(losses) of associates accounted for using the equity method	<b>1,198</b>	(2,762)
Change in fair value of convertible bonds	<u><b>4,778</b></u>	<u>23,347</u>
<b>Loss before income tax</b>	<b>(438,435)</b>	(680,430)
Income tax (credit)/expense	<u><b>(31,196)</b></u>	<u>21,669</u>
<b>Loss from continuing operations</b>	<u><b>(469,631)</b></u>	<u>(658,761)</u>
<b>Discontinued operations</b>		
Loss from discontinued operations	<u>-</u>	<u>(852)</u>
<b>Loss for the period</b>	<u><b>(469,631)</b></u>	<u>(659,613)</u>
<b>Loss attributable to:</b>		
– Equity holders of the Company	<b>(452,235)</b>	(608,548)
– Non-controlling interests	<u><b>(17,396)</b></u>	<u>(51,065)</u>
	<u><b>(469,631)</b></u>	<u>(659,613)</u>



## Key Operating Data

The following table sets forth our key operating data for the six months ended/as of June 30, 2023 and 2022.

	<b>Six months ended/as of June 30,</b>	
	<b>2023</b>	<b>2022</b>
<b><i>Subscription Solutions</i></b>		
Addition in number of paying merchants	<b>13,337</b>	13,205
Number of paying merchants	<b>100,092</b>	103,616
Attrition rate <sup>(1)</sup>	<b>12.9%</b>	12.1%
ARPU <sup>(2)</sup> (RMB)	<b>7,047</b>	5,608
<b><i>Merchant Solutions</i></b>		
Number of paying merchants	<b>40,494</b>	26,770
Revenue (RMB in millions)	<b>504.2</b>	318.5
ARPU (RMB)	<b>12,452</b>	11,899
Gross billing (RMB in millions)	<b>6,987.8</b>	4,208.1

### Notes:

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

## Key Financial Ratios

	<b>Six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
	<b>Per financial statements</b>	<b>Per financial statements</b>
	<b>%</b>	<b>%</b>
Total revenue growth	<b>34.5</b>	(6.2)
Gross margin <sup>(1)</sup>	<b>67.5</b>	66.4
Adjusted EBITDA margin <sup>(2)</sup>	<b>(7.7)</b>	(42.8)
Net margin <sup>(3)</sup>	<b>(38.8)</b>	(73.2)
<b>Adjusted net margin<sup>(4)</sup></b>	<b>(21.0)</b>	(63.1)

*Notes:*

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

## **Revenue**

In 2023, our total revenue increased by 34.5% from RMB899.6 million in the six months ended June 30, 2022 to RMB1,209.6 million in the six months ended June 30, 2023, primarily due to the increase in our revenue generated from both our Subscription Solutions and Merchant Solutions. The following table sets forth a breakdown of our revenue by business segments for the periods indicated.

	<b>Six months ended June 30,</b>			
	<b>2023</b>		<b>2022</b>	
	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
	<b>(RMB in millions, except percentages)</b>			
		<b>%</b>		<b>%</b>
<b>Revenue</b>				
– Subscription Solutions	<b>705.4</b>	<b>58.3%</b>	581.1	64.6%
– Merchant Solutions	<b>504.2</b>	<b>41.7%</b>	318.5	35.4%
<b>Total</b>	<b>1,209.6</b>	<b>100.0%</b>	<b>899.6</b>	<b>100.0%</b>

## ***Subscription Solutions***

Subscription Solutions mainly comprise our commerce and marketing SaaS products and ERP solutions including WeiMall (微商城), Smart Retail (智慧零售), Smart Catering (智慧餐飲), Smart Hotel (智慧酒店), Heading ERP (海鼎ERP) and others. Based on our Weimob Cloud and PaaS, we also provide key accounts customization services, and offer applications developed by third-party vendors on the Weimob Cloud Service Market. In May 2023, the Company entered into an agreement with Acewill and Acewill's existing shareholders to subscribe for its 25.6757% equity interest at the consideration of RMB20 million in cash and 100% equity interest in Weimob Canlin. Upon the completion of this transaction, the Company no longer held Smart Catering business since June 2023.

Revenue from Subscription Solutions increased by 21.4% from RMB581.1 million in the six months ended June 30, 2022 to RMB705.4 million in the six months ended June 30, 2023, primarily due to the ARPU increased from RMB5,608 in the six months ended June 30, 2022 to RMB7,047 in the six months ended June 30, 2023.

Excluding the revenue from Smart Catering business, our revenue from Subscription Solutions increased by 24.1% from RMB561.6 million in the six months ended June 30, 2022 to RMB696.8 million in the six months ended June 30, 2023.

## ***Merchant Solutions***

	<b>Six months ended June 30,</b>		<b>Year-on-year</b>
	<b>2023</b>	<b>2022</b>	<b>change</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	
	<b>(RMB in millions, except percentages)</b>		
<b>Merchant Solutions</b>			
Gross billing	<b>6,987.8</b>	4,208.1	66.1%
Revenue	<b>504.2</b>	318.5	58.3%

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 increased from RMB4,208.1 million in the six months ended June 30, 2022 to RMB6,987.8 million in the six months ended June 30, 2023, primarily due to the increase in the number of paying merchants from 26,770 in the six months ended June 30, 2022 to 40,494 in the six months ended June 30, 2023. The first half of 2023 has seen a strong recovery in the advertising demand as well as growth momentum from video accounts advertisements.

Revenue from Merchant Solutions represents net rebate earned from advertising platforms by providing services to enable merchants to acquire online customer traffic, commission from targeted marketing operation service as well as fees and commission from TSO service. It increased by 58.3% from RMB318.5 million in the six months ended June 30, 2022 to RMB504.2 million in the six months ended June 30, 2023, primarily as a result of the increase in gross billing.

