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WEIMOB INC.

微盟集團*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2013)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2024**

The board of directors (the “**Directors**”) (the “**Board**”) of Weimob Inc. (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended June 30, 2024 (the “**Reporting Period**”) together with the comparative figures for the six months ended June 30, 2023 as follows:

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

FINANCIAL PERFORMANCE HIGHLIGHTS

	Six months ended June 30,		Year-on-year
	2024	2023	change
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	
	<i>(RMB in millions, except percentages)</i>		
Revenue	867.4	1,209.6	(28.3%)
Gross profit	575.9	816.3	(29.4%)
Operating loss	(287.3)	(385.3)	(25.4%)
Loss before income tax	(547.1)	(438.4)	24.8%
Loss for the period	(569.8)	(469.6)	21.3%
Non-HKFRS Measures:			
Adjusted loss before interest, tax, depreciation and amortization	(52.8)	(65.9)	(19.8%)
Adjusted net loss	(46.4)	(249.5)	(81.4%)

RESULTS HIGHLIGHTS FOR THE FIRST HALF OF 2024

During the first half of 2024, amidst a challenging market environment, we persistently refined our business structure, bolstered our innovation capabilities, enhanced operational efficiency, and strengthened our financial fundamentals by focusing on cost reduction and efficiency enhancement in core businesses, and anchored the road of high-quality development.

During the first half of 2024, the Group's total revenue amounted to RMB867 million, representing a decrease of 28.3% as compared with the same period of last year, which was primarily due to our strategic focus on our core business and cost reduction and efficiency enhancement. Additionally, we proactively downsized non-core and lower-profit operations to streamline the business and reduce overall costs and expenses. In respect of Subscription Solutions, we disposed our Smart Catering business in May of the previous year and ceased consolidating its revenue. In addition, we have reduced our investment in the WeiMall business and other small and micro business. We have also scaled back the number of cities involved in direct sales and decreased the proportion of low-profit customer groups. In respect of Merchant Solutions, we reduced low-profit businesses such as TSO service and finance, and focused more on advertisers' placement serving business. At the same time, the rebate ratio we received from advertising platforms has decreased and there was a certain time difference in the process of transmitting it to downstream advertisers.

Our gross profit decreased by 29.4% from approximately RMB816 million in the first half of last year to approximately RMB576 million, and the overall gross margin was stable. The reduction in revenue during the first half of 2024 counterbalanced the cost savings achieved through business streamlining and organization optimization. The adjusted loss before interest, tax, depreciation and amortization was approximately RMB53 million, representing a significant decrease of 19.8% as compared with the same period of last year. The adjusted net loss was approximately RMB46 million, representing a sharp decrease of 81.4% as compared with the same period of last year, which was primarily driven by robust demand for advertising within Merchant Solutions, which bolstered the recovery of gross profit and profitability. Additionally, ongoing cost reduction and efficiency enhancement measures effectively controlled costs and expenses.

During the first half of 2024, our operational cash flows turned positive, significantly improving to an inflow of RMB30 million from an outflow of approximately RMB660 million in the corresponding period of last year, and we have achieved the second consecutive half-year of positive cash flows, which was mainly due to the further optimization of cash flows from Merchant Solutions and the significant narrowing of losses from Subscription Solutions. As of June 30, 2024, the Group has repurchased all of the convertible bonds issued in 2021, with an aggregate principal amount of US\$300 million, effectively reducing its own asset-liability ratio and current liabilities, and significantly improving the Group's capital structure. As of June 30, 2024, the cash and bank deposit balances of the Group were approximately RMB1,772 million, reflecting a healthy cash and financial position.

During the first half of 2024, our revenue from Subscription Solutions was approximately RMB487 million, representing a year-on-year decrease of 31.0%. The number of paying merchants also decreased by 31.3% year-on-year to 68,725. The above reduction was primarily due to the disposal of our Smart Catering business and a strategic reduction in investment in small and micro merchants. Additionally, the merchant turnover rate was impacted by the deferred effects from the previous year. We focused more on key accounts businesses such as Smart Retail, resulting in a 0.5% year-on-year increase in the Average Revenue Per User (ARPU) to RMB7,083. Our revenue from Smart Retail was RMB304 million, representing a year-on-year decrease of 2.6% and an organic year-on-year increase of 3.1%. The proportion of revenue from Smart Retail to revenue from Subscription Solutions increased to 62.4%.

During the first half of 2024, our gross revenue from Merchant Solutions for assisting merchants in advertising amounted to approximately RMB8,342 million, representing a year-on-year increase of 19.4%. We have expanded our reach into a broader spectrum of channels, industries, and customer segments. We have secured a market-leading position in Tencent Advertising and Video Accounts Advertising, while also achieving substantial growth in advertising platforms such as Kuaishou and Little Red Book. During the same period, we recorded business revenue of approximately RMB381 million, representing a year-on-year decrease of 24.5%; the gross profit margin increased from 69.4% to 74.5%; the number of paying merchants decreased by 4.4% to 38,706; and the average spend per advertiser increased by 24.9% to RMB215,516, mainly due to that we reduced our revenue from non-primary businesses such as TSO service and finance with low profit and cut the corresponding costs.

During the Reporting Period, we persistently pursued the integration of AI technology with our core business. Weimob WAI has deeply applied over 10 large models and has been launched on the Definesys PaaS platform. The combination of “AI + PaaS” has significantly bolstered Weimob WAI’s market presence. During the Reporting Period, Weimob WAI has encompassed front-office functions including setup, marketing, operations, and customer service for merchants within the SaaS business sector, which satisfied diverse needs of merchants in various scenarios, such as online store launches, content marketing, and private domain operations. In the field of marketing business, Weimob WAI’s intelligent creation capabilities have covered all-domain marketing scenarios with mature model capabilities in home decoration, finance, education, tourism and other industries. During the Reporting Period, we launched WAI Pro, an enterprise-level AI large model application product. This product offers three types of AI application technologies, i.e., “marketing insight, content creation and business consultation”, to those enterprise-level customers who need marketing creation.

The Group maintained close cooperation with Tencent ecosystem. The case of “Weimob WOS New Business Operating System to Build Cloud Business Service Ecology” jointly declared with Tencent Cloud was successfully selected among the first batch of “Deep Cloud Pioneer Cases” by China Academy of Information and Communications Technology. It won the award of “Benchmarking Service Provider of the Year” for all-domain digital operation of Tencent Smart Retail in 2023, and also won the “2023 Excellent ISV Partner of WeCom” officially selected by WeCom. In the field of enterprise services, Weimob was honored to be listed in the “2023-2024 Forbes Beauty Top 100 Brands” published by Forbes China, and was awarded the title of “2023 China ToB Industry Influential Value Ranking – Strength and Pioneer Enterprise”. In the field of marketing, Weimob Marketing was awarded the certification mark of “SGGXHIS Class 1 Digital Advertising Enterprise” by Shanghai Advertising Association, and won three awards, namely “2024 Leader Partner”, “2024 Outstanding Partner in Terms of Regional Channel” and “2024 Dark Horse Partner in Terms of Vertical Channel” from Kuaishou Magnetic Engine.

BUSINESS REVIEW

In the challenging market environment, we are committed to maximizing cost-effectiveness through technological innovation and efficient operations, and laying a solid foundation for sustainable business development through innovative revenue model exploration, forward-looking layout and intelligent solutions. Our key performances of the principal businesses and products during the Reporting Period are set out as below:

I. Subscription Solutions

Our revenue from Subscription Solutions was RMB487 million, representing a year-on-year decrease of 31.0%; the gross profit reached RMB292 million, the gross margin reached 60.1%, and the gross profit decreased by 37.3% year-on-year; the number of paying merchants was 68,725, and the ARPU was RMB7,083.

In terms of Smart Retail, as of June 30, 2024, our revenue was RMB304 million, representing a year-on-year decrease of 2.6% and an organic year-on-year increase of 3.1%, accounting for 62.4% of the revenue from Subscription Solutions, and the number of merchants reached 8,011, among which there were 1,307 brand merchants, and the average order revenue per user of brand merchants was RMB191 thousand.

