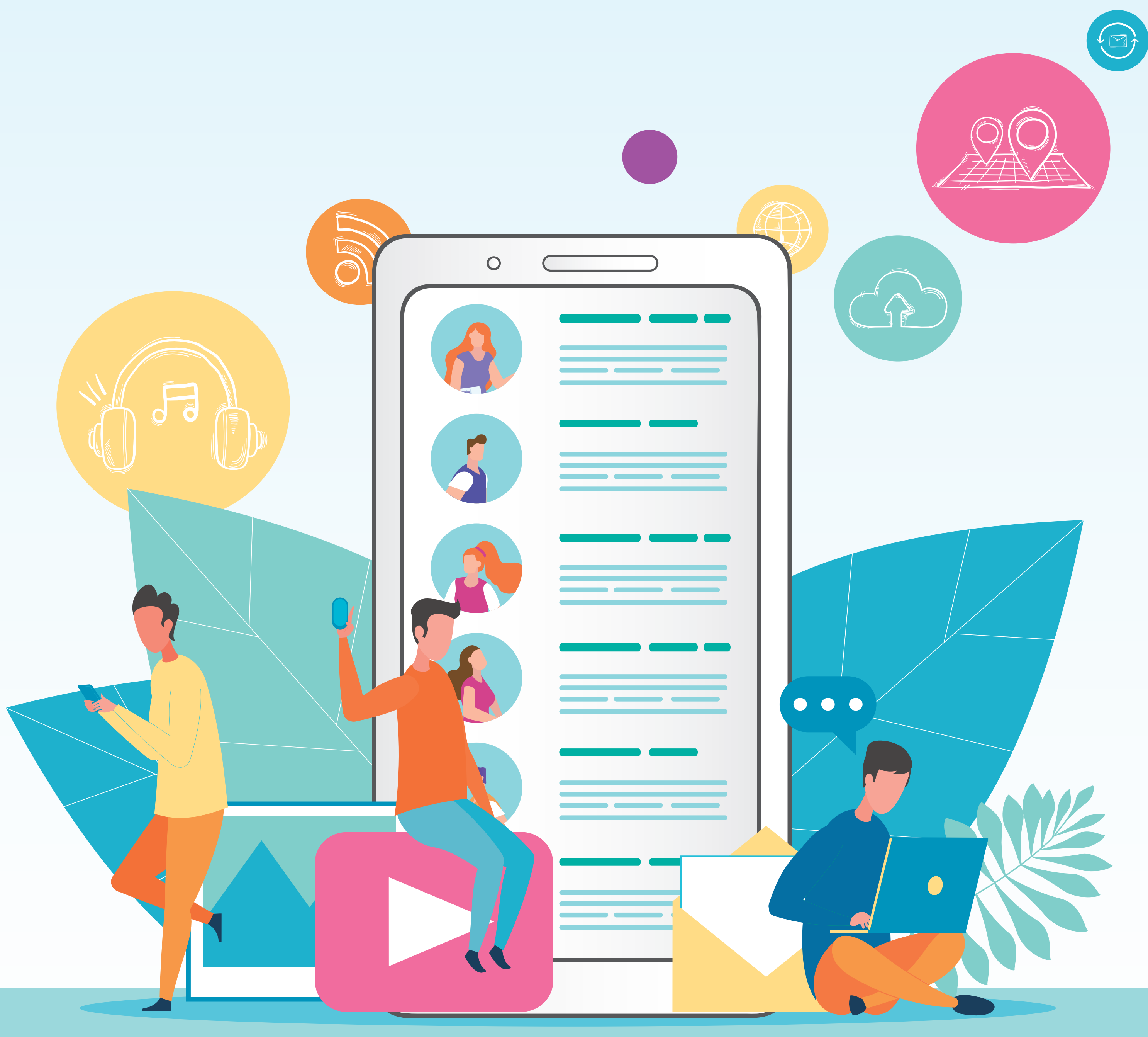
WEIMOB INC.
微盟集團*

(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 2023



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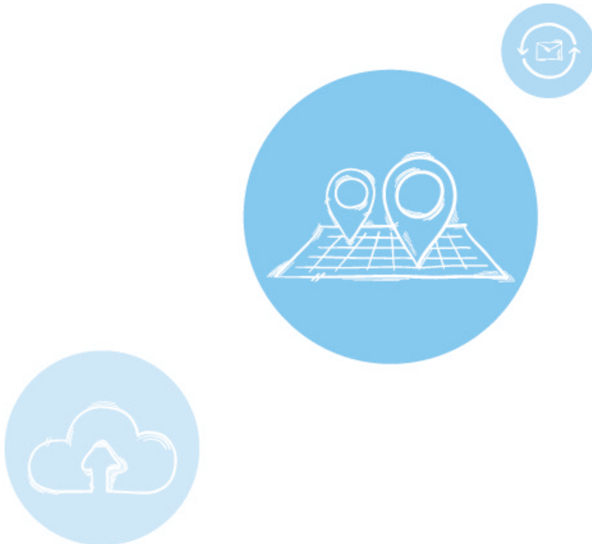

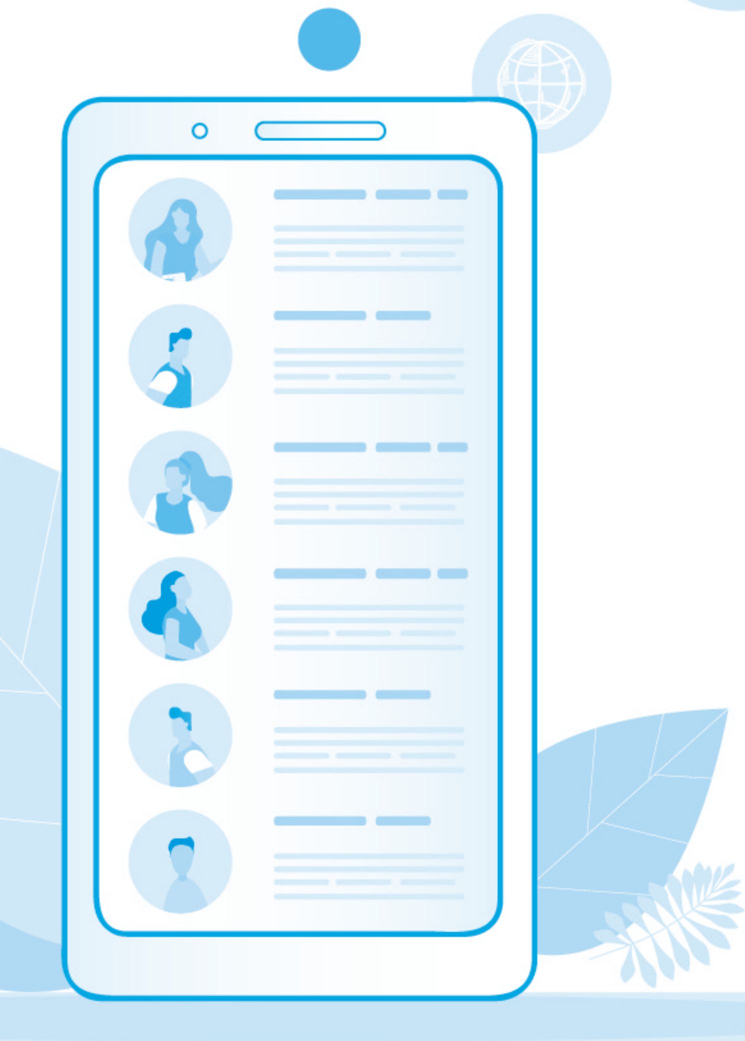

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. SUN Taoyong *(Chairman)*
Mr. FANG Tongshu
Mr. YOU Fengchun
Mr. GUO Junxian *(appointed on January 16, 2024)*

Independent Non-executive Directors

Dr. LI Xufu
Mr. TANG Wei
Ms. XU Xiao'ou *(appointed on May 8, 2023)*
Dr. SUN Mingchun *(resigned on January 16, 2024)*

JOINT COMPANY SECRETARIES

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

AUDIT COMMITTEE

Mr. TANG Wei *(Chairman)*
Dr. LI Xufu
Ms. XU Xiao'ou *(appointed on January 16, 2024)*
Dr. SUN Mingchun *(resigned on January 16, 2024)*

REMUNERATION COMMITTEE

Dr. LI Xufu *(Chairman)*
(appointed as Chairman on January 16, 2024)
Mr. SUN Taoyong
Ms. XU Xiao'ou *(appointed on January 16, 2024)*
Dr. SUN Mingchun *(ex-Chairman)*
(resigned on January 16, 2024)

NOMINATION COMMITTEE

Mr. SUN Taoyong *(Chairman)*
Dr. LI Xufu
Mr. TANG Wei *(appointed on January 16, 2024)*
Dr. SUN Mingchun *(resigned on January 16, 2024)*

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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No. 53 Changqing North Road
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Shanghai
PRC

China CITIC Bank Co., Ltd.
Waitan Branch
No. 290 Beijing East Road
Huangpu District
Shanghai
PRC

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

CORPORATE INFORMATION

AUTHORIZED REPRESENTATIVES

Mr. SUN Taoyong
Ms. NG Sau Mei

REGISTERED OFFICE

P.O. Box 309, Ugland House
Grand Cayman, KY1-1104
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HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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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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HONG KONG SHARE REGISTRAR

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183 Queen's Road East
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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,				
	2023	2022	2021	2020	2019
			(RMB'000)		
Revenue	**2,227,684**	1,838,988	2,685,686	2,064,362	1,436,787
Gross profit	**1,483,525**	1,090,651	1,516,475	1,098,167	797,130
Operating (loss)/gain	**(604,291)**	(1,849,652)	(761,061)	103,289	37,767
(Loss)/profit before income tax	**(726,357)**	(1,989,738)	(844,330)	(1,144,067)	328,406
(Loss)/profit for the year	**(761,258)**	(1,918,874)	(853,243)	(1,166,379)	311,308
Total comprehensive (loss)/income for the year	**(767,674)**	(1,901,568)	(860,664)	(1,166,379)	311,308
Adjusted EBITDA	**(74,900)**	(1,086,700)	(320,277)	299,157	167,808
Adjusted net (loss)/profit	**(388,000)**	(1,456,900)	(566,031)	107,504	77,340

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Year ended December 31,				
	2023	2022	2021	2020	2019
			(RMB'000)		
Non-current assets	**3,038,105**	3,028,205	2,918,998	1,633,180	448,757
Current assets	**4,829,991**	4,942,511	6,517,563	4,221,034	2,855,158
Total assets	**7,868,096**	7,970,716	9,436,561	5,854,214	3,303,915
Equity					
Capital and reserves attributable to equity holders of the Company	**2,700,157**	2,149,545	4,063,473	1,048,017	1,990,103
Non-controlling interests	**102,097**	91,501	150,345	204,473	(295)
Total equity	**2,802,254**	2,241,046	4,213,818	1,252,490	1,989,808
Liabilities					
Non-current liabilities	**641,369**	1,980,861	2,429,802	2,231,699	140,285
Current liabilities	**4,424,473**	3,748,809	2,792,941	2,370,025	1,173,822
Total liabilities	**5,065,842**	5,729,670	5,222,743	4,601,724	1,314,107
Total equity and liabilities	**7,868,096**	7,970,716	9,436,561	5,854,214	3,303,915

CHAIRMAN'S STATEMENT

RESULTS HIGHLIGHTS FOR 2023

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

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

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

CHAIRMAN'S STATEMENT

The Group continued to insist in promoting three major strategies of "moving up-market", "ecosystem build-up" and "globalization", and proactively pursued opportunities for industrial upgrading driven by AI large-model technology. Meantime, the Group strengthened its corporate governance to improve operational efficiency and promote high-quality development.

1. Moving up-market, Ecosystem Build-up and Globalization

In terms of moving up-market, although the overall budget of the Company was reduced due to the impact of the macro economy, the Group has successfully completed the transformation of "moving up-market", and achieved high KA retention and healthy revenue growth.

In terms of ecosystem build-up, our new WOS commercial operating system not only provides customers with expansion and self-development capabilities, but also constantly introduces third-party service providers and Independent Software Vendors (ISV), and continuously deepens the cooperation with ecosystem partners to jointly establish an open system to meet the in-depth needs of customers across different industries. During the Reporting Period, the gross profit of Weimob Cloud increased by 38.6%, the net profit turned positive, and the revenue from active ecosystem partners also increased by 126%, initially forming a benign ecological cycle.

In terms of globalization, we provided various brands with full-chain overseas solutions for high-quality growth and empowered over 300 merchants from various industries in exploring global operation. Heading, a subsidiary of the Company, has completed the international transformation of its products which are highly attractive to Chinese customers exploring global operation and facilitated the digital transformation of local customers in overseas markets. Up to now, Heading's system has been used by customers in over 80 countries or overseas regions.

2. Artificial Intelligence (AI)

In 2023, we launched Weimob WAI, an AI application product. Through 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, we continued to reinforce our competitive edge in real-world merchant business scenarios with focus on "intelligent construction, content creation, marketing promotion, and smart operation". In terms of SaaS services, with the continuous growth of merchant testing and application, Weimob continued to iterate its product functions such as batch creation of graphics and text and chart interpretation in real-world business scenarios, and has successfully expanded to over 50 application scenarios to improve the efficiency of online operations of the enterprises. In addition, Weimob Business Intelligence (BI) products have also incorporated the intelligent capabilities of Weimob WAI to enable intelligent decision-making and operations of merchants. In terms of targeted marketing, Weimob Marketing has expanded its AIGC-based intelligent creation capabilities into all-domain marketing scenarios, with relatively mature capabilities in text-to-text and text-to-image generation. Leveraging its brand merchant model matrix, the adoption rate of WAI-generated content reached 80%, enhancing copywriting efficiency by 60%. We will also test and provide the AI-powered video production capability to further improve human efficiency.

3. Industry Awards

During the Reporting Period, our products and services obtained significant market recognition, further enhancing our industry influence. The Group was also selected into both Hang Seng Artificial Intelligence Theme Index and Hang Seng Media Index, and successfully passed the Data Management Capability Maturity Assessment Model (DCMM) assessment, securing authoritative certification for our data management capabilities. The Group was honored the "Special Contribution Partner of the Year", the "Outstanding Partner in All-domain Operations" and the "Pioneer in Operational Capacity (Video Account Operation, Community Operation and Private Domain Training)" by the "Thousand Domains Program" of Tencent Smart Retail in 2022. Weimob Marketing was honored two recognition awards in the Shanghai advertising industry in 2022, and was successively won awards such as "Video Account Sales Services Provider of the Year", "High-quality Service Provider in Kuaishou Business Ecosystem" and "Alipay Outstanding Partner of the Year". In the regional channel service provider awards officially announced by Tencent Advertising in 2023, Weimob Marketing won a total of 24 awards. In addition, Weimob Marketing was honored "Outstanding Achievement Award of the Year" and "Best Regional Business Strength Award of the Year" in the 2023 Channel Partner Summit of Tencent Advertising.

4. Social Responsibility

The year 2023 was defined as the "Year for Consumption Boost". As the preferred service provider for the digital transformation of the retail industry in China, we actively fulfilled our corporate social responsibilities and championed the digitalization of the real economy. At the outset of 2023, we delved into nearly 50 regions and cities nationwide and unveiled a special support plan across numerous industries aiming at "promoting kickstarting recovery and fostering digital-driven growth". Meanwhile, we extended our support to video account merchants through the "Million Traffic Boost Program", and alleviated the pressure of merchants in digital marketing through expanding growth channels and promoting efficient business operations.

5. Corporate Governance

In the second half of 2023, Weimob officially embarked on a brand upgrade to commemorate its tenth anniversary. Amidst new cycle and new environment, Mr. SUN Taoyong, the chairman of the Board and chief executive officer of the Group, announced the new mission and vision of Weimob. In the future, Weimob will remain steadfast in the SaaS industry in line with the new mission of "promoting business innovation by digital technology, and igniting sparks of business smartness", and step up to realize the new vision of "to be a trusted confidant of enterprise digital upgrade".

In terms of organizational model, Weimob has transformed from a business group system to a sub-business system, with a view to promoting the independent accounting, decision-making and development of each business system, and fully exploring different operation systems and market potentials of each business system. Through the organizational reform, Weimob Group becomes more focused and targeted with a more agile organization, enabling us to adapt to business changes and cater to customer needs more swiftly, relying on better innovation and stronger competitiveness.

In terms of corporate governance, we formally established the Group Compliance Committee and four professional committees, namely, the Business Conduct Committee, the Employee Conduct Committee, the Data Security Committee and the Integrity and Self-Discipline Committee, in August 2023, to further improve the Group’s compliance system and safeguard the high-quality development of our business.

CHAIRMAN'S STATEMENT

BUSINESS REVIEW

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

Subscription Solutions

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

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

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

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

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

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

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

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

In terms of smart hotels and tourism, the tourism industry experienced a robust recovery in 2023, brimming with vitality. In 2023, the GMV of Xiangminiao WeChat Mall business amounted to RMB1,400 million, representing a year-on-year increase of 56%, with the number of merchants increasing by 15% year-on-year; since the inception of hotels and tourism segment on Douyin in the second half of 2022, Weimob Xiangminiao has maintained a rapid growth. During the Reporting Period, the GMV of Douyin Business Division recorded a year-on-year increase of over 13 times.

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

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

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

Merchant Solutions

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

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

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

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

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

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

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

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

BUSINESS OUTLOOK

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

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

Key Operating Data

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

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

Notes:

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

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

Key Financial Ratios

	Year ended December 31, 2023 %	2022 %
Total revenue growth	**21.1**	(6.5)
Adjusted gross margin(1)	**66.9**	60.9
Adjusted EBITDA margin(2)	**(3.4)**	(59.1)
Net margin(3) attributable to equity holders of the Company	**(34.0)**	(99.4)
Adjusted net margin(4) attributable to equity holders of the Company	**(18.0)**	(74.6)

Notes:

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

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

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

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

Revenue

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

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

Subscription Solutions

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

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

Merchant Solutions

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

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

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

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

Cost of Sales

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

	Year ended December 31,			
	2023		2022	
	(RMB in millions, except percentages)			
Cost of sales				
Advertising traffic cost	**127.1**	**17.1%**	91.0	12.2%
Staff costs	**100.7**	**13.5%**	133.9	17.9%
Broadband and hardware costs	**39.6**	**5.3%**	47.3	6.3%
Contract operation services costs	**246.1**	**33.1%**	211.6	28.3%
Amortization of and impairment provision for intangible assets	**219.5**	**29.5%**	250.8	33.5%
Taxes and surcharges	**9.2**	**1.2%**	12.6	1.7%
Depreciation	**2.0**	**0.3%**	1.1	0.1%
Total	**744.2**	**100%**	748.3	100%

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

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

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

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

Subscription Solutions

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

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

Merchant Solutions

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

Gross Profit and Gross Margin

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

	Year ended December 31,					
	2023			2022		
	Gross profit	**%**	**Gross margin**	Gross profit	%	Gross margin
	(RMB in millions, except percentages)					
– Subscription Solutions	**892.6**	**60.2**	**66.1%**	769.2	70.5	59.5%
– Merchant Solutions	**590.9**	**39.8**	**67.3%**	321.5	29.5	58.7%
Total	**1,483.5**	**100**	**66.6%**	1,090.7	100	59.3%

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

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

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

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

Selling and Distribution Expenses

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

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

General and Administrative Expenses

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

Research and Development Expenditure

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

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

Employee Benefits in Costs and Expenses (Adjusted Amount)

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

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

Net Impairment Losses on Financial Assets

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

Other Income

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

Other Gains, Net

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

Operating Loss

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

Finance Costs

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

Finance Income

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

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

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

Change in Fair Value of Convertible Bonds

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

Income Tax (Expenses)/Credit

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

Loss for the Year

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

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

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

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

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

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

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

(1) Refers to impairment loss of intangible assets and amortisation resulting from acquisition, which includes cost of sales of RMB7.7 million, selling and distribution expenses of RMB23.2 million and general and administrative expenses of RMB32.7 million.

Liquidity and Financial Resources

We fund our cash requirements principally from proceeds from our business operations, bank borrowings, other debt financing and shareholder equity contribution. As of December 31, 2023, we had cash and bank balances of approximately RMB2,495.1 million. The details are as below:

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

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

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

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

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

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

Capital Expenditures

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

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

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

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

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

Pledge of Assets

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

Foreign Exchange Risk Management

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

Contingent Liabilities

As of December 31, 2023, we did not have any material contingent liabilities.