## Cost of Sales

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

	Six months ended June 30,		2022	
	2023			
	(Unaudited)		(Unaudited)	
	(RMB in millions, except percentages)			
<b>Cost of sales</b>				
Advertising traffic cost	63.1	16.0%	30.6	10.1%
Staff costs	47.4	12.1%	49.9	16.5%
Broadband and hardware costs	23.3	5.9%	26.1	8.7%
Operation services costs	135.4	34.4%	79.4	26.3%
Amortization of intangible assets	117.6	29.9%	106.5	35.3%
Taxes and surcharges	5.3	1.3%	8.7	2.9%
Depreciation and amortization	1.2	0.4%	0.7	0.2%
<b>Total</b>	<b>393.3</b>	<b>100.0%</b>	<b>301.9</b>	<b>100.0%</b>

Our cost of sales increased by 30.3% from RMB301.9 million in the six months ended June 30, 2022 to RMB393.3 million in the six months ended June 30, 2023, primarily because of the increase in advertising traffic cost due to the growth in TSO business and the increase in operating service cost for credit technology solutions.

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

	Six months ended June 30,		2022	
	2023			
	(Unaudited)		(Unaudited)	
	(RMB in millions, except percentages)			
<b>Cost of sales</b>				
– Subscription Solutions	239.0	60.8%	227.9	75.5%
– Merchant Solutions	154.3	39.2%	74.0	24.5%
<b>Total</b>	<b>393.3</b>	<b>100.0%</b>	<b>301.9</b>	<b>100.0%</b>

### ***Subscription Solutions***

Cost of sales of our Subscription Solutions increased by 4.9% from RMB227.9 million in the six months ended June 30, 2022 to RMB239.0 million in the six months ended June 30, 2023, primarily due to the increase in amortisation of intangible assets as a result of research and development investments last year, as well as the increase in operation services cost in line with the increase in operation services revenue as compared with the first half of 2022.

## ***Merchant Solutions***

Cost of sales of our Merchant Solutions increased by 108.5% from RMB74.0 million in the six months ended June 30, 2022 to RMB154.3 million in the six months ended June 30, 2023, primarily due to (i) RMB50.4 million increase in operation services cost mainly from commission cost to channel partners for credit technology solutions; and (ii) RMB32.5 million increase in advertising traffic cost as a result of the increase in TSO revenue.

## **Gross Profit and Gross Margin**

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

	2023		2022		Gross margin	
	Gross profit	%	Gross margin	Gross profit		%
	<i>(Unaudited)</i>		<i>(Unaudited)</i>			
	<i>(RMB in millions, except percentages)</i>					
– Subscription Solutions	466.4	57.1%	66.1%	353.2	59.1%	60.8%
– Merchant Solutions	349.9	42.9%	69.4%	244.5	40.9%	76.8%
<b>Total</b>	<b>816.3</b>	<b>100.0%</b>	<b>67.5%</b>	<b>597.7</b>	<b>100.0%</b>	<b>66.4%</b>

Our overall gross profit increased by 36.6% from RMB597.7 million in the six months ended June 30, 2022 to RMB816.3 million in the six months ended June 30, 2023.

Our overall gross margin increased from 66.4% in the six months ended June 30, 2022 to 67.5% in the six months ended June 30, 2023.

The gross margin of our Subscription Solutions increased from 60.8% in the six months ended June 30, 2022 to 66.1% in the six months ended June 30, 2023, primarily due to the recovery in revenue growth and stability in cost of revenue as a result of organization optimization and control on staff headcount and broadband cost.

The gross margin of our Merchant Solutions decreased from 76.8% in the six months ended June 30, 2022 to 69.4% in the six months ended June 30, 2023, primarily due to the decrease in the proportion of high-margin targeted marketing net rebate revenue from 86% to 75% in the respective comparative periods.

## **Selling and Distribution Expenses**

Our selling and distribution expenses increased by 7.8% from RMB782.9 million in the six months ended June 30, 2022 to RMB844.1 million in the six months ended June 30, 2023, primarily due to the following items: (i) the increase in contract acquisition cost from RMB98.7 million in the six months ended June 30, 2022 to RMB268.0 million in the six months ended June 30, 2023; (ii) the decrease in staff cost from RMB528.5 million to RMB440.4 million in respective comparative periods as a result of the completion of organization optimization in 2022; (iii) the decrease in rental property and utility expenses from RMB38.8 million to RMB29.2 million in respective comparative periods; and (iv) the decrease in SEM marketing expenses from RMB38.0 million to RMB23.3 million in respective comparative periods.

## General and Administrative Expenses

Our general and administrative expenses decreased by 30.1% from RMB543.7 million in the six months ended June 30, 2022 to RMB380.0 million in the six months ended June 30, 2023, primarily due to the decrease in research and development and administrative staff cost of RMB165.4 million in respective comparative periods.

## Research and Development Expenditure

	Six months ended/as of June 30,	
	2023	2022
	(Unaudited)	(Unaudited)
	(RMB in millions)	
<b>Research and Development Expenditure</b>		
Research and development expenditure capitalized in development cost & intangible assets	119.5	173.3
Research and development expenditure in general & administrative expenses	199.7	296.1
<b>Total research and development expenditure</b>	<b>319.2</b>	<b>469.4</b>

Research and development expenditure decreased by 32.0% from RMB469.4 million in the six months ended June 30, 2022 to RMB319.2 million in the six months ended June 30, 2023, primarily due to the decrease in average headcount from 2,110 during the first half of 2022 to 1,571 during the first half of 2023 as a result of organization optimization.

## Net Impairment Losses on Financial Assets

We had net impairment losses on financial assets of RMB39.3 million in the six months ended June 30, 2023, primarily consisted of the general provision for credit loss from our trade receivables, notes receivables, other receivables from customers and financial assets measured at fair value through other comprehensive income.

## Other Income

Our other income increased from RMB38.4 million in the six months ended June 30, 2022 to RMB50.5 million in the six months ended June 30, 2023, primarily due to the increase in government grants.

## Other Gains, net

Our other net gains decreased from RMB120.2 million in the six months ended June 30, 2022 to RMB11.3 million in the six months ended June 30, 2023, mainly due to (i) the foreign exchange loss of RMB40.7 million in the six months ended June 30, 2023 while we recorded foreign exchange gain of RMB136.5 million in the same period of 2022; and (ii) an increase of RMB66.5 million in investment gain (mainly including RMB112.3 million gain from convertible bond buyback offsetting RMB57.5 million in fair value loss from invested companies).