During the Reporting Period, we further increased our influence in the key accounts merchants market, accounting for 47% of the Top 100 Fashion Retailers in China, 43% of the Top 100 Commercial Real Estate Companies and 40% of the Top 100 Convenience Store Chains, and the number of key accounts merchants applying our “Membership + WeCom” services increased by 11% year-on-year, while the number of customers who cooperated with us for more than 3 products per year increased by 51% year-on-year. We focused on the value of key accounts merchants and also helped partner brands achieve high-quality growth. The number of customers with over 5 million members served by Weimob increased by 50% year-on-year, while the number of customers with 3 million to 5 million members served by Weimob increased by 14% year-on-year.

Meanwhile, we are deeply committed to the industries in which we have advantages, and have co-created and developed effective “industry solutions” with leading partners in the industry, and accelerated the penetration of industry market share and Top 100 merchants through our industry-based distribution system. During the Reporting Period, we continuously penetrated and maintained a leading position in the apparel, fast-moving consumer goods and building materials industries. The percentage of the number of merchants which we worked with in the Top 100 Merchants was 43%, 21% and 19%, respectively, and the year-on-year growth was 19%, 163% and 111%, respectively.

Besides, we focused on scenarios such as wholesale, local life and online store traffic attraction. Based on Weimob WOS, we integrated Weimob’s own products with the capabilities of ecological partners to form scenario solutions that were more suitable for various types of customers. Through these solutions, we further met the needs of customers and further broadened the customer types. During the Reporting Period, we launched two scenario solutions, namely Wholesale Town and Local Life, to achieve in-depth landing on vertical scenarios.

In terms of Smart Hotel and Tourism, the tourism market showed a strong growth momentum in the first half of 2024, driving the recovery of related industries such as transportation, catering and accommodation. During the Reporting Period, the GMV of Honeybird WeChat Mall business was RMB670 million. At the same time, the newly expanded TikTok market has maintained rapid growth, and in the first half of 2024, the GMV reached RMB140 million, representing a year-on-year increase of 101%.

II. Merchant Solutions

The revenue from Merchant Solutions was approximately RMB381 million, representing a year-on-year decrease of 24.5%; the gross profit was RMB284 million, and the gross profit margin increased from 69.4% to 74.5%. In the first half of 2024, the gross revenue from advertisements placed by merchants as facilitated by Weimob Marketing amounted to approximately RMB8,342 million, representing a year-on-year increase of 19.4%. The number of paying merchants for Merchant Solutions decreased by 4.4% to 38,706, and the average spend per advertiser was RMB215,516, representing an increase of 24.9%. As the commercialization of video accounts accelerated, Weimob has expanded its leading edge in the advertising business, driving rapid growth in gross revenue and gross profit margin.

Weimob Marketing is committed to the horizontal integration and vertical deepening of digital marketing business, helping brands achieve all-domain operation and value enhancement, and exploring broader business opportunities. We continued to deeply cultivate the Tencent Advertising, including video accounts, and maintained our leading advantage in the Tencent Advertising. During the Reporting Period, Weimob's Tencent Advertising market consumption increased by 19% year-on-year.

In the footwear and clothing fashion industry, we have partnered with Tencent Advertising to launch the "Clothing Industry GGP Growth Plan", which aims to support the all-domain business growth of clothing brands through all-domain integrated marketing, live streaming operations of video accounts and integrated online and offline operations. In the automotive industry, we have partnered with Tencent Advertising to create the "In-store Marketing Plan for the Automotive Industry" to enhance brand in-store transactions and promote the upgrading of automotive industry marketing. After piloting the "In-store Marketing Plan for the Automotive Industry" for six months, SAIC Audi has seen a more than threefold increase in test drive rates and a more than 50% reduction in test drive costs.

In terms of video accounts influencers, Weimob Marketing has provided services for over 70% annual video accounts influencers. Behind the live streaming of video accounts influencers with a single GMV of more than RMB20 million, Weimob Marketing participated in about 60% of them. In the live streaming of video accounts influencers with whom Weimob Marketing has cooperated, the average GMV per session exceeded RMB1 million. In June 2024, Weimob Marketing also launched a comprehensive capability support project for video account influencers called "Ten Million Influencer Growth Plan", further consolidating Weimob Marketing's advantages in the fields of video accounts live streaming e-commerce and influencer sales.

In addition to deeply cultivating the Tencent ecosystem, we continued to develop diversified channels such as Kuaishou and Little Red Book to help merchants achieve all-domain operation and product efficiency growth, and continued to expand Weimob's revenue sources. Currently, Weimob has obtained the authorization of Kuaishou Magnetic Engine Effect Agent, Kuaishou Magnetic Taurus Service Provider, Kuaishou Investment Franchise Agent, and Kuaishou Health Industry License; and it has also won the authorization of Kuaishou Magnetic Engine Regional Agent in 8 regions including Shanghai, Zhejiang, Shandong, Guangdong, Shaanxi, Sichuan, Beijing and Chongqing, and has fully opened up multi-channel business lines with Kuaishou. In the first half of 2024, the annual consumption of Weimob Marketing's service merchants in Kuaishou increased by 78% year-on-year.

In the Little Red Book ecosystem, Weimob Marketing persistently focused on key sectors like apparel, beauty, and fast-moving consumer goods, establishing benchmark cases and influencing mid-tier brands. During the Reporting Period, Weimob Marketing has helped brand customers from the apparel, beauty, fast-moving consumer goods and other industries to complete efficient exploration in Little Red Book, with the annual consumption increasing by 152% year-on-year.

BUSINESS OUTLOOK

- 1. Focusing on scenarios to promote the commercialization of AI applications and leveraging enterprise level of AI services:** Providing values to enterprises in vertical scenarios is the core of AI commercialization. As an enterprise-level AI service provider, Weimob will closely follow the industry opportunities of enterprise-level of AI applications, connect the supply and demand ends of large model technologies, and open up the last mile from technological innovation to industrial implementation. In addition, Weimob will also continue to enrich the AI product matrix of ToB and ToC, empower customers in different industries through multi-dimensional capability advantages and in-depth industry experience, and activate the business vitality of small and micro industries, thereby exploring more market opportunities.
- 2. Actively exploring overseas markets and helping enterprises' globalization strategy:** In terms of overseas marketing, Weimob will launch independent overseas marketing products such as WeimobGRO based on its accumulation in the e-commerce industry to form a marketing and promoting product application matrix, aiming to tap into overseas market growth through independent stations. In terms of AI going global, we plan to localize and adapt our large model AI application products overseas, replicate Weimob's product technology capabilities and mature industry experience to overseas markets, and strengthen intelligent operations for merchants with the driving force of technology.
- 3. Increasing revenue model, reducing costs, enhancing efficiency and optimizing financial performance:** By driving innovation and promoting business model development, we can continue to stay ahead in an intensely competitive market. In the second half of 2024, we will further focus on our core business, cut the corresponding costs and sales expenses, improve business operations and personnel efficiency, and continuously enhance the stability and reliability of revenue quality. We will provide an entry-level product for small and medium-sized e-commerce enterprises, with features that can be flexibly combined as needed and sold online. We will continue to iterate the product functions, enrich the product matrix to attract more subscriptions. We will also actively promote the conversion of cloud service fee customers, provide better services and operations, and tap into the value-added potential of our customers.
- 4. Adhering to the strategy of key accounts merchants vertically, and accelerating penetration into various industries:** We will deepen cooperation with leading merchants in various industries, especially accelerating penetration into the apparel and fast-moving consumer goods industries. We will also further expand our industry solutions to cover more vertical fields and achieve mutual benefits with enterprise digitalization. We will look into the vertical scenario needs of customers in various industries, giving priority to optimizing customer operation capabilities in scenario solutions, while perfecting customer portrait information and automating the marketing process. As Weimob Cloud continues to open up its front-end and back-end expansion capabilities, developers are expected to participate in scenario development together. In this regard, we can not only quickly meet customer needs, but also promote the positive cycle of development ecosystem.
- 5. Deeply cultivating the Tencent ecosystem and exploring the opportunities of the video accounts platform in a multi-dimensional way:** We will focus on diversified business scenarios such as advertising, e-commerce and live streaming, and strengthen our capability deployment. We are committed to deeply cultivating the Tencent Advertising ecosystem and grasping the emerging opportunities of video accounts. Leveraging the unique advantages of emerging social media platforms such as video accounts, we will create all-round marketing solutions for brands by integrating multi-channel resources and innovative technologies, aiming to realize efficient interactions and in-depth connections between brands and consumers.