Employees

As of December 31, 2023, we had 4,584 full-time employees, the majority of whom are based in Shanghai, China.

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

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

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

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

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. SUN Taoyong (孫濤勇), aged 36, 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 39, 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 35, 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. GUO Junxian (郭駿弦), aged 40, is an executive Director of our Company.

Mr. GUO joined Weimob in December 2021 and currently serves as the chief commercial officer of the Company and the CEO of Weimob Enterprise Service Inc. He is mainly responsible for the business operation management of Weimob Enterprise Service Inc. Before joining the Company, Mr. GUO worked at Google from September 2006 to September 2012 as a general manager of small and medium-sized customer marketing in the Asia Pacific region; worked at Facebook Inc. (currently known as Meta Platforms, Inc., a company listed on NASDAQ, symbol: META) from October 2012 to July 2015 as a general manager of small and medium-sized customers in Greater China and Southeast Asia; worked at Tencent (a company listed on the Stock Exchange, stock code: 700) from August 2015 to November 2021 as a general manager of regional and industry business. Mr. GUO is deeply involved in the development of the Internet industry, has rich experience in business operations and marketing management, and continues to focus on technology-driven enterprise business transformation and upgrading.

Mr. GUO graduated from Renmin University of China with a bachelor's degree in Business Studies in July 2006.

Independent Non-Executive Directors

Dr. LI Xufu (李緒富), aged 57, 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 48, 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 2020, 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). Since June 2023, Mr. TANG has been serving as the chief financial officer of Beijing Huimei Cloud Technology Co., Ltd.

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.

Ms. XU Xiao'ou (徐曉鷗), aged 51, is an independent non-executive Director of our Company.

Ms. XU obtained a master's degree in journalism from Fudan University in the PRC in June 2011, and a master's degree in business administration from China Europe International Business School in the PRC in October 2015.

She was appointed as a director of Linmon Media Limited (a company listed on the Stock Exchange with stock code 9857) on June 10, 2021 and was re-designated as an executive director and vice president of Linmon Media Limited on September 24, 2021, primarily responsible for intellectual property development, script development and production. She has been serving in Shanghai Linmon Picture Media Co., Ltd. ("**Shanghai Linmon**") as a director since September 2014, and as an executive vice president of Shanghai Linmon since October 2014. Ms. XU has approximately 16 years of experience in TV series producing. She served at the Radio and Television Station of Shanghai (上海廣播電視台) from 2006 to 2014 and held positions successively as the director of the planning department of the drama centre of SMG and a deputy general manager in SMG Pictures, responsible for drama series script planning and production. Ms. XU was recognized as a Level Two Screenwriter (二級編劇) by the Shanghai Art Series Senior Professional Technical Position Qualification Review Committee (上海市藝術系列高級專業技術職務任職資格審定委員會) in December 2011. Ms. XU has received multiple awards for her achievements in media industry, including "Top 10 TV Series Producers" by the China Radio and Television Association in August 2012, "Producer of the Year" by the China Television Drama Production Industry Association in December 2019, "Innovation Pioneer of the Year" by New Weekly in November 2020, and "Leading Talents in Radio, Television and Online Audiovisual Industry"(全國廣播電視和網絡視聽行業領軍人才) by the National Radio and Television Administration of the PRC (中華人民共和國國家廣播電視總局) in June 2021.

SENIOR MANAGEMENT

Mr. CAO Yi (曹懿), aged 46, 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 43, 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 6 and 7 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended December 31, 2023 are set out in the consolidated statement of comprehensive loss on page 83 of the Report.

FINAL DIVIDEND

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

BUSINESS REVIEW

The business review and performance analysis of the Group for the Reporting Period is set out in the section headed "Chairman's Statement" from pages 5 to 13 and "Management Discussion and Analysis" from pages 14 to 31 of the Report. A description of the Group's future business development is set out in the section headed "Chairman's Statement" from pages 5 to 13 of the Report.

Compliance with Laws and Regulations

During the year ended December 31, 2023, 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, 2023, 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 2021 CONVERTIBLE BONDS

On June 7, 2021, Weimob Investment Limited (the "**Bond Issuer**"), a wholly-owned subsidiary of the Company, 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 the 2021 Placing, Issue of the 2021 Convertible Bonds and the 2023 Placing" 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 optimize and enhance its targeted marketing system to strengthen its leadership in smart retail. The Directors consider the issue of the 2021 Convertible Bonds is an appropriate means of raising additional capital since (i) it can provide the Company with additional funds at lower funding cost for the said purposes; (ii) it will not have an immediate dilution effect on the shareholding of the existing Shareholders; and (iii) in the event that the 2021 Convertible Bonds are converted into new Shares, the Company can improve its capital base, benefiting the long-term development of the Company.

There had not been any exercise of the 2021 Convertible Bonds during the year ended December 31, 2023, and during the year ended December 31, 2023, the Company 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. Assuming the 2021 Convertible Bonds were fully exercised at the initial conversion price of HK$21.00 per Share on December 31, 2023, 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$21.00 each	
Shareholder	**No. of Shares**	**% of issued ordinary share capital of the Company**	**No. of Shares**	**% of issued ordinary share capital of the Company**
Shares held by Substantial Shareholders Group[1]				
Yomi.sun Holding Limited[2]	321,145,000	11.49%	321,145,000	11.19%
Jeff.Fang Holding Limited[3]	18,220,000	0.65%	18,220,000	0.63%
Alter.You Holding Limited[4]	67,015,000	2.40%	67,015,000	2.34%
Sub-total:	406,380,000	14.54%	406,380,000	14.16%
Shares held by public Shareholders				
Bondholders of the 2021 Convertible Bonds	–	–	75,132,228	2.62%
Other public Shareholders	2,388,214,990	85.46%	2,388,214,990	83.22%
Sub-total:	2,388,214,990	85.46%	2,463,347,218	85.84%
Total	2,794,594,990	100.0%	2,869,727,218	100.0%

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. Mr. SUN Taoyong is an executive Director.

(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, 2023 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, June 8, 2021 and May 22, 2023.

THE 2023 PLACING

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 "**2023 Placing**"). The last closing Share price as quoted on 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 no less than six professional investors who, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, together with their respective ultimate beneficial owners, are independent third parties. None of the places and their ultimate beneficial owners become a substantial Shareholder 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 (the "**2021 Placing**") and raised net proceeds of approximately HK$2,315.6 million. As of December 31, 2023, the Company had utilized HK$2,315.6 million as intended. The table below sets out the details of actual usage of the net proceeds as of December 31, 2023:

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

In June 2021, 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, 2023, the Company had utilized US$146.8 million as intended. The table below sets out the details of actual usage of the net proceeds as of December 31, 2023:

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

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

Use of proceeds	**Net proceeds utilized up to December 31, 2023** *(HK$ million)*	**Unutilized net proceeds as of December 31, 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.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

For the year ended December 31, 2023, the transaction amounts of the Group's top five customers accounted for 29.6% (2022: 22.0%) of the Group's total revenues while the transaction amounts of our single largest customer, Beijing Tencent Culture Media Company Limited, accounted for 20.3% (2022: 15.7%) of the Group's total revenues.

Major Suppliers

For the year ended December 31, 2023, the transaction amounts of the Group's top five suppliers accounted for 56.8% (2022: 47.4%) of the total purchases while the transaction amounts of our single largest supplier, Tencent Cloud Computing (Beijing) Co., Ltd, accounted for 17.0% (2022: 18.4%) 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 17 to the consolidated financial statements.

SHARE CAPITAL

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

RESERVES

Details of the movements in the reserves of the Company and the Group during the Reporting Period are set out in the consolidated statement of changes in equity on page 87 of the Report. As of December 31, 2023, the Company's reserves available for distribution amounted to approximately RMB7,551 million (as at December 31, 2022: RMB6,041 million).

BANK BORROWINGS

Particulars of bank borrowings of the Company and the Group as of December 31, 2023 are set out in note 33 to the consolidated financial statements.

DIRECTORS

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

Executive Directors:

Mr. SUN Taoyong *(Chairman)*
Mr. FANG Tongshu
Mr. YOU Fengchun
Mr. GUO Junxian *(appointed on January 16, 2024)*
Mr. HUANG Junwei *(resigned on May 8, 2023)*

Independent Non-executive Directors:

Dr. LI Xufu
Mr. TANG Wei
Ms. XU Xiao'ou *(appointed on May 8, 2023)*
Dr. SUN Mingchun *(resigned on January 16, 2024)*

In accordance with 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.

In accordance with Article 16.2 of the Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election at that meeting.

Accordingly, Mr. FANG Tongshu, Mr. YOU Fengchun, Mr. GUO Junxian and Dr. LI Xufu 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 32 to 35 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/her 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 or the date of his appointment 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 or the date of her appointment 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, 2023 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 9 and 42 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 9 and 42 to the consolidated financial statements.

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

As of December 31, 2023, 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 C3 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 66,000,000	14.54 2.36	Long position Short position
Mr. FANG Tongshu ("**Mr. FANG**")	Interest in controlled corporation[3]; interest held jointly with other persons[2]	406,380,000 66,000,000	14.54 2.36	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 66,000,000	14.54 2.36	Long position Short position

Notes:

(1) Mr. SUN's interest in the Company is indirectly held through Yomi.sun Holding Limited ("**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 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 ("**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 ("**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 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, 2023, 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, 2023, 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	11.49	Long position
		21,000,000	0.75	Short position
Youmi Investment Limited	Interest in controlled corporation(1)	321,145,000	11.49	Long position
		21,000,000	0.75	Short position
Sun SPV	Beneficial interest(1)	321,145,000	11.49	Long position
		21,000,000	0.75	Short position
Tencent Mobility Limited	Beneficial interest(2)	84,306,000	3.02	Long position
THL H Limited	Beneficial interest(2)	122,220,000	4.37	Long position
Tencent Holdings Limited	Interest in controlled corporation(2)	206,526,000	7.39	Long position
JPMorgan Chase & Co.	Interest in controlled corporation;	179,278,527	6.42	Long position
	person having a security interest	76,388,299	2.73	Short position
	in shares; approved lending agent(3)	76,840,388	2.75	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 Sun SPV. As such, each of Mr. SUN, Cantrust (Far East) Limited and Youmi Investment Limited is deemed to be interested in the Shares held by Sun SPV.

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

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

Save as disclosed above, as of December 31, 2023, 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 RSU 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 four 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, 2023, the aggregate number of Shares underlying the granted RSUs under the 2018 RSU Plan was 70,495,000 Shares, representing approximately 2.52% of the issued share capital of the Company as of December 31, 2023, and the aggregate number of Shares underlying the vested RSUs under the 2018 RSU Plan was 70,333,000 Shares. As of the date of the 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	Closing price immediately prior to date of grant (HK$)	Number of Shares Underlying the RSUs as at January 1, 2023	Granted during the Reporting Period[2]	Vested during the Reporting Period	Lapsed during the Reporting Period	Number of Shares underlying the RSUs outstanding as at December 31, 2023	Vesting period	Weighted average closing price of Shares immediately prior to the vesting date (RMB)
Employee	May 28, 2021	18.00	200,000	–	200,000	–	–	May 28, 2021 to January 1, 2025	3.5
Total			**200,000**	**–**	**200,000**	**–**	**–**		**3.5**

Notes:

1. All the above grants were made prior to the effective date of the amendments to Chapter 17 of the Listing Rules.

2. There were no RSUs granted by the Company pursuant to the 2018 RSU Plan during the Reporting Period.

3. No RSU was cancelled during the Reporting Period.

2020 RSU SCHEME

The 2020 restricted share unit scheme (the "**2020 RSU Scheme**") of the Company (including the RSU Scheme Annual Mandate) 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**"), and its amendments were approved and adopted by the Shareholders at the annual general meeting of the Company on June 21, 2023. 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 announcements of the Company dated May 25, 2020 and May 30, 2023 and the circulars of the Company dated May 28, 2020 and May 31, 2023. Certain principal terms and details of the 2020 RSU Scheme are summarized as follows:

Participants of the 2020 RSU Scheme

The participants of the 2020 RSU Scheme shall includes Employee Participants, Related Entity Participants and Service Providers (as defined in the circular of the Company dated May 31, 2023).

Subject to any early termination as may be determined by the Board according to the 2020 RSU Scheme, the 2020 RSU Scheme shall be valid and effective for a period of 10 years commencing on June 29, 2020. Currently, the remaining life of the 2020 RSU Scheme is approximately six years and two months.

Total Number of Shares Available for Issue under the 2020 RSU Scheme

The total number of shares available for issue under the 2020 RSU Scheme is 279,459,499, representing 10.00% of the issued share capital of the Company as of the date of the Report.

Maximum Entitlement of Each Participant under the 2020 RSU Scheme

Where any grant of options or Awards to a participant would result in the total number of Shares issued and to be issued in respect of all options and Awards granted (excluding any options and Awards lapsed in accordance with the terms of the 2020 RSU Scheme) under the 2020 RSU Scheme in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the total number of Shares in issue, such grant must be separately approved by the Shareholders in general meeting in accordance with the requirements of the Listing Rules with such participant and his/her close associate (or associates, if the participant is a connected person (as defined under the Listing Rules)), or such persons as may be required under the Listing Rules from time to time, abstaining from voting. The number and terms of the Award to be granted to such participant must be fixed before the approval of the Shareholders.

Where any grant of RSUs under the 2020 RSU Scheme (excluding grant of options) to a Director (other than an independent non-executive Director) or chief executive of the Company, or any of their respective associates would result in the Shares issued and to be issued in respect of all RSUs and awards granted (excluding any RSUs lapsed in accordance with the terms of the 2020 RSU Scheme) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the Shares in issue, such grant of RSUs must be approved by Shareholders in general meeting (with such Grantee, his/her associates and all core connected persons of the Company abstaining from voting in favour at such general meeting). In such event, the Company shall comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules.

Where any grant of RSUs or options to an independent non-executive Director or a substantial shareholder of the Company, or any of their respective associates, would result in the Shares issued and to be issued in respect of all RSUs, options and awards granted (excluding any awards and options lapsed in accordance with the terms of the 2020 RSU Scheme or any share option scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue, such further grant of RSUs must be approved by Shareholders in general meeting (with such Grantee, his/her associates and all core connected persons of the Company abstaining from voting in favour at such general meeting). In such event, the Company shall comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules.

Vesting Period

The vesting period in respect of any Award normally shall not be less than 12 months from the date of Grant. However, to ensure the practicability in fully attaining the purpose of the 2020 RSU Scheme, the Board (or the Remuneration Committee where the arrangements relate to the grant of Awards to the Directors and/or senior management of the Company) may in its sole discretion determine the vesting period to be less than 12 months for the Awards to be granted to the Employee Participants under the specific circumstances specified in the circular of the Company dated May 31, 2023.

There is no amount payable on the application or acceptance of the award and it is not applicable for the period within which payments or calls must or may be made or loans for such purposes must be repaid. There is no purchase price of shares awarded.

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	Closing price immediately prior to date of grant *(HK$)*	Number of Shares Underlying the RSUs as at January 1, 2023	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Number of Shares underlying the RSUs outstanding as at December 31, 2023	Vesting period	Weighted average closing price of Shares immediately prior to the vesting date *(RMB)*
Employee (in aggregate)	October 15, 2020	11.42	6,927,550	–	3,063,850	549,650	3,314,050	October 15, 2020 to October 15, 2024	3.12
	May 28, 2021	18.00	10,148,660	–	3,722,625	834,785	5,591,250	May 28, 2021 to May 28, 2025	3.39
	December 20, 2021	7.69	9,900,250	–	2,944,750	1,371,000	5,584,500	December 20, 2021 to October 15, 2025	3.12
	April 4, 2023	4.78	–	21,546,500	5,615,625	1,857,500	14,073,375	April 4, 2023 to April 4, 2027	3.34
	December 12, 2023	3.09	–	5,816,400	–	–	5,816,400	December 12, 2023 to December 12, 2027	N/A
Total			**26,976,460**	**27,362,900**	**15,346,850**	**4,612,935**	**34,379,575**		

Notes:

1. The fair value of RSUs granted on April 4, 2023 and December 12, 2023 as at the date of grant was HK$4.61 and HK$3.11 per Share respectively.

2. No RSU was cancelled during the Reporting Period.

3. The performance targets for all the RSUs granted pursuant to the 2020 RSU Scheme during the Reporting Period shall be based on the grantees' performance rank in the said anniversary year. The performance rank is linked to the performance of the grantees in the said anniversary year as assessed by the Group.

4. The total number of Shares that may be issued in respect of RSUs granted under all schemes of the Company during the Reporting Period divided by the weighted average number of the Shares in issue during the Reporting Period was approximately 1%.

5. The total number of awards available for grant under the scheme mandate of the 2020 RSU Scheme as at January 1, 2023 was 7,814,300. The total number of awards available for grant under the scheme mandate of the 2020 RSU Scheme as at December 31, 2023 was 273,643,099, being the total number of Shares which may be issued in respect of awards to be granted under the 2020 RSU Scheme or share options or awards to be granted under any other schemes of the Company. The total number of awards available for grant under the service provider sublimit of the 2020 RSU Scheme as at January 1, 2023 and December 31, 2023 were nil and 27,945,949, respectively.

6. As disclosed in the announcement of the Company dated April 4, 2023, the Board approved the grant of Awards in respect of an aggregate of 21,576,500 underlying Shares to 719 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 Awards in respect of an aggregate of 30,000 underlying Shares.

7. As disclosed in the announcement of the Company dated December 12, 2023, the Board approved the grant of Awards in respect of an aggregate of 5,816,400 underlying Shares to 165 grantees for nil consideration under the 2020 RSU Scheme, which is subject to acceptance by the grantees.

THE ACCOUNTING STANDARD AND POLICY ADOPTED

The fair value of the employee service received in exchange for the grant of RSUs is recognized 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 recognized 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 recognized the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

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 recognized over the vesting period as an increase to investments in subsidiaries, with a corresponding credit to equity in the parent entity accounts.

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.

CHANGES TO DIRECTORS' INFORMATION

Mr. HUANG Junwei resigned as an executive Director with effect from May 8, 2023 due to his desire to devote more time to the management of the research and development of the Company. Ms. XU Xiao'ou has been appointed as an independent non-executive Director with effect from May 8, 2023.

Dr. SUN Mingchun resigned as an independent non-executive Director, members of the audit committee (the "**Audit Committee**") and the nomination committee (the "**Nomination Committee**") of the Company and chairman of the remuneration committee of the Company (the "**Remuneration Committee**") with effect from January 16, 2024 due to personal work arrangement. Mr. GUO Junxian has been appointed as an executive Director with effect from January 16, 2024 and had confirmed that he has obtained the legal advice referred to Rule 3.09D of the Listing Rule on January 15, 2024 and understood his obligations as a director of the Company. Furthermore, Dr. LI Xufu has been appointed as the chairman of the Remuneration Committee, Ms. XU Xiao'ou has been appointed as members of the Audit Committee and the Remuneration Committee, Mr. TANG Wei has been appointed as a member of the Nomination Committee, with effect from January 16, 2024.

Save as disclosed in the Report, the Directors confirm that no other information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

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

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

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

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

PRE-EMPTIVE RIGHTS

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

DIRECTORS' INTEREST IN COMPETING BUSINESS

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

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Details of related party transactions in the normal course of business are set out in note 41 to the consolidated financial statements. Such transactions do not constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. 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.

DIRECTORS' REPORT

SUBSEQUENT EVENT

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

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

AUDIT COMMITTEE

The Audit Committee has, together with the senior management of the Company and the external auditor of the Company, reviewed the accounting principles and practices adopted by the Group as well as the audited consolidated financial statements of the Group for the year ended December 31, 2023.

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 57 to 76 of the Report.

PUBLIC FLOAT

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

AUDITOR

PricewaterhouseCoopers is appointed as auditor of the Company for the year ended December 31, 2023. PricewaterhouseCoopers has audited the accompanying financial statements which were prepared in accordance with the HKFRS.

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

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

By order of the Board
SUN Taoyong
Chairman of the Board

Shanghai, March 28, 2024

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, 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.

BOARD OF DIRECTORS

Culture

Our actions are guided by our mission and values

Mission of Weimob Inc.

Driving business innovation through digital technology to make business smarter

Values of Weimob Inc.

Honesty and Integrity – Act in integrity and good faith
Cooperation and Innovation – Co-sharing and co-responsible
Customer First – Customer first and result oriented
Embrace changes – Embrace changes and trust the future

Our values and organizational culture help us to make right choices in a variety of daily business and working environments, adhere to the ethics and behaviours with which we treat our customers and employees, create an inclusive working environment, support the welfare of our employees and expand and release our potential.