## **Operating Loss**

As a result of the foregoing, our operating loss decreased from RMB630.6 million in the six months ended June 30, 2022 to RMB385.3 million in the six months ended June 30, 2023.

## **Finance Costs**

Our finance costs remained stable at RMB80.0 million in the six months ended June 30, 2023.

## **Finance Income**

Our finance income increased from RMB9.1 million in the six months ended June 30, 2022 to RMB20.9 million in the six months ended June 30, 2023, primarily due to the increase in interest income from our bank deposits in line with the increase in the average balance of our bank deposits.

## **Share of Net Profit of Associates Accounted for Using the Equity Method**

We recorded share of net profit of associates accounted for using the equity method of RMB1.2 million as of June 30, 2023, which represented our share of profit from equity investment funds.

## **Change in Fair Value of Convertible Bonds**

We recorded a gain of RMB4.8 million in change in fair value of convertible bonds as of June 30, 2023 due to the favorable changes in fair value of the convertible bonds which had been settled in this period.

## **Income Tax Expense**

We recorded income tax expense of RMB31.2 million in the six months ended June 30, 2023, primarily due to increased taxable income of our subsidiaries in the PRC, resulting in the increase in current income tax expense.

## **Loss for the Period**

As a result of the foregoing, we recorded a loss of RMB469.6 million in the six months ended June 30, 2023 while we recorded a loss of RMB658.8 million in the six months ended June 30, 2022.

## **Non-HKFRS Measures: Adjusted EBITDA and Adjusted Net Loss**

To supplement our condensed 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 period to period and company to company by eliminating potential impacts of items which our management considers non-indicative of our operating performance. We believe these measures provide useful information to investors and others in understanding and evaluating our combined results of operations in the same manner as they help our management.

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

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

	For the six months ended June 30, 2023 (unaudited)						
	Adjustments						
	<i>(RMB in millions, unless specified)</i>						
	As reported	Share-based compensation	Financing listing and other one-off expenses	Fair value change and other gain/loss related to convertible bonds	Amortisation of intangible assets <sup>(1)</sup>	Tax effects	Non-GAAP
Gross profit	816.3				2.3		818.6
Gross margin	67.5%						67.7%
Subscription Solutions	66.1%						66.4%
Merchant Solutions	69.4%						69.4%
Operating profit/(loss)	(385.3)	56.2	4.2	57.4	22.0		(245.5)
Operating margin	(31.9%)						(20.3%)
EBITDA	(206.3)	56.2		57.4			(92.7)
EBITDA margin	(17.1%)						(7.7%)
Net loss	(469.6)	56.2	53.4	52.6	22.0	31.2	(254.2)
Net margin	(38.8%)						(21.0%)
Net loss attributable to equity holders of the Company	(452.2)	56.2	53.4	52.6	13.5	(1.4)	(277.9)
Net margin attributable to equity holders of the Company	(37.4%)						(23.0%)

For the six months ended June 30, 2022 (unaudited)

Adjustments

(RMB in millions, unless specified)

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

*Note:*

- (1) Refers to amortisation resulting from acquisition. This includes amortisation of intangible assets from cost of sales RMB2.3 million, from selling and distribution expenses of RMB11.6 million, from general and administrative expenses of RMB8.1 million.

## Liquidity and Financial Resources

We fund our cash requirements principally from proceeds from our business operations, bank borrowings, other debt financing and shareholder equity contribution. As of June 30, 2023, we had cash and bank balances of RMB2,613.4 million. The details are as below:

*RMB in millions*

### Current assets

Financial assets at fair value through profit or loss	
Structured deposits	55.0
Bank wealth management products	8.0
Restricted cash (refers to “Pledge of Assets”)	417.8
Term deposits	22.1
Cash and cash equivalents	2,110.5
	<hr/>
	2,613.4
	<hr/> <hr/>

The following table sets forth our gearing ratios as of June 30, 2023 and June 30, 2022, respectively.

	<b>Six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<i>(RMB' 000, except percentages)</i>	
Net debt	668,255	692,503
Total equity	3,070,270	3,449,058
Total capital	3,738,525	4,141,561
	<hr/>	<hr/>
<b>Net debt to equity ratio</b>	<b>21.8%</b>	<b>17.0%</b>
	<hr/> <hr/>	<hr/> <hr/>

As of June 30, 2023, we had bank loans of approximately RMB1,658.9 million. The table below sets forth our main short-term and long-term bank loans and letter of credit:

<b>Bank</b>	<b>Loan balance (RMB in millions)</b>	<b>Loan period</b>	<b>2022 interest rate (per annum unless otherwise stated)</b>
<b>Short-term loans</b>			
HSBC Bank (China) Co., Ltd Shanghai Branch	63.00	3 mths	3.95%
Bank of Shanghai Puxi Sub-branch	545.87	1 year	2.8%-4.0%
SPD Silicon Valley Bank Co., Ltd.	80.00	6 mths	3.85%
Bank of Communications Shanghai Baoshan Sub-branch	100.00	6 mths	3.35%
Shanghai Rural Commercial Bank Songnan Sub-branch	70.00	1 year	4.38%
Zheshang Bank Shanghai Branch	50.00	6 mths	3.90%
China Construction Bank, Shanghai Baogang Baoshan Branch	50.00	1 year	3.85%
Bank of China Shanghai Gaojing Sub-branch	50.00	6 mths	3.25%
China CITIC Bank, Shanghai Waitan Sub-branch	200.00	1 year	3.90%
<b>Long-term loans</b>			
SPD Silicon Valley Bank Co., Ltd.	100.00	2 years	4.15%
<b>Letter of credit</b>			
China Everbright Bank Shanghai North Bund Branch	70.00	6 mths	2.82%
Bank of Ningbo, Shanghai Jinqiao Sub-branch	80.00	1 year	3.28%-3.35%
Shanghai Pudong Development Bank Changning Branch	50.00	1 year	3.20%
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, renovation of rental offices and assets under construction; and (ii) intangible assets, including our trademark, acquired software license, and self-developed software.