MANAGEMENT DISCUSSION AND ANALYSIS

Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue	867,434	1,209,570
Cost of sales	<u>(291,529)</u>	<u>(393,313)</u>
Gross profit	575,905	816,257
Selling and distribution expenses	(565,260)	(844,056)
General and administrative expenses	(287,008)	(380,009)
Net impairment losses on financial assets	(4,810)	(39,272)
Other income	21,040	50,504
Other (losses)/gains, net	<u>(27,190)</u>	<u>11,279</u>
Operating loss	(287,323)	(385,297)
Finance costs	(212,986)	(79,971)
Finance income	8,097	20,857
Share of net (losses)/profits of associates accounted for using the equity method	(450)	1,198
Change in fair value of convertible bonds	<u>(54,483)</u>	<u>4,778</u>
Loss before income tax	(547,145)	(438,435)
Income tax expenses	<u>(22,697)</u>	<u>(31,196)</u>
Loss for the period	<u>(569,842)</u>	<u>(469,631)</u>
Loss attributable to:		
– Equity holders of the Company	(550,784)	(452,235)
– Non-controlling interests	<u>(19,058)</u>	<u>(17,396)</u>
	<u>(569,842)</u>	<u>(469,631)</u>

Key Operating Data

The following table sets forth our key operating data for the six months ended/as of June 30, 2024 and 2023.

	Six months ended/as of June 30,	
	2024	2023
<i>Subscription Solutions</i>		
Addition in number of paying merchants	8,515	13,337
Number of paying merchants	68,725	100,092
Attrition rate ⁽¹⁾	9.2%	12.9%
ARPU ⁽²⁾ (RMB)	7,083	7,047
<i>Merchant Solutions</i>		
Number of paying merchants	38,706	40,494
Revenue (RMB in millions)	380.6	504.2
ARPU (RMB)	9,835	12,452
Gross billing (RMB in millions)	8,341.8	6,987.8

Notes:

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

Key Financial Ratios

	Six months ended June 30,	
	2024	2023
	Per financial statements	Per financial statements
	%	%
Total revenue growth	(28.3)	34.5
Gross margin ⁽¹⁾	66.4	67.5
Adjusted EBITDA margin ⁽²⁾	(6.1)	(5.4)
Net margin ⁽³⁾	(65.7)	(38.8)
Adjusted net margin ⁽⁴⁾	(5.3)	(20.6)

Notes:

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

Revenue

Our total revenue decreased by 28.3% from RMB1,209.6 million in the six months ended June 30, 2023 to RMB867.4 million in the six months ended June 30, 2024, primarily due to the decrease in our revenue generated from both our Subscription Solutions and Merchant Solutions. The following table sets forth a breakdown of our revenue by business segments for the periods indicated.

	Six months ended June 30,			
	2024		2023	
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	<i>(RMB in millions, except percentages)</i>			
		%		%
Revenue				
– Subscription Solutions	486.8	56.1	705.4	58.3
– Merchant Solutions	380.6	43.9	504.2	41.7
	<hr/>	<hr/>	<hr/>	<hr/>
Total	867.4	100.0	1,209.6	100.0
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Subscription Solutions

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

Revenue from Subscription Solutions decreased by 31.0% from RMB705.4 million in the six months ended June 30, 2023 to RMB486.8 million in the six months ended June 30, 2024. In the first half of 2024, the Company streamlined our Subscription Solutions business and focused more on core business lines such as WeiMall and Smart Retail by cutting non-core business lines like Smart Catering (智慧餐飲) and downsizing Subscription Solutions services to low-ARPU and low-margin customers.

Due to the direct impact of the above-mentioned business restructuring, revenue from Subscription Solutions decreased by RMB218.6 million, and expenses also decreased (see “Selling and Distribution Expenses” and “General and Administrative Expenses” below).

Merchant Solutions

		Six months ended June 30,		
		2024	2023	Year-on-year
		(Unaudited)	(Unaudited)	change
		<i>(RMB in millions, except percentages)</i>		

Merchant Solutions

Gross billing	8,341.8	6,987.8	19.4%
Revenue	380.6	504.2	(24.5%)

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 our Merchant Solutions increased from RMB6,987.8 million in the six months ended June 30, 2023 to RMB8,341.8 million in the six months ended June 30, 2024, primarily due to the increase in the average spend per advertiser.

Revenue from Merchant Solutions represents net rebate earned from advertising platforms by providing services to enable merchants to acquire online customer traffic, commission from targeted marketing operation service as well as fees and commission from TSO service. It decreased by 24.5% from RMB504.2 million in the six months ended June 30, 2023 to RMB380.6 million in the six months ended June 30, 2024, primarily as a result of the decrease in net rebate earned from advertising platforms, as well as the decrease in our revenue from TSO service and credit technology services due to business restructuring in which we downsized two business lines.

Cost of Sales

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

	Six months ended June 30,			
	2024		2023	
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	<i>(RMB in millions, except percentages)</i>			
Cost of sales				
Advertising traffic cost	42.8	14.7%	63.1	16.0%
Staff costs	27.1	9.3%	47.4	12.1%
Broadband and hardware costs	13.6	4.7%	23.3	5.9%
Operation services costs	100.0	34.3%	135.4	34.4%
Amortization of intangible assets	99.5	34.1%	117.6	29.9%
Taxes and surcharges	7.5	2.6%	5.3	1.3%
Depreciation and amortization	1.0	0.3%	1.2	0.4%
Total	291.5	100.0%	393.3	100.0%

Our cost of sales decreased by 25.9% from RMB393.3 million in the six months ended June 30, 2023 to RMB291.5 million in the six months ended June 30, 2024, primarily due to (i) the decrease in staff costs by RMB20.3 million, amortization of intangible assets by RMB18.1 million, and operation service costs by RMB35.4 million, all due to organization optimization and control on staff headcount; and (ii) the decrease in TSO service related advertising traffic costs by RMB20.3 million.

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

	Six months ended June 30,			
	2024		2023	
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	<i>(RMB in millions, except percentages)</i>			
Cost of sales				
– Subscription Solutions	194.4	66.7%	239.0	60.8%
– Merchant Solutions	97.1	33.3%	154.3	39.2%
Total	291.5	100.0%	393.3	100.0%

Subscription Solutions

Cost of sales of our Subscription Solutions decreased by 18.7% from RMB239.0 million in the six months ended June 30, 2023 to RMB194.4 million in the six months ended June 30, 2024, primarily due to (i) the decrease in amortization of intangible assets from RMB117.6 million in the six months ended June 30, 2023 to RMB99.5 million in the six months ended June 30, 2024; (ii) the decrease in staff costs from RMB45.4 million in the six months ended June 30, 2023 to RMB27.1 million in the six months ended June 30, 2024 as a result of the continuing organization optimization since 2023; and (iii) the decrease in broadband and hardware costs from RMB23.3 million in the six months ended June 30, 2023 to RMB13.6 million in the six months ended June 30, 2024.

Merchant Solutions

Cost of sales of our Merchant Solutions decreased by 37.1% from RMB154.3 million in the six months ended June 30, 2023 to RMB97.1 million in the six months ended June 30, 2024, primarily due to the decrease in advertising traffic costs and contract operation services costs, which was in line with the decline in revenue from TSO service 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 periods indicated.