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 and 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. GUO Junxian *(appointed on January 16, 2024)*

Independent Non-executive Directors:

Dr. LI Xufu
Mr. TANG Wei
Ms. XU Xiao'ou *(appointed on May 8, 2023)*

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/her 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 Board Diversity Policy 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 and assessed the suitability of the Directors' skills and experience to the Company's business, the Nomination Committee confirmed that the existing Board was appropriately structured and no change was required. The Board has one female Director currently. The Company will also ensure that there is gender diversity in staff recruitment at mid to senior levels so as to develop a pipeline of potential successors to the Board.

As at December 31, 2023, approximately 55% 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 2023 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, 2023, a summary of training received by the Directors is as follows:

Name of Director	**Nature of Continuous Professional Development**
Mr. SUN Taoyong	D
Mr. FANG Tongshu	D
Mr. YOU Fengchun	D
Dr. LI Xufu	D
Mr. TANG Wei	D
Ms. XU Xiao'ou *(appointed on May 8, 2023)*	D
Mr. HUANG Junwei *(resigned on May 8, 2023)*	D
Dr. SUN Mingchun *(resigned on January 16, 2024)*	D

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

Mr. GUO Junxian was appointed as an executive Director on January 16, 2024. He has obtained the legal advice on January 15, 2024 from the external legal adviser qualified to advise on Hong Kong law as regards the requirements under the Listing Rules that are applicable to him as a director of a listed company, his obligations as a Director, and the possible consequences of making false declarations or giving false information to the Stock Exchange. Mr. GUO Junxian has confirmed his understanding of the information provided by the legal adviser.

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 or the date of his appointment 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 or the date of her appointment 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, 2023, 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 21, 2023 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. GUO Junxian *(appointed on January 16, 2024)*	0/0	0/0
Dr. LI Xufu	6/6	1/1
Mr. TANG Wei	6/6	1/1
Ms. XU Xiao'ou *(appointed on May 8, 2023)*	3/3	1/1
Mr. HUANG Junwei *(resigned on May 8, 2023)*	4/4	1/1
Dr. SUN Mingchun *(resigned on January 16, 2024)*	6/6	1/1

Apart from regular Board meetings, the Chairman of the Board also holds meetings with the independent non-executive Directors without the presence of other Directors 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/she has complied with the required standards as set out in the Model Code during the year ended December 31, 2023.

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 Mr. TANG Wei, Dr. LI Xufu and Ms. XU Xiao'ou, 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 the 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, 2023 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
Ms. XU Xiao'ou *(appointed on January 16, 2024)*	0/0
Dr. SUN Mingchun *(resigned on January 16, 2024)*	2/2

During the meetings, the Audit Committee:

- reviewed the annual results of the Group for the year ended December 31, 2022 and the interim results of the Group for the six months ended June 30, 2023 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 programs 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. LI Xufu and Mr. TANG Wei 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 the Nomination Committee are available on the websites of the Stock Exchange and the Company.

Two meetings were held by the Nomination Committee during the year ended December 31, 2023 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	2/2
Dr. LI Xufu	2/2
Mr. TANG Wei *(appointed on January 16, 2024)*	0/0
Dr. SUN Mingchun *(resigned on January 16, 2024)*	2/2

During the meetings, 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;
- considered the re-appointment of the retiring Directors; and
- considered the appointment of independent non-executive Director.

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 C1 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. LI Xufu and Ms. XU Xiao'ou and one executive Director, Mr. SUN Taoyong. The Remuneration Committee is chaired by Dr. LI Xufu.

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

Two meetings were held by the Remuneration Committee during the year ended December 31, 2023 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. LI Xufu	2/2
Mr. SUN Taoyong	2/2
Ms. XU Xiao'ou *(appointed on January 16, 2024)*	0/0
Dr. SUN Mingchun *(resigned on January 16, 2024)*	2/2

During the meetings, the Remuneration Committee discussed and reviewed the remuneration packages for Directors and senior management of the Company, made recommendations to the Board on the remuneration packages of individual Directors and senior management, reviewed the restricted share unit schemes and their implementation, and considered and approved the amendments to the 2020 RSU Scheme.

Remuneration of Directors and Senior Management

For the year ended December 31, 2023, 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 32 to 35 of the Report) by band is set out below:

Band of remuneration (RMB)	Number of individuals
0 – 500,000	3
500,001 – 1,000,000	3
> 1,000,000	2

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2023 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.

For the year ended December 31, 2023, the Group incurred a net loss of RMB761,258,000 and a net cash used in operating activities of RMB595,704,000. As at December 31, 2023, the Group's current liabilities included bank borrowings of RMB1,352,723,000 repayable within 12 months and a convertible bond embedded with a holder's early redemption option, according to which, the holders of the bond have the right to require the Group to redeem all or any portion of their bonds on June 7, 2024 at a repurchase price equivalent to approximately RMB1,468,484,000 (as disclosed in Note 27 to the consolidated financial statements). Meanwhile, the Group's cash and cash equivalents, restricted cash pledged for bank borrowings, term deposits, structured deposits and bank wealth management products that mature before June 7, 2024 amounted to RMB1,666,760,000, RMB513,406,000, RMB22,378,000, RMB226,656,000 and RMB65,849,000 respectively, totalling RMB2,495,049,000. These conditions indicate the existence of a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern.

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

The Company's external auditor, PricewaterhouseCoopers, has issued an unmodified opinion with a "Material Uncertainty related to Going Concern" section in the "Independent Auditor's Report". Please refer to the "Independent Auditor's Report" from page 77 of the Report for details.

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 77 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, 2023 is as follows:

Type of services	**Amount** *(RMB'000)*
Audit services	5,420
Non-audit services	–
Total	5,420

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, 2023, 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

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

On March 28, 2024, the Board proposed to make certain amendments to the existing memorandum and articles of association of the Company, and adopt the second amended and restated memorandum and articles of association, subject to the approval by the Shareholders at the AGM.

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 83 to 226, comprise:

- the consolidated statement of financial position as at 31 December 2023;
- 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, comprising material accounting policy information 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 2023, 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.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw your attention to Note 2.1 to the consolidated financial statements, which indicates that, for the year ended 31 December 2023, the Group incurred a net loss of RMB761,258,000 and a net cash used in operating activities of RMB595,704,000. As at December 31, 2023, the Group's current liability included bank borrowings of RMB1,352,723,000 repayable within 12 months and a convertible bond embedded with a holder's early redemption option, according to which, the holders of the bond have the right to require the Group to redeem all or any portion of their bonds on June 7, 2024 at a repurchase price equivalent to approximately RMB1,468,484,000 (as disclosed in Note 27). Meanwhile, the Group's cash and cash equivalents, restricted cash pledged for bank borrowings, term deposits, structured deposits and bank wealth management products that mature before June 7, 2024 amounted to approximately RMB1,666,760,000, RMB513,406,000, RMB22,378,000, RMB226,656,000 and RMB65,849,000 respectively, totalling RMB2,495,049,000. These conditions, along with other matters described in Note 2.1 to the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our report.

The key audit matter identified in our audit is related to Impairment assessment of goodwill.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of goodwill Refer to Note 20 to the consolidated financial statements. As at December 31, 2023, the Group had goodwill balance of RMB737 million after impairment provision. 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, gross margins, terminal growth rates, and pre-tax discount rate applicable to the CGUs. We focused on this area due to the significance of goodwill and the subjectivity and uncertainty of significant assumptions of the impairment assessments.	We have performed the following procedures to address this key audit matter: i. Understood, evaluated and validated 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.

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. 2023 Annual Report (the "annual report") other than the consolidated financial statements and our auditor's report thereon. We have obtained some of the other information including the financial summary and business review, chairman's statement, management discussion and analysis prior to the date of this auditor's report. The remaining other information, including the corporate governance report, report of the directors and the other sections to be included in the annual report, are expected to be made available to us after that date.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 28 March 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

For the year ended December 31, 2023

	Note	Year ended December 31 2023 RMB'000	2022 RMB'000
Continuing operations			
Revenue	*7*	**2,227,684**	1,838,988
Cost of sales	*8*	**(744,159)**	(748,337)
Gross profit		**1,483,525**	1,090,651
Selling and distribution expenses	*8*	**(1,551,483)**	(1,637,126)
General and administrative expenses	*8*	**(714,254)**	(995,393)
Net impairment losses on financial assets	*4.1*	**(30,491)**	(170,803)
Other income	*10*	**85,090**	112,655
Other gains/(losses), net	*11*	**123,322**	(249,636)
Operating loss		**(604,291)**	(1,849,652)
Finance costs	*12*	**(151,223)**	(171,063)
Finance income	*13*	**33,889**	21,322
Share of net losses of associates accounted for using the equity method	*23*	**(10,479)**	(4,344)
Change in fair value of convertible bonds	*26(b)*	**5,747**	13,999
Loss before income tax		**(726,357)**	(1,989,738)
Income tax (expenses)/credit	*14*	**(34,901)**	70,864
Loss from continuing operations		**(761,258)**	(1,918,874)
Discontinued operations			
Loss from discontinued operation	*28*	**–**	(852)
Loss for the year		**(761,258)**	(1,919,726)
Loss attributable to:			
– Equity holders of the Company		**(758,251)**	(1,828,566)
– Non-controlling interests		**(3,007)**	(91,160)
		(761,258)	(1,919,726)

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

For the year ended December 31, 2023

	Note	Year ended December 31 **2023** **RMB'000**	 2022 RMB'000
Other comprehensive loss, net of tax			
Items that may be subsequently reclassified to profit or loss			
Currency translation differences		**(6,416)**	17,306
Total comprehensive loss for the year		**(767,674)**	(1,902,420)
Total comprehensive loss attributable to:			
– Equity holders of the Company		**(764,667)**	(1,811,260)
– Non-controlling interests		**(3,007)**	(91,160)
		(767,674)	(1,902,420)
Total comprehensive loss attributable to equity holders of the Company arises from:			
– Continuing operations		**(764,667)**	(1,810,408)
– Discontinued operations	*28*	**–**	(852)
		(764,667)	(1,811,260)
Loss per share from continuing operations attributable to the equity holders of the Company (expressed in RMB per share)			
– Basic loss per share	*16*	**(0.28)**	(0.73)
– Diluted loss per share	*16*	**(0.28)**	(0.73)
Loss per share attributable to the equity holders of the Company (expressed in RMB per share)			
– Basic loss per share	*16*	**(0.28)**	(0.73)
– Diluted loss per share	*16*	**(0.28)**	(0.73)

The notes on pages 91 to 226 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

	Note	As at December 31 2023 RMB'000	2022 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	*17*	**273,802**	150,772
Right-of-use assets	*18*	**398,801**	475,356
Investment properties	*19*	**34,530**	35,720
Intangible assets	*20*	**1,274,654**	1,410,466
Development costs	*21*	**–**	4,754
Deferred income tax assets	*29*	**23,555**	61,808
Contract acquisition cost	*7*	**18,814**	37,096
Investments accounted for using the equity method	*23*	**297,581**	245,560
Financial assets at fair value through profit or loss	*4.3, 26*	**707,404**	537,969
Prepayments, deposits and other assets	*30*	**8,964**	68,704
Total non-current assets		**3,038,105**	3,028,205
Current assets			
Contract acquisition cost	*7*	**96,900**	72,270
Prepayments, deposits and other assets	*30*	**1,621,631**	1,054,327
Trade and notes receivables	*31*	**353,305**	376,330
Financial assets at fair value through other comprehensive income	*25*	**247,554**	323,744
Financial assets at fair value through profit or loss	*4.3, 26*	**308,057**	624,012
Term deposits	*32*	**22,378**	417
Restricted cash	*32*	**513,406**	781,308
Cash and cash equivalents	*32*	**1,666,760**	1,710,103
Total current assets		**4,829,991**	4,942,511
Total assets		**7,868,096**	7,970,716
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	*35*	**1,882**	1,717
Shares held for RSU scheme	*35*	**(161)**	(644)
Share premium	*35*	**8,784,371**	7,475,254
Equity component of convertible bonds	*27*	**245,808**	335,474
Treasury shares	*35*	**–**	(39,110)
Other reserves	*36*	**(855,915)**	(905,569)
Accumulated losses		**(5,475,828)**	(4,717,577)
		2,700,157	2,149,545
Non-controlling interests		**102,097**	91,501
Total equity		**2,802,254**	2,241,046

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

	Note	As at December 31 2023 RMB'000	2022 RMB'000
LIABILITIES			
Non-current liabilities			
Financial liabilities measured at fair value through profit or loss	*4.3, 26*	**37,595**	37,595
Financial liabilities measured at amortised cost	*27*	**126,014**	1,772,167
Bank borrowings	*33*	**385,520**	–
Lease liabilities	*18*	**27,884**	85,059
Contract liabilities	*7*	**54,308**	67,791
Deferred income tax liabilities	*29*	**7,142**	13,093
Other non-current liabilities	*34*	**2,906**	5,156
Total non-current liabilities		**641,369**	1,980,861
Current liabilities			
Financial liabilities measured at fair value through profit or loss	*4.3, 26*	**24,063**	136,702
Financial liabilities measured at amortised cost	*27*	**1,305,992**	–
Bank borrowings	*33*	**1,352,723**	1,818,870
Lease liabilities	*18*	**31,950**	66,196
Trade and other payables	*34*	**1,434,799**	1,426,123
Contract liabilities	*7*	**263,375**	291,312
Current income tax liabilities		**11,571**	9,606
Total current liabilities		**4,424,473**	3,748,809
Total liabilities		**5,065,842**	5,729,670
Total equity and liabilities		**7,868,096**	7,970,716

The notes on pages 91 to 226 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 83 to 226 were approved by the Board of Directors on March 28, 2024 and were signed on its behalf.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2023

		Attributable to equity holders of the Company									
	Note	Share capital RMB'000	Share premium RMB'000	Treasury Shares RMB'00	Shares held for RSU scheme RMB'000	Equity component of convertible bonds RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
As at January 1, 2023		1,717	7,475,254	(39,110)	(644)	335,474	(905,569)	(4,717,577)	2,149,545	91,501	2,241,046
Comprehensive loss											
Loss for the year		–	–	–	–	–	–	(758,251)	(758,251)	(3,007)	(761,258)
Currency translation differences		–	–	–	–	–	(6,416)	–	(6,416)	–	(6,416)
Total comprehensive loss for the year		–	–	–	–	–	(6,416)	(758,251)	(764,667)	(3,007)	(767,674)
Transaction with owners											
Issuance of ordinary shares	*35*	167	1,369,660	–	–	–	–	–	1,369,827	–	1,369,827
Share issuance costs	*35*	–	(21,445)	–	–	–	–	–	(21,445)	–	(21,445)
Issuance of ordinary shares for share-based compensation	*35*	10	–	–	(10)	–	–	–	–	–	–
Transfer of vested RSUs	*37(a)*	–	–	–	493	–	(493)	–	–	–	–
Buy-back of convertible bonds	*27*	–	–	–	–	(89,666)	(30,421)	–	(120,087)	–	(120,087)
Cancellation of buy-back shares	*35*	(12)	(39,098)	39,110	–	–	–	–	–	–	–
Share-based compensation expenses for non-controlling shareholders	*37(b)*	–	–	–	–	–	–	–	–	2,769	2,769
Share-based compensation expenses for employees	*37(a)*	–	–	–	–	–	80,035	–	80,035	–	80,035
Transaction with non-controlling interests	*37(b)*	–	–	–	–	–	6,949	–	6,949	(6,949)	–
Capital injection from non-controlling interests		–	–	–	–	–	–	–	–	2,000	2,000
Derecognition of non-controlling interests from disposal of subsidiaries	*44*	–	–	–	–	–	–	–	–	15,783	15,783
Transactions with owners in their capacity for the year		165	1,309,117	39,110	483	(89,666)	56,070	–	1,315,279	13,603	1,328,882
As at December 31, 2023		1,882	8,784,371	–	(161)	245,808	(855,915)	(5,475,828)	2,700,157	102,097	2,802,254

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2023

		Attributable to equity holders of the Company									
	Note	Share capital RMB'000	Share premium RMB'000	Treasury Shares RMB'00	Shares held for RSU scheme RMB'000	Equity component of convertible bonds RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
As at January 1, 2022		1,716	7,549,147	–	(1,928)	366,482	(962,933)	(2,889,011)	4,063,473	150,345	4,213,818
Comprehensive loss											
Loss for the year		–	–	–	–	–	–	(1,828,566)	(1,828,566)	(91,160)	(1,919,726)
Currency translation differences		–	–	–	–	–	17,306	–	17,306	–	17,306
Total comprehensive loss for the year		–	–	–	–	–	17,306	(1,828,566)	(1,811,260)	(91,160)	(1,902,420)
Transaction with owners											
Issuance of ordinary shares for share-based compensation	*35*	11	–	–	(11)	–	–	–	–	–	–
Cancellation of buy-back shares	*35*	(10)	(73,893)	–	–	–	–	–	(73,903)	–	(73,903)
Transfer of vested RSUs	*37(a)*	–	–	–	1,295	–	(1,295)	–	–	–	–
Buy-back of ordinary shares (not yet cancelled)	*35*	–	–	(39,110)	–	–	–	–	(39,110)	–	(39,110)
Buy-back of convertible bonds	*27*	–	–	–	–	(31,008)	(23,584)	–	(54,592)	–	(54,592)
Share-based compensation expenses for employees	*37(a)*	–	–	–	–	–	112,220	–	112,220	–	112,220
Share-based compensation expenses for non-controlling shareholders	*37(b)*	–	–	–	–	–	–	–	–	7,118	7,118
Non-controlling interests from acquisition of subsidiaries	*36*	–	–	–	–	–	(53,195)	–	(53,195)	39,772	(13,423)
Non-controlling interests from disposal of subsidiaries		–	–	–	–	–	–	–	–	(8,662)	(8,662)
Transaction with non-controlling interests	*37(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

The notes on pages 91 to 226 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2023

		Year ended December 31	
		2023	2022
	Note	**RMB'000**	RMB'000
Cash flows used in operating activities			
Cash used in operations	*39*	**(572,899)**	(675,208)
Interest received		**34,403**	18,075
Interest paid		**(56,574)**	(71,988)
Income tax paid		**(634)**	(770)
Net cash used in operating activities		**(595,704)**	(729,891)
Cash flows used in investing activities			
Purchase of investments measured at fair value through profit or loss (current and non-current portion)		**(1,614,218)**	(1,440,676)
Proceeds from disposals of investments measured at fair value through profit or loss		**1,876,686**	1,104,887
Placements of term deposits		**(65,343)**	(1,260,697)
Receipt from term deposits		**44,072**	1,341,845
Interest received from term deposits		**595**	5,884
Payment for investment in associates	*23*	**(62,500)**	(17,500)
Proceeds from disposals of investments in an associate		**–**	226
Payment for acquisition of subsidiaries, net of cash acquired	*38(d)*	**(62,649)**	(361,289)
Net cash outflow arising from disposal of subsidiaries		**(3,778)**	(144,126)
Prepayment for acquisition of equity interest from non-controlling interest		**(1,000)**	–
Purchase of property, plant and equipment		**(118,656)**	(37,807)
Purchase of land use right	*18*	**–**	(334,214)
Proceeds from disposal of property, plant and equipment	*39(a)*	**1,384**	1,481
Purchase of intangible assets	*20*	**(910)**	(383)
Payment for development cost	*21*	**(180,373)**	(241,253)
Loan to related parties	*41(b)*	**(129,500)**	(89,000)
Repayment from a related party	*41(b)*	**2,113**	16,000
Loan to a third party		**–**	(153,787)
Repayment from a third party		**25,498**	128,544
Net cash used in investing activities		**(288,579)**	(1,481,865)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2023

	Note	Year ended December 31 2023 RMB'000	 2022 RMB'000
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	*35(b)*	**1,369,827**	–
Transaction costs of share issuance	*35(b)*	**(21,445)**	–
Buy-back of convertible bonds at amortised cost	*27*	**(475,799)**	(112,948)
Buy-back of shares	*35(c)*	**–**	(113,013)
Proceeds from bank borrowings		**2,408,620**	2,807,870
Repayments of bank borrowings		**(2,491,870)**	(1,734,000)
Payment for borrowings due to a related party	*41(b)*	**(7,226)**	–
Payment for borrowings due to a third party	*34(a)*	**(2,250)**	(250)
Pre-acquisition dividends paid to non-controlling interests in subsidiaries	*41(b)*	**(4,703)**	–
Redemption of convertible bonds measured at fair value through profit or loss	*26(b)*	**(128,798)**	–
Principal elements of lease payments		**(55,943)**	(60,065)
Decrease/(increase) in deposits pledged for bank borrowings	*32(b)*	**219,664**	(720,839)
Interest received from restricted cash		**9,632**	–
Capital injection from a non-controlling interest		**2,000**	–
Net cash generated from financing activities		**821,709**	66,755
Net decrease in cash and cash equivalents		**(62,574)**	(2,145,001)
Effect on exchange rate difference		**19,231**	46,035
Cash and cash equivalents at beginning of the year		**1,710,103**	3,809,069
Cash and cash equivalents at end of the year		**1,666,760**	1,710,103
Cash flows relating to discontinued operations	*28*	**–**	(1,112)

The notes on pages 91 to 226 are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

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

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

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

These consolidated financial statements are presented in Renminbi ("RMB") unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on March 28, 2024.