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

	<b>Six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
	<i>(RMB in millions)</i>	
Fixed assets	<b>66.3</b>	7.1
Intangible assets	<b>120.4</b>	173.7
Right-of-use assets – land use rights	<u>–</u>	<u>324.5</u>
<b>Total</b>	<b><u>186.7</u></b>	<b><u>505.3</u></b>

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

There were no significant investments held, nor were there material acquisitions or disposals of subsidiaries, associates or joint ventures by the Group during the six months ended June 30, 2023. Apart from those disclosed in this announcement, there were no material investments or additions of capital assets authorised by the Board as at the date of this announcement.

### **Pledge of Assets**

As of June 30, 2023, we pledged our offshore bank deposits amounted to RMB404.3 million for onshore loan to be used domestically.

### **Foreign Exchange Risk Management**

We mainly carry out our operations in the PRC with most transactions settled in Renminbi, and we are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar and the Hong Kong dollar. Therefore, foreign exchange risk primarily arose from our recognized assets and liabilities when receiving or to receive foreign currencies from, or paying or to pay foreign currencies to, overseas business partners. In the six months ended June 30, 2023, we did not adopt any long-term contracts, currency borrowings or other means to hedge our foreign currency exposure.

### **Contingent Liabilities**

As of June 30, 2023, we did not have any material contingent liabilities.

### **Employees**

As of June 30, 2023, we had 5,704 full-time employees, the majority of whom are based in Shanghai, China. Within the total headcount, 1,697 are sales and marketing staff and 1,471 are research and development staff.

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

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



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

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

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

*For the Six Months Ended June 30, 2023*

	<i>Note</i>	<b>Six months ended June 30,</b>	
		<b>2023</b>	<b>2022</b>
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Continuing operations</b>			
<b>Revenue</b>	<i>5</i>	<b>1,209,570</b>	899,612
Cost of sales	<i>6</i>	<u><b>(393,313)</b></u>	<u>(301,936)</u>
<b>Gross profit</b>		<b>816,257</b>	597,676
Selling and distribution expenses	<i>6</i>	<b>(844,056)</b>	(782,870)
General and administrative expenses	<i>6</i>	<b>(380,009)</b>	(543,695)
Net impairment losses on financial assets		<b>(39,272)</b>	(60,266)
Other income	<i>7</i>	<b>50,504</b>	38,421
Other gains, net	<i>8</i>	<u><b>11,279</b></u>	<u>120,179</u>
<b>Operating loss</b>		<b>(385,297)</b>	(630,555)
Finance costs	<i>9</i>	<b>(79,971)</b>	(79,550)
Finance income	<i>10</i>	<b>20,857</b>	9,090
Share of net profit/(losses) of associates accounted for using the equity method		<b>1,198</b>	(2,762)
Change in fair value of convertible bonds		<u><b>4,778</b></u>	<u>23,347</u>
<b>Loss before income tax</b>		<b>(438,435)</b>	(680,430)
Income tax (credit)/expenses	<i>11</i>	<u><b>(31,196)</b></u>	<u>21,669</u>
<b>Loss from continuing operations</b>		<u><b>(469,631)</b></u>	<u>(658,761)</u>
<b>Discontinued operations</b>			
Loss from discontinued operation		<u>–</u>	<u>(852)</u>
<b>Loss for the period</b>		<u><b>(469,631)</b></u>	<u>(659,613)</u>
<b>Loss attributable to:</b>			
– Equity holders of the Company		<b>(452,235)</b>	(608,548)
– Non-controlling interests		<u><b>(17,396)</b></u>	<u>(51,065)</u>
		<u><b>(469,631)</b></u>	<u>(659,613)</u>

	<i>Note</i>	<b>Six months ended June 30,</b> <b>2023</b> <b>RMB'000</b> <b>(Unaudited)</b>	<b>2022</b> <b>RMB'000</b> <b>(Unaudited)</b>
<b>Other comprehensive loss, net of tax</b>			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Currency translation differences		<u>(1,441)</u>	<u>(86,751)</u>
<b>Total comprehensive loss for the period</b>		<b><u>(471,072)</u></b>	<b><u>(746,364)</u></b>
<b>Total comprehensive loss attributable to:</b>			
– Equity holders of the Company		(453,676)	(695,299)
– Non-controlling interests		<u>(17,396)</u>	<u>(51,065)</u>
		<b><u>(471,072)</u></b>	<b><u>(746,364)</u></b>
<b>Total comprehensive loss attributable to equity holders of the Company arises from:</b>			
– Continuing operations		(471,072)	(745,512)
– Discontinued operations		<u>–</u>	<u>(852)</u>
		<b><u>(471,072)</u></b>	<b><u>(746,364)</u></b>
<b>Loss per share from continuing operations attributable to the equity holders of the Company (expressed in RMB per share)</b>			
– Basic loss per share	<i>13</i>	<b><u>(0.17)</u></b>	<b><u>(0.24)</u></b>
– Diluted loss per share	<i>13</i>	<b><u>(0.17)</u></b>	<b><u>(0.24)</u></b>
<b>Loss per share attributable to the equity holders of the Company (expressed in RMB per share)</b>			
– Basic loss per share	<i>13</i>	<b><u>(0.17)</u></b>	<b><u>(0.24)</u></b>
– Diluted loss per share	<i>13</i>	<b><u>(0.17)</u></b>	<b><u>(0.24)</u></b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at June 30, 2023*

	<i>Note</i>	As at <b>June 30, 2023</b> <i>RMB'000</i> <i>(Unaudited)</i>	As at December 31, 2022 <i>RMB'000</i> <i>(Audited)</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		208,007	150,772
Right-of-use assets		436,439	475,356
Investment properties		35,720	35,720
Intangible assets		1,239,343	1,410,466
Development costs		113,377	4,754
Deferred income tax assets		70,892	61,808
Contract acquisition cost		27,266	37,096
Investments accounted for using the equity method		264,258	245,560
Financial assets at fair value through profit or loss		589,618	537,969
Prepayments, deposits and other assets	14	121,218	68,704
		<b>3,106,138</b>	3,028,205
<b>Total non-current assets</b>			
<b>Current assets</b>			
Trade and notes receivables	15	391,834	376,330
Contract acquisition cost		68,381	72,270
Prepayments, deposits and other assets	14	1,421,274	1,054,327
Financial assets at fair value through profit or loss		95,063	624,012
Financial assets at fair value through other comprehensive income		456,720	323,744
Restricted cash		417,849	781,308
Cash and cash equivalents		2,110,530	1,710,103
Term deposits		22,106	417
		<b>4,983,757</b>	4,942,511
<b>Total current assets</b>			
		<b>8,089,895</b>	7,970,716
<b>Total assets</b>			