	Six months ended June 30,					
	2024		2023			
	<i>Gross profit</i>	<i>%</i>	<i>Gross margin</i>	<i>Gross profit</i>	<i>%</i>	<i>Gross margin</i>
	<i>(Unaudited)</i>		<i>(Unaudited)</i>			
	<i>(RMB in millions, except percentages)</i>					
– Subscription Solutions	292.4	50.8	60.1%	466.4	57.1	66.1%
– Merchant Solutions	283.5	49.2	74.5%	349.9	42.9	69.4%
Total	575.9	100.0	66.4%	816.3	100.0	67.5%

Our overall gross profit decreased by 29.4% from RMB816.3 million in the six months ended June 30, 2023 to RMB575.9 million in the six months ended June 30, 2024.

Our overall gross margin decreased from 67.5% in the six months ended June 30, 2023 to 66.4% in the six months ended June 30, 2024.

The gross margin of our Subscription Solutions decreased from 66.1% in the six months ended June 30, 2023 to 60.1% in the six months ended June 30, 2024, primarily due to the decline in revenue from Subscription Solutions as a result of business restructuring, while the cost was more related to the research and development investment and therefore less impacted.

The gross margin of our Merchant Solutions increased from 69.4% in the six months ended June 30, 2023 to 74.5% in the six months ended June 30, 2024, primarily due to the change in revenue mix where the high margin target marketing net rebate revenue represented 82.6% of the revenue from Merchant Solutions as compared with 74.7% in the comparative period.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by 33.0% from RMB844.1 million in the six months ended June 30, 2023 to RMB565.3 million in the six months ended June 30, 2024, primarily due to the following items: (i) the decrease in contract acquisition cost from RMB268.0 million in the six months ended June 30, 2023 to RMB83.9 million in the six months ended June 30, 2024, which was in line with the decrease in revenue due to business restructuring; (ii) the decrease in staff costs from RMB440.4 million in the six months ended June 30, 2023 to RMB382.6 million in the six months ended June 30, 2024 as a result of the organization optimization since 2023; and (iii) the decrease in online and offline marketing expenses from RMB73.7 million in the six months ended June 30, 2023 to RMB40.7 million in the six months ended June 30, 2024.

General and Administrative Expenses

Our general and administrative expenses decreased by 24.5% from RMB380.0 million in the six months ended June 30, 2023 to RMB287.0 million in the six months ended June 30, 2024, primarily due to (i) the decrease in research and development and administrative staff costs from RMB279.7 million in the six months ended June 30, 2023 to RMB221.7 million in the six months ended June 30, 2024; and (ii) cost saving related to rental, property, depreciation and amortization expenses from RMB73.5 million to RMB39.3 million in the comparative periods.

Research and Development Expenditure

	Six months ended/as of June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
	(RMB in millions)	
Research and development expenditure		
Research and development expenditure capitalized in development cost & intangible assets	55.4	119.5
Research and development expenditure in general & administrative expenses	178.4	199.7
Total research and development expenditure	233.8	319.2

Our research and development expenditure decreased by 26.8% from RMB319.2 million in the six months ended June 30, 2023 to RMB233.8 million in the six months ended June 30, 2024, primarily due to the decrease in staff headcount from 1,471 as of June 30, 2023 to 817 as of June 30, 2024 as a result of organization optimization.

Net Impairment Losses on Financial Assets

We had net impairment losses on financial assets of RMB4.8 million in the six months ended June 30, 2024, primarily due to the general and specific provision for credit losses from our receivables of RMB24.8 million netting off the recovery of specific provision of RMB20.0 million from our targeted marketing customers.

Other Income

Our other income decreased from RMB50.5 million in the six months ended June 30, 2023 to RMB21.0 million in the six months ended June 30, 2024, primarily due to the decrease in super deduction of input VAT as a result of the termination of the related tax policy.

Other Losses, net

We had other net losses of RMB27.2 million in the six months ended June 30, 2024, primarily due to the foreign exchange losses of RMB19.4 million mainly from the currency exchange for the repurchase of convertible bonds and the fair value loss on our investments.

Operating Loss

As a result of the foregoing, our operating loss decreased from RMB385.3 million in the six months ended June 30, 2023 to RMB287.3 million in the six months ended June 30, 2024.

Finance Costs

Our finance costs increased from RMB80.0 million in the six months ended June 30, 2023 to RMB213.0 million in the six months ended June 30, 2024, primarily due to the adjustment of amortization cost arising from early redemption of the convertible bonds issued by the Company in June 2021 (the “**2021 Convertible Bonds**”) of RMB137.8 million.

Finance Income

Our finance income decreased from RMB20.9 million in the six months ended June 30, 2023 to RMB8.1 million in the six months ended June 30, 2024, primarily due to the decrease in interest income from 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 RMB0.5 million as of June 30, 2024, which represented our share of losses from equity investment funds.

Change in Fair Value of Convertible Bonds

We recorded a loss of RMB54.5 million in change in fair value of convertible bonds as of June 30, 2024 due to the unfavorable changes in fair value of the convertible bonds issued in 2024.

Income Tax Expense

We recorded income tax expense of RMB22.7 million in the six months ended June 30, 2024, primarily due to the decrease in taxable income of our subsidiaries in the PRC, which led to the decrease in current income tax expense.

Loss for the Period

As a result of the foregoing, we recorded a loss of RMB569.8 million in the six months ended June 30, 2024 while we recorded a loss of RMB469.6 million in the six months ended June 30, 2023.

Non-HKFRS Measures: Adjusted EBITDA and Adjusted Net Loss

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

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

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

For the six months ended June 30, 2024 (unaudited)								
Adjustments								
<i>(RMB in millions, unless specified)</i>								
			Fair value changes and one-off expenses related to					
	Share-based	2021	2024	Amortization	One-off		Tax	Non-
As reported	compensation	convertible	convertible	of intangible	severance	Others	effects	GAAP
		bonds	bonds	assets ⁽¹⁾	compensation			
		related costs						
Gross profit	575.9			0.9				576.8
Gross margin	66.4%							66.5%
Subscription Solutions	60.1%							60.3%
Merchant Solutions	74.5%							74.5%
Operating profit/(loss)	(287.3)	14.2	6.7	20.6	55.4			(190.4)
Operating margin	(33.1%)							(21.9%)
EBITDA	(201.1)	14.2	6.7	71.9	55.4			(52.8)
EBITDA margin	(23.2%)							(6.1%)
Net loss	(569.8)	14.2	335.6	71.9	20.6	55.4	2.9	22.7
Net margin	(65.7%)							(5.3%)
Net loss attributable to equity holders of the Company	(550.8)	14.2	335.6	71.9	12.5	55.4	2.9	23.8
Net margin attributable to equity holders of the Company	(63.5%)							(4.0%)

For the six months ended June 30, 2023 (unaudited)

Adjustments
(RMB in millions, unless specified)

	As reported	Share-based compensation	2021 convertible bonds related costs	Fair value changes related to the convertible bonds issued in 2020	Amortization and impairment of intangible assets	One-off severance compensation	Others	Tax effects	Non- GAAP
Gross profit	816.3				2.3				818.6
Gross margin	67.5%								67.7%
Subscription Solutions	66.1%								66.4%
Merchant Solutions	69.4%								69.4%
Operating profit/(loss)	(385.3)	56.2	57.4		22.0	4.7			(245.0)
Operating margin	(31.9%)								(20.3%)
EBITDA	(179.4)	56.2	57.4	(4.8)		4.7			(65.9)
EBITDA margin	(14.8%)								(5.4%)
Net loss	(469.6)	56.2	106.6	(4.8)	22.0	4.7	4.2	31.2	(249.5)
Net margin	(38.8%)								(20.6%)
Net loss attributable to equity holders of the Company	(452.2)	56.2	106.6	(4.8)	13.5	4.7	4.2	32.5	(239.3)
Net margin attributable to equity holders of the Company	(37.4%)								(19.8%)

Note:

- (1) Refers to amortization resulting from acquisition. This includes amortization of intangible assets from cost of sales of RMB0.9 million, from selling and distribution expenses of RMB11.6 million, and from general and administrative expenses of RMB8.1 million.