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties and certain financial assets and liabilities measured at fair value.

(iii) Going concern basis

During the year ended December 31, 2023, the Group incurred a net loss of RMB761,258,000 and a net cash used in operating activities of RMB595,704,000. As at December 31, 2023, the Group's current liability included bank borrowings of RMB1,352,723,000 repayable within 12 months and a convertible bond embedded with a holder's early redemption option, according to which, the holders of the bond have the right to require the Group to redeem all or any portion of their bonds on June 7, 2024 at a repurchase price equivalent to approximately RMB1,468,484,000 (as disclosed in Note 27). Meanwhile, the Group's cash and cash equivalents, restricted cash pledged for bank borrowings, term deposits, structured deposits and bank wealth management products that mature before June 7, 2024 amounted to RMB1,666,760,000, RMB513,406,000, RMB22,378,000, RMB226,656,000 and RMB65,849,000 respectively, totalling RMB2,495,049,000. These conditions indicate the existence of a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern.

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(iii) Going concern basis (Continued)

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

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

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

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

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(iii) Going concern basis (Continued)

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

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

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

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

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

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

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

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies

(i) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2023:

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

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

(ii) New and amended standards and interpretations not yet adopted

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on January 1, 2023 and have not been early adopted by the Group:

	New standards, amendments and interpretations	**Effective for annual periods beginning on or after**
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Amendments to HKAS 1 – Non-current Liabilities with Covenants.	January 1, 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	January 1, 2024
Amendments to HKAS 7 and HKFRS 7	Supplier finance arrangements	January 1, 2024
Amendments to HKAS 21	Lack of Exchangeability	January 1, 2025
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

For the amendments which are effective after January 1, 2024, the Group has assessed and concluded that it has no material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods. For those amendments which have not been effective as of the 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.

3 SUMMARY OF OTHER ACCOUNTING POLICIES

3.1 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 38).

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) 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.

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.

3 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

3.2 Foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

3 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

3.3 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.

(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.

3 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

3.3 Financial assets (Continued)

(iii) Measurement (Continued)

Debt instruments

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

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

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

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

Equity instruments

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

Changes in the fair value of financial assets measured at FVPL are recognised in "Other gains/(losses), 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.

3 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

3.3 Financial assets (Continued)

(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 4.1 for further details.

3.4 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.

3.5 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.

3.6 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.

4 FINANCIAL RISK MANAGEMENT

4.1 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, term deposits, 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, 2023, 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, 2023 would have approximately RMB57,022,000 higher/lower, as a result of net foreign exchange losses on translation of net monetary liabilities denominated in USD (2022: RMB52,054,000 higher/lower, as a result of net foreign exchange gains on translation of net monetary liabilities denominated in USD).

As at December 31, 2023, 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, 2023 would have approximately RMB2,273,000 (2022: RMB2,331,000) lower/higher, as a result of net foreign exchange gains on translation of net monetary assets denominated in HKD.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 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, term deposits and loan to related parties and third parties and wealth management products, details of which have been disclosed in Note 30 and Note 32.

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

(ii) Price risk

The Group's exposure to price risk arises from its investments in Hong Kong listed companies ("Listed Companies") and investment in unlisted companies which are classified as financial asset at FVPL (Note 26(a)). 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, 2023, 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, 2023 would have been approximately RMB30,637,000 higher/lower (2022: RMB22,426,000).

(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

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 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.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 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 merchant solutions services

The loss allowance of trade and notes receivables in relation to merchant solutions services as at December 31, 2023 and 2022 were determined as follows:

As at December 31, 2023, notes receivables represented receivables in relation to payment on behalf of advertisers.

		Pass due				
	Within credit term	0 – 30 days	31 – 90 days	91 days – 120 days	Over 120 days	Total
December 31, 2023						
Expected loss rate	0.2%					
Gross carrying amount – notes receivables (in RMB'000)	13,669	–	–	–	–	13,669
Loss allowance (in RMB'000)	28	–	–	–	–	28

		Pass due				
	Within credit term	0 – 30 days	31 – 90 days	91 days – 120 days	Over 120 days	Total
December 31, 2022						
Expected loss rate	0.11%					
Gross carrying amount – notes receivables (in RMB'000)	37,300	–	–	–	–	37,300
Loss allowance (in RMB'000)	41	–	–	–	–	41

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 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 merchant solutions services (Continued)

As at December 31, 2023 and 2022, trade receivables represented rebates receivable in the form of cash granted by the media publishers.

	Within credit term	Pass due 0 – 30 days	Pass due 31 – 90 days	Pass due 91 days – 120 days	Pass due Over 120 days	Total
December 31, 2023						
Expected loss rate	0.08%					
Gross carrying amount – trade receivables (in RMB'000)	99,156	–	–	–	–	99,156
Loss allowance (in RMB'000)	80	–	–	–	–	80

	Within credit term	Pass due 0 – 30 days	Pass due 31 – 90 days	Pass due 91 days – 120 days	Pass due Over 120 days	Total
December 31, 2022						
Expected loss rate	0.10%					
Gross carrying amount – trade receivables (in RMB'000)	61,010	–	–	–	–	61,010
Loss allowance (in RMB'000)	58	–	–	–	–	58

ii) Trade receivables in relation to subscription solution services

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

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(iii) Credit risk (Continued)

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

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

The loss allowance of trade receivables in relation to subscription solution services as at December 31, 2023 and 2022 was determined as follows:

		Overdue				
	Within credit term	0 – 30 days	31 – 90 days	91 days – 120 days	Over 120 days	Total
December 31, 2023						
Expected loss rate	**0.20%**	**0.82%**	**2.41%**	**13.27%**	**20.16%**	
Gross carrying amount – trade and notes receivables (in RMB'000)	**231,395**	**1,316**	**1,828**	**179**	**8,024**	**242,742**
Loss allowance (in RMB'000)	**458**	**11**	**44**	**24**	**1,617**	**2,154**

		Overdue				
	Within credit term	0 – 30 days	31 – 90 days	91 days – 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)	260,842	6,261	3,715	482	7,296	278,596
Loss allowance (in RMB'000)	268	14	17	8	170	477

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.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(iii) Credit risk (Continued)

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

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

As at December 31, 2023, among the total loss allowance of RMB6,224,000, the loss allowance of individually impaired trade receivables amounted to RMB3,962,000, which is in relation trade receivables in relation to subscription solution services due from a related party and determined as follows:

	Trade and notes receivables RMB'000	Expected credit loss rate	Loss allowance RMB'000	Reason
Shanghai Shangyou Network Technology Co., Ltd. ("Syoo")	3,962	100%	(3,962)	No reasonable expectation of fully recovery

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

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(iii) Credit risk (Continued)

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

ii) Trade 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:

	2023 RMB'000	2022 RMB'000
At the beginning of the year	576	2,834
Provision of doubtful receivables	5,648	–
Reversal for doubtful receivables	–	(2,258)
At the end of the year	6,224	576

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 2023	 2022
Kuaishou Technology ("Kuaishou")	14%	Less than 10%

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

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 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.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 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 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.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 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, 2023 and 2022, the loss allowance of individually impaired other receivables in relation to payment on behalf of advertisers is determined as follows:

December 31, 2023

	Other receivables RMB'000	Expected credit loss rate	Loss allowance RMB'000	Reason
Subtotal of individual impaired	**287,360**	**93%**	**(268,346)**	**No reasonable expectation of fully recovery**

December 31, 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

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 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, 2023 and 2022 was determined as follows:

		Overdue				
	Within credit term	30 days	31 – 90 days	91 – 120 days	Over 120 days	Total
December 31, 2023						
Expected loss rate	0.17%-25.65%	0.58%-86.15%	1.54%-100%	9.28%-100%	13.12%-100%	
Gross carrying amount – other receivables in relation to payment on behalf of advertisers (in RMB'000)	862,142	68,311	29,945	1,190	–	961,588
Loss allowance (in RMB'000)	8,825	4,289	6,016	246	–	19,376

		Overdue				
	Within credit term	30 days	31 – 90 days	91 – 120 days	Over 120 days	Total
December 31, 2022						
Expected loss rate	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

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 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, 2023 and 2022, the loss allowance for deposits, other loan receivables due from third parties and related parties is RMB1,927,000 and RMB1,808,000, respectively.

As at December 31, 2023 and 2022, there were no individually impaired deposits, other loan receivables due from third parties and related parties.

For 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,	
	2023	2022
	RMB’000	RMB’000
At the beginning of the year	**266,536**	95,232
Provision for doubtful receivables	**23,113**	171,304
At the end of the year	**289,649**	266,536

No significant changes to estimation techniques or assumptions were made during the years ended December 31, 2023 and 2022.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(iii) Credit risk (Continued)

(d) Credit risk of financial assets carried at FVOCI

The Group's financial asset carried at FVOCI represents debt instrument in relation to target marketing 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,	
	2023	2022
	RMB'000	RMB'000
At the beginning of the year	**2,034**	277
Provision for doubtful receivables	**1,730**	1,757
At the end of the year	**3,764**	2,034

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 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, 2023					
Trade and other payables (excluding staff costs and welfare accruals, advance from advertisers, advance from subscription solution customers and other tax payable) *(Note 34)*	324,328	–	–	–	324,328
Bank borrowing (including interest accrual up to maturity) *(Note 33)*	1,385,091	348,030	33,911	30,443	1,797,475
Financial liabilities measured at amortised cost *(Note 27)*	1,468,484	–	149,933	–	1,618,417
Financial liabilities measured at FVPL	–	–	–	37,595	37,595
Lease liabilities *(Note 18)*	33,906	23,608	8,486	–	66,000
Other non-current liabilities *(Note 34)*	–	–	2,906	–	2,906
Total	3,211,809	371,638	195,236	68,038	3,846,721

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 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, 2022					
Trade and other payables (excluding staff costs and welfare accruals, advance from advertisers, advance from subscription solution customers and other tax payable) *(Note 34)*	345,074	–	–	–	345,074
Financial liabilities measured at FVPL	131,932	–	–	37,595	169,527
Bank borrowing (including interest accrual up to maturity) *(Note 33)*	1,854,351	–	–	–	1,854,351
Financial liabilities measured at amortised cost *(Note 27)*	–	2,010,331	149,933	–	2,160,264
Lease liabilities *(Note 18)*	70,537	57,928	30,578	–	159,043
Other non-current liabilities *(Note 34)*	–	2,250	2,906	–	5,156
Total	2,401,894	2,070,509	183,417	37,595	4,693,415

As at December 31, 2023, the financial liabilities at FVPL amounted to RMB24,063,000 (Note 26) have not been included in above tables because the contractual maturities are not essential for an understanding of the timing of the cash flows.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.2 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 equity. Net debt is calculated as total debt (Note 39) 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, 2023 and 2022 were as follows:

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

The net debt to equity ratio decreased from 64% to 39% as a result of the cost control and tighter monitoring of trade debtor payments, which has resulted in a decrease of operating cash outflows.

4.3 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).

4 FINANCIAL RISK MANAGEMENT (Continued)

4.3 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, 2023.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Financial assets measured at FVPL				
– Non-current *(Note 26)*	–	–	707,404	707,404
– Current *(Note 26)*	15,552	–	292,505	308,057
Financial assets measured at FVOCI				
– Current *(Note 25)*	–	–	247,554	247,554
	15,552	–	1,247,463	1,263,015
Liabilities				
Financial liabilities measured at FVPL				
– Current *(Note 26)*	–	–	24,063	24,063
– Non-current *(Note 26)*	–	–	37,595	37,595
	–	–	61,658	61,658

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 26)*	–	–	537,969	537,969
– Current *(Note 26)*	49,215	–	574,797	624,012
Financial assets measured at FVOCI				
– Current *(Note 25)*	–	–	323,744	323,744
	49,215	–	1,436,510	1,485,725
Liabilities				
Financial liabilities measured at FVPL				
– Current *(Note 26)*	136,702	–	–	136,702
– Non-current *(Note 26)*	–	–	37,595	37,595
	136,702	–	37,595	174,297

There were no transfers of financial assets and liabilities between level 1, level 2 and level 3 during the year ended December 31, 2023 and 2022.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.3 Fair value estimation (Continued)

Financial instruments in level 1

Level 1 financial asset as at December 31, 2023 and 2022 represented Hong Kong listed equity securities (Note 26).

Level 1 financial liability as at December 31, 2022 represented convertible bonds with quoted price in Hong Kong active market (Note 26(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.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.3 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, 2023 and 2022. 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 26)* RMB'000	Non-current financial assets measured at FVPL *(Note 26(a))* RMB'000	Financial assets measured at FVOCI *(Note 25)* RMB'000	Current financial liabilities measured at FVPL *(Note 26)* RMB'000	Non-current financial liabilities measured at FVPL *(Note 26)* RMB'000	Total RMB'000
Balance as at January 1, 2023	574,797	537,969	323,744	–	(37,595)	1,398,915
Addition	1,587,718	26,500	1,663,892	(7,273)	–	3,270,837
Changes in fair value	6,676	59,935	(916)	(16,790)	–	48,905
Settlements	(1,876,686)	–	(1,739,166)	–	–	(3,615,852)
Other non-cash movement *(Note 44)*	–	83,000	–	–	–	83,000
Balance as at December 31, 2023	292,505	707,404	247,554	(24,063)	(37,595)	1,185,805
Net unrealized (losses)/gains for the year	1,106	59,935	(591)	(16,790)	–	43,660

4 FINANCIAL RISK MANAGEMENT (Continued)

4.3 Fair value estimation (Continued)

Financial instruments in level 3 (Continued)

	Current financial assets measured at FVPL *(Note 26)* RMB'000	Non-current financial assets measured at FVPL *(Note 26(a))* RMB'000	Financial assets measured at FVOCI *(Note 25)* RMB'000	Non-current financial liabilities measured at FVPL *(Note 26)* 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 38)*	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	–	(411,190)	–	369,815	(41,375)
Other non-cash movement	–	–	–	–	–
Balance as at December 31, 2022	574,797	537,969	323,744	(37,595)	1,398,915
Net unrealized (losses)/gains for the year	790	(174,729)	2,806	(7,904)	(179,037)

4 FINANCIAL RISK MANAGEMENT (Continued)

4.3 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 2023 RMB'000	2022 RMB'000	Significant unobservable inputs	Range of inputs (probability-weighted average) 2023	2022	Relationship of unobservable inputs to fair value
Assets						
Investment in unlisted companies *(a)*	707,404	537,969	Discount for lack of marketability ("DLOM")	26.00%	25.00%-30.00%	Negative correlation
			Weighted average cost of capital ("WACC")	26.00%	26.00%-28.00%	Negative correlation
			Price to sales ratio ("P/S Ratio")	4.9	–	Positive correlation
			Risk-free rate	2.36%-2.37%	–	Negative correlation
			Expected volatility	51.74%-73.51%	–	Negative correlation
Short-term investments at FVPL *(b)*	292,505	574,797	Expected yield	1.05%-3.50%	1.30%-3.96%	Positive correlation
Financial assets at FVOCI *(Note 25)*	247,554	323,744	Discount rate	4.04%	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
Financial liability at FVPL *(d)*	24,063	–	Risk-free rate	2.37%	–	Negative correlation
			Expected volatility	72.42%	–	Negative correlation

4 FINANCIAL RISK MANAGEMENT (Continued)

4.3 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 26(a), the Group made investments in several unlisted companies ("Unlisted Companies") directly or indirectly, all of which are classified as financial assets at FVPL. The fair value of those investments in Unlisted Companies were estimated by applying market approach and income approach.

(b) *Short-term investments at FVPL*

Short-term investments at FVPL represented structured deposits products with guaranteed principal and floating return of RMB226,656,000 and bank wealth management products with non – guaranteed principal and floating return of RMB65,849,000. 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 not 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, 2023.

(d) *Financial liability at FVPL*

As disclosed in Note 44, the Company recognised a financial liability at FVPL in relation to the transaction with Acewill Information Technology (Beijing) Co., Ltd. ("Acewill"). The Group accounts for its equity interests in Acewill as financial asset at FVPL and determined the fair value of the financial liability at FVPL based on the fair value of the underlying investment in Acewill. Therefore, the significant unobservable input of the current financial liability is as same as that used in the valuation of underlying Acewill investment.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.3 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, financial assets at FVOCI, financial liability at FVPL and contingent payable, reasonably possible changes at December 31, 2023 and 2022 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,			
	2023		2022	
Investment in Unlisted Companies				
– DLOM (5% increase/decrease)	**(4,774)**	**4,765**	(7,371)	7,354
– WACC (5% increase/decrease)	**(23,902)**	**26,723**	(36,470)	41,002
– P/S Ratio (10% increase/decrease)	**5,813**	**(5,981)**	–	–
– Risk free rate (10% increase/decrease)	**(670)**	**674**	–	–
– Volatility (10% increase/decrease)	**(5,052)**	**4,859**	–	–
Financial assets at FVOCI				
– Discounted cashflows (5% increase/ decrease)	**(42)**	**42**	(73)	73
Financial liability at FVPL				
– Risk free rate (10% increase/decrease)	**(7)**	**7**	–	–
– Volatility (10% increase/decrease)	**106**	**(139)**	–	–
Contingent payable				
– Discounted cashflows (5% increase/ decrease)	**(69)**	**70**	(69)	70

(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, the Group's financial assets and liabilities include cash and cash equivalents, restricted cash, term deposits, trade and notes receivables, other receivables, bank borrowings (current portion), 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), bank borrowings (non-current portion) and other non-current liabilities approximates its fair values since it bears an interest rate which approximates market interest rate.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.4 Offsetting financial assets and financial liabilities

The following table presents the recognised financial instruments that are offset as at December 31, 2023.

	Effects of offsetting on the balance sheet		
As at December 31, 2023	**Gross amounts**	**Gross amounts set off in the balance sheet**	**Net amounts presented in the balance sheet**
Financial assets			
Trade receivables due from a related party	9,994	(9,994)	–
Other receivables due from a related party	192,824	(4,335)	188,489
Financial liabilities			
Other payable due to related parties	14,329	(14,329)	–

In 2023, Shanghai Weimob Enterprise Development Co., Ltd. ("Weimob Development") and Shanghai Xiaoke Information Technology Co., Ltd. ("Xiaoke"), entered into an agreement, pursuant to which both parties agreed to offset the payables against the receivables of RMB14,329,000. The relevant amounts have therefore been presented net in the balance sheet.

5 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) 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, terminal 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.

(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 4.3).

(c) Estimation of the rebates earned from media publishers

As disclosed in Note 7, for the Group's merchant solutions 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.

5 CRITICAL ESTIMATES AND JUDGEMENTS (Continued)

(d) 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 4.1.

(e) 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 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.

(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.

5 CRITICAL ESTIMATES AND JUDGEMENTS (Continued)

(c) 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.

6 SEGMENT INFORMATION

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

The Group structured its operating segments and its service offering by providing integrated products of SaaS and targeting marketing services, in order to better empower digital transformation for merchants through offering diverse business solution. The Group originally structured its operation to three segments, including subscription solutions and merchant solutions as the core, and digital media as the supplement, both in the internal reports to CODM and in the consolidated financial statements of the Group. Subscription solutions mainly comprise the Group's standard cloud-hosted SaaS products, customised software and other software related services. Merchant solutions mainly comprise value-added services offered to merchants as part of the holistic solutions to meet merchants' online digital commerce, marketing and financing needs, including assisting merchants to purchase online advertising traffic in various media platforms, providing in-depth operation and marketing services and credit analytics and recommendation services. Digital media mainly comprise advertisement placement services offered to certain merchants in which specified results or actions are committed. In 2022, the Group determined to terminate digital media business considering the business operation adjustment for simplifying disadvantaged business and focusing on key business (Note 28).