	<i>Note</i>	As at June 30, 2023 <i>RMB'000</i> <i>(Unaudited)</i>	As at December 31, 2022 <i>RMB'000</i> <i>(Audited)</i>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the equity holders of the Company</b>			
Share capital		1,882	1,717
Shares held for RSU Scheme		(166)	(644)
Share premium		8,784,371	7,475,254
Equity component of convertible bonds		245,808	335,474
Treasury shares		–	(39,110)
Other reserves		(881,417)	(905,569)
Accumulated losses		(5,169,812)	(4,717,577)
		<u>2,980,666</u>	<u>2,149,545</u>
<b>Non-controlling interests</b>		<u>89,604</u>	<u>91,501</u>
<b>Total equity</b>		<u><u>3,070,270</u></u>	<u><u>2,241,046</u></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities measured at fair value through profit or loss		37,595	37,595
Financial liabilities measured at amortised cost		123,188	1,772,167
Bank borrowings		100,000	–
Lease liabilities		52,844	85,059
Contract liabilities		51,903	67,791
Deferred income tax liabilities		10,531	13,093
Other non-current liabilities		5,036	5,156
<b>Total non-current liabilities</b>		<u>381,097</u>	<u>1,980,861</u>
<b>Current liabilities</b>			
Financial liabilities measured at fair value through profit or loss		7,273	136,702
Financial liabilities measured at amortised cost		1,293,171	–
Bank borrowings		1,558,870	1,818,870
Lease liabilities		53,072	66,196
Trade and other payables	16	1,410,139	1,426,123
Contract liabilities		264,468	291,312
Current income tax liabilities		51,535	9,606
<b>Total current liabilities</b>		<u>4,638,528</u>	<u>3,748,809</u>
<b>Total liabilities</b>		<u><u>5,019,625</u></u>	<u><u>5,729,670</u></u>
<b>Total equity and liabilities</b>		<u><u>8,089,895</u></u>	<u><u>7,970,716</u></u>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Six Months Ended June 30, 2023

	Attributable to equity holders of the Company							Total RMB' 000		
	Share capital RMB' 000	Share premium RMB' 000	Treasury Shares RMB' 000	Shares held for RSU scheme RMB' 000	Equity component of convertible bonds RMB' 000	Other reserves RMB' 000	Accumulated losses RMB' 000		Sub-total RMB' 000	Non- controlling interests RMB' 000
(Unaudited)										
As at January 1, 2023	1,717	7,475,254	(39,110)	(644)	335,474	(905,569)	(4,717,577)	2,149,545	91,501	2,241,046
<b>Comprehensive loss</b>										
Loss for the period	-	-	-	-	-	-	(452,235)	(452,235)	(17,396)	(469,631)
Currency translation differences	-	-	-	-	-	(1,441)	-	(1,441)	-	(1,441)
<b>Total comprehensive loss for the period</b>	-	-	-	-	-	(1,441)	(452,235)	(453,676)	(17,396)	(471,072)
<b>Transaction with owners</b>										
Issuance of ordinary shares	167	1,369,660	-	-	-	-	-	1,369,827	-	1,369,827
Share issuance costs	-	(21,445)	-	-	-	-	-	(21,445)	-	(21,445)
Issuance of ordinary shares for share-based compensation	10	-	-	(10)	-	-	-	-	-	-
Transfer of vested RSUs	-	-	-	488	-	(488)	-	-	-	-
Buy-back of convertible bonds	-	-	-	-	(89,666)	(30,421)	-	(120,087)	-	(120,087)
Cancellation of buy-back shares	(12)	(39,098)	39,110	-	-	-	-	-	-	-
Share-based compensation expenses for non-controlling shareholders	-	-	-	-	-	-	-	-	1,744	1,744
Share-based compensation expenses for employees	-	-	-	-	-	54,474	-	54,474	-	54,474
Transaction with non-controlling interests	-	-	-	-	-	2,028	-	2,028	(2,028)	-
Derecognition of non-controlling interests from disposal of subsidiaries	-	-	-	-	-	-	-	-	15,783	15,783
<b>Transactions with owners in their capacity for the period</b>	165	1,309,117	39,110	478	(89,666)	25,593	-	1,284,797	15,499	1,300,296
As at June 30, 2023	1,882	8,784,371	-	(166)	245,808	(881,417)	(5,169,812)	2,980,666	89,604	3,070,270



Attributable to equity holders of the Company

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

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

*For the Six Months Ended June 30, 2023*

	<b>Six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Cash flows used in operating activities</b>		
Cash used in operations	(646,404)	(459,334)
Interest received	17,858	7,121
Interest paid	(27,543)	(31,360)
Income tax paid	(913)	(385)
	<u>(657,002)</u>	<u>(483,958)</u>
<b>Cash flows from in investing activities</b>		
Purchase of investments measured at fair value through profit or loss (current and non-current portion)	(1,268,818)	(589,405)
Proceeds from disposal of investments measured at fair value through profit or loss	1,764,009	545,437
Placements of term deposits	(21,142)	–
Receipt from term deposits	412	–
Interest received from term deposits	4,464	–
Payment to invest in an associate	(17,500)	–
Payment for acquisition of subsidiaries, net of cash acquired	(62,649)	(176,807)
Net cash outflow arising from disposal of subsidiaries	(3,778)	–
Purchase of property, plant and equipment	(52,574)	(6,516)
Purchase of land use right	–	(324,480)
Proceeds from disposal of property, plant and equipment	106	29
Purchase of intangible assets	(911)	(429)
Payment for development costs	(119,493)	(177,759)
Loan to related parties	(56,000)	(33,000)
	<u>166,126</u>	<u>(762,930)</u>
<b>Net cash generated/(used) in investing activities</b>		