Liquidity and Financial Resources

We fund our cash requirements principally from proceeds from our business operations, bank borrowings, other debt financing and shareholder equity contribution. As of June 30, 2024, we had cash and bank balances of RMB1,771.7 million. The details are as below:

RMB in millions

Current assets

Financial assets at fair value through profit or loss

Bank wealth management products	18.7
Restricted cash*	518.3
Cash and cash equivalents	1,213.7
Subtotal	1,750.7

Non-current assets

Term deposits	21.0
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Total cash and bank balances

1,771.7

* 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 June 30, 2024 and June 30, 2023, respectively.

	Six months ended June 30,	
	2024	2023
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>(RMB' 000, except percentages)</i>	
Net debt	947,855	668,255
Total equity	2,510,642	3,070,270
Total capital	3,458,497	3,738,525
Net debt to equity ratio	37.8%	21.8%

As of June 30, 2024, we had bank loans of approximately RMB1,805.6 million. The table below sets forth our main short-term and long-term bank loans and letter of credit:

Bank	Loan balance (RMB in millions)	Loan period	2023 Interest rate (per annum unless otherwise stated)
Short-term bank loans			
Bank of Shanghai (Puxi Branch)	400	1 year	2.70%
Bank of China (Shanghai Gaojing Branch)	50	1 year	3.00%
China Construction Bank (Shanghai Baogang Baoshan Branch)	50	1 year	3.45%
Bank of Shanghai (Puxi Branch)	100	1 year	4.00%
HSBC Bank (China) Co., Ltd (Shanghai Branch)	30	6 mths	3.90%
China CITIC Bank (Shanghai Branch)	100	1 year	3.70%
China Zheshang Bank (Shanghai Branch)	70	6 mths	3.90%
Bank of Communications (Shanghai Baoshan Branch)	100	6 mths	3.20%
China CITIC Bank (Shanghai Branch)	100	9 mths	3.60%
Bank of Jiangsu (Shanghai Lingang Branch)	50	7 mths	3.86%
Long-term bank loans – current portion			
Bank of Shanghai (Puxi Branch)	135	1.5 years	4.20%
SPD Silicon Valley Bank Co., Ltd.	100	2 years	4.15%
SPD Silicon Valley Bank Co., Ltd.	80	13 mths	3.85%
China Zheshang Bank (Shanghai Branch)	29.95	1.5 years	5.20%
Bank of Shanghai (Puxi Branch) Shanghai Pudong Development Bank (Changning Branch)	8.85	14.98 years	4.00%
Long-term bank loans			
Bank of Shanghai (Puxi Branch) Shanghai Pudong Development Bank (Changning Branch)	15.47	14.98 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%
Bank of Shanghai (Puxi Branch) Shanghai Pudong Development Bank (Changning Branch)	28.78	14.59 years	4.00%
Bank of Shanghai (Puxi Branch) Shanghai Pudong Development Bank (Changning Branch)	18.32	14.30 years	3.75%
Bank of Shanghai (Puxi Branch) Shanghai Pudong Development Bank (Changning Branch)	7.88	14.21 years	3.75%
Letter of credit			
Shanghai Pudong Development Bank (Changning Branch)	50	1 year	3.10%
China Everbright Bank (Shanghai Branch)	100	6 mths	2.50%
China Zheshang Bank (Shanghai Branch)	150	6 mths	3.05%

Capital Expenditures

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

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

	Six months ended June 30,	
	2024	2023
	<i>(RMB in millions)</i>	
Fixed assets	45.2	66.3
Intangible assets	55.4	120.4
Total	<u>100.6</u>	<u>186.7</u>

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

There were no significant investments held, nor were there material acquisitions or disposals of subsidiaries, associates or joint ventures by the Group during the six months ended June 30, 2024. Apart from those disclosed in this announcement, there were no material investments or additions of capital assets authorized by the Board as at the date of this announcement.

Pledge of Assets

As of June 30, 2024, we have pledged land use rights and property, plant and equipment with the net carrying amount of RMB318,200,000 and RMB268,625,000 to secure the Group's long-term borrowings of RMB110,600,000. 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 the six months ended June 30, 2024, we did not adopt any long-term contracts, currency borrowings or other means to hedge our foreign currency exposure.

Contingent Liabilities

As of June 30, 2024, we did not have any material contingent liabilities.

Employees

As of June 30, 2024, we had 3,952 full-time employees, the majority of whom are based in Shanghai, China. Within the total headcount, 1,225 are sales and marketing staff and 817 are research and development staff.

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

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

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

For the Six Months Ended June 30, 2024

	<i>Note</i>	Six months ended June 30,	
		2024	2023
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	5	867,434	1,209,570
Cost of sales	6	<u>(291,529)</u>	<u>(393,313)</u>
Gross profit		575,905	816,257
Selling and distribution expenses	6	(565,260)	(844,056)
General and administrative expenses	6	(287,008)	(380,009)
Net impairment losses on financial assets		(4,810)	(39,272)
Other income	7	21,040	50,504
Other (losses)/gains, net	8	<u>(27,190)</u>	<u>11,279</u>
Operating loss		(287,323)	(385,297)
Finance costs	9	(212,986)	(79,971)
Finance income	10	8,097	20,857
Share of net (losses)/profits of associates accounted for using the equity method		(450)	1,198
Change in fair value of convertible bonds		<u>(54,483)</u>	<u>4,778</u>
Loss before income tax		(547,145)	(438,435)
Income tax expenses	11	<u>(22,697)</u>	<u>(31,196)</u>
Loss for the period		<u>(569,842)</u>	<u>(469,631)</u>
Loss attributable to:			
– Equity holders of the Company		(550,784)	(452,235)
– Non-controlling interests		<u>(19,058)</u>	<u>(17,396)</u>
		<u>(569,842)</u>	<u>(469,631)</u>

	<i>Note</i>	Six months ended June 30, 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Other comprehensive loss, net of tax			
<i>Items that may not be subsequently reclassified to profit or loss</i>			
Change in fair value of financial liabilities from own credit risk		<u>1,309</u>	<u>–</u>
<i>Items that may be subsequently reclassified to profit or loss</i>			
Currency translation differences		<u>(2,005)</u>	<u>(1,441)</u>
Total comprehensive loss for the period		<u>(570,538)</u>	<u>(471,072)</u>
Total comprehensive loss attributable to:			
– Equity holders of the Company		<u>(551,480)</u>	<u>(453,676)</u>
– Non-controlling interests		<u>(19,058)</u>	<u>(17,396)</u>
		<u>(570,538)</u>	<u>(471,072)</u>
Loss per share attributable to the equity holders of the Company (expressed in RMB per share)			
– Basic loss per share	<i>13</i>	<u>(0.19)</u>	<u>(0.17)</u>
– Diluted loss per share	<i>13</i>	<u>(0.19)</u>	<u>(0.17)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2024

	<i>Note</i>	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		314,197	273,802
Right-of-use assets		376,044	398,801
Investment properties		34,530	34,530
Intangible assets		1,175,335	1,274,654
Development costs		34,925	–
Deferred income tax assets		4,827	23,555
Contract acquisition cost		23,252	18,814
Investments accounted for using the equity method		297,131	297,581
Financial assets at fair value through profit or loss		700,235	707,404
Prepayments, deposits and other assets	14	4,030	8,964
Term deposits		20,967	–
		2,985,473	3,038,105
Total non-current assets			
Current assets			
Contract acquisition cost		46,797	96,900
Prepayments, deposits and other assets	14	2,182,750	1,621,631
Trade and notes receivables	15	262,854	353,305
Financial assets at fair value through other comprehensive income		225,845	247,554
Financial assets at fair value through profit or loss		35,357	308,057
Term deposits		–	22,378
Restricted cash		518,331	513,406
Cash and cash equivalents		1,213,720	1,666,760
		4,485,654	4,829,991
Total current assets			
		7,471,127	7,868,096
Total assets			
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		2,093	1,882
Shares held for RSU scheme		(171)	(161)
Share premium		9,061,920	8,784,371
Equity component of convertible bonds		–	245,808
Other reserves		(609,406)	(855,915)
Accumulated losses		(6,026,612)	(5,475,828)
		2,427,824	2,700,157
Non-controlling interests		82,818	102,097
		2,510,642	2,802,254
Total equity			