6 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, traffic purchase cost and outsourcing service fee.

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

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

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

	Subscription solutions RMB'000	Merchant solutions RMB'000	Total RMB'000
Year ended December 31, 2022			
Segment revenue *(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

(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 28).

(b) As disclosed in Note 44, on May 31, 2023, the Group disposed Shanghai Weimob Canlin Information Technology Co., Ltd. ("Weimob Canlin") and its subsidiaries (collectively "Canlin Group") for subscribing new registered capital of Acewill. Canlin Group is focusing on SaaS catering business which was included in subscription solutions segment, and its business scale is not significant to the subscription solutions segment.

6 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	
	2023	2022
Shenzhen Tencent Culture Media Company Limited	**20.3%**	–
Beijing Tencent Culture Media Company Limited	**–**	15.7%

Both Beijing Tencent Culture Media Company Limited and Shenzhen Tencent Culture Media Company Limited are subsidiaries of Tencent Holding Limited and mainly engaged in online advertising business (collectively referred to as Tencent Media). Except for the revenue generated from Tencent Media where the Group provides merchant solutions to advertisers acting as the agent of Tencent Media and earns rebate, there is no concentration risk as no revenue from a single external customer was more than 10% of the Group's total revenue for the years ended December 31, 2023 and 2022, respectively.

7 REVENUE

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

7.1 Disaggregation of revenue from contracts with customers

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

	Year ended December 31	
	2023	2022
	RMB'000	RMB'000
Timing of revenue recognition		
– At a point in time	**1,376,240**	805,980
– Over time	**851,444**	1,033,008
Total revenue from continuing operations	**2,227,684**	1,838,988

* Included in the merchant solutions revenue, the Group recognized variable rebates received from media publishers in the current year of RMB58,893,000 (2022: RMB156,016,000), for which the related performance obligations were satisfied in previous periods.

7 REVENUE (Continued)

7.2 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	
	2023	2022
	RMB'000	RMB'000
Contract acquisition cost (current)	**96,900**	72,270
Contract acquisition cost (non-current)	**18,814**	37,096
Total assets related to contracts with customers	**115,714**	109,366
Contract liabilities (current)	**263,375**	291,312
Contract liabilities (non-current)	**54,308**	67,791
Total contract liabilities	**317,683**	359,103

(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.

7 REVENUE (Continued)

7.2 Assets and liabilities related to contract with customers (Continued)

(ii) Revenue recognised in relation to contract liabilities

	Year ended December 31	
	2023	2022
	RMB'000	RMB'000
Beginning balance	**359,103**	407,380
Addition	**721,296**	590,656
Business combination *(Note 38)*	**–**	7,055
Disposal of subsidiaries *(Note 44)*	**(4,295)**	–
Recognized in revenue	**(757,202)**	(645,988)
Ending balance	**317,683**	359,103

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	
	2023	2022
	RMB'000	RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	**291,312**	316,505

(iii) Unsatisfied performance obligations

The following table shows unsatisfied performance obligations resulting from subscription solutions.

	As at December 31	
	2023	2022
	RMB'000	RMB'000
Subscription solutions related	**317,683**	359,103

The Company expects that out of total unsatisfied performance obligations as at December 31, 2023, approximately RMB263,375,000 (December 31, 2022: RMB291,312,000) will be recognized as revenue within 1 year. The remaining approximately RMB54,308,000 (December 31, 2022: RMB67,791,000) will be recognized as revenue within two to three years.

7 REVENUE (Continued)

7.2 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	
	2023	2022
	RMB'000	RMB'000
Amortisation recognized as selling expenses related to subscription solutions during the year *(Note 8(a), (b))*	**390,163**	200,148

(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	
	2023	2022
	RMB'000	RMB'000
Beginning balance	**27,415**	26,003
Addition	**95,173**	109,391
Recognised as cost of providing customized software development during the year	**(99,445)**	(107,979)
Ending balance	**23,143**	27,415

7 REVENUE (Continued)

7.2 Assets and liabilities related to contract with customers (Continued)

(vi) Accounting policies of revenue recognition

The Group provides subscription solutions and merchant solutions for merchants in the PRC.

1) *Subscription solutions*

The Group offers subscription solutions services to merchants including standard cloud-hosted SaaS products offering, customised software development, software related services, and etc.

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 and sales agents 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.

7 REVENUE (Continued)

7.2 Assets and liabilities related to contract with customers (Continued)

(vi) Accounting policies of revenue recognition (Continued)

1) Subscription solutions (Continued)

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.

1.3) 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 brand promotion activities. Revenue is recognised at a point in time when relevant service has been rendered or recognised over the service period.

7 REVENUE (Continued)

7.2 Assets and liabilities related to contract with customers (Continued)

(vi) Accounting policies of revenue recognition (Continued)

2) Merchant solutions services

2.1) Online marketing support services offering

The Group 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 Group follows the accounting guidance for principal-agent considerations in HKFRS 15 when determining whether the Group acts as the principal or an agent. 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 because it is the media publishers, rather than the Group, primarily responsible for providing the media publishing service and the Group does not have any commitment to the advertiser about the effectiveness of advertisement.

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 5(c)). The Group 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.

7 REVENUE (Continued)

7.2 Assets and liabilities related to contract with customers (Continued)

(vi) Accounting policies of revenue recognition (Continued)

2) Merchant solutions services (Continued)

2.2) In-depth operation and marketing services offering

The Group also provide integrated service packages to merchants. 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 online shops that the Group operates, or a fixed operating fee plus traffic acquisition costs.

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. Therefore, it recognises revenue earned and costs incurred related to such in-depth operation and marketing services on a gross basis.

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.

7 REVENUE (Continued)

7.2 Assets and liabilities related to contract with customers (Continued)

(vi) Accounting policies of revenue recognition (Continued)

2) Merchant solutions services (Continued)

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.

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. 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.

If a customer pays consideration or the Group has an 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.

8 EXPENSES BY NATURE

	Year ended December 31 2023 RMB'000	2022 RMB'000
Employee benefits expenses *(Note 9) (a)*	**1,494,660**	1,967,582
Promotion and advertising expenses *(b)*	**553,643**	434,093
Depreciation and amortization of intangible assets and property, plant and equipment	**278,878**	294,307
Outsourced service fee	**246,086**	211,584
Advertising traffic cost	**127,129**	90,995
Server and SMS charges related to subscription solutions revenue	**86,984**	116,709
Utilities and office expenses	**67,378**	90,231
Travelling and entertainment expenses	**45,361**	32,530
Depreciation of right-of-use assets	**42,869**	65,526
Impairment provision for intangible assets *(Note 20)*	**20,985**	40,725
Other consulting fees	**16,484**	14,336
Auditors' remuneration	**5,420**	5,754
Others	**24,019**	16,484
	3,009,896	3,380,856

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

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

9 EMPLOYEE BENEFIT EXPENSES

	Year ended December 31 2023 RMB'000	2022 RMB'000
Wages, salaries and bonuses	**1,152,528**	1,498,164
Other social security costs, housing benefits and other employee benefits	**147,946**	203,235
Pension costs-defined contribution plans	**111,382**	146,845
Share-based compensation expenses for employees and non controlling interests *(Note 37)*	**82,804**	119,338
	1,494,660	1,967,582

9 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, 2023 and 2022 included two directors whose emoluments are reflected in the analysis shown in Note 42. The emoluments payable to the remaining three individuals for the years ended December 31, 2023 and 2022 are as follows:

	Year ended December 31	
	2023	2022
	RMB'000	RMB'000
Salaries and wages	**4,496**	5,076
Bonuses	**1,065**	1,055
Pension costs-defined contribution plans	**176**	197
Other social security costs, housing benefits and other employee benefits	**273**	168
Share-based compensation	**17,748**	18,079
	23,758	24,575

The emoluments fell within the following bands:

	Year ended December 31	
	2023	2022
HK$2,000,001 to HK$2,500,000	**–**	1
HK$4,000,001 to HK$4,500,000	**1**	–
HK$5,000,001 to HK$5,500,000	**–**	1
HK$7,000,001 to HK$7,500,000	**1**	–
HK$14,500,001 to HK$15,000,000	**1**	–
HK$21,000,001 to HK$21,500,000	**–**	1
	3	3

9 EMPLOYEE BENEFIT EXPENSES (Continued)

Accounting policies of 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.

(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.

10 OTHER INCOME

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

(a) Government grants mainly represent tax refund entitled to receive and other government grants received. Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

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

(c) 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. Interest income from term deposits and loan to third parties and related parties are presented as "Other income". Interest income from investments measured at FVPL are presented as "Other gains/(losses), net".

11 OTHER GAINS/(LOSSES), NET

	Year ended December 31	
	2023	2022
	RMB'000	RMB'000
Gains from repurchase of 2021 Convertible bonds *(Note 27)*	**111,180**	89,809
Fair value change of non-current financial assets measured at FVPL *(b)*	**59,935**	(174,729)
Gain on disposal of subsidiaries *(Note 44)*	**7,536**	1,415
Gain from disposal of short-term investments measured at FVPL	**5,570**	3,414
Fair value change of current financial assets measured at FVPL *(a)*	**1,106**	790
Fair value change of listed equity security investments	**(33,663)**	(19,109)
Foreign exchange (losses)/gain, net	**(13,398)**	59,016
Fair value change of current financial liabilities measured at FVPL *(b) (Note 44)*	**(16,790)**	–
Losses on disposals of financial assets measured at FVOCI *(Note 30(a))*	**(916)**	(2,806)
Fair value change of non-current financial liabilities measured at FVPL *(b)*	**–**	(7,904)
Impairment loss of goodwill *(Note 20)*	**–**	(194,843)
Others, net	**2,762**	(4,689)
	123,322	(249,636)

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

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

12 FINANCE COSTS

	Year ended December 31	
	2023	2022
	RMB'000	RMB'000
Interest expenses on liability component of convertible bonds *(Note 27) (a)*	**86,766**	94,689
Interest expenses on borrowings *(b)*	**56,855**	64,348
Interest expenses on put option liability *(Note 27)*	**7,064**	3,617
Interest expenses on lease liabilities *(Note 18)*	**4,705**	8,409
Less: Interest capitalization *(b)*	**(4,167)**	–
	151,223	171,063

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

(b) General and specific borrowing costs that are directly attributable to the construction of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use. Other borrowing costs are expensed in the period in which they are incurred.

13 FINANCE INCOME

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

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

14 TAXATION

(a) Value-added tax

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

(b) Income tax

(i) Cayman Islands Income Tax

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

(ii) Hong Kong Profits Tax

No provision for Hong Kong profits tax was made as the Group did not have any assessable income subject to Hong Kong profits tax for the year ended December 31, 2023.

(iii) PRC Enterprise Income Tax

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

(iv) PRC withholding Tax

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after January 1, 2008 are generally subject to a 10% withholding income tax. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%.

14 TAXATION (Continued)

(b) Income tax (Continued)

(iv) PRC withholding Tax (Continued)

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

	Year ended December 31	
	2023	2022
	RMB'000	RMB'000
Current tax	**2,599**	9,490
Deferred income tax *(Note 29)*	**32,302**	(80,354)
Income tax expenses/(credit)	**34,901**	(70,864)
Income/(loss) tax expenses/(credit) is attributable to		
Profit/(loss) from continuing operations	**34,901**	(70,864)
Loss from discontinued operation	**–**	(260)
	34,901	(71,124)

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, 2023 and 2022, being the tax rate of the major subsidiaries of the Group.

14 TAXATION (Continued)

(b) Income tax (Continued)

(iv) PRC withholding Tax (Continued)

	Year ended December 31	
	2023	2022
	RMB'000	RMB'000
Loss before income tax from continuing operations	**(726,357)**	(1,989,738)
Tax calculated at PRC statutory income tax rate of 25%	**(181,589)**	(497,435)
Effects of preferential tax rates applicable to high and new technology enterprises	**110,785**	130,536
Accelerated research and development deductible expenses	**(140,527)**	(111,785)
Fair value changes in convertible bonds not deductible for taxation purpose	**(1,437)**	(3,500)
Expenses not deductible for taxation purpose	**13,389**	34,930
Temporary differences and tax losses for which no deferred income tax asset was recognized	**234,280**	376,390
Income tax expenses/(credit)	**34,901**	(70,864)

15 DIVIDENDS

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

16 LOSS PER SHARE

(a) Basic

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

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

(b) Diluted

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

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

For the years ended December 31, 2023 and 2022, convertible bonds (Note 26(b) and Note 27) issued by the Company and restricted shares units ("RSUs") granted to employees (Note 37) are considered to be potential ordinary shares. As the Group incurred losses for the years ended December 31, 2023 and 2022, the dilutive potential ordinary shares of convertible bonds and RSUs were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive.

Accordingly, diluted loss per share for the years ended December 31, 2023 and 2022 was the same as basic loss per share of the respective year.

17 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, 2023	36,449	8,585	4,336	35,500	55,159	78,349	218,378
Additions	1,937	171	1,286	–	3,548	141,634	148,576
Disposal of subsidiaries *(Note 44)*	(1,265)	(155)	–	–	(1,276)	–	(2,696)
Other disposals	(4,776)	(1,133)	(1,052)	–	–	–	(6,961)
At December 31, 2023	32,345	7,468	4,570	35,500	57,431	219,983	357,297
Accumulated depreciation							
At January 1, 2023	(25,050)	(2,905)	(1,574)	(3,107)	(34,970)	–	(67,606)
Depreciation	(7,648)	(1,433)	(723)	(1,434)	(11,867)	–	(23,105)
Disposal of subsidiaries *(Note 44)*	870	33	–	–	1,017	–	1,920
Other disposals	4,130	707	459	–	–	–	5,296
At December 31, 2023	(27,698)	(3,598)	(1,838)	(4,541)	(45,820)	–	(83,495)
Net carrying amount							
At January 1, 2023	11,399	5,680	2,762	32,393	20,189	78,349	150,772
At December 31, 2023	4,647	3,870	2,732	30,959	11,611	219,983	273,802
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 38)*	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

17 PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation of the Group's property, plant and equipment has been recognised as follows:

	Year ended December 31	
	2023	2022
	RMB'000	RMB'000
Cost of sales	**578**	294
Administrative expenses	**8,117**	9,205
Selling and marketing expenses	**14,410**	17,035
	23,105	26,534

Impairment test on property, plant and equipment

Impairment test on property, plant and equipment and other long term assets have been conducted on individual CGU level (Note 20) and no impairment is considered necessary based on the impairment tests performed as at December 31, 2023 and 2022.

Assets pledged as security

Property, plant and equipment with net carrying amount of RMB219,983,000 (2022: nil) have been pledged to secure long term borrowings RMB55,620,000 of the Group (Note 33). The Group is not allowed to pledge these assets as security for other borrowings.

Accounting policies of 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.

17 PROPERTY, PLANT AND EQUIPMENT (Continued)

Accounting policies of property, plant and equipment (Continued)

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

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

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

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

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

18 LEASES

(i) Right-of-use assets

	Land-use rights (a) RMB'000	Buildings RMB'000	Total RMB'000
Cost			
At January 1, 2023	344,214	286,629	630,843
Additions	–	25,487	25,487
Disposal of subsidiaries *(Note 44)*	–	(8,293)	(8,293)
Other decrease *(b)*	–	(20,760)	(20,760)
Other disposals *(c)*	–	(86,672)	(86,672)
At December 31, 2023	344,214	196,391	540,605
Accumulated depreciation			
At January 1, 2023	(4,159)	(151,328)	(155,487)
Depreciation	(8,668)	(42,556)	(51,224)
Disposal of subsidiaries *(Note 44)*	–	6,774	6,774
Other decrease *(b)*	–	9,840	9,840
Other disposals *(c)*	–	48,293	48,293
At December 31, 2023	(12,827)	(128,977)	(141,804)
Net carrying amount			
At January 1, 2023	340,055	135,301	475,356
At December 31, 2023	331,387	67,414	398,801

18 LEASES (Continued)

(i) Right-of-use assets (Continued)

	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 38)*	–	1,826	1,826
Other decrease *(b)*	–	(50,847)	(50,847)
Disposals *(c)*	–	(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 *(b)*	–	7,751	7,751
Disposals *(c)*	–	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

(a) Land-use rights pledged as security

Land-use rights with carrying amount of RMB322,377,000 (2022: RMB nil) have been pledged to secure long term borrowings RMB55,620,000 of the Group (Note 33). The Group is not allowed to pledge these assets as security for other borrowings.

(b) Other decrease of right-of-use assets for the year ended December 31, 2023 and 2022 was mainly due to the modification of rental agreement. The Group recognised approximately RMB6,981,000 gains in "Other gains/(losses), net" (2022: RMB5,800,000).

(c) Disposals of right-of-use assets for the years ended December 31, 2023 and 2022 were due to the early termination of rental agreements. The Group recognised approximately RMB3,187,000 gains in "Other gains/(losses), net" (2022: RMB2,647,000).

18 LEASES (Continued)

(ii) Lease liabilities

	Year ended December 31	
	2023	2022
	RMB'000	RMB'000
Lease liability		
Current	**31,950**	66,196
Non-current	**27,884**	85,059
	59,834	151,255

(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	
	2023	2022
	RMB'000	RMB'000
Depreciation charge of right-of-use assets		
Buildings	**42,556**	65,214
Land-use rights	**8,668**	3,794
	51,224	69,008
Interest expenses (included in finance cost) *(Note 12)*	**4,705**	8,409
Expense relating to short-term leases (included in administrative expenses)	**7,200**	8,513

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, 2023 was approximately RMB67,849,000 (2022:RMB411,201,000).

(iv) Accounting for a lessor with operating leases

The Group owned certain residential real estates leased to tenants under operating leases, which meets the definition of investment properties. The information of investment properties is disclosed in Note 19.

18 LEASES (Continued)

(v) Accounting for a lessee with operating leases

Assets and liabilities arising from a lease are initially measured on a present value basis. 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.

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.

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

The Group's 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.

19 INVESTMENT PROPERTIES

	Year ended December 31	
	2023	2022
	RMB'000	RMB'000
Opening balance at January 1	**35,720**	34,940
Fair value change	**(1,190)**	780
Ending balance at December 31	**34,530**	35,720

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

(i) Amounts recognised in the consolidated statement of comprehensive loss for investment properties

	Year ended December 31	
	2023	2022
	RMB'000	RMB'000
Rental income from operating leases	**329**	307
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, 2023 and 2022, 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.

19 INVESTMENT PROPERTIES (Continued)

(iv) Valuation techniques

Valuation is 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, 2023 RMB'000	Fair value as at December 31, 2022 RMB'000	Valuation techniques	Unobservable inputs	Range of Unobservable inputs December 31, 2023	Range of Unobservable inputs December 31, 2022	Relationship of unobservable inputs to fair value
Investment properties	34,530	35,720	Direct comparison	Adjusted market price (RMB/square meter)	RMB 50,539-RMB55,012	RMB 52,055-RMB56,383	The higher market price, the higher fair value.

20 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, 2023	937,908	3,398	1,078,706	4,936	226,295	2,251,243
Additions	–	–	–	910	–	910
Capitalisation of development costs *(Note 21)*	–	–	185,127	–	–	185,127
Disposal of subsidiaries *(Note 44)*	(5,751)	–	(110,797)	–	–	(116,548)
At December 31, 2023	932,157	3,398	1,153,036	5,846	226,295	2,320,732
Accumulated amortization						
At January 1, 2023	–	–	(554,757)	(1,241)	(49,211)	(605,209)
Amortisation	–	–	(231,137)	(1,418)	(23,218)	(255,773)
Disposal of subsidiaries *(Note 44)*	–	–	71,457	–	–	71,457
At December 31, 2023	–	–	(714,437)	(2,659)	(72,429)	(789,525)
Impairment						
At January 1, 2023	(194,843)	–	(40,725)	–	–	(235,568)
Impairment	–	–	(20,985)	–	–	(20,985)
At December 31, 2023	(194,843)	–	(61,710)	–	–	(256,553)
Net carrying amount						
At January 1, 2023	743,065	3,398	483,224	3,695	177,084	1,410,466
At December 31, 2023	737,314	3,398	376,889	3,187	153,866	1,274,654

20 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, 2022	583,137	3,398	750,950	3,454	226,295	1,567,234
Additions	–	–	–	383	–	383
Business combination *(Note 38)*	354,771	–	40,004	1,099	–	395,874
Capitalisation of development costs *(Note 21)*	–	–	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

Amortisation of the Group's intangible assets has been recognised as follows:

	Year ended December 31	
	2023	2022
	RMB'000	RMB'000
Cost of sales	**215,028**	230,413
General and administrative expenses	**17,527**	14,142
Selling expenses	**23,218**	23,218
	255,773	267,773

20 INTANGIBLE ASSETS (Continued)

(i) Goodwill

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.