	<b>Six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of ordinary shares	<b>1,369,827</b>	–
Transaction costs of share issuance	<b>(21,445)</b>	–
Buy-back of convertible bonds at amortised cost	<b>(475,799)</b>	–
Buy-back of shares	–	(73,903)
Proceeds from bank borrowings	<b>873,000</b>	1,126,000
Repayments of bank borrowings	<b>(1,033,000)</b>	(308,000)
Redemption of convertible bonds measured at fair value through profit or loss	<b>(128,798)</b>	–
Principal elements of lease payments	<b>(28,975)</b>	(25,438)
Payment for borrowings due to a third party	<b>(120)</b>	(100)
Decrease/(increase) in deposits pledged for bank borrowings	<b>326,385</b>	(519,474)
<b>Net cash generated from financing activities</b>	<b>881,075</b>	199,085
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>390,199</b>	(1,047,803)
Effect on exchange rate difference	<b>10,228</b>	118,925
<b>Cash and cash equivalents at beginning of the period</b>	<b>1,710,103</b>	3,809,069
<b>Cash and cash equivalents at end of the period</b>	<b>2,110,530</b>	2,880,191
<b>Cash flows relating to discontinued operations</b>	<b>–</b>	(1,112)

# NOTES TO THE INTERIM FINANCIAL INFORMATION

*For the Six Months Ended June 30, 2023*

## 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”).

The condensed consolidated interim financial information comprises the condensed consolidated statement of financial position as at June 30, 2023, the related condensed consolidated statement of comprehensive loss for the six-month period then ended, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the “Interim Financial Information”). The Interim Financial Information is presented in Renminbi (“RMB”), unless otherwise stated.

The Interim Financial Information has been approved for issue by the Board of Directors on August 15, 2023.

## 2 BASIS OF PREPARATION

The Interim Financial Information has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 ‘Interim Financial Reporting’ issued by the Hong Kong Accounting Standards Board and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended December 31, 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), as set out in the 2022 annual report of the Company dated March 30, 2023 (the “2022 Financial Statements”).

## 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with those used in the 2022 Financial Statements, as described in those annual financial statements, except for the adoption of new and amended standards as set out below.

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

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

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

A number of new standards and amendments to standards have not come into effect for the financial year beginning January 1, 2023 and have not been early adopted by the Group in preparing the condensed consolidated financial statements. None of these is expected to have a significant effect on the condensed consolidated financial statements of the Group.

#### 4. SEGMENT INFORMATION

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

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

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

As at June 30, 2023 and December 31, 2022, substantial majority of the non-current assets of the Group were located in the PRC. Therefore, no geographical segments are presented.

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

	<b>Subscription solutions<sup>(b)</sup> RMB’000</b>	<b>Merchant solutions RMB’000</b>	<b>Total RMB’000</b>
<b>(Unaudited)</b>			
<b>Six months ended June 30, 2023</b>			
Segment revenue	705,343	504,227	1,209,570
Segment cost of sales	<u>(238,985)</u>	<u>(154,328)</u>	<u>(393,313)</u>
Gross profit	<u><b>466,358</b></u>	<u><b>349,899</b></u>	<u><b>816,257</b></u>
<b>(Unaudited)</b>			
<b>Six months ended June 30, 2022</b>			
Segment revenue <sup>(a)</sup>	581,078	318,534	899,612
Segment cost of sales	<u>(227,902)</u>	<u>(74,034)</u>	<u>(301,936)</u>
Gross profit	<u><b>353,176</b></u>	<u><b>244,500</b></u>	<u><b>597,676</b></u>

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

(b) On May 31, 2023, the Group disposed subsidiaries including Shanghai Weimob Canlin Information Technology Co., Ltd. (“Canlin”) and its subsidiaries (collectively “Canlin Group”). Canlin Group is focus on SaaS catering business which was included in subscription solutions segment.

## 5. REVENUE

An analysis of the Group's revenue by category for the six months ended June 30, 2022 and 2023 was as follows:

	<b>Six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b><i>(Unaudited)</i></b>	<b><i>(Unaudited)</i></b>
Subscription solutions	<b>705,343</b>	581,078
Merchant solutions	<b>504,227</b>	318,534
	<hr/>	<hr/>
Total revenue	<b>1,209,570</b>	899,612
	<hr/> <hr/>	<hr/> <hr/>

## 6. EXPENSES BY NATURE

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Employee benefits expenses	767,549	1,023,459
Promotion and advertising expenses	348,290	190,752
Depreciation and amortisation	149,808	136,917
Outsourced service fee	138,522	87,121
Advertising traffic cost	63,054	30,577
Server and SMS charges related to subscription solutions revenue	51,783	59,611
Utilities and office expenses	31,372	29,638
Depreciation of right-of-use assets	29,224	40,112
Travelling and entertainment expenses	19,595	11,582
Other consulting fees	10,556	5,706
Auditors' remuneration	3,326	3,127
Others	4,299	9,899
	<u>1,617,378</u>	<u>1,628,501</u>

## 7. OTHER INCOME

	Six months ended June 30,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Super deduction of input VAT <sup>(a)</sup>	23,512	24,221
Government grants <sup>(b)</sup>	21,283	14,200
Interest income from term deposits and loan to related and third parties	5,709	–
	<u>50,504</u>	<u>38,421</u>

(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 and ‘Public Notice Jointly Issued by the MOF and STA Regarding VAT Preferential Treatment for Small-scale VAT Taxpayers’ (Cai Shui Haiguan [2023] 1) jointly issued by the Ministry of Finance and the State Administration of Taxation. Majority of the operating entities in the Group qualify for additional 5% or 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.