	<i>Note</i>	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Financial liabilities measured at fair value through profit or loss		37,595	37,595
Financial liabilities measured at amortized cost		128,904	126,014
Bank borrowings		101,752	385,520
Lease liabilities		18,284	27,884
Contract liabilities		57,052	54,308
Deferred income tax liabilities		11,207	7,142
Other non-current liabilities	<i>16</i>	2,906	2,906
Total non-current liabilities		<u>357,700</u>	<u>641,369</u>
Current liabilities			
Financial liabilities measured at fair value through profit or loss		683,179	24,063
Financial liabilities measured at amortized cost		–	1,305,992
Bank borrowings		1,706,016	1,352,723
Lease liabilities		25,143	31,950
Trade and other payables	<i>16</i>	1,957,777	1,434,799
Contract liabilities		220,635	263,375
Current income tax liabilities		10,035	11,571
Total current liabilities		<u>4,602,785</u>	<u>4,424,473</u>
Total liabilities		<u><u>4,960,485</u></u>	<u><u>5,065,842</u></u>
Total equity and liabilities		<u><u>7,471,127</u></u>	<u><u>7,868,096</u></u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Six Months Ended June 30, 2024

	Attributable to equity holders of the Company							Non-controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Shares held for RSU scheme RMB'000	Equity component of convertible bonds RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Sub-total RMB'000		
(Unaudited)									
As at January 1, 2024	1,882	8,784,371	(161)	245,808	(855,915)	(5,475,828)	2,700,157	102,097	2,802,254
Comprehensive loss									
Loss for the period	-	-	-	-	-	(550,784)	(550,784)	(19,058)	(569,842)
Currency translation differences	-	-	-	-	(2,005)	-	(2,005)	-	(2,005)
Change in fair value of financial liabilities from own credit risk	-	-	-	-	1,309	-	1,309	-	1,309
Total comprehensive loss for the period	-	-	-	-	(696)	(550,784)	(551,480)	(19,058)	(570,538)
Transaction with owners									
Issuance of ordinary shares	197	284,249	-	-	-	-	284,446	-	284,446
Share issuance costs	-	(6,700)	-	-	-	-	(6,700)	-	(6,700)
Issuance of ordinary shares for share-based compensation	14	-	(14)	-	-	-	-	-	-
Transfer of vested RSUs	-	-	4	-	(4)	-	-	-	-
Buy-back of convertible bonds	-	-	-	(245,808)	245,808	-	-	-	-
Share-based compensation expenses for non-controlling shareholders	-	-	-	-	-	-	-	951	951
Share-based compensation expenses for employees	-	-	-	-	13,229	-	13,229	-	13,229
Transaction with non-controlling interests	-	-	-	-	(11,828)	-	(11,828)	(1,172)	(13,000)
Transactions with owners in their capacity for the period	211	277,549	(10)	(245,808)	247,205	-	279,147	(221)	278,926
As at June 30, 2024	2,093	9,061,920	(171)	-	(609,406)	(6,026,612)	2,427,824	82,818	2,510,642

Attributable to equity holders of the Company

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the Six Months Ended June 30, 2024

	<i>Note</i>	Six months ended June 30,	
		2024	2023
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Cash flows from operating activities			
Cash generated from/(used in) operations		52,705	(646,404)
Interest received		8,097	17,858
Interest paid		(29,864)	(27,543)
Income tax paid		(1,440)	(913)
		29,498	(657,002)
Cash flows from investing activities			
Purchase of investments measured at fair value through profit or loss (current and non-current portion)		(278,500)	(1,268,818)
Proceeds from disposal of investments measured at fair value through profit or loss		553,388	1,764,009
Placements of term deposits		(20,000)	(21,142)
Receipt from term deposits		22,274	412
Interest received from term deposits		299	4,464
Payment to invest in an associate		–	(17,500)
Payment for acquisition of subsidiaries, net of cash acquired		–	(62,649)
Net cash outflow arising from disposal of subsidiaries		–	(3,778)
Purchase of property, plant and equipment		(57,946)	(52,574)
Proceeds from disposal of property, plant and equipment		717	106
Purchase of intangible assets		–	(911)
Payment for development costs		(55,406)	(119,493)
Loan to related parties		(243,800)	(56,000)
Repayment from a related party		181,500	–
Loan to a third party		(9,759)	–
		92,767	166,126
Net cash generated from investing activities		92,767	166,126

	<i>Note</i>	Six months ended June 30,	
		2024	2023
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		284,446	1,369,827
Proceeds from issuance of convertible bonds		604,061	–
Transaction costs of share issuance		(6,272)	(21,445)
Issuance costs of convertible bonds	9	(14,160)	–
Buy-back of convertible bonds at amortized cost		(1,473,462)	(475,799)
Proceeds from bank borrowings		1,064,980	873,000
Repayments of bank borrowings		(995,050)	(1,033,000)
Redemption of convertible bonds measured at fair value through profit or loss		–	(128,798)
Principal elements of lease payments		(19,452)	(28,975)
Payment for borrowings due to a third party		–	(120)
Decrease in deposits pledged for bank borrowings		50,322	326,385
Increase in deposits pledged for bank borrowings		(50,322)	–
Interest received from restricted cash		210	–
Acquisition of equity interests from non-controlling interests		(7,800)	–
		<hr/>	<hr/>
Net cash (used in)/generated from financing activities		(562,499)	881,075
		<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents		(440,234)	390,199
Effect on exchange rate difference		(12,806)	10,228
Cash and cash equivalents at beginning of the period		1,666,760	1,710,103
		<hr/>	<hr/>
Cash and cash equivalents at end of the period		1,213,720	2,110,530
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the Six Months Ended June 30, 2024

1 GENERAL INFORMATION

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

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

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

The condensed consolidated interim financial information comprises the condensed consolidated statement of financial position as at June 30, 2024, the related condensed consolidated statement of comprehensive loss for the six-month period then ended, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and a summary of material accounting policies and other explanatory notes (the “Interim Financial Information”). The Interim Financial Information is presented in Renminbi (“RMB”), unless otherwise stated.

The Interim Financial Information has been approved for issue by the Board of Directors on August 21, 2024.

2 BASIS OF PREPARATION

2.1 Compliance with HKFRS and the disclosure requirements of Hong Kong Companies Ordinance

The Interim Financial Information has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 ‘Interim Financial Reporting’ issued by the Hong Kong Accounting Standards Board and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended December 31, 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), as set out in the 2023 annual report of the Company dated March 28, 2024 (the “2023 Financial Statements”).

2.2 Going concern basis

During the six months ended June 30, 2024, the Group reported a net loss of RMB569,842,000 while generated a net cash inflow of RMB29,498,000 from operating activities. As at June 30, 2024, the Group's current liabilities included bank borrowings of RMB1,706,016,000 repayable or renewable within 12 months and an equity-linked cash-settled bond of RMB659,116,000 (the "2024 Bond"). Meanwhile, the Group's cash and cash equivalents, restricted cash pledged for bank borrowings, and bank wealth management products totalled RMB1,750,695,000. 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 management have implemented a variety of plans and measures to mitigate liquidity pressure and improve the Group's financial position. These include continuously improving operating performance and cash flow, monitoring compliance with the covenant requirements of all borrowings, and refinancing the 2024 Bond as necessary. 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 and have reviewed the Group's cash flow projection prepared by the management, which covers a period of not less than twelve months from June 30, 2024. With the assumption that the Group has the capability to refinance the 2024 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.