Allocation of goodwill

	Subscription solutions RMB'000	**Merchant solutions RMB'000**	**Xiangxinyun RMB'000**	**Total RMB'000**
Balance as at January 1, 2023	**608,580**	**92,576**	**41,909**	**743,065**
Disposal of subsidiaries *(Note 44)*	**(5,751)**	**–**	**–**	**(5,751)**
Balance as at December 31, 2023	**602,829**	**92,576**	**41,909**	**737,314**

	Subscription solutions RMB'000	Merchant solutions RMB'000	Xiangxinyun RMB'000	Total RMB'000
Balance as at January 1, 2022	583,137	–	–	583,137
Addition	–	118,019	236,752	354,771
Impairment	–	–	(194,843)	(194,843)
Balance as at December 31, 2022	583,137	118,019	41,909	743,065

20 INTANGIBLE ASSETS (Continued)

(i) Goodwill (Continued)

Allocation of goodwill (Continued)

The Group's goodwill 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"), Shanghai Xiangxinyun Internet Technology Co., Ltd. ("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 acquisition, the Group's remaining goodwill are all allocated to subscription solutions CGU.

Impairment tests for goodwill

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).

20 INTANGIBLE ASSETS (Continued)

(i) Goodwill (Continued)

Impairment tests for goodwill (Continued)

As at December 31, 2023 and 2022, 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 five-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, 2023	Subscription solutions	Merchant solutions	Xiangxinyun
Gross margin (%)	65.0%-74.8%	69.6%-70.3%	52.6%-62.5%
Annual growth rate (%)	(10.9%)-38.9%	(2.3%)-45.0%	10.0%-45.0%
Terminal growth rate (%)	2.2%	2.2%	2.2%
Pre-tax discount rate (%)	17%	19%	21%

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%

20 INTANGIBLE ASSETS (Continued)

(i) Goodwill (Continued)

Impairment tests for goodwill (Continued)

The recoverable amount of the goodwill is shown as below:

	As at December 31	
	2023	2022
	RMB'000	RMB'000
Recoverable amount for subscription solutions	**1,392,988**	2,250,087
Recoverable amount for merchants solutions	**286,462**	385,198
Recoverable amount for Xiangxinyun	**42,560**	41,909
	1,722,010	2,677,194

The headroom of the goodwill is shown as below:

	As at December 31	
	2023	2022
	RMB'000	RMB'000
Headroom for subscription solutions	**790,159**	1,641,507
Headroom for merchants solutions	**193,886**	292,622
Headroom for Xiangxinyun	**651**	–
	984,696	1,934,129

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, 2023 and 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. Based on the impairment test performed as at December 31, 2023, no additional impairment need to be recorded.

20 INTANGIBLE ASSETS (Continued)

(ii) Trademark

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 0.5 years as at December 31, 2023 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.

Impairment tests for trademark

The Group carries out its impairment test on trademark 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. Pre-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, 2023 and 2022.

(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;
- 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.

20 INTANGIBLE ASSETS (Continued)

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

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. Amortization is calculated using the straight-line method to allocate the costs of self-developed software over the estimated useful lives of 3 to 5 years.

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.

Based on the impairment test, the Group recorded impairment of RMB20,985,000 and RMB40,725,000 on self-developed software as at December 31, 2023 and 2022.

(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 of 10 years.

20 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 of 5 to 10 years.

Impairment tests for other intangible assets

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.

21 DEVELOPMENT COSTS

Development costs that do not meet the criteria in Note 20 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	
	2023	2022
	RMB'000	RMB'000
As at January 1	**4,754**	51,253
Development costs capitalized during the year	**180,373**	241,253
Transfer to intangible assets	**(185,127)**	(287,752)
As at December 31	**–**	4,754

Impairment test on development costs and other long term assets have been conducted on individual CGU level (Note 20) and no impairment is considered necessary based on the impairment tests performed as at December 31, 2023 and 2022.

22 MAJOR SUBSIDIARIES

As at December 31, 2023 and 2022, 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, 2023	As at December 31, 2022	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 Information Technology Co., Ltd.(上海盟聚信息科技有限公司) ("Shanghai Mengju")	Limited liability company	The PRC	December 29, 2015	RMB 2,200,000,000	100%	100%	Merchant solutions
Shanghai Mengyao Information Technology Co, Ltd.(上海盟耀信息科技有限公司) ("Shanghai Mengyao")	Limited liability company	The PRC	February 1, 2016	RMB 1,600,000,000	100%	100%	Merchant solutions
Shanghai 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

22 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, 2023	As at December 31, 2022	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	RMB 100,000,000	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	RMB 100,000,000	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%	51.89%	Subscription solutions
Shanghai Weimeng Yunshuang Economic Development Co., Ltd. (上海微盟雲雙經濟發展有限公司) ("Weimob Yunshuang")	Limited liability company	The PRC	June 3, 2021	RMB 350,000,000	100%	100%	Subscription and merchant 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

23 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, 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.

The following is a list of principal investments in associates of the Company as at December 31, 2023. 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. 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 these investments in equity method. For investments held by the Group in redeemable preferred shares, the Group measured these investments at fair value (Note 26) because they are not qualified for equity accounting.

				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, 2023**	As at December 31, 2022	**Principal activities**	**Accounting method**
Beijing Weizhi Shuke Investment Center (Limited Partnership) ("Weizhi Shuke")	January 7, 2021	RMB 150,000	China	**30.00%**	30.00%	Investment	Equity method
Nanjing Chuangyi Meridian Weimob Emerging Industry Equity Investment Fund Partnership (Limited Partnership) ("Nanjing Chuangyi")	October 1, 2019	RMB 51,000	China	**24.89%**	24.89%	Investment	Equity method
Shanghai Weixin Investment Center (Limited Partnership) ("Shanghai Weixin")	July 7, 2022	RMB 35,000	China	**41.18%**	43.21%	Investment	Equity method
Xuzhou Beishang Menghe Management Consulting Partnership (Limited Partnership) ("Xuzhou Beishang")	May 31, 2023	RMB 45,000	China	**49.45%**	Not applicable	Investment	Equity method
Acewill *(Note 26)*	November 6, 2006	RMB 20,000	China	**25.68%**	Not applicable	Subscription solutions	Fair value
Xiaoke *(Note 26)*	November 27, 2019	RMB 302,299	China	**34.74%**	34.74%	Subscription solutions	Fair value
Zhejiang Damo Network Technology Co., Ltd. ("Demo") *(Note 26)*	February 11, 2015	RMB 49,800	China	**32.38%**	32.38%	Subscription solutions	Fair value
Syoo *(Note 26)*	November 20, 2017	RMB 46,000	China	**36.33%**	36.33%	Subscription solutions	Fair value
Yijing Zhilian (Beijing) Technology Co., Ltd. ("Yijing") *(Note 26)*	November 18, 2019	RMB 11,000	China	**8.85%**	7.93%	Subscription and merchant solutions	Fair value
Beijing Nengtong Tianxia Network Technology Co., Ltd. ("Nengtong") *(Note 26)*	September 19, 2007	RMB 30,000	China	**13.43%**	13.52%	Subscription solutions	Fair value

23 ASSOCIATES (Continued)

Investments in associates accounted for using the equity method

	Year ended December 31, 2023 RMB'000	2022 RMB'000
Weizhi Shuke *(a)*	**151,266**	160,032
Nanjing Chuangyi *(b)*	**53,101**	53,672
Shanghai Weixin *(c)*	**33,361**	17,448
Xuzhou Beishang *(d)*	**45,000**	–
Other immaterial associates	**14,853**	14,408
	297,581	245,560

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.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 3.3

23 ASSOCIATES (Continued)

Investments in associates accounted for using the equity method (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.

On September 30, 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 Weizhi 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 gains/(losses), 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. The share of losses of Weizhi Shuke attributable to the Group for the years ended December 31,2023, the period from September 30, 2022 to December 31, 2022 was RMB8,766,000 and RMB757,000, respectively.

(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, 2023 and 2022, Weimob Yunbing made a total investment of RMB51,000,000 to Nanjing Chuangyi through Changshu Huaying and Nanjing Meridian, and indirectly holds 24.89% 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.

23 ASSOCIATES (Continued)

Investments in associates accounted for using the equity method (Continued)

(b) Nanjing Chuangyi (Continued)

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 of Nanjing Chuangyi for the years ended December 31, 2023 and 2022 are RMB3,994,000 and RMB15,236,000 respectively, mainly arising from fair value change of the portfolio companies. The share of loss of Nanjing Chuangyi attributable to the Group for the years ended December 31, 2023 and 2022 were RMB571,000 and RMB3,535,000, respectively.

(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 partnership companies followed the predetermined profit distribution mechanism that set out in the investment agreement, depending on Shanghai Weixin's performance. The Group accounted for the investment in Shanghai Weixin using equity method.

For the year ended 2022 and 2023, Weimob Development has made investment of RMB17,500,000 and RMB17,500,000, respectively to Shanghai Weixin and holds 43.21% of the equity interest of Shanghai Weixin. As at December 31, 2023, Weimob Development has made a total investment of RMB35,000,000 to Shanghai Weixin.

On March 7, 2023, Hangzhou Cultural Creative Industry Venture Capital Management Co., Ltd. made capital injection of RMB4,000,000 to Shanghai Weixin and the shareholding of Shanghai Weixin attributable to the Group was diluted from 43.21% to 41.18%.

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. For the year ended December 31, 2023 and 2022, the share of loss of Shanghai Weixin attributable to the Group for the year ended December 31, 2023 and 2022 were RMB1,587,000 and RMB52,000, respectively.

23 ASSOCIATES (Continued)

Investments in associates accounted for using the equity method (Continued)

(d) Xuzhou Beishang

In May 2023, Weimob Yunbing established a limited partnership, Xuzhou Beishang together with other two third parties, to invest in a semiconductor manufacturing company Ningbo Semiconductor International Corporation ("Ningbo Semi") through another two limited partnerships, Zibo Lianru Venture Capital Partnership (Limited Partnership) ("Zibo Lianru") and Ningbo Meishan Bonded Port Zone Lianli Zhaoli Jingyuan Venture Capital Partnership (Limited Partnership) ("Ningbo Meishan"). The partnership companies followed the predetermined profit distribution mechanism that set out in the investment agreement. Weimob Yunbing is the limited partner and has significant influence in Xuzhou Beishang. The Group accounted for the investment in Xuzhou Beishang using equity method.

For the year ended December 31, 2023, Weimob Yunbing has made investment of RMB45,000,000 to Xuzhou Beishang and holds 49.45% of the equity interest of Xuzhou Beishang, and indirectly holds 0.75% of the equity interests of Ningbo Semi.

The movement the above investment in associates accounted for using the equity method is set out below.

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
At the beginning of the year	**245,560**	57,433
Additions	**62,500**	17,500
Conversion from subsidiaries to associates *(Note 23(a))*	**–**	175,197
Disposals	**–**	(226)
The Group's share of loss	**(10,479)**	(4,344)
At the end of the year	**297,581**	245,560

24 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	Note	As at December 31, 2023 RMB'000	2022 RMB'000
Financial assets			
Financial assets at FVPL (current)	*26*	**308,057**	624,012
Financial assets at FVPL (non-current)	*26*	**707,404**	537,969
Financial assets at FVOCI (current)	*25*	**247,554**	323,744
Financial assets at amortised cost:			
– Trade and notes receivables	*31*	**353,305**	376,330
– Other receivables (current and non-current portions)	*30*	**1,233,052**	695,355
– Term deposit	*32*	**22,378**	417
– Restricted cash	*32*	**513,406**	781,308
– Cash and cash equivalents	*32*	**1,666,760**	1,710,103
		5,051,916	5,049,238
Financial liabilities			
Financial liabilities at FVPL (current)	*26*	**24,063**	136,702
Financial liabilities at FVPL (non-current)	*26*	**37,595**	37,595
Financial liabilities at amortized cost:			
– Trade and other payables (excluding advances from advertisers, payroll and welfare payables and other taxes payable)	*34*	**324,328**	345,074
– Other non-current liabilities	*34*	**2,906**	5,156
– Bank borrowings (current and non-current)	*33*	**1,738,243**	1,818,870
– Convertible bonds at amortized cost	*27*	**1,305,992**	1,653,217
– Lease liabilities (current and non-current portions)	*18*	**59,834**	151,255
– Put option liability	*27*	**126,014**	118,950
		3,618,975	4,266,819

25 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Trade and other receivables at FVOCI	**251,318**	325,778
Less: Provision for impairment of trade and other receivables at FVOCI	**(3,764)**	(2,034)
	247,554	323,744

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 receivables measured at FVOCI were disclosed in Note 4.3.

As of December 31, 2023 and 2022, the directors of the Company assessed the carrying amount of trade and other receivables at FVOCI approximated their fair values due to short maturities.

26 FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group classifies the following financial assets and liabilities at fair value through profit or loss:

- debt instruments that do not qualify for measurement at either amortised cost or at fair value through other comprehensive income;
- equity investments that are held for trading; and
- equity investments for which the entity has not elected to recognise fair value gains or losses through other comprehensive income.

26 FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Financial assets and liabilities measured at FVPL include the following:

	As at December 31, 2023 RMB'000	2022 RMB'000
Current assets		
Structured deposits	**226,656**	345,519
Bank wealth management products	**65,849**	229,278
Hong Kong listed equity securities	**15,552**	49,215
Total current financial assets	**308,057**	624,012
Non-current assets		
Long-term investments measured at FVPL – Xiaoke *(a)(i)*	**315,401**	348,419
Long-term investments measured at FVPL – Acewill *(a) (Note 44)*	**271,118**	–
Long-term investments measured at FVPL – Demo *(a)(ii)*	**79,843**	87,772
Long-term investments measured at FVPL – Nengtong *(a)(iii)*	**30,373**	30,000
Long-term investments measured at FVPL – Yijing *(a)(iv)*	**7,169**	17,927
Long-term investments measured at FVPL – Syoo *(a)(v)*	**–**	52,851
Others	**3,500**	1,000
Total non-current financial assets	**707,404**	537,969
Total financial assets	**1,015,461**	1,161,981
Current liabilities		
Financial liability at FVPL *(a) (Note 44)*	**24,063**	–
2020 Convertible Bonds *(b)*	**–**	136,702
Total Current liabilities	**24,063**	136,702
Non-current liabilities		
Contingent payable for the acquisition of Heading *(Note 4.3(i)(c))*	**37,595**	37,595
Total non-current liabilities	**37,595**	37,595
Total financial liabilities	**61,658**	174,297

26 FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

(a) Long-term investments in unlisted companies and related liabilities measured at FVPL

(i) Investment in a SaaS company - "Xiaoke"

As at December 31, 2023 and 2022, the Group owned 34.74% equity interests in Xiaoke, including 31.74% 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 34.74% equity interests in Xiaoke as financial asset at FVPL.

As at December 31, 2023, the directors of the Company assessed the fair value of this investment to be approximately RMB315,401,000 (December 31, 2022: RMB348,419,000) by using the equity allocation method with RMB33,018,000 loss recognized in "Other gains/(losses), net" for the year ended December 31, 2023 (2022: RMB144,524,000 loss).

(ii) Investment in a SaaS Company – "Demo"

As at December 31, 2023 and 2022, 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 RMB79,843,000 (December 31, 2022: RMB87,772,000) by using the equity allocation method with RMB7,929,000 loss recognised in "Other gains/(losses), net" for the year ended December 31, 2023 (2022: RMB442,000 gain).

(iii) 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.

In February 2023, Nanjing Chuangyi entered into an agreement with Nengtong, pursuant to which, acquired 3.85% from existing shareholders and subscribed 0.63% newly issued redeemable preferred shares of Nengtong with a consideration of RMB8,031,000 and RMB1,970,000, respectively. Hence, the shareholding of Nengtong attributable to the Group was diluted from 13.52% to 13.43%.

As at December 31, 2023, the directors of the Company assessed the fair value of investment in Nengtong to be approximately RMB30,373,000 by using the equity allocation method with RMB373,000 gain recognised in "Other gains/(losses), net" for the year ended December 31, 2023 (2022: nil).

26 FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

(a) Long-term investments in unlisted companies and related liabilities measured at FVPL (Continued)

(iv) Investment in a short-video-making Company "Yijing"

As at December 31, 2022, the Group owned 7.93% redeemable preferred shares in Yijing.

In February 2023, Weimob Yunbing and a third-party investor entered into an agreement with Yijing, pursuant to which, subscribed 1.09% and 1.07% newly issued redeemable preferred shares of Yijing with a consideration of RMB5,000,000 and RMB4,900,000, respectively. Upon the completion of the subscription, the shareholding of Yijing attributable to the Group changed from 7.93% to 8.85%.

As at December 31, 2023, the directors of the Company assessed the fair value of investment in Yijing to be approximately RMB7,169,000 by using the equity allocation method with RMB15,758,000 loss recognised in "Other gains/(losses), net" for the year ended December 31, 2023 (2022: RMB10,000,000 loss).

(v) Investment in a SaaS company - "Syoo"

As at December 31, 2023 and 2022, the Group owned 36.33% redeemable preferred shares in Syoo. Affected by the intense competitions in the food delivery market, Syoo's performance was far below expectation for the the year ended December 31, 2023. In addition, there's no concrete business improvement plan at the moment and there is significant doubt on Syoo's ability to continue as going concern as Syoo has significant difficulty in fund raising. In May 2023, the Group disposed its subsidiary Weimob Canlin which was specializing in the catering sectors and had synergy with Syoo before, and decided to stop further investment in Syoo. Hence, the directors of the Company assessed the fair value of this investment close to nil as at December 31, 2023. RMB52,851,000 loss was recognized in "Other gains/(losses), net" for the year ended December 31, 2023 (2022: RMB41,187,000 loss).

26 FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

(b) 2020 Convertibles Bonds

On May 15, 2020, the Group issued USD150 million guaranteed convertible bonds (the "2020 Convertible bonds"), which will be matured on May 15, 2025. The interest rate is 1.5% per annum and is payable semi-annually in arrear on May 15 and November 15 each year. The bonds holders 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.

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 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. The Group elected to measure the 2020 Convertible bonds in its entirety at fair value. Subsequent to initial recognition, the convertible bonds are measured at fair value with "Change in fair value of convertible bonds" recognised in profit or loss, except for the portion attributed to the foreign change presented in "Other gains/(losses), net" and the portion attributed to the own credit risk presented in other comprehensive income.

On May 15, 2023, all the bonds holders exercised the redemption rights and the Group repurchased all of the remaining 2020 Convertible Bonds with principal amount of USD17,700,000 with the consideration of USD18,810,000 (equivalents to RMB128,798,000).

During the period from January 1, 2023 to May 15, 2023, the Company recorded RMB5,747,000 gain from change in fair value of the 2020 Convertible bonds in "Change in fair value of convertible bonds" in the consolidated statement of comprehensive loss (2022: RMB13,999,000) and the loss from change in foreign exchange rate of RMB2,157,000 in "Other gains/(losses), net" (2022: RMB12,178,000 loss). The directors of the Company assessed the fair value change due to the own credit risk of 2020 Convertible Bonds as nil (2022: nil).

27 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Current		
2021 Convertible Bonds *(a)*	**1,305,992**	–
Non-current		
2021 Convertible Bonds *(a)*	**–**	1,653,217
Put option liability *(b)*	**126,014**	118,950
Total	**1,432,006**	1,772,167

(a) 2021 Convertible Bonds

On June 7, 2021 ("Issuance Date"), one of the Group's wholly-owned subsidiaries issued USD300 million 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. Therefore the 2021 Convertible bonds being outstanding were reclassed to current liability as of December 31, 2023.

27 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.

27 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST (Continued)

(a) 2021 Convertible Bonds (Continued)

Accounting for the 2021 Convertible Bonds (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.