## 8. OTHER GAINS, NET

	Six months ended June 30,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Foreign exchange (losses)/gains, net	(40,655)	136,528
Gain on disposal of subsidiaries	7,536	–
Gains from repurchase of 2021 Convertible bonds	112,312	–
Gains from disposal of short-term investments measured at FVPL	4,894	742
Losses on disposals of investment in Growing Corporation	–	(855)
Losses on disposals of financial assets measured at FVOCI	(325)	(1,550)
Fair value change of listed equity security investments	(17,221)	(13,985)
Fair value change of non-current financial assets measured at FVPL	(52,851)	1,429
Fair value change of current financial assets measured at FVPL	69	–
Others, net	(2,480)	(2,130)
	<u>11,279</u>	<u>120,179</u>

## 9. FINANCE COSTS

	Six months ended June 30,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Interest expenses on borrowings	24,125	26,494
Interest expenses on liability component of convertible bonds	49,150	45,492
Interest expenses on lease liabilities	2,458	5,182
Interest expenses on put option liability	4,238	2,382
	<u>79,971</u>	<u>79,550</u>



## 10. FINANCE INCOME

	Six months ended June 30,	
	2023 <i>RMB'000</i> <i>(Unaudited)</i>	2022 <i>RMB'000</i> <i>(Unaudited)</i>
Interest income on bank deposits held for cash management purpose	<u>20,857</u>	<u>9,090</u>

## 11. TAXATION

### (a) Value added tax

The Group is principally subject to 6% and 13% VAT, and surcharges on VAT payments according to PRC tax law. Majority operation entities of the Group, as service companies, qualify for additional 5% or 10% deduction of input value added tax from output VAT since April 1, 2019 (Note 7(a)).

### (b) Income tax

	Six months ended June 30,	
	2023 <i>RMB'000</i> <i>(Unaudited)</i>	2022 <i>RMB'000</i> <i>(Unaudited)</i>
Current tax	42,842	4,569
Deferred income tax	<u>(11,646)</u>	<u>(26,238)</u>
Income tax expenses/(credit)	<u>31,196</u>	<u>(21,669)</u>
Income tax expenses/(credit) is attributable to		
Profit from continuing operations	31,196	(21,669)
Profit from discontinued operations	<u>-</u>	<u>(260)</u>
Income tax expenses/(credit)	<u>31,196</u>	<u>(21,929)</u>

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

#### (i) Cayman Islands Income Tax

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

#### (ii) Hong Kong Profits Tax

No provision for Hong Kong profits tax was made as the Group did not have any assessable income subject to Hong Kong profits tax for the six months ended June 30, 2023.

#### (iii) PRC Enterprise Income Tax

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

**(iv) PRC Withholding Tax**

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after January 1, 2008 are generally subject to a 10% withholding income tax. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%. There is no provision of withholding tax made for the six months ended June 30, 2022 and 2023 as majority of subsidiaries incorporated in the PRC have accumulated losses as at 30 June 2022 and 2023.

**12. DIVIDENDS**

No dividends have been paid or declared by the Company for the six months ended June 30, 2022 and 2023.

**13. LOSS PER SHARE**

**(a) Basic**

Basic loss per share for the six months ended June 30, 2022 and 2023 are calculated by dividing the loss attribute to the Company's equity holders by the weighted average number of ordinary shares excluding those restricted ordinary shares not granted or vested during the respective periods.

	<b>Six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Net loss attributable to the equity holders of the Company (RMB'000) from:		
Continuing operations	(452,235)	(607,696)
Discontinued operations	—	(852)
	<u>(452,235)</u>	<u>(608,548)</u>
Weighted average numbers of ordinary shares in issue	<u>2,732,808,878</u>	<u>2,543,549,857</u>
Basic loss per share (expressed in RMB per share):		
Continuing operations	<u>(0.17)</u>	<u>(0.24)</u>
Discontinued operations	<u>—</u>	<u>—</u>

**(b) Diluted**

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

For the six months ended June 30, 2022 and 2023, convertible bonds issued by the Company and restricted shares units ("RSUs") granted to employees are considered to be potential ordinary shares. As the Group incurred losses for the six months ended June 30, 2022 and 2023, the dilutive potential ordinary shares of convertible bonds and RSUs were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive.

Accordingly, diluted loss per share for the six months ended June 30, 2022 and 2023 was the same as basic loss per share of the respective period.

#### 14. PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	As at <b>June 30,</b> <b>2023</b> <i>RMB'000</i> <i>(Unaudited)</i>	As at December 31, 2022 <i>RMB'000</i> <i>(Audited)</i>
<b>Non-current</b>		
Deposits – third parties	10,203	12,704
Long term loan receivables due from a related party	111,015	56,000
	<u>121,218</u>	<u>68,704</u>
<b>Current</b>		
Other receivables in relation to prepayment on behalf of advertisers – third parties	1,249,838	794,920
Prepayments for purchasing advertising traffic	219,333	258,356
Recoverable value-added tax	85,314	91,211
Deposits – third parties	39,055	32,427
Other loan receivables due from a third party	26,013	25,073
Contract fulfilment cost	20,711	27,415
Other receivables due from related parties	22,844	23,084
Prepayments to other vendors	18,006	34,172
Prepayments for contract operation service costs	6,962	10,371
Prepayments for rent and property management fee	6,936	3,661
Interest receivable from deposits within three months and restricted cash	6,246	3,247
Prepayments for purchasing advertising services	3,641	1,942
Staff advance	2,907	2,432
Receivables in relation to value-added tax refund ( <i>Note 7</i> )	2,157	2,943
Prepayment to related parties	–	549
Others	4,598	9,060
	<u>1,714,561</u>	<u>1,320,863</u>
Less: Provision for impairment of other receivables	<u>(293,287)</u>	<u>(266,536)</u>
	<u><u>1,421,274</u></u>	<u><u>1,054,327</u></u>

## 15. TRADE AND NOTES RECEIVABLES

	As at <b>June 30,</b> <b>2023</b> <i>RMB'000</i> <i>(Unaudited)</i>	As at December 31, 2022 <i>RMB'000</i> <i>(Audited)</i>
Trade receivables due from third parties	322,226	292,872
Trade receivables due from related parties	45,587	46,734
Notes receivables	<u>34,193</u>	<u>37,300</u>
Less: Provision for impairment of trade and notes receivables	<u>(10,172)</u>	<u>(576)</u>
	<b><u>391,834</u></b>	<b><u>376,330</u></b>

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 <b>June 30,</b> <b>2023</b> <i>RMB'000</i> <i>(Unaudited)</i>	As at December 31, 2022 <i>RMB'000</i> <i>(Audited)</i>
0 – 90 days	338,717	365,579
90 – 180 days	6,084	4,030
over 180 days	<u>57,205</u>	<u>7,297</u>
	<b><u>402,006</u></b>	<b><u>376,906</u></b>

### (a) Impairment of trade and notes receivables

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

As at June 30, 2023 and December 31, 2022, the carrying amounts of trade and notes receivables were primarily denominated in RMB and approximated their fair values.