3 MATERIAL ACCOUNTING POLICIES

The accounting policies applied are consistent with those used in the 2023 Financial Statements, as described in those annual financial statements, except for the adoption of new and amended standards as set out below.

3.1 New and amended standards adopted by the Group

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

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

A number of new standards and amendments to standards have not come into effect for the financial year beginning January 1, 2024 and have not been early adopted by the Group in preparing the condensed consolidated financial statements. None of these is expected to have a significant effect on the condensed consolidated financial statements of the Group.

4 SEGMENT INFORMATION

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

The Group structured its operating segments and its service offering by providing integrated products of SaaS and targeting marketing services, in order to better empower digital transformation for merchants through offering diverse business solution. The Group structured its operation to two segments, subscription solutions and merchant solutions, 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, customized 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.

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

As at June 30, 2024 and December 31, 2023, substantial majority of the non-current assets of the Group were located in the PRC. Therefore, no geographical segments are presented.

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

	Subscription solutions RMB’000	Merchant solutions RMB’000	Total RMB’000
(Unaudited)			
Six months ended June 30, 2024			
Segment revenue	486,779	380,655	867,434
Segment cost of sales	(194,429)	(97,100)	(291,529)
Gross profit	<u>292,350</u>	<u>283,555</u>	<u>575,905</u>
(Unaudited)			
Six months ended June 30, 2023			
Segment revenue	705,343	504,227	1,209,570
Segment cost of sales	(238,985)	(154,328)	(393,313)
Gross profit	<u>466,358</u>	<u>349,899</u>	<u>816,257</u>

5 REVENUE

An analysis of the Group's revenue by category for the six months ended June 30, 2023 and 2024 was as follows:

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Subscription solutions	486,779	705,343
Merchant solutions	380,655	504,227
	<hr/>	<hr/>
Total revenue	867,434	1,209,570
	<hr/> <hr/>	<hr/> <hr/>

6 EXPENSES BY NATURE

Total cost of sales, selling and distribution expenses, and general and administrative expenses by nature is shown below:

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Employee benefits expenses ^(a)	631,371	767,549
Depreciation and amortization of intangible assets and property, plant and equipment	128,275	149,808
Promotion and advertising expenses ^(b)	127,653	348,290
Outsourced service fee	102,676	138,522
Advertising traffic cost	42,818	63,054
Server and SMS charges related to subscription solutions revenue	33,011	51,783
Utilities and office expenses	28,989	31,372
Depreciation of right-of-use assets	22,245	29,224
Travelling and entertainment expenses	9,020	19,595
Other consulting fees	5,675	10,556
Auditors' remuneration	2,700	3,326
Others	9,364	4,299
	<hr/>	<hr/>
	1,143,797	1,617,378
	<hr/> <hr/>	<hr/> <hr/>

(a) For the six months ended June 30, 2024, employee benefits expenses consist of RMB10,199,000 amortization expenses of contract acquisition cost paid and payable to salesmen (six months ended June 30, 2023: RMB20,682,000).

(b) For the six months ended June 30, 2024, promotion and advertising expenses mainly consists of (i) RMB73,655,000 amortization expenses of contract acquisition cost paid and payable to the Group's channel partners, Tencent Cloud Computing (Beijing) Co., Ltd. and other sales agents (six months ended June 30, 2023: RMB247,320,000); and (ii) RMB28,687,000 advertising expenses mainly paid and payable to online advertising platforms such as Baidu Online Network Technology (Beijing) Co., Ltd. (six months ended June 30, 2023: RMB45,278,000).

7 OTHER INCOME

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income from term deposits and loan to related and third parties	12,904	5,709
Government grants ^(a)	8,136	21,283
Super deduction of input VAT ^(b)	–	23,512
	<u>21,040</u>	<u>50,504</u>

- (a) Government grants mainly represent tax refund entitled to receive and other government grants received. Grants from the government are recognized 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) and ‘Public Notice Jointly Issued by the Ministry of Finance and State Administration of Taxation Regarding VAT Preferential Treatment for Small-scale VAT Taxpayers’ (Cai Shui Haiguan [2023] 1), majority of the operating entities in the Group qualified for additional 5% deduction of input value-added tax (“Super Deduction of input VAT”) from output VAT from April 1, 2019 to December 31, 2023.

8 OTHER (LOSSES)/GAINS, NET

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fair value change of listed equity security investments	1,066	(17,221)
Gains from disposal of short-term investments measured at FVPL	998	4,894
Fair value change of current financial assets measured at FVPL	124	69
Gain on disposal of subsidiaries	–	7,536
Gains from repurchase of 2021 Convertible bonds	–	112,312
Losses on disposal of financial assets measured at FVOCI	(890)	(325)
Fair value change of non-current financial assets measured at FVPL	(7,169)	(52,851)
Foreign exchange losses, net	(19,446)	(40,655)
Others, net	(1,873)	(2,480)
	<u>(27,190)</u>	<u>11,279</u>

9 FINANCE COSTS

	Six months ended June 30,	
	2024 <i>RMB'000</i> <i>(Unaudited)</i>	2023 <i>RMB'000</i> <i>(Unaudited)</i>
Adjustment of amortized cost of 2021 Convertible Bonds due to early redemption	137,804	–
Interest expenses on borrowings	35,832	24,125
Interest expenses on liability component of convertible bonds	25,378	49,150
Issuance cost for bonds offering	17,455	–
Interest expenses on put option liability	2,890	4,238
Interest expenses on lease liabilities	1,393	2,458
Less: amount capitalised	(7,766)	–
	<u>212,986</u>	<u>79,971</u>

10 FINANCE INCOME

	Six months ended June 30,	
	2024 <i>RMB'000</i> <i>(Unaudited)</i>	2023 <i>RMB'000</i> <i>(Unaudited)</i>
Interest income on bank deposits held for cash management purpose	<u>8,097</u>	<u>20,857</u>

11 TAXATION

(a) Value added tax

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

(b) Income tax

	Six months ended June 30,	
	2024 <i>RMB'000</i> <i>(Unaudited)</i>	2023 <i>RMB'000</i> <i>(Unaudited)</i>
Current tax	(96)	42,842
Deferred income tax	<u>22,793</u>	<u>(11,646)</u>
Income tax credit	<u>22,697</u>	<u>31,196</u>

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

(i) Pillar Two Income Tax

Pillar Two legislation has not been enacted or substantively enacted in jurisdictions in which the Group operates as at the date of this announcement. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related tax exposure. The Group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect. Based on the assessment, the Group did not expect a material exposure to Pillar Two income taxes.

(ii) 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, and is exempted from Cayman Islands income tax.

(iii) Hong Kong Profits Tax

No provision for Hong Kong profits tax was made as the Group did not have any assessable income subject to Hong Kong profits tax for the six months ended June 30, 2024.

(iv) 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 3-year preferential income tax rate of 15% effective from 2021 to 2024, or 2023 to 2026.

(v) PRC Withholding Tax

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after January 1, 2008 are generally subject to a 10% withholding income tax. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%. There is no provision of withholding tax made for the six months ended June 30, 2023 and 2024 as majority of subsidiaries incorporated in the PRC have accumulated losses as at 30 June 2023 and 2024.

12 DIVIDENDS

No dividends have been paid or declared by the Company for the six months ended June 30, 2023 and 2024.

13 LOSS PER SHARE

(a) Basic

Basic loss per share for the six months ended June 30, 2023 and 2024 are calculated by dividing the loss attribute 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 periods.

	Six months ended June 30,	
	2024	2023
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net loss attributable to the equity holders of the Company (RMB' 000)	(550,784)	(452,235)
Weighted average numbers of ordinary shares in issue	<u>2,862,176,129</u>	<u>2,732,808,878</u>
Basic loss per share (expressed in RMB per share)	<u>(0.19)</u>	<u>(0.17)</u>

(b) Diluted

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

For the six months ended June 30, 2023 and 2024, 2021 Convertible Bonds issued by the Company and restricted shares units ("RSUs") granted to employees are considered to be potential ordinary shares. As the Group incurred losses for the six months ended June 30, 2023 and 2024, the dilutive potential ordinary shares of 2021 Convertible Bonds and RSUs were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive.