Movement of liability component of the 2021 Convertible bonds is presented as follows:

	Year ended December 31	
	2023	2022
	RMB'000	RMB'000
Beginning balance	**1,653,217**	1,561,499
Interest expenses *(Note 12)*	**86,766**	94,689
Repurchase before maturity *(i)*	**(472,103)**	(151,382)
Currency translation differences	**38,112**	148,411
Ending balance	**1,305,992**	1,653,217

Movement of equity component of the 2021 Convertible bonds is presented as follows:

	Year ended December 31	
	2023	2022
	RMB'000	RMB'000
Beginning balance	**335,474**	366,482
Repurchase before maturity *(i)*	**(89,666)**	(31,008)
Ending balance	**245,808**	335,474

(i) For the year ended December 31, 2023 and 2022, the Group repurchased the 2021 Convertible Bonds with principal amount of USD73,400,000 and USD25,383,000 from active market with the consideration of USD68,104,000 (equivalents to RMB475,799,000) and USD15,820,000 (equivalents to RMB112,948,000), respectively. The Group allocated the redemption consideration and redemption cost to liability and equity components following the same logic in initial allocation, and recognized the gain on liability component of RMB111,180,000 and RMB89,809,000 in "Other gains/(losses), net" and the loss on equity component of RMB30,421,000 and RMB23,584,000 in other reserves for the year ended December 31, 2023 and 2022, respectively.

27 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST (Continued)

(a) 2021 Convertible Bonds (Continued)

Accounting for the 2021 Convertible Bonds (Continued)

As of December 31, 2023, the Company had repurchased and cancelled the 2021 Convertible Bonds listed on the Stock Exchange with a principal amount of USD98,783,000 million through the open market. If the bond holders exercise the put option and require the Group to repurchase all the remaining 2021 Convertible Bond with a principal amount of USD201,217,000, the total price to be paid is equivalent to approximately RMB1,468,484,000.

(b) Put option liability

As disclosed in Note 38, the Group acquired a company named Xiangxinyun in January 2022. The Group signed a separate agreement with one of its existing shareholders named Shenzhen Tencent Industrial Fund Co., Ltd. ("Tencent Fund") upon the completion of acquisition. Pursuant to the agreement with Tencent Fund, if Xiangxinyun fails to submit application to stock exchanges within 60 months after the acquisition 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. 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 acquisition date.

Movement of the put option liability is presented as follows:

	Year ended December 31	
	2023	2022
	RMB'000	RMB'000
Beginning balance	**118,950**	–
Business combination	**–**	115,333
Interest expenses *(Note 12)*	**7,064**	3,617
Ending balance	**126,014**	118,950

28 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, 2023 and 2022 are set out below.

	Year ended December 31	
	2023	2022
	RMB'000	RMB'000
Discontinued operations		
Revenue	–	–
Cost of sales	–	–
Gross profit from discontinued operations	–	–
Selling and distribution expenses	–	–
General and administrative expenses	–	(1,112)
Net impairment losses on financial assets	–	–
Other income	–	–
Operating loss and loss before income tax	–	(1,112)
Income tax benefit	–	260
Loss from discontinued operation	–	(852)
Net cash outflow used in operating activities	–	(1,112)
Net decrease in cash generated	–	(1,112)

29 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	
	2023	2022
	RMB'000	RMB'000
The balance comprises temporary differences attributable to:		
– Provision for impairment of trade and notes receivables	**71,845**	64,388
– Tax losses	**70,590**	60,193
– Contract liabilities	**21,940**	23,992
– Others	**25,922**	4,975
Total gross deferred tax assets	**190,297**	153,548
Set-off of deferred tax assets pursuant to set-off provisions	**(166,742)**	(91,740)
Net deferred tax assets	**23,555**	61,808

	As at December 31	
	2023	2022
	RMB'000	RMB'000
Net deferred tax assets:		
To be recovered after 12 months	**1,716**	2,664
To be recovered within 12 months	**21,839**	59,144
	23,555	61,808

29 DEFERRED INCOME TAX (Continued)

	As at December 31 2023 RMB'000	2022 RMB'000
The balance comprises temporary differences attributable to:		
– Intangible assets arising from business combinations	**(44,540)**	(53,175)
– Unrealized investment income	**(30,379)**	(22,002)
– Contract acquisition cost	**(27,735)**	(21,005)
– Others	**(71,230)**	(8,651)
Total gross deferred tax liabilities	**(173,884)**	(104,833)
Set-off of deferred tax liabilities pursuant to set-off provisions	**166,742**	91,740
Net deferred tax liabilities	**(7,142)**	(13,093)

	As at December 31 2023 RMB'000	2022 RMB'000
Deferred income tax liabilities:		
To be recovered after 12 months	**–**	(7,958)
To be recovered within 12 months	**(7,142)**	(5,135)
	(7,142)	(13,093)

The movements in deferred income tax assets and liabilities for each of the years ended December 31, 2023 and 2022 without taking into consideration the offsetting of balances within the same jurisdiction are as follows:

29 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, 2023	**64,388**	**60,193**	**23,992**	**4,975**	**153,548**
Recognized in the profit or loss	**7,457**	**10,397**	**(2,052)**	**20,947**	**36,749**
As at December 31, 2023	**71,845**	**70,590**	**21,940**	**25,922**	**190,297**
As at January 1, 2022	21,688	54,482	24,017	5,324	105,511
Business combination *(Note 38)*	–	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

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, 2023, the Group did not recognise net deferred income tax assets in respect of losses and deductible temporary differences of RMB5,539,171,239 (2022: RMB4,229,738,852) and RMB156,469,218 (2022: RMB176,618,037), respectively. These tax losses will expire from 2023 to 2032.

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, 2023	**(21,005)**	**(22,002)**	**(53,175)**	**(8,651)**	**(104,833)**
Recognised in the profit or loss	**(6,730)**	**(8,377)**	**8,635**	**(62,579)**	**(69,051)**
As at December 31, 2023	**(27,735)**	**(30,379)**	**(44,540)**	**(71,230)**	**(173,884)**
As at January 1, 2022	(22,551)	(55,767)	(51,779)	(7,053)	(137,150)
Business combination *(Note 38)*	–	–	(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)

29 DEFERRED INCOME TAX (Continued)

Accounting policy of 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 and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

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.

30 PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	As at December 31	
	2023	2022
	RMB'000	RMB'000
Non-current		
Deposits – third parties	**8,964**	12,704
Long term loan receivables due from a related party *(Note 41(c))*	**–**	56,000
	8,964	68,704
Current		
Other receivables in relation to payment on behalf of advertisers – third parties *(a)*	**1,248,948**	794,920
Other receivables due from related parties *(Note 41(c))*	**207,582**	23,084
Prepayments for purchasing advertising traffic	**175,289**	258,356
Recoverable value-added tax	**164,454**	91,211
Deposits – third parties	**44,195**	32,427
Contract fulfillment cost *(Note 7.2(v))*	**23,143**	27,415
Prepayments to other vendors	**19,697**	34,172
Prepayments for rent and property management fee	**6,107**	3,661
Prepayments for contract operation service costs	**4,146**	10,371
Prepayments for purchasing advertising services	**3,707**	1,942
Receivables in relation to value-added tax refund *(Note 10(b))*	**3,339**	2,943
Staff advance	**2,201**	2,432
Prepayment to related parties *(Note 41(c))*	**1,000**	549
Other loan receivables due from a third party	**–**	25,073
Interest receivable from deposits within three months and restricted cash	**–**	3,247
Others	**7,472**	9,060
	1,911,280	1,320,863
Less: provision for impairment of other receivables *(Note 4.1(iii))*	**(289,649)**	(266,536)
	1,621,631	1,054,327

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

30 PREPAYMENTS, DEPOSITS AND OTHER ASSETS (Continued)

Derecognition of other receivables

During the year ended December 31, 2023 and 2022, 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 RMB201,409,000 (2022: RMB525,615,000) in total and substantially all the risks and rewards of ownership of those receivables to the Factor in exchange for cash of RMB201,409,000 (2022: RMB525,615,000). The Group therefore derecognised the transferred assets in their entirety and the service charge of RMB916,000 (2022: RMB2,806,000) related to the factoring are recognised in "Other gains/(losses), net".

31 TRADE AND NOTES RECEIVABLES

	As at December 31	
	2023	2022
	RMB'000	RMB'000
Trade receivables due from third parties	**341,898**	292,872
Notes receivables	**13,669**	37,300
Trade receivables due from related parties *(Note 41(c))*	**3,962**	46,734
Less: Provision for impairment of trade and notes receivables	**(6,224)**	(576)
	353,305	376,330

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

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

31 TRADE AND NOTES RECEIVABLES (Continued)

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

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

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 3.3 and Note 4.1 for a description of the Group's impairment policies.

Movements on the Group's allowance for impairment of trade and notes receivable have been disclosed in Note 4.1(iii).

32 CASH AND BANK BALANCES

(a) Cash and cash equivalents

	As at December 31	
	2023	2022
	RMB'000	RMB'000
Cash at bank	**1,660,250**	1,699,773
Cash equivalents *(i)*	**6,440**	10,316
Cash on hand	**70**	14
	1,666,760	1,710,103
Maximum exposure to credit risk	**1,666,690**	1,710,089

(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	
	2023	2022
	RMB'000	RMB'000
RMB	**1,566,374**	1,020,553
USD	**84,760**	668,845
HKD	**13,738**	19,515
AUD	**518**	719
EUR	**812**	378
JPY	**558**	93

32 CASH AND BANK BALANCES (Continued)

(b) Restricted cash

	As at December 31	
	2023	2022
	RMB'000	RMB'000
Offshore deposits pledged for domestic bank borrowings	**513,406**	736,741
Restricted cash in relation to litigation	**–**	44,567
	513,406	781,308

(c) Term deposit

	As at December 31	
	2023	2022
	RMB'000	RMB'000
Term deposit	**22,378**	417

(d) Accounting policies of 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.

33 BANK BORROWINGS

	As at December 31	
	2023	2022
	RMB'000	RMB'000
Long-term bank borrowings *(a)*	**385,520**	–
Sub-total of non-current borrowings	**385,520**	–
Short-term bank borrowings *(b)*	**1,020,000**	1,538,870
Letter of credit *(c)*	**300,000**	280,000
Long-term bank borrowings – current portion *(d)*	**30,100**	–
Interest payable	**2,623**	–
Sub-total of current borrowings	**1,352,723**	1,818,870
Total bank borrowings	**1,738,243**	1,818,870

(a) As at December 31, 2023, long-term bank borrowing was RMB385,520,000, among which, (i) RMB55,620,000 was related to building construction and was collateralized on the Group's certain land use rights with net carrying amount of RMB322,377,000, property, plant and equipment with net carrying amount of RMB219,983,000 (collectively "Collateralized Assets") and equity interests of Weimob Yunshuang, a subsidiary within the Group who owns the Collateralized Assets, (ii) RMB149,900,000 was secured by other subsidiaries within the Group and would be repayable in 2025 and (iii) RMB180,000,000 was unsecured and would be repayable in 2025.

(b) As at December 31, 2023, short-term bank borrowing was RMB1,020,000,000, among which, RMB400,000,000 were domestic loan secured by the Group's pledged offshore bank deposits with total carrying amount approximately RMB412,931,000 (Note 32) and RMB620,000,000 was secured by other subsidiaries within the Group and RMB nil was unsecured.

(c) As at December 31, 2023, letter of credit was RMB300,000,000, among which RMB150,000,000 was secured by the pledge of bank deposits with carrying amount of approximately RMB100,475,000 (Note 32) and RMB150,000,000 was secured by other subsidiaries within the Group.

(d) As at December 31, 2023, long-term bank borrowings – current portion was RMB30,100,000, which was secured by other subsidiaries within Group.

33 BANK BORROWINGS (Continued)

As at December 31, 2023, annual average interest rate of the total balance of bank borrowings and letter of credit was 3.39% (2022: 3.54%).

Accounting policies of 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.

34 TRADE AND OTHER PAYABLES

	As at December 31 2023 RMB'000	2022 RMB'000
Non-current		
Loan payable to a third party	–	2,250
Payable related to business acquisition *(a)*	2,906	2,906
	2,906	5,156
Current		
Advance from advertisers – third parties	577,617	490,361
Payroll and welfare payables	346,431	442,520
Other taxes payable	126,725	77,206
Commission payable	88,588	27,860
Payable related to investments and business acquisitions *(a)*	84,062	145,711
Payable related to property, plant and equipment	75,019	54,687
Advance from subscription solution customers – third parties	59,698	70,962
Trade payables related to subscription solutions	20,450	6,121
Deposits	13,112	11,756
Trade payables for purchasing advertising traffic	11,472	37,056
Auditors' remuneration accrual	3,000	3,501
Amount due to related parties *(Note 41(c))*	8	12,875
Other payables and accruals	28,617	45,507
	1,434,799	1,426,123
Total	1,437,705	1,431,279

Trade and other payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

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

35 SHARE CAPITAL, SHARES HELD FOR RSU SCHEME, TREASURY SHARES AND SHARE PREMIUM

	Number of ordinary shares	Share capital RMB'000	Share premium RMB'000	Shares held for RSU scheme RMB'000	Treasury shares RMB'000
As at January 1, 2023	**2,549,328,490**	**1,717**	**7,475,254**	**(644)**	**(39,110)**
Issuance of ordinary shares for RSU Scheme *(a)*	**14,126,500**	**10**	**–**	**(10)**	**–**
Issuance of ordinary shares *(b)*	**248,000,000**	**167**	**1,369,660**	**–**	**–**
Share issuance costs *(b)*	**–**	**–**	**(21,445)**	**–**	**–**
Cancellation of buy-back shares *(c)*	**(16,860,000)**	**(12)**	**(39,098)**	**–**	**39,110**
Transfer of vested RSUs *(Note 37)*	**–**	**–**	**–**	**493**	**–**
As at December 31, 2023	**2,794,594,990**	**1,882**	**8,784,371**	**(161)**	**–**

	Number of ordinary shares	Share capital RMB'000	Share premium RMB'000	Shares held for RSU scheme RMB'000	Treasury shares RMB'000
As at January 1, 2022	2,548,460,490	1,716	7,549,147	(1,928)	–
Issuance of ordinary shares for RSU Scheme *(a)*	15,651,000	11	–	(11)	–
Cancellation of buy-back shares *(c)*	(14,783,000)	(10)	(73,893)	–	–
Buy-back of shares *(c)*	–	–	–	–	(39,110)
Transfer of vested RSUs *(Note 37)*	–	–	–	*1,295*	–
As at December 31, 2022	2,549,328,490	1,717	7,475,254	(644)	(39,110)

35 SHARE CAPITAL, SHARES HELD FOR RSU SCHEME, TREASURY SHARES AND SHARE PREMIUM (Continued)

(a) During the years ended December 31, 2023 and 2022, the Company issued 14,126,500 shares and 15,651,000 shares to Weimob Teamwork (PTC) Limited for RSU Scheme with nil consideration, respectively. The share capital amount was approximately RMB10,000 and RMB11,000, 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) 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 gross proceeds of approximately HKD1,589,680,000 (equivalent to approximately RMB1,369,827,000). The respective share capital amount was approximately RMB167,000 and share premium arising from the issuance was approximately RMB1,369,660,000.

Share issuance costs that are directly attributable to the issue of the new shares amounting to approximately RMB21,445,000 which were accounted for a deduction against the share premium arising from the issuance.

(c) 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. 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". During the year ended December 31, 2023, the remaining 16,860,000 shares were cancelled and deducted from the share capital, share premium and treasury shares within shareholders' equity.

(d) Accounting policies of share capital and shares held for employees 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.

36 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, 2023	**(1,177,418)**	**635**	**342,972**	**5,021**	**(76,779)**	**(905,569)**
Currency translation differences	–	–	–	(6,416)	–	(6,416)
Transfer of vested RSUs *(Note 37(a))*	–	–	(493)	–	–	(493)
Buy-back of convertible bonds *(Note 27)*	–	–	–	–	(30,421)	(30,421)
Share-based compensation expenses for employees *(Note 37(a))*	–	–	80,035	–	–	80,035
Transaction with non-controlling interests *(Note 37(b))*	–	–	6,949	–	–	6,949
As at December 31, 2023	**(1,177,418)**	**635**	**429,463**	**(1,395)**	**(107,200)**	**(855,915)**
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 37(a))*	–	–	(1,295)	–	–	(1,295)
Buy-back of convertible bonds *(Note 27)*				–	(23,584)	(23,584)
Share-based compensation expenses for employees *(Note 37(a))*	–	–	112,220	–	–	112,220
Transaction with non-controlling interests *(Note 37(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)

37 SHARE-BASED PAYMENTS

The share-based compensation expenses recognised for the years ended December 31, 2023 and 2022 are summarised in the following table:

	Year ended December 31	
	2023	2022
	RMB'000	RMB'000
Share-based compensation expenses for employees *(a)*	**80,035**	112,220
Share-based compensation expenses for non-controlling interests *(b)*	**2,769**	7,118
Sub-total	**82,804**	119,338

(a) Share-based compensation plans of the Company

Original Option Plan before IPO (subsequently replaced as "2018 RSU 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".

During the year ended December 31, 2023, the Company has not granted any RSUs under this 2018 RSU Plan.

37 SHARE-BASED PAYMENTS (Continued)

(a) Share-based compensation plans of the Company (Continued)

2020 RSU Scheme

The 2020 restricted share unit scheme (the "2020 RSU Scheme") of the Company 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.

On April 4, 2023 and December 12, 2023, the Group granted 21,547,000 RSU and 5,816,000 RSU respectively to certain employees under the 2020 RSU Scheme without consideration. The RSUs granted in April 2023 vested immediately or over a four year vesting period (25% per each year), and the RSUs granted in December 2023 vested over a four year vesting period (25% per each year).

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 purchase price of the RSUs granted under 2020 RSU Scheme is nil.

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, 2023	**199**	**5.95**	**26,977**	**5.95**	**27,176**
Granted *(i)*	**–**	**–**	**27,363**	**3.78**	**27,363**
Vested	**(199)**	**3.50**	**(15,347)**	**3.22**	**(15,546)**
Forfeited	**–**	**–**	**(4,613)**	**3.46**	**(4,613)**
As at December 31, 2023	**–**	**–**	**34,380**	**2.61**	**34,380**
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

(i) 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, 2023 and 2022.

37 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.

As disclosed in Note 44, in May 2023, the Group disposed Weimob Canlin and its subsidiaries including Wuxi Yazuo. The above five-years post-combination services requirement for the co-founders of Wuxi Yazuo was deemed as completed/waived by the Group, therefore, the common shares originally granted for exchange of co-founders' post-combination service were treated as fully vested immediately before the transaction and the remaining service expenses were accelerated to be amortised and charged to the profit and loss.

For the year ended December 31, 2023, the service expense amounting to RMB2,769,000 (2022: RMB7,118,000) 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 RMB6,949,000 (2022: RMB5,912,000) 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 SHARE-BASED PAYMENTS (Continued)

(c) Accounting policies of 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. The fair value of the employee service received in exchange for the grant of RSUs is recognised as an expense, which 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.

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.

38 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 initially 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 27(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.

38 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.

38 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.

38 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.

38 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.

(c) 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.

38 BUSINESS COMBINATION (Continued)

2022 Acquisitions (Continued)

(d) Purchase consideration – cash flow

	Year ended December 31	
	2023	2022
	RMB'000	RMB'000
Outflow of cash to acquire subsidiaries, net of cash acquired		
Cash consideration	–	351,950
Less: balance of cash acquired	–	(10,356)
Less: subscription for new shares of the subsidiaries which are eliminated at Group level	–	(60,000)
Less: investment payable for current year's acquisitions	–	(83,414)
Less: investment prepaid in prior year for current year's acquisition	–	(35,217)
Add: investment paid for prior years' acquisitions *(Note 38(a))*	**62,649**	198,326
Net outflow of cash – investing activities	**62,649**	361,289

(e) Acquisition related costs

Acquisition-related costs of RMB nil are included in general and administrative expenses in profit or loss (2022: RMB nil).

(f) Business combination accounting policies

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.

38 BUSINESS COMBINATION (Continued)

2022 Acquisitions (Continued)

(f) Business combination accounting policies (Continued)

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.

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.