## 16. TRADE AND OTHER PAYABLES

	As at <b>June 30</b> <b>2023</b> <i>RMB'000</i> <i>(Unaudited)</i>	As at December 31, 2022 <i>RMB'000</i> <i>(Audited)</i>
<b>Non-current</b>		
Loan payable to a third party	2,130	2,250
Payable related to business acquisitions	2,906	2,906
	<u>5,036</u>	<u>5,156</u>
<b>Current</b>		
Advance from advertisers – third parties	576,681	561,323
Payroll and welfare payables	386,598	442,520
Payable related to investments and business acquisitions	84,062	145,711
Trade payables for purchasing advertising traffic	77,054	37,056
Other taxes payable	71,728	77,206
Payable related to property, plant and equipment	67,807	54,687
Commission payable	47,606	27,860
Trade payable related to subscription solutions	33,676	6,121
Deposits	13,819	11,756
Amount due to related parties	5,425	12,875
Auditors' remuneration accrual	4,554	3,501
Other payable and accruals	41,129	45,507
	<u>1,410,139</u>	<u>1,426,123</u>
<b>Total</b>	<u><u>1,415,175</u></u>	<u><u>1,431,279</u></u>

As at December 31, 2022 and June 30, 2023, the aging of the trade payables was all within 3 months.

## PLACING OF NEW SHARES UNDER THE GENERAL MANDATE

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

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

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

In June 2021, the Company completed the placing of 156,000,000 new shares of the Company (the “**2021 Placing**”) and raised net proceeds of approximately HK\$2,315.6 million. As of June 30, 2023, the Company had utilized HK\$2,041.8 million as intended. The table below sets out the details of actual usage of the net proceeds as of June 30, 2023:

Use of proceeds	Net proceeds utilized up to June 30, 2023 (HK\$ million)	Unutilized net proceeds as of June 30, 2023 (HK\$ million)	Expected timeline of full utilization
Improving the Group’s comprehensive research and development capabilities	884.0	273.8	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, Weimob Investment Limited (the “**Bond Issuer**”), a wholly-owned subsidiary of the Company, completed the issue of the convertible bonds (the “**2021 Convertible Bonds**”) and raised net proceeds of approximately US\$293.6 million. As of June 30, 2023, the Company had utilized US\$146.8 million as intended. The table below sets out the details of actual usage of the net proceeds as of June 30, 2023:

Use of proceeds	Net proceeds utilized up to June 30, 2023 (US\$ million)	Unutilized net proceeds as of June 30, 2023 (US\$ million)	Expected timeline of full utilization
Improving the Group’s comprehensive research and development capabilities	–	146.8	By December 31, 2023
Upgrading the Group’s marketing system	44.0	–	Not applicable
Supplementing capital for potential strategic investment and merger and acquisition and working capital	58.8	–	Not applicable
General corporate purposes	44.0	–	Not applicable

In January 2023, the Company completed the 2023 Placing and raised net proceeds of approximately HK\$1,568.7 million. As of June 30, 2023, the Company had utilized HK\$741.8 million as intended. The table below sets out the details of actual usage of the net proceeds as of June 30, 2023:

Use of proceeds	Net proceeds utilized up to June 30, 2023 (HK\$ million)	Unutilized net proceeds as of June 30, 2023 (HK\$ million)	Expected timeline of full utilization
Improving the Group’s comprehensive research and development capabilities	–	156.9	By December 31, 2025
Upgrading the Group’s marketing system	160.5	153.2	By December 31, 2025
Supplementing working capital	326.7	143.9	By December 31, 2025
General corporate purposes	254.6	372.9	By December 31, 2025

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

## INTERIM DIVIDEND

The Board did not declare any interim dividend for the six months ended June 30, 2023.

## CORPORATE GOVERNANCE

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

During the six months ended June 30, 2023, the Company has complied with all the applicable code provisions under the Corporate Governance Code with the exception for the deviation from code provision C.2.1 of the Corporate Governance Code.

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

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

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all Directors and each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the six months ended June 30, 2023.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES**

During the six months ended June 30, 2023, the Company has not purchased any of its shares on the Stock Exchange pursuant to the share buy-back mandate approved by our shareholders at the annual general meeting held on June 29, 2022.

During the six months ended June 30, 2023, the Company has redeemed all the outstanding convertible bonds issued by the Bond Issuer in May 2020 (the “**2020 Convertible Bonds**”) (together with any at interest accrued but unpaid up to but excluding May 15, 2023) listed on the Stock Exchange on May 15, 2023, which have been settled in cash of US\$18,809,790 pursuant to the terms and conditions of the 2020 Convertible Bonds. All of the 2020 Convertible Bonds so redeemed have been cancelled and there were no outstanding 2020 Convertible Bonds in issue. Accordingly, the Company has made an application to the Stock Exchange for the withdrawal of the listing of the 2020 Convertible Bonds. Such withdrawal of listing has been effective since the close of business on May 24, 2023.

During the six months ended June 30, 2023, the Company has repurchased and cancelled the 2021 Convertible Bonds listed on the Stock Exchange with a principal amount of approximately US\$73.4 million through the open market for a total price of approximately US\$68.2 million, representing approximately 24.5% of the initial aggregate principal amount of the 2021 Convertible Bonds.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended June 30, 2023.



## **SUBSEQUENT EVENT**

No significant events have taken place subsequent to June 30, 2023 and up to the date of this announcement.

## **AUDIT COMMITTEE**

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

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

## **PUBLICATION OF INTERIM RESULTS AND 2023 INTERIM REPORT**

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.weimob.com). The interim report of the Company for the six months ended June 30, 2023 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the above websites in due course.

By Order of the Board

**Weimob Inc.**

**SUN Taoyong**

*Chairman of the Board and Chief Executive Officer*

Shanghai, the PRC

August 15, 2023

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

\* *For identification purpose only*