Accordingly, diluted loss per share for the six months ended June 30, 2023 and 2024 was the same as basic loss per share of the respective period.

14 PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Non-current		
Deposits – third parties	<u>4,030</u>	<u>8,964</u>
Current		
Other receivables in relation to prepayment on behalf of advertisers – third parties ^(a)	1,706,831	1,248,948
Prepayments for purchasing advertising traffic	258,860	175,289
Other receivables due from related parties	251,822	207,582
Recoverable value-added tax	105,157	164,454
Deposits – third parties	54,186	44,195
Contract fulfilment cost	39,340	23,143
Prepayments to other vendors	30,947	33,657
Other loan receivables due from a third party	9,759	–
Receivables in relation to value-added tax refund (<i>Note 7</i>)	4,708	3,339
Others	<u>13,393</u>	<u>10,673</u>
	<u>2,475,003</u>	<u>1,911,280</u>
Less: Provision for impairment of other receivables	<u>(292,253)</u>	<u>(289,649)</u>
	<u>2,182,750</u>	<u>1,621,631</u>

- (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 recognized as other receivables.

15 TRADE AND NOTES RECEIVABLES

	As at June 30, 2024 <i>RMB'000</i> <i>(Unaudited)</i>	As at December 31, 2023 <i>RMB'000</i> <i>(Audited)</i>
Trade receivables due from third parties	251,239	341,898
Notes receivables	19,264	13,669
Trade receivables due from related parties	3,962	3,962
Less: Provision for impairment of trade and notes receivables	<u>(11,611)</u>	<u>(6,224)</u>
	<u>262,854</u>	<u>353,305</u>

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

	As at June 30, 2024 <i>RMB'000</i> <i>(Unaudited)</i>	As at December 31, 2023 <i>RMB'000</i> <i>(Audited)</i>
0 – 90 days	258,112	347,364
90 – 180 days	3,573	525
Over 180 days	<u>12,780</u>	<u>11,640</u>
	<u>274,465</u>	<u>359,529</u>

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

As at June 30, 2024 and December 31, 2023, the carrying amounts of trade and notes receivables were primarily denominated in RMB and approximated their fair values.

16 TRADE AND OTHER PAYABLES

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Non-current		
Payable related to business acquisitions	2,906	2,906
Current		
Advance from advertisers – third parties	861,185	577,617
Trade payables for purchasing advertising traffic	399,646	11,472
Payroll and welfare payables	259,055	346,431
Payable related to investments and business acquisitions	84,062	84,062
Commission payable	79,253	88,588
Other taxes payable	72,385	126,725
Payable related to property, plant and equipment	62,364	75,019
Advance from subscription solution customers – third parties	53,148	59,698
Trade payable related to subscription solutions	35,312	20,450
Deposits	15,966	13,112
Payable related to purchase of non-controlling interests	5,200	–
Auditors' remuneration accrual	2,700	3,000
Other payable and accruals	27,501	28,625
	<u>1,957,777</u>	<u>1,434,799</u>
Total	<u>1,960,683</u>	<u>1,437,705</u>

As at December 31, 2023 and June 30, 2024, the aging of the trade payables is all within 3 months.

PLACING OF NEW SHARES UNDER THE GENERAL MANDATE

References are made to the announcements of the Company dated April 19, 2024 and April 26, 2024, respectively. On April 26, 2024, the Company completed the placing of a total of 277,000,000 new shares of the Company (the “**2024 Placing**”). The closing price of the shares of the Company as quoted on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on the trading day on which the placing agreement was signed (i.e. April 18, 2024) was HK\$1.36 per share, and the placing price was HK\$1.13 per share. The gross proceeds from the 2024 Placing were approximately HK\$313.0 million. The net proceeds from the 2024 Placing were approximately HK\$308.0 million. For more information on the use of such net proceeds, see “Use of Proceeds from Issue of the 2021 Convertible Bonds, the 2023 Placing and the 2024 Placing” below.

The new shares were placed to not less than six professional investors who, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, together with their respective ultimate beneficial owners, are independent third parties. None of the places and their ultimate beneficial owners became a substantial shareholder of the Company as a result of the 2024 Placing. The 2024 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 2024 Placing will also provide an opportunity to raise further capital for the Company whilst broadening the shareholder base and the capital base of the Company.

USE OF PROCEEDS FROM ISSUE OF THE 2021 CONVERTIBLE BONDS, THE 2023 PLACING AND THE 2024 PLACING

In June 2021, Weimob Investment Limited (the “**Bond Issuer**”), a wholly-owned subsidiary of the Company, completed the issue of the 2021 Convertible Bonds and raised net proceeds of approximately US\$293.6 million. As of June 30, 2024, the Company had utilized US\$202.0 million as intended. The table below sets out the details of actual usage of the net proceeds as of June 30, 2024:

Use of proceeds	Net proceeds utilized up to June 30, 2024 (US\$ million)	Unutilized net proceeds as of June 30, 2024 (US\$ million)	Expected timeline of full utilization
Improving the Group’s comprehensive research and development capabilities	55.2	91.6	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 placing of a total of 248,000,000 new shares of the Company (the “**2023 Placing**”) and raised net proceeds of approximately HK\$1,568.7 million. As of June 30, 2024, the Company had utilized HK\$1,411.8 million as intended. The table below sets out the details of actual usage of the net proceeds as of June 30, 2024:

Use of proceeds	Net proceeds utilized up to June 30, 2024 <i>(HK\$ million)</i>	Unutilized net proceeds as of June 30, 2024 <i>(HK\$ million)</i>	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	313.7	–	Not applicable
Supplementing working capital	470.6	–	Not applicable
General corporate purposes	627.5	–	Not applicable

In April 2024, the Company completed the 2024 Placing and raised net proceeds of approximately HK\$308.0 million. As of June 30, 2024, the Company had fully utilized such net proceeds as intended for refinancing of existing indebtedness. The table below sets out the details of actual usage of the net proceeds as of June 30, 2024:

Use of proceeds	Net proceeds utilized up to June 30, 2024 <i>(HK\$ million)</i>	Unutilized net proceeds as of June 30, 2024 <i>(HK\$ million)</i>	Expected timeline of full utilization
Refinancing of existing indebtedness	308.0	–	Not applicable

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

INTERIM DIVIDEND

The Board did not declare any interim dividend for the six months ended June 30, 2024.

CORPORATE GOVERNANCE

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

During the six months ended June 30, 2024, the Company has complied with all the applicable code provisions under the Corporate Governance Code with the exception for the deviation from code provision C.2.1 of the Corporate Governance Code.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all Directors and each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the six months ended June 30, 2024.

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

During the six months ended June 30, 2024, 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 21, 2023 and May 10, 2024.

In April 2024, the 2021 Convertible Bonds with principal amount of approximately US\$195.82 million were repurchased at a repurchase price of US\$1,030.40 per US\$1,000 in principal amount. In June 2024, the 2021 Convertible Bonds with principal amount of approximately US\$5.39 million were redeemed at a redemption price of US\$206,075.50 per US\$200,000 in principal amount. As at June 30, 2024, all of the 2021 Convertible Bonds have been cancelled and there were no outstanding 2021 Convertible Bonds in issue. Accordingly, the Company has made an application to the Stock Exchange for the withdrawal of the listing of the 2021 Convertible Bonds. Such withdrawal of listing has been effective since the close of business on June 21, 2024.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares, if any) during the six months ended June 30, 2024.

SUBSEQUENT EVENT

No significant events have taken place subsequent to June 30, 2024 and up to the date of this announcement.

AUDIT COMMITTEE

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

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

PUBLICATION OF INTERIM RESULTS AND 2024 INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.weimob.com). The interim report of the Company for the six months ended June 30, 2024 containing all the information required by the Listing Rules will be published on the above websites in due course.

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

Shanghai, the PRC
August 21, 2024

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

* *For identification purpose only*