39 NET CASH USED IN OPERATION

(a) Cash used in operations

	Year ended December 31 2023 RMB'000	2022 RMB'000
Loss before income tax from:		
Continuing operations	**(726,357)**	(1,989,738)
Discontinued operations	**–**	(1,112)
	(726,357)	(1,990,850)
Adjustment for:		
Depreciation of property, plant and equipment *(Note 17)*	**23,105**	26,534
Depreciation of right-of-use assets *(Note 8)*	**42,869**	69,008
Amortisation of intangible assets *(Note 20)*	**255,773**	267,773
Loss on disposal of property, plant and equipment	**281**	232
Fair value gain on convertible bonds *(Note 26(b))*	**(5,747)**	(13,999)
Net fair value loss on other financial assets and liabilities at FVPL	**(16,158)**	197,538
Fair value loss/(gain) on investment properties	**1,190**	(780)
Share-based payment expenses *(Note 9)*	**82,804**	119,338
Interest expenses *(Note 12)*	**151,223**	171,063
Interest income from bank deposits held for cash management purpose *(Note 13)*	**(33,889)**	(21,322)
Interest income from term deposits and loan to third and related parties *(Note 10)*	**(15,098)**	(6,694)
Foreign exchange (gain)/loss, net	**(14,074)**	28,921
Net impairment losses on financial assets *(Note 4.1(iii))*	**30,491**	170,803
Share of net loss of investments accounted for using equity method *(Note 23)*	**10,479**	4,344
Gains from buy-back of convertible bonds measured at amortised cost before maturity *(Note 11)*	**(111,180)**	(89,809)
Impairment loss of goodwill *(Note 11)*	**–**	194,843
Impairment provision for intangible assets *(Note 20)*	**20,985**	40,725
Gain on disposal of subsidiaries	**(7,536)**	(1,415)
Gain on remeasurement of ROU	**(6,981)**	(2,850)
Others	**(3,186)**	2,602
	(321,006)	(833,995)
Changes in working capital:		
Decrease/(Increase) in restricted cash	**44,567**	(44,032)
Decrease/(Increase) in trade and notes receivables	**5,498**	(3,630)
Decrease in contract liabilities	**(37,125)**	(55,332)
Decrease/(Increase) in financial assets at FVOCI	**74,460**	(135,203)
(Increase)/Decrease in prepayments, deposits and other assets	**(414,311)**	319,188
(Increase)/Decrease in contract acquisition cost	**(6,348)**	25,651
Increase in trade and other payables	**81,366**	52,145
Cash used in operations	**(572,899)**	(675,208)

39 NET CASH USED IN OPERATION (Continued)

(a) Cash used in operations (Continued)

In the consolidated statement of cash flow, proceeds from disposal of property, plant and equipment comprise:

	Year ended December 31	
	2023	2022
	RMB'000	RMB'000
Net book amount	**1,665**	1,713
Net loss on disposal of property, plant and equipment	**(281)**	(232)
Proceeds from disposal of property, plant and equipment	**1,384**	1,481

(b) Net debt reconciliation

	Year ended December 31	
	2023	2022
	RMB'000	RMB'000
Cash and cash equivalents	**1,666,760**	1,710,103
Restricted cash	**513,406**	781,308
Term deposits	**22,378**	417
Other financial liabilities at FVPL (current and non-current)	**(61,658)**	(37,595)
Bank borrowings (current and non-current)	**(1,738,243)**	(1,818,870)
Convertible bonds measured at FVPL	**–**	(136,702)
Convertible bonds at amortised cost	**(1,305,992)**	(1,653,217)
Put option liability	**(126,014)**	(118,950)
Lease liabilities (current and non-current)	**(59,834)**	(151,255)
Net debt	**(1,089,197)**	(1,424,761)

39 NET CASH USED IN OPERATION (Continued)

(b) Net debt reconciliation (Continued)

	Cash and cash equivalents	Term deposits	Restricted cash	Leases (principal elements)	Borrowings (current and non-current)	Convertible bonds at FVPL *(Note 26)*	Convertible bonds at amortization cost *(Note 27)*	Other financial liabilities at FVPL (current and non-current) *(Note 26)*	Put option liability	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Net debt as at January 1, 2023	1,710,103	417	781,308	(151,255)	(1,818,870)	(136,702)	(1,653,217)	(37,595)	(118,950)	(1,424,761)
Financing cash flows	(58,796)	21,271	(264,535)	55,943	83,250	128,798	360,923	–	–	326,854
New leases	–	–	–	(25,487)	–	–	–	–	–	(25,487)
Disposal of subsidiaries	(3,778)	–	–	1,499	–	–	–	(7,273)	–	(9,552)
Foreign exchange	19,231	515	(6,097)	–	–	2,157	(38,112)	–	–	(22,306)
Fair value changes	–	–	–	–	–	5,747	–	(16,790)	–	(11,043)
Gains from buy-back of convertible bonds measured at amortised cost	–	–	–	–	–	–	111,180	–	–	111,180
Other non-cash movement *(i)*	–	175	2,730	59,466	(2,623)	–	(86,766)	–	(7,064)	(34,082)
Net debt as at December 31, 2023	1,666,760	22,378	513,406	(59,834)	(1,738,243)	–	(1,305,992)	(61,658)	(126,014)	(1,089,197)
Net debt as at January 1, 2022	3,809,069	–	535	(270,540)	(745,000)	(138,523)	(1,561,499)	(399,506)	–	694,536
Financing cash flows	(1,837,911)	(81,148)	764,871	60,065	(1,073,870)	–	61,573	–	–	(2,106,420)
New leases	–	–	–	(8,877)	–	–	–	–	–	(8,877)
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	–	–	–	–	–	–	89,809	–	–	89,809
Other non-cash movement *(i)*	–	–	–	69,987	–	–	(94,689)	–	(3,617)	(28,319)
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)

(i) Other major non-cash movement mainly includes lease liability movement due to lease modification and early termination and finance costs related to lease liabilities, convertible bonds measure at amortised cost and put option liability.

39 NET CASH USED IN OPERATION (Continued)

(c) Other non-cash investing and financing activities

	Year ended December 31	
	2023	2022
	RMB'000	RMB'000
Settlement of investment in Acewill by equity interests in Weimob Canlin *(Note 44)*	**67,191**	–
Offsetting receivables and payables *(Note 4.4)*	**14,329**	–
Settlement of investment in Xiaoke by debt-equity swap *(Note 41(b))*	**–**	129,462

40 CAPITAL COMMITMENTS

Significant capital expenditure contracted for at as December 31, 2023 and 2022 but not recognised as liabilities is as follows:

	As at December 31	
	2023	2022
	RMB'000	RMB'000
Long-term investment	**61,000**	256,700
Buildings	**250,682**	357,144
	311,682	613,844

41 RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in holding power over the investee; exposure or rights to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

(a) The directors of the Company are of the view that the following parties/companies were related parties that had significant transaction or balances with the Group for the years ended December 31, 2023 and 2022:

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
Acewill *(i)*	Associate of the Group
Canlin Group *(i)*	Subsidiary of associate of the Group
Shanghai Beyond Science Technology Co., Ltd ("Beyond Science")	Non-controlling shareholders of Heading
Mr. Bai *(ii)*	Non-controlling shareholder of Wuxi Yazuo

(i) As discussed in Note 44, Acewill and Canlin Group became the Group's associates since May 31, 2023. The following disclosure of transactions with these two entities only covered period from May 31, 2023 to December 31, 2023.

(ii) As discussed in Note 44, the Group disposed Canlin Group and Wuxi Yazuo which were deconsolidated from the Group since May 31, 2023. The following disclosure of transactions with Mr. Bai only covered period from January 1, 2023 to May 31, 2023.

41 RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties

Operating activities:

	Year ended December 31	
	2023	2022
	RMB'000	RMB'000
Provide subscription solutions service to related parties		
Xiaoke	**8,201**	35,609
Demo	**2,998**	–
Beyond Science	**–**	2,279
	11,199	37,888
Purchase of short video services from a related party		
Clipworks	**2,008**	2,131
Purchase of advertising traffic on behalf of a related party		
Xiaoke	**408**	2,791
Technology service fee charged by related parties		
Canlin Group	**8**	–
Beyond Science	**33**	191
Clipworks	**–**	472
Xiaoke	**831**	1,082
	872	1,745
Sales commissions paid to related parties as channel partners for subscription solutions service		
Demo	**7,056**	7,108

The prices for the above service fees were determined in accordance with the terms mutually agreed by the contract parties.

41 RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties (Continued)

Non-operating Activities:

	Year ended December 31	
	2023	2022
	RMB'000	RMB'000
Loan to related parties		
Xiaoke	125,500	87,000
Acewill	4,000	–
Clipworks	–	2,000
	129,500	89,000
Interest income from related parties		
Xiaoke	5,719	–
Clipworks	56	–
Acewill	37	–
	5,812	–
Repayment from related parties		
Xiaoke	–	145,462
Clipworks	2,113	–
	2,113	145,462
Repayment to a related party		
Beyond Science	7,226	–
Payment to a related party due to subscription of new shares		
Xiaoke	–	229,462
Dividend paid to a related party		
Beyond Science	4,703	–

41 RELATED PARTY TRANSACTIONS (Continued)

(c) Year-end balances with related parties

	As at December 31 2023 RMB'000	2022 RMB'000
Trade receivables from related parties		
Xiaoke	–	39,524
Syoo	3,962	3,962
Beyond Science	–	3,248
	3,962	46,734
Less: Provision for impairment of trade receivable	(3,962)	–
	–	46,734
Other receivables from related parties		
Trade nature – related to advertising services where the Group acts as agent (net basis revenue)		
Xiaoke	14,804	15,408
Non-trade nature		
Xiaoke *(Note 4.4)*	188,489	–
Clipworks	–	2,057
Mr. Bai	–	5,619
Canlin Group	2,735	–
Acewill	1,514	–
Syoo	40	–
	192,778	7,676
Total other receivables from related parties	207,582	23,084
Less: provision for impairment of other receivable	(985)	–
Total other receivables from related parties	206,597	23,084
Long term receivables from a related party		
Non-trade nature		
Xiaoke	–	56,000
Prepayments to related parties for outsourcing services		
Clipworks	–	509
Syoo	–	40
	–	549
Prepayments to related parties for subscription of new shares		
Beyond Science	1,000	–

41 RELATED PARTY TRANSACTIONS (Continued)

(c) Year-end balances with related parties (Continued)

	As at December 31	
	2023	2022
	RMB'000	RMB'000
Other payable due to related parties		
Beyond Science	**3**	7,229
Canlin Group	**5**	–
Xiaoke	**–**	943
	8	8,172
Dividend payable		
Beyond Science	**–**	4,703

Trade receivables from related parties were unsecured, interest-free and repayable on demand.

As at December 31, 2023, loan receivables from Xiaoke was non-trade in nature, unsecured, and repayable in 2024, among which, RMB53,000,000 and RMB128,500,000 bears a fixed interest rate of 5% and 7% per annum, respectively. Loan receivables from Acewill of RMB1,500,000 and loan receivables from Canlin Group of RMB2,500,000 were non-trade in nature, unsecured, bearing a fixed interest rate of 5.5% per annum and repayable in July, 2024.

Payable to Beyond Science was attributed to technology service fee and was unsecured, interest free and repayable on demand.

Dividend payable to Beyond Science was attributed to the dividend distributed by Heading in May 2020 before the Group's acquisition of Heading, which has been paid in 2023.

Except for the impaired trade and other receivable due from Syoo and Xiaoke, the amounts due from and to other related parties are neither past due nor impaired. The carrying amounts of the amounts due from and to related parties approximate their fair values and are denominated in RMB.

41 RELATED PARTY TRANSACTIONS (Continued)

(d) Key management compensation

Key management includes executive directors and the senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	Year ended December 31	
	2023	2022
	RMB'000	RMB'000
Salaries and wages	**8,250**	8,459
Bonuses	**1,438**	1,555
Other social security costs, housing benefits and other employee benefits	**672**	556
Pension cost – defined contribution plan	**447**	486
Share-based compensation	**18,168**	25,155
	28,975	36,211

42 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

Remuneration of every director and the chief executive's is set out below:

	Directors' fees RMB'000	Salaries and wages RMB'000	Bonuses RMB'000	Other social security costs housing benefits and other employee benefits RMB'000	Pension cost-defined contribution plan RMB'000	Share-based Compensation RMB'000	Total RMB'000
For the year ended December 31, 2023							
Executive director:							
Mr. Sun	–	1,108	111	99	68	–	1,386
Mr. Huang *(i)*	–	268	83	48	22	–	421
Mr. Fang	–	618	90	99	68	–	875
Mr. You	–	668	89	74	47	–	878
Independent non-executive directors							
Sun Mingchun	270	–	–	–	–	–	270
Li Xufu	270	–	–	–	–	–	270
Tang Wei	270	–	–	–	–	–	270
Xu Xiao'ou *(ii)*	176	–	–	–	–	–	176
	986	2,662	373	320	205	–	4,546

(i) Mr. Huang resigned as an executive Director on May 8, 2023. The above disclosure of Mr. Huang's emoluments only covered period from January 1, 2023 to May 8, 2023.

(ii) Xu Xiao'ou has been appointed as an independent non-executive Director from May 8, 2023. The above disclosure of Xu Xiao'ou's emoluments only covered period from May 8, 2023 to December 31, 2023.

42 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' and chief executive's emoluments (Continued)

	Directors' fees RMB'000	Salaries and wages RMB'000	Bonuses RMB'000	Other social security costs housing benefits and other employee benefits RMB'000	Pension cost-defined contribution plan RMB'000	Share-based Compensation RMB'000	Total RMB'000
For the year ended December 31, 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

(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, 2023 and 2022.

(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, 2023 and 2022.

(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, 2023 and 2022.

(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, 2023 and 2022.

43 CONTINGENT LIABILITIES

Saved as contingent consideration payable for acquiring Heading disclosed in Note 4.3(i)(c), the Group did not have any material contingent liabilities as at December 31, 2023.

44 INVESTMENT IN ACEWILL AND DISPOSAL OF A WHOLLY-OWNED SUBSIDIARY

On May 8, 2023, Weimob Development entered into the investment agreement with Acewill and Acewill's existing shareholders, pursuant to which, Weimob Development agreed to subscribe for the new registered capital of RMB12,449,054 in Acewill, corresponding to its approximately 25.68% equity interests, at the consideration of RMB20 million in cash (the "Cash Consideration") and 100% equity interests in Weimob Canlin, a wholly-owned subsidiary of Weimob Development (the "Equity Consideration").

Immediately before the transaction, Weimob Canlin holds approximately 63.14% equity interest in Wuxi Yazuo and the remaining approximately 36.86% equity interest is held by non-controlling shareholders. Upon the completion of this transaction on May 31, 2023 (the "Transaction Date"), Canlin Group, the Group lost control of Canlin Group and Canlin Group was deconsolidated from the Group.

Pursuant to the investment agreement, Weimob Development will procure the transfer of the remaining approximately 36.86% equity interests in Wuxi Yazuo to Acewill (the "Procurement"). The consideration of the Procurement was negotiated between the Group and the non-controlling shareholder of Wuxi Yazuo, either by cash or up to 3% equity interest of Acewill. If the Group fails to accomplish the Procurement within 1 year after the Transaction Date, the Group shall transfer up to 3% of Acewill's equity interests back to Acewill at no consideration. The preferential rights attached to the 3% equity interest might to be transferred either to the non-controlling shareholders of Wuxi Yazuo or Acewill are subordinate to the equity interest held by the Group after the transfer.

Therefore, a financial liability at FVPL of RMB7,273,000 was recognised at the Transaction Date because of the potential contractual obligation to deliver cash or equity interests of Acewill. The Group determined the fair value of the financial liability at FVPL based on the fair value of the underlying investment in Acewill.

The 25.68% equity interests in Acewill acquired by the Group enjoys certain preferential rights including, but not limited to, redemption rights and liquidation preference etc. The Group accounts for its equity interests in Acewill as financial asset at FVPL. The fair value of 25.68% redeemable preferred shares of Acewill acquired by the Group immediately before the Transaction Date was RMB102 million, which approximated to the fair value of Weimob Canlin of RMB82 million plus cash of RMB20 million.

44 INVESTMENT IN ACEWILL AND DISPOSAL OF A WHOLLY-OWNED SUBSIDIARY (Continued)

The Group recorded a disposal gain of RMB7,536,000, being the difference between (i) the net proceeds of disposal of Weimob Canlin in the form of preferred shares issued by Acewill; and (ii) the carrying value of the net assets of Weimob Canlin that owned by the Group including goodwill allocated to Weimob Canlin immediately before the disposal.

Fair value of preferred shares issued by Acewill	102,000
Less: Cash Consideration paid to Acewill	(20,000)
Less: financial liability at FVPL	(7,273)
Net proceeds of disposal of Weimob Canlin *(a)*	74,727
Carrying amount of net assets of Canlin Group	(45,657)
Goodwill reallocated to Wuxi Yazuo *(Note 20)*	(5,751)
Add: Carrying amount of net liabilities of Wuxi Yazuo held by the non-controlling interests of Wuxi Yazuo	(15,783)
The carrying value of the net assets of Weimob Canlin that owned by the Group *(b)*	(67,191)
Gain on deconsolidation *(a) – (b)*	7,536

As at December 31, 2023, the directors of the Company assessed the fair value of investment and financial liability in Acewill to be approximately RMB271,118,000 and RMB24,063,000, respectively by using the equity allocation method. Accordingly, RMB169,118,000 gain from investment in Acewill and RMB16,790,000 loss from financial liability in Acewill were recognized in "Other gains/(losses), net".

45 SUBSEQUENT EVENTS

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

46 FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Financial position of the Company

	Note	As at December 31 2023 RMB'000	2022 RMB'000
ASSETS			
Non-current assets			
Investment in subsidiaries	*(i)*	7,651,732	6,052,559
Total non-current assets		7,651,732	6,052,559
Current assets			
Financial assets at fair value through profit or loss		52,285	258,451
Prepayments, deposits and other assets		3,106	30,228
Restricted cash		513,406	736,742
Cash and cash equivalents		700,431	1,037,756
Term deposits		22,378	417
Total current assets		1,291,606	2,063,594
Total assets		8,943,338	8,116,153
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	*35*	1,882	1,717
Shares held for RSU scheme	*35*	(161)	(644)
Share premium	*35*	8,784,371	7,475,254
Treasury shares		–	(39,110)
Other reserves		(21,986)	(101,528)
Accumulated losses		(1,213,277)	(1,295,176)
Total equity		7,550,829	6,040,513
Current liabilities			
Payables due to intercompany		1,380,794	2,005,674
Other payables and accruals		11,715	69,966
Total current liabilities		1,392,509	2,075,640
Total liabilities		1,392,509	2,075,640
Total equity and liabilities		8,943,338	8,116,153

46 FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(a) Financial position of the Company (Continued)

(i) Investment in subsidiaries

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.

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 recognized over the vesting period as an increase to investments in subsidiaries, with a corresponding credit to equity.

During the year ended December 31, 2023, the Company made RMB373,979,000 additional capital injection to Weimob Development through Weimob HK (2022: RMB741,000,000). As at December 31, 2023, the accumulated capital injection to Weimob Development is RMB4,497,696,000 (As at December 31, 2022: RMB4,123,717,000).

As disclosed in Note 37, 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 RMB80,035,000 during the year ended December 31, 2023 (2022: RMB112,220,000). As at December 31, 2023, the accumulated capital contribution related to RSUs Scheme amounted to RMB405,375,000 (As at December 31, 2022: RMB325,340,000).

During the year ended December 31, 2023, the Company also funded RMB1,145,159,000 to its PRC subsidiaries to support their daily operation (As at December 2022: nil). 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, 2023 was RMB2,748,661,000 (As at December 31, 2022: RMB1,603,502,000).

46 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, 2023	**(101,528)**	**(1,295,176)**
Comprehensive loss		
Profit for the year	**–**	**81,899**
Total comprehensive loss for the year	**–**	**81,899**
Transfer of vested RSUs *(Note 37)*	**(493)**	**–**
Share-based compensation expenses for employees *(Note 37)*	**80,035**	**–**
Total transactions with owners recognized directly in equity for the year	**79,542**	**–**
As at December 31, 2023	**(21,986)**	**(1,213,277)**

	Other reserves RMB'000	Accumulated losses RMB'000
As at January 1, 2022	(212,453)	(1,361,500)
Comprehensive loss		
Profit for the year	–	66,324
Total comprehensive loss for the year	–	66,324
Transfer of vested RSUs *(Note 37)*	(1,295)	–
Share-based compensation expenses for employees *(Note 37)*	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)

DEFINITIONS

"AGM"	the forthcoming annual general meeting of the Company
"Articles of Association"	the amended and restated articles of association of the Company
"Award(s)"	award(s) of RSUs granted to a participant pursuant to the 2020 RSU Scheme
"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 C1 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 as set out in Appendix C3 to the Listing Rules

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 2023 annual report of the Company
"Reporting Period"	the year ended December 31, 2023
"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